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**GREEN COMMUNITIES CANADA**

(Incorporated as Green Communities Association)

**NON-CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Green Communities Canada,

### Opinion

We have audited the financial statements of Green Communities Canada (the organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Green Communities Canada as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Emphasis of Matter**

#### *Basis of Accounting*

Without modifying our opinion, we draw attention to note 1 to the non-consolidated financial statements, which describes the basis of accounting.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

June 13, 2019  
Toronto, Ontario

# GREEN COMMUNITIES CANADA

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash	\$ 880,340	\$ 752,727
Guaranteed investment certificates (note 2)	402,661	100,700
Amounts receivable	86,886	50,872
Due from wholly-owned subsidiary (note 9)	985	11,958
Due from Green Communities Foundation (note 5)	3,121	3,484
HST rebate recoverable	2,937	177
Prepaid expenses	<u>5,742</u>	<u>5,339</u>
	1,382,672	925,257
Investment in wholly-owned subsidiary (notes 1 and 9)	<u>10</u>	<u>10</u>
	<u>\$ 1,382,682</u>	<u>\$ 925,267</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 70,652	\$ 46,396
HST payable	16	-
Payroll source deductions payable	13,980	12,949
Deferred contributions (note 6)	<u>1,013,355</u>	<u>573,752</u>
	1,098,003	633,097
Net assets		
Designated (note 10)	159,841	205,184
Unrestricted	<u>124,838</u>	<u>86,986</u>
	284,679	292,170
	<u>\$ 1,382,682</u>	<u>\$ 925,267</u>

Approved on behalf of the Board:

 , Director

 , Director (Treasurer)

see accompanying notes

# GREEN COMMUNITIES CANADA

## NON-CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>REVENUE</b>		
Contributions (note 7)	\$ 1,555,089	\$ 817,987
Fee for service (notes 5, 8 and 9)	208,753	261,172
Membership fees	6,250	7,250
Training and other	4,989	3,754
Interest	<u>2,019</u>	<u>1,354</u>
	<u>1,777,100</u>	<u>1,091,517</u>
<b>EXPENSES</b>		
Program	986,463	409,096
Personnel	735,283	623,018
Occupancy costs	22,323	21,031
Professional fees	11,119	10,777
Meetings and travel	9,495	4,936
Office and general	8,193	9,795
Governance	6,476	5,611
Communications	<u>5,239</u>	<u>4,810</u>
	<u>1,784,591</u>	<u>1,089,074</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(7,491)	2,443
Net assets, beginning of year	<u>292,170</u>	<u>289,727</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 284,679</u>	<u>\$ 292,170</u>

see accompanying notes

# GREEN COMMUNITIES CANADA

## NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ (7,491)	\$ 2,443
Net change in non-cash working capital items (see below)	<u>437,065</u>	<u>454,521</u>
Net cash generated from operating activities	429,574	456,964
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates redeemed (purchased)	<u>(301,961)</u>	<u>74,300</u>
<b>NET INCREASE IN CASH FOR THE YEAR</b>	127,613	531,264
Cash, beginning of year	<u>752,727</u>	<u>221,463</u>
<b>CASH, END OF YEAR</b>	<u>\$ 880,340</u>	<u>\$ 752,727</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (36,014)	\$ 88,095
Due from wholly-owned subsidiary	10,973	13,714
Due from Green Communities Foundation	363	10,562
HST rebate recoverable	(2,760)	3,867
Prepaid expenses	(403)	(916)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	24,256	6,466
HST payable	16	(14,114)
Payroll source deductions payable	1,031	1,555
Deferred contributions	<u>439,603</u>	<u>345,292</u>
	<u>\$ 437,065</u>	<u>\$ 454,521</u>

see accompanying notes

# GREEN COMMUNITIES CANADA

## NOTES TO THE 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

These non-consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, with the exception of accounting for the investment in wholly-owned subsidiary company carried at cost. Consolidated financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations have been prepared separately. These non-consolidated financial statements include the following significant policies:

#### **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.

##### *Fees for service*

Fee for service revenue is recognized in the year 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

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Investment in wholly-owned subsidiary company**

These non-consolidated financial statements include the investment in the organization's wholly-owned subsidiary company, Green Communities, Incorporated, recorded at cost (see note 9).

#### **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 5 to these non-consolidated financial statements. The amounts are not included in the non-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.

### 2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a Canadian chartered bank, bear an annual interest rate ranging from 0.50% to 0.85% and mature between 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, due from wholly owned subsidiary, investment in wholly-owned subsidiary, 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. 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).



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## NOTES TO THE FINANCIAL STATEMENTS

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### 5. 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 7)	\$ 24,652	\$ 155,344
Fee for service (note 8)	<u>5,628</u>	<u>5,849</u>
	<u>\$ 30,280</u>	<u>\$ 161,193</u>

As at December 31, 2018, \$3,121 was receivable from GCF and no amounts were payable to GCF (\$3,484 was receivable from GCF and no amounts were payable to GCF as at December 31, 2017). As at December 31, 2018, \$36,448 received from GCF was deferred at year end (\$14,568 received from GCF was deferred as at December 31, 2017).

Summarized financial statement information of GCF (not included in these financial statements) as at December 31, 2018 and for the year then ended is as follows:

	2018	2017
<b>Summary of financial position as at December 31</b>		
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>
<b>Summary of results of operations for the year ended December 31</b>		
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>
<b>Summary of cash flows for the year ended December 31</b>		
Net decrease in cash for the year from operating activities	<u>\$ 67,277</u>	<u>\$ (38,694)</u>

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### 6. DEFERRED CONTRIBUTIONS

The following contributions have been deferred at year end:

	2018	2017
<b>Government</b>		
Province of Ontario		
Ministry of Education	\$ 769,944	\$ 419,614
Ministry of Indigenous Affairs	-	3,723
Ontario Trillium Foundation		
Depave	117,206	-
Collective Impact	14,305	42,238
Groundbreakers	-	82,290
Toronto District School Board	190	11,319
<b>Foundations and other</b>		
Heart and Stroke Foundation	75,262	-
Green Communities Foundation (note 5)	<u>36,448</u>	<u>14,568</u>
	<u>\$ 1,013,355</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	1,994,692	1,163,279
Less contribution revenue recognized (note 7)	<u>(1,555,089)</u>	<u>(817,987)</u>
Deferred contributions, end of year	<u>\$ 1,013,355</u>	<u>\$ 573,752</u>

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### 7. CONTRIBUTIONS

Contribution revenue recognized in the year was as follows:

	2018	2017
<b>Government</b>		
Government of Canada		
Natural Resources Canada	\$ -	\$ 5,378
Province of Ontario		
Ministry of Education	1,149,670	80,386
Ministry of Indigenous Affairs	12,650	57,500
Ministry of Tourism, Culture and Sport	-	15,474
Kagita Mikam Aboriginal Employment & Training	9,150	3,560
Ottawa School Transportation Authority	-	74,756
Akwesasne Area Management Board	-	8,698
Province of Manitoba	-	3,750
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
<b>Foundations and other</b>		
Green Communities Foundation	24,652	155,344
Heart and Stroke Foundation of Ontario	14,738	5,000
Curve Lake - Youth for Water	-	10,423
Other	339	-
	<u>\$ 1,555,089</u>	<u>\$ 817,987</u>

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### 8. FEE FOR SERVICE REVENUE

Fee for service revenue was recognized from the following sources:

	2018	2017
Toronto District School Board	\$ 80,000	\$ 20,800
Enbridge Inc.	45,846	-
Green Communities, Incorporated (note 9)	13,000	12,932
Envirocentre (Ottawa)	10,600	21,100
Montreal Urban Ecology Centre	10,000	-
The Cooperators	10,000	10,000
City of Ottawa	6,600	45,882
Windfall Ecology Centre	5,934	-
Green Communities Foundation (note 5)	5,628	5,849
Metrolinx	-	84,163
Other	<u>21,145</u>	<u>60,446</u>
	<u>\$ 208,753</u>	<u>\$ 261,172</u>

### 9. INVESTMENT IN WHOLLY-OWNED SUBSIDIARY COMPANY

The organization wholly owns an incorporated for-profit company, Green Communities, Incorporated (GCI), to provide consulting, management coordination, training and other services.

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

During the year, the organization billed GCI for the following amounts, which are included in fee for service revenue in the statement of operations:

	2018	2017
Fee for service	<u>\$ 13,000</u>	<u>\$ 12,932</u>

As at December 31, 2018, \$985 was receivable from GCI and no amounts were payable to GCI (\$11,958 was receivable from GCI and no amounts were payable to GCI as at December 31, 2017).

# GREEN COMMUNITIES CANADA

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### 10. 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).