

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Financial Statements**  
*October 31, 2021*

# Newfoundland and Labrador Environmental Industry Association Inc.

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*For the year ended October 31, 2021*

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To the Board of Newfoundland and Labrador Environmental Industry Association Inc.:

## Opinion

We have audited the financial statements of Newfoundland and Labrador Environmental Industry Association Inc. (the "Association"), which comprise the statement of financial position as at October 31, 2021, and the statements of revenue and expenses, 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 Association as at October 31, 2021, 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 Association 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.

## Other Matter

The financial statement for the year ended October 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 4, 2021.

## 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Mount Pearl, Newfoundland and Labrador

Chartered Professional Accountants

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Statement of Financial Position**

*As at October 31, 2021*

|  | <b>2021</b>    | <b>2020</b> |
|--|----------------|-------------|
| <b>Assets</b>                              |                |             |
| <b>Current</b>                             |                |             |
| Cash                                       | 455,139        | 96,495      |
| Accounts receivable (Note 3)               | 143,411        | 162,122     |
| Term deposits (Note 4)                     | 100,113        | 100,394     |
| Prepaid expenses                           | 14,598         | 3,454       |
| Harmonized sales tax receivable            | 92,059         | 152,210     |
|  | <b>805,320</b> | 514,675     |
| <b>Capital assets (Note 5)</b>             | <b>15,192</b>  | 8,233       |
|  | <b>820,512</b> | 522,908     |
| <b>Liabilities</b>                         |                |             |
| <b>Current</b>                             |                |             |
| Accounts payable and accruals              | 9,096          | 6,139       |
| Deferred contributions (Note 6)            | 273,826        | -           |
| Wages payable                              | 7,322          | 6,072       |
| Current portion of long-term debt (Note 7) | 40,000         | -           |
|  | <b>330,244</b> | 12,211      |
| <b>Economic dependence (Note 8)</b>        |                |             |
| <b>Net assets</b>                          |                |             |
| General fund                               | 490,268        | 510,697     |
|  | <b>820,512</b> | 522,908     |

Approved on behalf of the Board

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

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

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Statement of Revenue and Expenses**

*For the year ended October 31, 2021*

|  | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
| <b>Revenue</b>   |                  |                  |
| Grant revenue  | 1,430,989        | 1,911,665        |
| Interest income  | 595              | 1,421            |
|  | <b>1,431,584</b> | <b>1,913,086</b> |
| <b>Expenses</b>  |                  |                  |
| Advertising and promotion  | 35,278           | 20,749           |
| Amortization   | 3,054            | 2,138            |
| Bad debts  | 600              | 1,035            |
| Bank charges and interest  | 3,448            | 4,598            |
| Conferences, workshops and seminars                                    | 33,689           | 20,146           |
| Equipment rental   | -                | 5,143            |
| Fees and dues  | 12,130           | 11,418           |
| Insurance  | 9,425            | 2,317            |
| International consultants  | 317,601          | 464,303          |
| Office   | 43,107           | 10,312           |
| Professional fees  | 584,919          | 540,715          |
| Property tax   | -                | 2,734            |
| Rent   | 42,710           | 33,075           |
| Salaries and benefits  | 377,447          | 374,329          |
| Service in-kind  | -                | 20,016           |
| Training and education   | 4,053            | 54               |
| Travel   | 4,552            | 38,232           |
| Utilities  | -                | 117              |
|  | <b>1,472,013</b> | <b>1,551,431</b> |
| <b>Excess (deficiency) of revenue over expenses before other items</b> | <b>(40,429)</b>  | <b>361,655</b>   |
| <b>Other income</b>  |                  |                  |
| Government assistance  | 20,000           | -                |
| <b>Excess (deficiency) of revenue over expenses</b>                    | <b>(20,429)</b>  | <b>361,655</b>   |

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

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Statement of Changes in Net Assets**  
*For the year ended October 31, 2021*

|   | <i>General Fund</i> | <i>Restricted Fund</i> | <b>2021</b>     | <i>2020</i> |
|---|---------------------|------------------------|-----------------|-------------|
| <b>Net assets beginning of year</b>                 | <b>510,697</b>      | -                      | <b>510,697</b>  | 149,042     |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>(20,429)</b>     | -                      | <b>(20,429)</b> | 361,655     |
| <b>Net assets, end of year</b>                      | <b>490,268</b>      | -                      | <b>490,268</b>  | 510,697     |

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

# Newfoundland and Labrador Environmental Industry Association Inc.

## Statement of Cash Flows

*For the year ended October 31, 2021*

|   | <b>2021</b>     | <b>2020</b> |
|---|-----------------|-------------|
| <b>Cash provided by (used for) the following activities</b> |                 |             |
| <b>Operating</b>  |                 |             |
| Excess (deficiency) of revenue over expenses                | <b>(20,429)</b> | 361,655     |
| Amortization  | <b>3,054</b>    | 2,138       |
|   | <b>(17,375)</b> | 363,793     |
| Changes in working capital accounts                         |                 |             |
| Accounts receivable   | <b>18,711</b>   | (120,734)   |
| Harmonized sales tax receivable                             | <b>60,151</b>   | (114,004)   |
| Prepaid expenses  | <b>(11,144)</b> | 752         |
| Accounts payable and accruals                               | <b>2,957</b>    | (22,138)    |
| Deferred contributions                                      | <b>273,826</b>  | (485,231)   |
| Increase in wages payable                                   | <b>1,250</b>    | 1,214       |
|   | <b>328,376</b>  | (376,348)   |
| <b>Financing</b>  |                 |             |
| Advances of long-term debt                                  | <b>40,000</b>   | -           |
|   | <b>40,000</b>   | -           |
| <b>Investing</b>  |                 |             |
| Purchase of capital assets                                  | <b>(10,013)</b> | -           |
| <b>Increase (decrease) in cash resources</b>                | <b>358,363</b>  | (376,348)   |
| <b>Cash resources, beginning of year</b>                    | <b>196,889</b>  | 573,237     |
| <b>Cash resources, end of year</b>                          | <b>555,252</b>  | 196,889     |
| <b>Cash resources are composed of:</b>                      |                 |             |
| Cash total  | <b>455,139</b>  | 96,495      |
| Term deposit  | <b>100,113</b>  | 100,394     |
|   | <b>555,252</b>  | 196,889     |

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



# Newfoundland and Labrador Environmental Industry Association Inc.

## Notes to the Financial Statements

For the year ended October 31, 2021

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### 1. Incorporation and nature of the organization

Newfoundland and Labrador Environmental Industry Association Inc. (the "Association") was incorporated without share capital and is registered as a not-for-profit organization and thus is exempt from income taxes under section 149(1) of the *Income Tax Act*.

The Association operates to provide programs promoting the growth and development of the environmental industry in Newfoundland and Labrador.

#### *Impact on operations of COVID-19 (coronavirus)*

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Association's operations were impacted by COVID-19 due to reduced ability to administer its programs.

The impact of COVID-19 has been partially offset by available Government programs for which the Association was eligible. The Association has received the Canada Emergency Bank Account Loan. See Note 7 for details. Eligibility requirements under this program has evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced ability to administer programs, and increased government regulations, all of which may negatively impact the Association's financial condition.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments with maturities of one year or less.

#### **Term deposits**

Term deposits consist of Guaranteed Investment Certificates (GICs) that have maturities of one year or more. They are recorded at cost.

#### **Capital assets**

Purchased capital assets are initially recorded at cost.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

|                        |      |
|------------------------|------|
| Computer equipment     | 55 % |
| Furniture and fixtures | 20 % |

# Newfoundland and Labrador Environmental Industry Association Inc.

## Notes to the Financial Statements

For the year ended October 31, 2021

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### **Revenue recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Unrestricted investment income is recognized as revenue when earned.

Membership fees are recognized as revenue over the fiscal year to which they relate.

Rental revenue is recognized in the period covered by the rental payment which is on a monthly basis.

Government funding is recognized in the period in which the related expenditures are incurred.

Seminar and luncheon registrations, sponsorships, and event funding are recognized as revenue when received or receivable.

### **Deferred contributions**

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred contributions and reported on the Statement of Financial Position.

### **Government assistance**

Government assistance is recognized when there is reasonable assurance that the Association has complied and will continue to comply with all the conditions of assistance.

### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

### **Financial instruments**

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended October 31, 2021*

**3. Accounts receivable**

|                                 | <i>2021</i>    | <i>2020</i> |
|---------------------------------|----------------|-------------|
| Accounts receivable             | <b>57,914</b>  | 14,382      |
| Accrued funding receivable      | <b>85,497</b>  | 147,798     |
|                                 | <b>143,411</b> | 162,180     |
| Allowance for doubtful accounts | -              | (58)        |
|                                 | <b>143,411</b> | 162,122     |

**4. Term deposits**

|  | <i>2021</i>    | <i>2020</i> |
|--|----------------|-------------|
| Measured at cost:  |                |             |
| Guaranteed investment certificate at an interest rate of 0.15% per annum, maturing May 21, 2022  | <b>35,652</b>  | 35,788      |
| Guaranteed investment certificate at an interest rate of 0.11% per annum, maturing July 11, 2022 | <b>6,203</b>   | 6,178       |
| Guaranteed investment certificate at an interest rate of 0.10% per annum, maturing May 21, 2022  | <b>58,258</b>  | 58,428      |
|  | <b>100,113</b> | 100,394     |

**5. Capital assets**

|                        | <i>Cost</i>   | <i>Accumulated amortization</i> | <i>2021 Net book value</i> | <i>2020 Net book value</i> |
|------------------------|---------------|---------------------------------|----------------------------|----------------------------|
| Computer equipment     | <b>17,911</b> | <b>16,311</b>                   | <b>1,600</b>               | 82                         |
| Furniture and fixtures | <b>35,834</b> | <b>22,242</b>                   | <b>13,592</b>              | 8,151                      |
|                        | <b>53,745</b> | <b>38,553</b>                   | <b>15,192</b>              | 8,233                      |

**6. Deferred contributions**

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Statement of Financial Position. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

|  | <i>2021</i>    | <i>2020</i> |
|--|----------------|-------------|
| Balance, beginning of year                         | -              | 485,231     |
| Amount received during the year                    | <b>273,826</b> | -           |
| Less: Amount recognized as revenue during the year | -              | (485,231)   |
| Balance, end of year                               | <b>273,826</b> | -           |

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Notes to the Financial Statements**  
*For the year ended October 31, 2021*

**7. Long-term debt**

|  | <i>2021</i>   | <i>2020</i> |
|--|---------------|-------------|
| Canada Emergency Bank Account loan, which is interest free until December 31, 2023. \$60,000 was received in total, and of that amount, \$40,000 was a loan and \$20,000 was eligible as a non-repayable grant if the principal portion of the loan was repaid by December 31, 2023. | <b>40,000</b> | -           |
| Less: Current portion  | <b>40,000</b> | -           |
|  | -             | -           |

Subsequent to year end the Association repaid the loan and as such has recognized the \$20,000 grant associated with the Canada Emergency Bank Account loan in other income in the year.

**8. Economic dependence**

The Association's primary source of revenue is received from Atlantic Canada Opportunities Agency and the Department of Tourism, Culture, Industry & Innovation. The Association's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the funding agreements. As at the date of these financial statements the Association believes that it is in compliance with the funding agreement criteria.

**9. Financial instruments**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

***Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

**Newfoundland and Labrador Environmental Industry Association Inc.**  
**Core Operations**

*For the year ended October 31 2021*

|   | 2021           | 2020            |
|---|----------------|-----------------|
| <b>Revenue</b>  |                |                 |
| Atlantic Canada Opportunities Agency                    | 170,451        | 188,462         |
| Cost shared expense recovery                            | 11,756         | 1,146           |
| Department of Tourism, Culture, Industry and Innovation | 149,500        | 100,000         |
| Interest revenue  | 595            | 1,421           |
| Luncheon and seminar registration                       | 45,405         | 42,166          |
| Membership fees   | 49,028         | 50,117          |
| Other revenue   | 15,652         | 10,652          |
| Project administration                                  | -              | 19,350          |
| Rental income   | 24,750         | 13,146          |
| Sponsorship   | 54,951         | 9,514           |
|   | <b>522,087</b> | <b>435,974</b>  |
| <b>Expenses</b>   |                |                 |
| Advertising and promotion                               | 5,773          | 41              |
| Amortization  | 3,054          | 2,138           |
| Bank charges and interest                               | 3,404          | 4,596           |
| Conferences, workshops, seminars                        | 865            | 7,919           |
| Fees and dues   | 10,927         | 9,883           |
| Insurance   | 9,425          | 2,317           |
| Municipal taxes   | -              | 2,734           |
| Office  | 38,994         | 10,091          |
| Professional development                                | 16,042         | 54              |
| Professional fees                                       | 45,756         | 56,135          |
| Rental  | 42,710         | 33,075          |
| Salaries and wages                                      | 317,822        | 317,555         |
| Travel  | 4,434          | 5,495           |
|   | <b>499,206</b> | <b>452,033</b>  |
| <b>Net income (loss) from Core Operations</b>           | <b>22,881</b>  | <b>(16,059)</b> |

# Newfoundland and Labrador Environmental Industry Association Inc.

## Special Projects

*For the year ended October 31 2021*

|   | <i>2021</i>     | <i>2020</i>    |
|---|-----------------|----------------|
| <b>Revenue</b>  |                 |                |
| Atlantic Canada Opportunities Agency                    | 386,847         | 554,074        |
| Canadian Federation of Municipalities                   | 286,044         | 173,119        |
| Department of Advanced Education, Skills and Labour     | -               | 475,428        |
| Department of Tourism, Culture, Industry and Innovation | 77,500          | 124,750        |
| International business company fees                     | 6,000           | 27,307         |
| Luncheon and seminar registration                       | 534             | 4,934          |
| Other funding   | 71,871          | -              |
| Sponsorship   | 80,700          | 117,500        |
|   | 909,497         | 1,477,112      |
| <b>Expenses</b>   |                 |                |
| Advertising and promotion                               | 29,504          | 20,708         |
| Conferences, workshops, seminars                        | 54              | 5,955          |
| Fees and dues   | 1,202           | 1,535          |
| International consultants                               | 317,601         | 257,099        |
| Office  | 19,474          | 7,183          |
| Professional fees                                       | 523,040         | 691,284        |
| Salaries and wages                                      | 65,259          | 57,274         |
| Services in kind  | -               | 19,350         |
| Travel  | 16,673          | 39,010         |
|   | 972,807         | 1,099,398      |
| <b>Net income (loss) from Special Projects</b>          | <b>(63,310)</b> | <b>377,714</b> |