
GREEN COMMUNITIES CANADA
(Incorporated as Green Communities Association)

CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED - SEE NOTICE TO READER

DECEMBER 31, 2018

NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated statement of financial position of Green Communities Canada as at December 31, 2018 and the consolidated statements of operations and changes in net assets and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these consolidated financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 13, 2019
Toronto, Ontario

GREEN COMMUNITIES CANADA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
UNAUDITED - SEE NOTICE TO READER
AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 907,351	\$ 767,677
Guaranteed investment certificates (note 2)	402,661	100,700
Amounts receivable	99,482	96,929
Due from Green Communities Foundation (note 6)	3,121	3,484
HST recoverable	26	2,259
Prepaid expenses	<u>6,247</u>	<u>8,919</u>
	1,418,888	979,968
Capital assets (note 4)	<u>14,757</u>	<u>20,001</u>
	<u>\$ 1,433,645</u>	<u>\$ 999,969</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 133,723	\$ 132,691
HST payable	16	-
Payroll source deductions payable	13,980	12,949
Deferred contributions (note 7)	<u>1,013,356</u>	<u>573,752</u>
	<u>1,161,075</u>	<u>719,392</u>
Net assets		
Invested in capital assets	14,757	20,001
Designated (note 9)	159,841	205,184
Unrestricted	<u>97,972</u>	<u>55,392</u>
	<u>272,570</u>	<u>280,577</u>
	<u>\$ 1,433,645</u>	<u>\$ 999,969</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

GREEN COMMUNITIES CANADA

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

UNAUDITED - SEE NOTICE TO READER

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Contributions (note 8)	\$ 1,555,089	\$ 817,987
Fee for service (note 6)	195,753	248,240
Sales, training and other	161,077	325,201
Membership fees	6,250	7,250
Interest	<u>2,019</u>	<u>1,354</u>
	<u>1,920,188</u>	<u>1,400,032</u>
EXPENSES		
Program	966,582	409,096
Personnel	631,436	579,021
Subcontracted services	219,449	254,453
Office and general	27,716	33,741
Occupancy costs	22,323	21,031
Cost of goods sold	19,880	69,892
Professional fees	14,355	13,337
Meetings and travel	9,495	4,936
Governance	6,476	5,611
Communications	5,239	4,810
Amortization	<u>5,244</u>	<u>15,444</u>
	<u>1,928,195</u>	<u>1,411,372</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(8,007)	(11,340)
Net assets, beginning of year	<u>280,577</u>	<u>291,917</u>
NET ASSETS, END OF YEAR	<u>\$ 272,570</u>	<u>\$ 280,577</u>

see accompanying notes

GREEN COMMUNITIES CANADA

CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED - SEE NOTICE TO READER

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (8,007)	\$ (11,340)
Add back non-cash items -		
Amortization of capital assets	5,244	15,444
Net change in non-cash working capital items (see below)	<u>444,398</u>	<u>487,860</u>
Net cash generated from operating activities	<u>441,635</u>	<u>491,964</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	(301,961)	74,300
Capital assets purchased	<u>-</u>	<u>(22,034)</u>
Net cash generated from (used for) investing activities	<u>(301,961)</u>	<u>52,266</u>
NET INCREASE IN CASH FOR THE YEAR	139,674	544,230
Cash, beginning of year	<u>767,677</u>	<u>223,447</u>
CASH, END OF YEAR	<u>\$ 907,351</u>	<u>\$ 767,677</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (2,553)	\$ 272,535
Due from Green Communities Foundation	363	10,562
HST recoverable	2,234	(2,259)
Prepaid expenses	2,671	(3,030)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	1,032	(121,561)
HST payable	16	(15,234)
Payroll source deductions payable	1,031	1,555
Deferred contributions	<u>439,604</u>	<u>345,292</u>
	<u>\$ 444,398</u>	<u>\$ 487,860</u>

see accompanying notes

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Green Communities Canada (the organization), incorporated as Green Communities Association, was incorporated without share capital and continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

The objectives of the organization are:

- i) to build sustainable communities through resource conservation, pollution prevention, and the adoption of ecologically sustainable practices by establishing and operating an environmental action network for the benefit of its membership; and
- ii) to carry out research and disseminate the results of such research to its members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these consolidated financial statements. Outlined below are those policies used in preparation of these consolidated financial statements that are considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Sales

Revenue from sales is recognized in the period in which the related services are performed.

Consulting and training fees

Consulting and training fee revenue is recognized in the period in which the services are performed.

Membership fees

Membership fees are recognized as revenue in the year to which they apply.

Interest income

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

GREEN COMMUNITIES CANADA

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation of wholly owned subsidiary

These consolidated financial statements include the accounts of:

- Green Communities Canada, incorporated as Green Communities Association, (GCC), a not-for-profit organization incorporated without share capital in the Province of Ontario.
- The organization's wholly-owned subsidiary company, Green Communities Incorporated (GCI), incorporated with share capital under the Ontario Business Corporations Act, provides consulting, management coordination, training and other services.

All significant inter-company accounts and transactions have been eliminated.

Controlled organization

Green Communities Foundation (GCF) is a registered charitable foundation incorporated without share capital and continued under the Canada Not-for-profit Corporations Act. Green Communities Canada controls GCF in that the organization is the sole member with voting rights to elect the Board of Directors of GCF.

The financial position, results of operations and cash flows of the controlled organization are summarized in note 6 to these consolidated financial statements. The amounts are not included in the consolidated statements of financial position, changes in net assets, operations and cash flows of Green Communities Canada. The accounting policies of the controlled organization and Green Communities Canada are not significantly different.

Capital assets

Capital assets, which comprise software purchases, are capitalized in the accounts and amortized at rates equal to capital cost allowance taken in the organization's corporate income tax return filed for the same year.

2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates, which are issued by a Canadian chartered bank, bear annual interest rates ranging from 0.75% to 0.85% and mature in March 2019 and May 2019.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, due from Green Communities Foundation, accounts payable and accrued liabilities. Amounts receivable, due from wholly-owned subsidiary, due from Green Communities Foundation, investment in wholly-owned subsidiary, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

4. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Computer software	<u>\$ 40,533</u>	<u>\$ (25,776)</u>	<u>\$ 14,757</u>	<u>\$ 20,001</u>

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5. BUSINESS LINE OF CREDIT

The organization has a business line of credit of \$100,000 which bears an annual interest rate of 7.95%. The business line of credit is unsecured and is repayable on demand.

As at December 31, 2018, none of the line of credit had been drawn down (none of the line of credit was drawn down as at December 31, 2017).

6. CONTROLLED ORGANIZATION

The organization controls Green Communities Foundation (GCF) in that the organization is the sole member with voting rights to elect the Board of Directors of GCF. The organization provides GCF with office space and personnel for administration, project management and development activities.

All transactions between the organization and GCF are recorded at the exchange amount and occurred in the normal course of operations. Amounts due from GCF are non-interest bearing, unsecured and payable based on the availability of funds.

During the year, the organization recognized project funding from GCF and also charged GCF for services provided. The following amounts from GCF are included in revenue in the statement of operations:

	2018	2017
Contributions (note 8)	\$ 24,652	\$ 155,344
Fee for service (note)	<u>5,628</u>	<u>5,849</u>
	<u>\$ 30,280</u>	<u>\$ 161,193</u>

Summarized financial statement information of GCF as at December 31, 2018 and for the year then ended is as follows:

	2018	2017
Summary of financial position as at December 31		
Total assets	\$ 101,097	33,891
Total liabilities	<u>(85,198)</u>	<u>(16,684)</u>
Net assets	<u>\$ 15,899</u>	<u>\$ 17,207</u>
Summary of results of operations for the year ended December 31		
Total revenue	\$ 69,477	\$ 36,570
Total expenses	<u>(70,785)</u>	<u>(35,195)</u>
Excess of revenue over expenses for the year	<u>\$ (1,308)</u>	<u>\$ 1,375</u>
Summary of cash flows for the year ended December 31		
Net increase (decrease) in cash for the year from operating activities	<u>\$ 67,277</u>	<u>\$ (38,694)</u>

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7. DEFERRED CONTRIBUTIONS

The following contributions have been deferred at year end:

	2018	2017
Government		
Province of Ontario		
Ministry of Education	\$ 769,944	\$ 419,614
Ministry of Indigenous Relations and Reconciliation	-	3,723
Ontario Trillium Foundation		
Collective Impact	14,305	42,238
Groundbreakers	-	82,290
Toronto District School Board	190	11,319
Foundations and other		
Green Communities Foundation	153,655	14,568
Heart and Stroke Foundation of Canada	<u>75,262</u>	<u>-</u>
	<u>\$ 1,013,356</u>	<u>\$ 573,752</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 573,752	\$ 228,460
Add cash received from contributions	1,994,693	1,163,279
Less contribution revenue recognized (note 8)	<u>(1,555,089)</u>	<u>(817,987)</u>
Deferred contributions, end of year	<u>\$ 1,013,356</u>	<u>\$ 573,752</u>

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8. CONTRIBUTIONS

Contribution revenue recognized in the year was as follows:

	2018	2017
Government		
Government of Canada		
Natural Resources Canada	\$ -	\$ 5,378
Province of Ontario		
Ministry of Education	1,149,670	80,386
Ministry of Indigenous Relations and Reconciliation	12,650	57,500
Ministry of Tourism, Culture and Sport	-	15,474
Ottawa School Transportation Authority	-	74,756
Akwesasne Area Management Board	-	8,698
Province of Manitoba	-	3,750
Kagita Mikam Aboriginal Employment & Training	9,150	3,560
Ontario Trillium Foundation		
Depave	129,594	-
Groundbreakers	102,290	311,415
Collective Impact	95,433	39,965
Youth for Water	-	31,997
Toronto Catholic District School Board	16,573	8,427
Other government grants	-	5,914
Foundations and other		
Green Communities Foundation	24,652	155,344
Heart and Stroke Foundation of Ontario	14,738	5,000
Curve Lake - Youth for Water	-	10,423
Canadian Automobile Association (National)	-	-
Other	<u>339</u>	<u>-</u>
	<u>\$ 1,555,089</u>	<u>\$ 817,987</u>

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9. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets for future strategic initiatives and to provide for unexpected financial contingencies as follows:

	2018	2017
Contingency	\$ 135,000	\$ 135,000
Water programs	<u>24,841</u>	<u>70,184</u>
	<u>\$ 159,841</u>	<u>\$ 205,184</u>

During the year, \$45,343 was transferred from designated net assets to unrestricted net assets (\$2,377 was transferred from unrestricted net assets to designated net assets in 2017).