

**ECOSCHOOLS CANADA**

FINANCIAL STATEMENTS

AUGUST 31, 2020

## Independent Auditor's Report

To the Directors of EcoSchools Canada

### Opinion

We have audited the financial statements of EcoSchools Canada (the "Organization"), which comprise the statement of financial position as at August 31, 2020, 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 Organization as at August 31, 2020, 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 ability of the Organization 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 financial reporting process of the Organization.

### 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 the 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 internal control of the Organization.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 ability of the Organization 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
February 16, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# ECOSCHOOLS CANADA

## Statement of Financial Position

August 31	2020 \$	2019 \$
<b>ASSETS</b>		
Current assets		
Cash	164,650	224,774
Accounts receivable (note 8)	45,916	152,529
HST recoverable	8,728	-
Prepaid expenses	4,611	8,398
	<b>223,905</b>	385,701
Capital assets (note 3)	13,278	19,367
Intangible asset (note 4)	169,630	17,150
	<b>406,813</b>	422,218
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	54,716	23,591
HST payable	-	5,324
Deferred contributions (note 5)	32,500	-
	<b>87,216</b>	28,915
Bank loan (note 6)	40,000	-
	<b>127,216</b>	28,915
<b>NET ASSETS</b>		
Unrestricted	128,230	126,936
Operating Reserve (note 9)	151,367	266,367
	<b>279,597</b>	393,303
	<b>406,813</b>	422,218

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

Approved on behalf of the Board:

Director

# ECOSCHOOLS CANADA

## Statement of Operations

Year ended August 31, 2020	2020 \$	2019 \$
Revenues (note 11)		
Government and other grants (note 7)	10,575	750,723
Foundation grants	214,000	50,000
Donations	43,579	27,093
Corporate sponsorships	64,800	101,454
Contract fees	118,720	219,000
Certification fees	17,327	5,700
Program service fees	17,000	-
Conference	-	29,855
Other income	13,730	9,413
Government subsidies (note 8)	155,230	-
	<b>654,961</b>	<b>1,193,238</b>
Expenses		
Salaries and benefits	591,967	762,397
Certification	13,749	136,259
Conference	3,098	28,441
Workshops	2,947	25,577
School board grants	10,135	14,147
Administration	71,405	134,310
Rent	51,310	55,472
Professional fees	8,617	10,098
Marketing	7,129	8,731
Insurance	2,221	2,296
Amortization	6,089	6,089
	<b>768,667</b>	<b>1,183,817</b>
Excess of (expenses over revenues) revenues over expenses for year	<b>(113,706)</b>	<b>9,421</b>

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

# ECOSCHOOLS CANADA

## Statement of Changes in Net Assets

Year ended August 31, 2020

	<b>Unrestricted</b>	<b>Operating</b>	<b>2020</b>
	<b>\$</b>	<b>Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets, beginning of year	126,936	266,367	393,303
Transfer to unrestricted (note 9)	115,000	(115,000)	-
Excess of expenses over revenues	(113,706)	-	(113,706)
Net assets, end of year	<u>128,230</u>	<u>151,367</u>	<u>279,597</u>

	<b>Unrestricted</b>	<b>Operating</b>	<b>2019</b>
	<b>\$</b>	<b>Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets, beginning of year	117,515	266,367	383,882
Excess of revenues over expenses	9,421	-	9,421
Net assets, end of year	<u>126,936</u>	<u>266,367</u>	<u>393,303</u>

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

# ECOSCHOOLS CANADA

## Statement of Cash Flows

Year ended August 31, 2020	2020 \$	2019 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(113,706)	9,421
Adjustment to determine net cash provided by (used in) operating activities		
Amortization	6,089	6,089
	(107,617)	15,510
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	106,613	(44,952)
Decrease (increase) in HST recoverable	(8,728)	18,778
Decrease (increase) in prepaid expenses	3,787	(2,365)
Increase (decrease) in accounts payable and accrued liabilities	31,125	(1,785)
Increase (decrease) in deferred contributions	32,500	(72,850)
Increase (decrease) in HST payable	(5,324)	5,324
	52,356	(82,340)
Cash flows from investing activities		
Decrease in term deposit	-	17,250
Purchase of capital assets	-	(3,236)
Purchase of intangible asset	(152,480)	(17,150)
	(152,480)	(3,136)
Cash flows from financing activities		
Increase in bank loan	40,000	-
Net change in cash	(60,124)	(85,476)
Cash, beginning of year	224,774	310,250
Cash, end of year	164,650	224,774

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

# ECOSCHOOLS CANADA

---

## Notes to Financial Statements

---

August 31, 2020

### **Nature of operations**

EcoSchools Canada (the "Organization") was incorporated on February 27, 2017 under the Canada Not-for-Profit Corporations Act. The Organization became a registered charity effective September 1, 2017. EcoSchools Canada is a national organization that aims to nurture environmental leadership, reduce the ecological impact of schools, and build environmentally responsible school communities. As a charitable organization, it has no liability for income tax under section 149(1)(l) of the Income Tax Act of Canada.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(a) Revenue recognition**

##### **Contributions**

The Organization follows the deferral method of accounting for contributions.

Restricted grants and donations contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants and donations contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### **Sponsorships**

Revenue from sponsorships are recognized when the sponsored events or activities are undertaken.

##### **Certification**

Certification fees are recognized as revenue over the course of the school year when services are delivered.

##### **Contract and Program service fees**

These fees are recognized as revenue when services have been rendered.

##### **Government subsidies**

Government subsidies are recognized when the related expenses are incurred.



## Notes to Financial Statements (continued)

---

August 31, 2020

1. **Significant accounting policies (continued)**

(b) **Capital assets**

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Amortization of office equipment is recorded on a straight-line basis over 4 years.

Amortization of leasehold improvement is recorded on a straight-line basis over 5 year lease term.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(c) **Intangible asset**

The costs of an intangible asset are capitalized upon meeting the criteria for recognition as an intangible asset. The costs of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization will be provided for, on commencement of the utilization of the asset, on a straight line basis at a rate designed to amortize the cost of the intangible asset over its estimated useful life. Assets not ready for use are not amortized until used in a productive capacity.

An intangible asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the intangible asset to its fair value. Any impairment of the intangible asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the intangible asset subsequently increases.

## Notes to Financial Statements (continued)

August 31, 2020

### 1. Significant accounting policies (continued)

#### (d) Financial instruments

##### (i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus, the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and bank loan.

##### (ii) Impairment

At the end of each year, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

**Notes to Financial Statements (continued)**

August 31, 2020

1. **Significant accounting policies (continued)**

(d) **Financial instruments (continued)**

(ii) **Impairment (continued)**

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(e) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

(f) **Contributed services**

The work of the Organization is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. **Financial instrument risk management**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

The financial instruments of the Organization and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Accounts receivable	X				
Accounts payable and accrued liabilities		X			
Bank loan		X			

## Notes to Financial Statements (continued)

---

August 31, 2020

### 2. Financial instrument risk management (continued)

#### Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The Organization has credit risk in its accounts receivable to a maximum of \$45,916 (2019 - \$152,529).

#### Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due.

The Organization meets its liquidity requirements by monitoring expenses against revenues and holding assets that can readily be converted into cash. The Organization has liquidity risk in accounts payable and accrued liabilities and bank loan to a maximum of \$94,716 (2019 - \$23,591).

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates.

The Organization has no exposure to currency risk.

#### Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization has no exposure to interest rate risk.

#### Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is not exposed to other price risk.

# ECOSCHOOLS CANADA

## Notes to Financial Statements (continued)

August 31, 2020

### 2. Financial instrument risk management (continued)

#### Change in risk

There have been no significant changes in the risk profile of the financial instruments of the Organization from that of the prior year other than the receipt of the bank loan as described in note 6.

### 3. Capital assets

	<b>Cost</b>	<b>Accumulated</b>	<b>2020</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office equipment	9,665	5,889	3,776
Leasehold improvements	18,364	8,862	9,502
	<u>28,029</u>	<u>14,751</u>	<u>13,278</u>

	<b>Cost</b>	<b>Accumulated</b>	<b>2019</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office equipment	9,665	3,473	6,192
Leasehold improvements	18,364	5,189	13,175
	<u>28,029</u>	<u>8,662</u>	<u>19,367</u>

### 4. Intangible asset

	<b>Cost</b>	<b>Accumulated</b>	<b>2020</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
National certification platform - under development	169,630	-	169,630

	<b>Cost</b>	<b>Accumulated</b>	<b>2019</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
National certification platform - under development	17,150	-	17,150

The platform was launched in September 2020.

# ECOSCHOOLS CANADA

## Notes to Financial Statements (continued)

August 31, 2020

### 5. Deferred contributions

	2020	2019
	\$	\$
Ontario Trillium Foundation	12,500	-
Grand Erie District School Board	2,500	-
District School Board of Niagara	2,500	-
Conseil scolaire de district catholique de l'est Ontarien	2,500	-
Greater Essex County District School Board	2,500	-
Conseil scolaire Viamonde	2,500	-
Conseil scolaire public du Nord-Est de l'Ontario	2,500	-
Conseil des écoles catholiques du Centre-Est	2,500	-
Waterloo Catholic District School Board	2,500	-
	<u>32,500</u>	<u>-</u>

### 6. Bank loan

During the year, the Organization received a loan under the Canadian Emergency Business Account program, in the amount of \$40,000, for the payment of non-deferrable expenses.

During the initial term ending December 31, 2022, the Organization is not required to repay any portion of the loan and no interest shall accrue. If the Organization repays 75% of the loan by December 31, 2022, the remainder of the loan is eligible to be forgiven if certain terms and conditions are met.

During the extended term ending December 31, 2025, the loan bears interest at 5% per annum payable monthly.

Subsequent to the year end, the Organization qualified for the extra \$20,000 Canadian Emergency Business Account program, and received the balance in February 2021.

### 7. Government and other grants

	2020	2019
	\$	\$
Ministry of Education - Curriculum Assessment and Policy	-	475,000
Ministry of Education French Language Program	-	99,600
Centre de leadership et d'évaluation	-	99,100
ECO Canada	-	20,598
Canada Summer Jobs	8,082	43,664
Evergreen	2,493	5,712
United Nations Association of Canada	-	5,549
TD Volunteer Award	-	1,500
	<u>10,575</u>	<u>750,723</u>

# ECOSCHOOLS CANADA

## Notes to Financial Statements (continued)

August 31, 2020

### 8. Government subsidies

During the year, the Company claimed \$149,721 in government relief from the Canada Emergency Wage Subsidy program as a result of the COVID-19 pandemic. The amount is not subject to any specific future repayment terms or conditions; however, the Canada Revenue Agency may require additional reporting in a future period to verify the Company's eligibility and compliance with terms and conditions. Included in accounts receivable are \$34,367 from this program.

During the year, the Company claimed and received \$5,509 in government relief from the 10% Temporary Wage Subsidy for Employers program as a result of the COVID-19 pandemic. The amount is not subject to any specific future repayment terms or conditions; however, the Canada Revenue Agency may require additional reporting in a future period to verify the Company's eligibility and compliance with terms and conditions.

Subsequent to the year end, the Organization has received \$65,968 to date in fiscal 2021 from the Canada Emergency Wage Subsidy program.

### 9. Net assets internally restricted for operating reserve

The Board of Directors of the Organization had internally restricted \$266,367 in net assets as an operating reserve. The internal restriction is subject to the direction of the board of directors. During the year the board of directors approved the transfer from the operating reserve of \$115,000 to fund operations. The board intends to rebuild the operating reserve in future years.

### 10. Commitments

The Organization is committed to lease its office premises until April 30, 2023. The future annual lease payments, including an estimate of premises common area expenses, are as follows:

	<u>\$</u>
2021	54,231
2022	54,686
2023	<u>37,064</u>
	<u>145,981</u>

## Notes to Financial Statements (continued)

---

August 31, 2020

11. **Impact of the COVID-19 pandemic**

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. These measures have temporarily reduced certain operations of the Organization. Schools were in lockdown from March to June which heavily compromised the delivery of core services and the engagement of teachers and students. Other impacts were the postponement of the annual conference, a reduction in corporate sponsorships, foundation grants and fundraising post pandemic.

To aid with cash flows, the Organization applied for the Canada Emergency Business Account program as described in note 6. The Organization was also approved for the Canadian Federal Temporary Wage Subsidy program and the Canada Emergency Wage Subsidy program as described in note 8.

Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to reliably estimate the financial effect on the Organization at this time. As such, no adjustments have been made in the financial statements as a result of this event, other than the loan received under the Canada Emergency Business Account program referred to in note 6, and the claims made under the Canada government subsidy programs referred to in note 8.



# HILBORN

LISTENERS. THINKERS. DOERS.