
GREEN COMMUNITIES CANADA
(Incorporated as Green Communities Association)

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Green Communities Canada,

Opinion

We have audited the financial statements of Green Communities Canada (the organization), incorporated as Green Communities Association, which comprise the statement of financial position as at December 31, 2019, 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, 2019 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.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 4, 2020
Toronto, Ontario

GREEN COMMUNITIES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current assets		
Cash	\$ 491,101	\$ 880,340
Guaranteed investment certificates (note 2)	102,181	402,661
Amounts receivable	164,381	87,871
HST rebate recoverable	5,439	2,937
Due from Green Communities Foundation (note 5)	4,590	3,121
Prepaid expenses	<u>7,255</u>	<u>5,742</u>
	774,947	1,382,672
Investment in wholly-owned subsidiary	<u>-</u>	<u>10</u>
	<u>\$ 774,947</u>	<u>\$ 1,382,682</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 148,309	\$ 70,652
HST payable	5,298	16
Payroll source deductions payable	13,879	13,980
Deferred contributions (note 6)	<u>347,805</u>	<u>1,013,355</u>
	<u>515,291</u>	<u>1,098,003</u>
Net assets		
Designated (note 9)	93,334	159,841
Unrestricted	<u>166,322</u>	<u>124,838</u>
	<u>259,656</u>	<u>284,679</u>
	<u>\$ 774,947</u>	<u>\$ 1,382,682</u>

Approved on behalf of the Board:


_____, Director
CHRIS BIRCHALL


_____, Director
Brianna Salmon

see accompanying notes

GREEN COMMUNITIES CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Contributions (notes 5 and 7)	\$ 1,860,997	\$ 1,555,089
Fee for service (notes 5 and 8)	660,397	208,753
Interest	10,630	2,019
Training and other	6,942	4,989
Membership fees	<u>5,000</u>	<u>6,250</u>
	<u>2,543,966</u>	<u>1,777,100</u>
EXPENSES		
Program	1,758,890	986,463
Personnel	728,274	735,283
Meetings and travel	23,258	9,495
Occupancy costs	22,563	22,323
Professional fees	14,911	11,119
Office and general	11,528	8,193
Governance	8,179	6,476
Communications	<u>1,386</u>	<u>5,239</u>
	<u>2,568,989</u>	<u>1,784,591</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(25,023)	(7,491)
Net assets, beginning of year	<u>284,679</u>	<u>292,170</u>
NET ASSETS, END OF YEAR	<u>\$ 259,656</u>	<u>\$ 284,679</u>

see accompanying notes

GREEN COMMUNITIES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (25,023)	\$ (7,491)
Net change in non-cash working capital items (see below)	<u>(664,706)</u>	<u>437,065</u>
Net cash generated from (used for) operating activities	(689,729)	429,574
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>300,480</u>	<u>(301,961)</u>
FINANCING		
Share equity in wholly owned subsidiary redeemed	<u>10</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(389,239)	127,613
Cash, beginning of year	<u>880,340</u>	<u>752,727</u>
CASH, END OF YEAR	<u><u>\$ 491,101</u></u>	<u><u>\$ 880,340</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (76,510)	\$ (25,041)
HST rebate recoverable	(2,501)	(2,760)
Due from Green Communities Foundation	(1,470)	363
Prepaid expenses	(1,513)	(403)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	77,659	24,256
HST payable	5,282	16
Payroll source deductions payable	(101)	1,031
Deferred contributions	<u>(665,552)</u>	<u>439,603</u>
	<u><u>\$ (664,706)</u></u>	<u><u>\$ 437,065</u></u>

see accompanying notes

GREEN COMMUNITIES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies 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.

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

DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Controlled organization

Green Communities Foundation (GCF) is a registered charitable foundation incorporated without share capital 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 GCF are summarized in note 5 to these financial statements. The amounts are not included in the statements of financial position, changes in net assets, operations and cash flows of Green Communities Canada. The accounting policies of GCF and Green Communities Canada are substantially similar.

2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a Canadian chartered bank, bear an annual interest rate of 3.05% and mature in July 2020.

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 Green Communities Foundation, 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 6.95%. The business line of credit is unsecured and is repayable on demand.

As at December 31, 2019, none of the line of credit had been drawn down (none of the line of credit was drawn down as at December 31, 2018).

GREEN COMMUNITIES CANADA

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:

	2019	2018
Contributions (note 7)	\$ 101,049	\$ 24,652
Fee for service (note 8)	<u>5,628</u>	<u>5,628</u>
	<u>\$ 106,677</u>	<u>\$ 30,280</u>

As at December 31, 2019, \$4,590 was receivable from GCF and no amounts were payable to GCF (\$3,121 was receivable from GCF and no amounts were payable to GCF as at December 31, 2018). As at December 31, 2019, \$nil received from GCF was deferred at year end (\$36,448 received from GCF was deferred as at December 31, 2018).

Summarized financial statement information of GCF (not included in these financial statements) as at December 31, 2019 and for the year then ended is as follows:

	2019	2018
Summary of financial position as at December 31		
Total assets	\$ 145,487	101,097
Total liabilities	<u>(81,667)</u>	<u>(85,198)</u>
Net assets	<u>\$ 63,820</u>	<u>\$ 15,899</u>
Summary of results of operations for the year ended December 31		
Total revenue	\$ 122,948	\$ 69,477
Total expenses	<u>(75,027)</u>	<u>(70,785)</u>
Excess of revenue over expenses for the year	<u>\$ 47,921</u>	<u>\$ (1,308)</u>
Summary of cash flows for the year ended December 31		
Net increase in cash for the year from operating activities	<u>\$ 44,385</u>	<u>\$ 67,277</u>

GREEN COMMUNITIES CANADA

NOTES TO THE FINANCIAL STATEMENTS

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6. DEFERRED CONTRIBUTIONS

The following contributions have been deferred at year end:

	2019	2018
Government		
Province of Ontario		
Ministry of Education	\$ 147,083	\$ 769,944
Ontario Trillium Foundation		
Depave	90,862	117,206
Collective Impact	-	14,305
Toronto Catholic District School Board	36,125	-
Toronto District School Board	5,742	190
Foundations and other		
Heart and Stroke Foundation of Ontario	37,127	75,262
Enbridge Inc.	30,301	-
Green Communities Foundation (note 5)	-	36,448
Other	<u>565</u>	<u>-</u>
	<u>\$ 347,805</u>	<u>\$ 1,013,355</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,013,355	\$ 573,752
Add cash received from contributions	1,195,447	1,994,692
Less contribution revenue recognized (note 7)	<u>(1,860,997)</u>	<u>(1,555,089)</u>
Deferred contributions, end of year	<u>\$ 347,805</u>	<u>\$ 1,013,355</u>

GREEN COMMUNITIES CANADA

NOTES TO THE FINANCIAL STATEMENTS

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7. CONTRIBUTIONS

Contribution revenue recognized in the year was as follows:

	2019	2018
Government		
Province of Ontario		
Ministry of Education	\$ 1,372,862	\$ 1,149,670
Ministry of Indigenous Affairs	-	12,650
Kagita Mikam Aboriginal Employment & Training	-	9,150
Ontario Trillium Foundation		
Depave	273,145	129,594
Collective Impact	21,805	95,433
Groundbreakers	-	102,290
Toronto Catholic District School Board	54,000	16,573
Foundations and other		
Green Communities Foundation	101,049	24,652
Heart and Stroke Foundation of Ontario	38,136	14,738
Other	-	339
	<u>\$ 1,860,997</u>	<u>\$ 1,555,089</u>

8. FEE FOR SERVICE REVENUE

Fee for service revenue was recognized from the following sources:

	2019	2018
Enbridge Inc.	\$ 488,631	\$ 45,846
Toronto District School Board	80,000	80,000
Windfall Ecology Centre	12,512	5,934
Oakvillegreen Conservation Association	10,100	-
Green Infrastructure Ontario Coalition	9,700	-
Green Venture	9,186	-
The Cooperators	7,000	10,000
Green Communities Foundation (note 5)	5,628	5,628
City of Ottawa	5,600	6,600
Montreal Urban Ecology Centre	5,000	10,000
Envirocentre (Ottawa)	-	10,600
Other	27,040	34,145
	<u>\$ 660,397</u>	<u>\$ 208,753</u>

GREEN COMMUNITIES CANADA

NOTES TO THE FINANCIAL STATEMENTS

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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:

	2019	2018
Contingency	\$ 75,000	\$ 135,000
Water programs	17,127	24,841
Active transportation	<u>1,207</u>	<u>-</u>
	<u>\$ 93,334</u>	<u>\$ 159,841</u>

During the year, \$66,507 was transferred from designated net assets to unrestricted net assets (\$45,343 was transferred from designated net assets to unrestricted net assets in 2018).

10. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.