The Clean Nova Scotia Foundation
Financial Statements
For the fiscal year ended March 31, 2019

Grant Thornton

Independent auditor's report

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000,1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068

To the Board of Directors of
The Clean Nova Scotia Foundation

Opinion

We have audited the financial statements of The Clean Nova Scotia Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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 The Clean Nova Scotia Foundation as at March 31, 2019, and its results of 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 Foundation 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 these 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

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 the Foundation 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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 Foundation 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.

Grant Thornton LLP

Halifax, Canada
June 19, 2019

Chartered Professional Accountants
Licensed Public Accountants

Financial Statements
For the fiscal year ended March 31, 2019

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Statement of Financial Position

As at March 31, 2019

	Notes	2019	2018
Assets			
Current assets			
Cash & equivalents	2.5	$ 4,038,425	$ 3,373,195
Accounts receivable	2.5, 5	621,463	480,258
HST receivable		65,325	164,479
Prepaid expenses		43,296	42,007
		4,768,509	4,059,939
Investments	2.5	593,193	939,910
Capital assets	2.6, 6	601,547	624,462
		1,194,740	1,564,372
		$ 5,963,249	$ 5,624,311
Liabilities & Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	2.5, 7	$ 499,108	$ 633,291
Deferred revenue – current		1,003,889	450,818
Deferred revenue – NSPI HomeWarming		96,355	328,181
		1,599,352	1,412,290
Deferred revenue – long-term		214,057	236,500
		1,813,409	1,648,790
Net Assets			
Unrestricted		2,177,707	1,823,799
Investment in capital assets		601,547	624,462
Internally restricted:	2.2		
Capital projects fund		259,363	395,352
Program development fund		338,461	462,261
Program support fund		303,917	303,917
NSYCC fund		435,455	330,340
Training fund		33,390	33,390
Scholarship fund		-	2,000
		4,149,840	3,975,521
		$ 5,963,249	$ 5,624,311

Commitments (note 9)

On behalf of the Board:

________________ Chair ________________ Treasurer

The accompanying notes are an integral part of these financial statements.

Clean Foundation

Statement of Operations

For the year ended March 31, 2019

	Notes	2019	2018
Revenues			
Service contracts and sponsorships	2.1	**$ 4,257,980**	$ 4,721,911
Government contracts and grants:			
Federal		**1,724,096**	774,159
Provincial		**573,057**	483,842
Municipal		**65,064**	41,389
Sub-total government contract and grants		**2,362,217**	1,299,390
Donations		**42,814**	15,826
Investments	2.5	**57,557**	48,864
Other revenue		**41,303**	42,306
Sub-total donations, investments, other		**141,674**	106,996
Total revenues		**6,761,871**	6,128,297
Expenses			
Direct program costs:			
Compensation & recruitment		**1,688,160**	1,497,448
Training & professional development		**41,635**	46,527
Subcontractor services		**2,734,565**	2,832,141
Materials & safety supplies		**122,699**	179,988
Equipment rental, repair & maintenance		**996**	5,553
Travel		**215,241**	174,486
Membership dues & fees		**3,313**	3,694
Meetings & events		**48,411**	13,894
Advertising, marketing & promotion		**81,037**	43,533
Telecommunications & I.T.		**64,373**	33,170
Office supplies		**4,851**	2,818
Printing, copying, postage & courier		**21,930**	33,822
Subscriptions: newspaper, e-resources		**910**	174
Consulting & professional services		**358,749**	322,614
Amortization		**12,064**	20,911
Other		**99**	209
Sub-total direct program costs		**5,399,033**	5,210,982
General & Administration:			
Compensation & recruitment		**688,278**	572,745
Training & professional development		**5,652**	15,371
Travel		**30,954**	29,831
Membership dues & fees		**9,975**	2,955
Office, shipping & storage supplies		**27,956**	8,623
Occupancy & maintenance		**37,921**	39,605
Safety equipment & supplies		**-**	112
Subscriptions: newspaper, e-resources		**4,724**	5,279
Marketing & communications		**17,342**	17,024
Printing, copying, postage & courier		**8,007**	9,973
Meetings & events		**28,977**	8,192
Equipment rental & maintenance		**8,415**	3,857
Telecommunications & IT		**105,157**	69,499
Consulting & professional services		**34,930**	56,837
Insurance		**27,719**	31,798
Financial services fees & interest		**3,672**	3,948
Other		**-**	35
Amortization		**146,840**	126,547
Sub-total general & administration		**1,186,519**	1,002,231
Total expenses		**6,585,552**	6,213,213
Excess (deficiency) of revenues over expenses		**$ 176,319**	$ (84,916)

The accompanying notes are an integral part of these financial statements.

Clean Foundation

Statement of Changes in Net Assets
For the year ended March 31, 2019

	Unrestricted	Investment In Capital Assets	Internally Restricted: Capital Projects	Internally Restricted: Program Development	Internally Restricted: Progam Support	Internally Restricted: NSYCC	Internally Restricted: Training	Internally Restricted: Scholarship	**Total 2019**	Total 2018
Balance, beginning of year	$1,823,799	$ 624,462	$ 395,352	$ 462,261	$ 303,917	$ 330,340	$ 33,390	$ 2,000	**$3,975,521**	$4,062,437
Excess (deficiency) of revenues over expenses	335,223	(158,904)	-	-	-	-	-	-	**176,319**	(84,916)
Scholarship awards	-	-	-	-	-	-	-	(2,000)	**(2,000)**	(2,000)
Interfund transfers:										
Capital projects	-	135,989	(135,989)	-	-	-	-	-	-	-
Program development	123,800	-	-	(123,800)	-	-	-	-	-	-
NSYCC	(105,115)	-	-	-	-	105,115	-	-	-	-
Balance, end of year	$2,177,707	$ 601,547	$ 259,363	$ 338,461	$ 303,917	$ 435,455	$ 33,390	$ -	**$4,149,840**	$3,975,521

The accompanying notes are an integral part of these financial statements.

Clean Foundation

Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Operating activities		
Excess (deficiency) of revenues over expenses	$ **176,319**	$ (84,916)
Items not affecting cash:		
Amortization	**158,904**	147,458
Non-cash working capital items:		
Accounts receivable	**(141,205)**	185,334
HST receivable	**99,154**	(117,582)
Inventory	**-**	8,382
Prepaid expenses	**(1,289)**	(5,442)
Accounts payable and accrued liabilities	**(134,183)**	232,767
Deferred revenue	**530,628**	225,460
Deferred revenue – NSPI HomeWarming	**(231,826)**	(268,137)
Total operating activities	**456,502**	323,324
Investing activities		
Acquisition of capital assets	**(135,989)**	(36,351)
Change in investments	**346,717**	1,166,881
Total investing activities	**210,728**	1,130,530
Financing activities		
Change in scholarship funding	**(2,000)**	(2,000)
Total financing activities	**(2,000)**	(2,000)
Net increase in cash & equivalents	**665,230**	1,451,854
Cash & equivalents,		
Beginning of year	**3,373,195**	1,921,341
End of year	$ **4,038,425**	$ 3,373,195

The accompanying notes are an integral part of these financial statements.

Clean Foundation

Notes to the Financial Statements
For the year ended March 31, 2019

1 Nature of Operations

The Clean Nova Scotia Foundation (the "Foundation") was established by a statute of the Nova Scotia Legislature: the Clean Nova Scotia Foundation Act. 1988, c. 7, s. 1. The Foundation is a Canadian Registered Charity under the Income Tax Act, registration number 11922-7684, and as such is exempt from paying income taxes.

Our Mission:
We provide individuals and communities with the means, knowledge, and opportunity to make responsible environmental choices.

Our Vision:
To cultivate a sustainable society by delivering innovative, effective and educational programs that result in meaningful environmental change.

Our Values:
Achieving our mission and attaining our vision depends on the efforts of hundreds of employees, volunteers, and community partners. Some of us make our contribution by engaging directly in delivering programs; others, by supporting and enabling those core activities in essential ways. Whatever our individual roles, and wherever we work within the Foundation, we owe it to one another to uphold certain basic values of the community. These include:

- We are honest with our partners, the public, and with each other.
- We innovate and develop programs through the talents and creative ideas of each employee.
- We value teamwork; we foster collaboration.
- We treat each other with respect.
- We deliver the best outcomes and highest quality service through the dedicated effort of every team member.
- We value a fun working environment.

The more we embrace these values in our daily lives, the more we create and sustain a culture of trust, cooperation, innovation, and mutual understanding — and advance a commitment to the environment and our communities, which all of us share.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following significant accounting policies are used:

2.1 Deferral Method of Accounting & Revenue Recognition

The Foundation follows the deferral method of accounting for contributions, which includes donations and government grants. The Foundation receives donations and grants from a number of different sources to cover operating, research, and capital expenditures. The operating portions of the contributions are recorded as revenue in the period to which they relate. The capital portions of the contributions are recorded as a deferred contribution and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. When a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Service contract revenue is generally recognized according to the percentage of completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined. Pre-contract costs are expensed as incurred. Revenue recognized in excess of amounts billed is classified as a current asset under account revenue. Amounts billed to clients in excess of revenue recognized to date are classified as a current liability under deferred revenue. The Foundation anticipates that the majority of incurred cost associated with contract work in process will be billed and collected in the following fiscal year.

2.2 Fund Accounting

A multi-column format is used to present the Statement of Changes in Net Assets. Internally restricted funds presented in the Statement of Changes in Net Assets are used for specific initiatives as approved by the Board of Directors and are described below:

- The **Capital Projects Fund** is used to acquire or develop capital assets.

- The **Program Development Fund** provides resources to develop new program delivery and administrative models, explore new environmental and education initiatives, and encourage innovation through applied research in environmental and behavioural sciences.

2.2 Fund Accounting (continued)

- The **Program Support Fund** is used to bridge a program between funding contracts or wind a program down at the end of its service life.

- The **NSYCC Fund** provides resources to support the Nova Scotia Youth Conservation Corps, a program which provides post-secondary students with summer employment and work experience in environmental topic areas.

- The **Training Fund** is used to develop staff competencies through internally developed training programs and external professional development courses.

- The **Scholarship Fund** provides a $2,000 annual post-graduate environmental research scholarship.

2.3 Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial position and reported amounts of revenues and expenditures for the year then ended. Actual results could differ from those estimates. The areas that are most subject to estimation and judgement include the amortization periods for capital assets, accrued liabilities, and the accounts receivable allowance for doubtful accounts.

2.4 Contributed Services

Because of the difficulty in determining the fair value, contributed services are not recognized in these financial statements.

2.5 Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. This is defined by the purpose for which the instruments were acquired or issued, their characteristics, and their designation by the Foundation.

Cash & equivalents consists of cash on hand, Canadian dollar denominated deposits held in Canadian financial institutions in chequing and guaranteed principal money market accounts, Canadian guaranteed investment certificates and the current portion of investments which will come due within the next fiscal period. Interest income accruing on deposits is recorded in interest income on an accrual basis.

2.5 Financial Instruments (continued)

Investments are secondary market Canadian guaranteed investment certificates, where the Foundation has the intention and the ability to hold the certificates until their maturity date. Maturity dates vary, but do not extend beyond five years. These investments are initially recorded at fair value and are subsequently measured at amortized cost using the effective interest method. Interest income and amortization of premiums and discounts are recorded in interest income.

Accounts receivable are recorded at amortized cost.

Accounts payable and accrued liabilities and ***deferred revenue*** are recorded at amortized cost.

2.6 Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized.

The carrying value of capital assets is reviewed each reporting period to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate a capital asset no longer has long term service potential to the Foundation, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write down is not reversed if the service potential subsequently improves. The assessment of fair values requires the use of estimates and assumptions for discount rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of the assets could impact the impairment analysis.

Capital assets are amortized based on their useful life using the following rates and methods. A half year's amortization is taken in the year of acquisition. Amortization to the nearest whole month is taken in the year of disposal.

Capital assets	Method	Rate
Building	Declining balance	6%
Motor vehicles	Declining balance	30%
Furniture & equipment	Declining balance	20%
Computer & network hardware	Straight line	3 years
ERP system	Straight line	5 years
Developed software	Straight line	3 years

3 Economic Dependency

The Foundation's operations are sustained using contributions and service contracts with various funders. The service contract with Nova Scotia Power Incorporated for the HomeWarming programs accounts for 57% of revenue at March 31, 2019 (March 31, 2018: 62%) and is set to expire on December 31, 2024.

4 Royal Bank Operating Line of Credit

The Foundation has negotiated a revolving demand facility in the amount of $500,000, at a variable rate of interest equal to the Royal Bank Prime rate, with a seasonal bulge of an additional $500,000.00 between November 1st to January 1st each year. It is secured by a first ranking security interest (collateral) in the investments and cash & equivalents, to a limit of $2,000,000. The outstanding balance at March 31, 2019 is $ nil (March 31, 2018: $ nil).

5 Accounts Receivable

Accounts receivable are stated net of doubtful accounts, which are estimated at $ nil (March 31, 2018: $ nil).

	2019	2018
Trade accounts receivable	**$ 112,633**	$ 346,519
Accounts receivable other	**5,000**	25
Holdback receivable	**47,035**	9,317
Accrued revenue	**456,795**	124,397
Total	**$ 621,463**	$ 480,258

6 Capital Assets

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Property & equipment				
Building	$ 695,853	$ 335,053	**$ 360,800**	$ 383,830
Motor vehicles	121,512	101,766	**19,746**	28,210
Furniture & equipment	494,077	322,523	**171,554**	74,708
Computer & network hardware	73,281	52,921	**20,360**	31,040
	1,384,723	812,263	**572,460**	517,788
Intangible assets				
ERP system	304,417	283,733	**20,684**	81,567
Developed software	50,163	41,760	**8,403**	25,107
Total	$ 1,739,303	$ 1,137,756	**$ 601,547**	$ 624,462

Clean Foundation

7 Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are $30,541 in government remittances payable (2018 - $27,871).

8 Financial Instruments and Risk Management

The Foundation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

Credit Risk

The Foundation's principal financial assets are cash, investments, and accounts receivable, which are subject to credit risk. Cash and investment-related credit exposure is minimized by dealing mostly with creditworthy counterparties such as highly rated financial institutions. Management believes that accounts receivable-related credit risk is minimized by the creditworthiness of the Foundation's principal clients, being government or government-regulated entities.

Liquidity Risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances generated from operations to meet its requirements.

Fair Value

The fair value of investments, accounts receivable, contract work in process, accounts payable, and accrued liabilities approximates their carrying values due to their short maturity.

9 Commitments

Commitment	Remaining cost	Term of agreement
Equipment operating leases:		
Photocopier	$ 1,656	60 months (to December 2019)
Telecommunication services	4,997	66 months (to December 2019)

10 Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.