



Newfoundland and Labrador
Environmental Industry Association

Annual Report

2012



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2012

Board of Directors



Frank Ricketts

Chair
Nalcor Energy



Don Drew

Treasurer
Newco Metals



Stephanie Curran

Director
Worley Parsons



Dale Decker

Director
Quality Matters



David Fay

Director
Fay Environmental



Kaylen Hill

Director
Altius Minerals



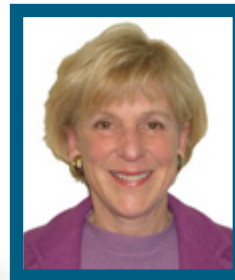
Deidre Puddister

Director
Pennecon Limited



Perry Trimper

Director
Stantec Consulting Ltd.



Susan Sherk

Director
AMEC Environment &
Infrastructure

Message from the Chair of NEIA

“2012 was a year of great advancement for the Newfoundland and Labrador Environmental Industry Association.”



Frank Ricketts

Chair

Nalcor Energy

And that advancement began immediately at NEIA's last Annual General Meeting. Proactive amendments to our bylaws have allowed for a much greater level of investment from all segments of the environmental sector. A renewed participation from our membership in NEIA has played a significant role in driving the organization and pushing the objectives of the sector forward.

The other catalyst of change has been the addition of staff in our head office. In January of 2012, NEIA hired a new Marketing and Communications Coordinator. In July, after an in-depth job search, NEIA welcomed its new Executive Director in Ted Lomond. In September NEIA hired a new Business Development Officer whose efforts in sector-development programming will be realized in 2013.

NEIA's offices have also moved into a brand new location on 90 O'Leary Avenue. Our space includes a dedicated state-of-the-art board room which will be a great asset for our organization, its membership, and the sector moving forward.

In addition to these operational advancements, this past year was very active for NEIA and its members. The NEIA team held professional development training sessions, strategic partnership/information sessions, and developed new sector growth initiatives. But from an event standpoint, there was none bigger in 2012 for NEIA than its inaugural NewLeaf conference. Examining environmental-economic opportunities in Newfoundland and Labrador, the conference was by all accounts a success and had great value for those that participated. NEIA is already looking forward to NewLeaf 2013, and to generating further excitement and pushing provincial priorities in the sector.

As NEIA membership continues to grow and the importance of the green economy becomes more prevalent, NEIA sees great opportunity within the environmental sector. Following the organization's Strategic Plan, which was completed this year, NEIA staff have been hard at work developing sector initiatives around business growth; training; innovation and productivity; export and international business; and policy and advocacy.

We expect that with a new staff in place, a new space to work from, and an energized Board of Directors, 2013 is going to be a very active and exciting year for NEIA and the environmental sector in Newfoundland and Labrador.

Message from the Executive Director

'The Environmental sector in Newfoundland and Labrador is poised for growth.' We have heard this statement many times over the past several years and it is absolutely true. However, while the sector has grown and will continue to grow, it will not reach its full potential without NEIA's leadership.



Ted Lomond
Executive Director

As the industry association representing the sector, NEIA is embracing its role as developer. The description of NEIA found on its website is fitting. It states, "The Newfoundland and Labrador Environmental Industry Association (NEIA) is a not-for-profit association of businesses that promotes the growth and development of the environmental industry in this province." We are not an environmental lobby group or think-tank. We may share some values with these groups and our work may, at points, overlap, but that is not our purpose. Nor are we an association of environmental scientists and practitioners. NEIA does provide a vital forum for such individuals to come together, discuss matters of common concern, and share good practices but that is only part of what we do. NEIA exists to grow and develop the sector. The 2013 NEIA strategic plan identifies three key business lines:

- 1. Sector Development:* NEIA exists to grow and strengthen the environmental sector in Newfoundland and Labrador.
- 2. Communications and Advocacy:* NEIA is the voice of the environmental sector in Newfoundland and Labrador .
- 3. Capacity Building:* NEIA must be an effective and robust organization in order to effectively provide services and advocate for its members or the sector as a whole.

Business lines two and three are critically important not in and of themselves, but because they are essential to support business line one. Ultimately, NEIA's success will be measured by the success of the enterprises operating in the sector. To assist in this regard, NEIA is undertaking a number of initiatives that will directly benefit firms to enhance competitiveness, increase innovation, enter supply chains for government and major industrial projects, develop international markets and address regulatory challenges.

Historically, NEIA's funding has come from the Atlantic Canada Opportunities Agency and its membership through annual fees and charging for events. As we go into the future NEIA will need to generate a greater percentage of its operating budget through its own activities. It will also need the Government of Newfoundland and Labrador as an engaged funding partner. This is important not just for the financial contribution it brings but the political commitment it implies.

NEIA has the will and capacity to grow the sector. I have worked with many organizations throughout my career and can confidently state that the NEIA's staff compliment, while small, is as strong as any industry association in the province. In addition, NEIA's Board of Directors is as engaged and competent as any which I have ever worked with. The result is that in coming years NEIA will punch well beyond its weight in shaping the conditions for sector growth.

I am pleased to be part of NEIA's team and I look forward to the year ahead.

2012

The Year in Review



Offset Opportunities for Developers

February 1, 2012

In partnership with Ducks Unlimited, NEIA presented a session informing its members on offset opportunities for developers working in wetland area.



Input on the Public Tendering Act

February 2, 2012

NEIA members met with the Province's Executive Council to discuss ways to improve the government's procurement practices.



NEIA's 20th Annual General Meeting

March 29, 2012

NEIA elected its Board of Directors and moved forward with a new set of organizational bylaws aimed to increase its representation of the environmental sector.



Let's Talk Exports

May 24, 2012

NEIA, in partnership with Export Development Canada, welcomed the EDC's Chief Economist Peter Hall to forecast the global economic trends of 2012-2013.



Goose Bay Remediation Project Update

June 26, 2012

Derek Aucoin, from Defence Construction Canada, updated NEIA members on the GBRP and on contract opportunities that may present themselves in the future.



2nd Annual Charlie Riggs Memorial Golf Tournament

August 16, 2012

NEIA members from all segments of the environmental industry networked - with the chance to win the big trophy.

2012

The Year in Review



Accessing New Labour Markets

September 20, 2012

In partnership with CME-NL and Diamond Global, NEIA presented a session outlining the availability and processes of acquiring temporary foreign workers.



A New Team

In 2012, NEIA welcomed a new Executive Director, a new Marketing & Communications Coordinator, and a new Business Development Officer.



newleaf

NEWFOUNDLAND AND LABRADOR
ECONOMY AND THE ENVIRONMENT FORUM



NewLeaf 2012

October 23-24, 2012

In October of 2012, NEIA held its inaugural *Newfoundland and Labrador Economy and the Environment Forum* (NewLeaf). The conference was aimed at validating and exploring the economic opportunities in the green economy as identified by a GLOBE Foundation / AMEC Report.

“Great job to the staff and organizers of the event. One of the best I have attended. Nice to see NEIA back to its true form again.” - Event Attendee

NewLeaf featured presentations from environmental sector segment experts, as well as former British Columbia Premier and Vancouver Mayor Mike Harcourt, and GLOBE Director of Research and Strategic Planning Paul Shorthouse.

The conference was complemented by a “Youth” component headlined by Bob McDonald, which saw students of all ages converge at the Johnson GeoCentre to learn about careers and opportunities in the environmental sector.

The forum built on sector momentum and generated significant energy within the environmental / economic community.

2012

The Year in Review



Hazardous Waste Operations & Emergency Response Training

November 19-23, 2012

NEIA offered both the full 40-hour and the 8-hour refresher "Hazwoper" courses.



Changes to Environmental Assessment Processes

November 21, 2012

In partnership with the CEEA, NEIA membership explored the changes in processes resulting from revisions to the Canadian Environmental Assessment Act.



NEIA Christmas Social

December 6, 2012

Bridges will be built between businesses in the environmental sector and the various related academic programs.



Research Matching with Business

December 7, 2012

In partnership with NSERC, NEIA aimed to foster working relationships between businesses and related academic programs in the environmental sector.



NEIA Releases 'Green Opportunities' Document

January 7, 2013

NEIA released a report summarizing the ideas connecting the environment and the economy in the province generated by NewLeaf 2012 attendees.



Environmental Project Management Training

February 28 - March 1, 2013

NEIA provided members with the opportunity to learn about project management within the environmental sector.

2013

The Year Ahead

A New Space

After 18 years and change, NEIA is moving from its location within the Canada Business Centre and upstairs into its own brand new office space. The new space features a state-of-the-art board room - The Green Room - which will be a great asset for NEIA and its membership.



New Sector Growth Initiatives

With a renewed focus on economic growth and the expansion of the industry, NEIA will be unveiling new business support initiatives in 2013 in the areas of Business Retention and Expansion, Export and International Business, and Co-Operative Education, among others. Be sure to contact us to see which initiatives can benefit your business.



Oil Spill Response Conference

In May of 2013, in co-operation with Innovation Norway and the Norwegian Oil Spill Control Association (NOSCA), NEIA will be presenting a 2-day conference on oil spill response and remediation, aimed at expanding business opportunities and relationships. Stay tuned for more information.

International Business Development Symposium

On May 24th, 2013, NEIA will be presenting a full-day conference exploring opportunities in international trade and exporting for businesses in the environmental sector in Newfoundland and Labrador.

NewLeef 2013

Mark your calendars! NewLeef 2013 is scheduled for October 10-11, 2013. Building on the success of the inaugural forum and its subsequent report, NEIA aims to continue to drive the connection of economy and environment - to produce tangible outcomes and foster new relationships within the sector.

Contact NEIA with your business needs and event ideas.

NEIA staff are always open to developing events and programs around the objective of business and sector growth in the environmental sector. Contact us with your needs or ideas today!

Newfoundland and Labrador Environmental Industry Association Statement of Financial Position

| October 31 | 2012 | 2011 |
|---|------------|------------|
| Assets | | |
| Current | | |
| Cash and bank | \$ 5,419 | \$ 77,027 |
| Marketable securities (Note 1) | 81,115 | 80,000 |
| Accounts receivable | 108,398 | 41,703 |
| Harmonized Sales Tax recoverable | 4,186 | - |
| Prepaid expenses | 3,107 | 3,007 |
| | 202,225 | 201,737 |
| Property, plant and equipment (Notes 1 and 2) | 6,976 | 10,667 |
| | \$ 209,201 | \$ 212,404 |
| Liabilities and Shareholders' Equity | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 11,148 | \$ 9,175 |
| Harmonized Sales Tax payable | - | 2,404 |
| | 11,148 | 11,579 |
| Net Assets | | |
| Unrestricted | 198,053 | 200,825 |
| | \$ 209,201 | \$ 212,404 |

On behalf of the Association:

_____, Director

_____, Director

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

**Newfoundland and Labrador Environmental Industry Association
Statement of Changes in Net Assets**

| For the Year Ended October 31, 2012 | Unrestricted Net Assets | 2012 | 2011 |
|---|----------------------------|-------------------|-------------------|
| Net Assets - beginning of year | \$ 200,825 | \$ 200,825 | \$ 123,741 |
| Excess of revenues over expenses (excess of expenses over revenues) | (2,772) | (2,772) | 77,084 |
| Net Assets - end of year | <u>\$ 198,053</u> | <u>\$ 198,053</u> | <u>\$ 200,825</u> |

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

Newfoundland and Labrador Environmental Industry Association Statement of Operations

| For the Year Ended October 31 | 2012 | 2011 |
|--|-------------------|------------------|
| Revenues | | |
| Atlantic Canada Opportunities Agency - BDP | \$ 202,703 | \$ 271,442 |
| LMDA funding | 34,613 | - |
| Conferences, workshops and seminars | 52,072 | 83,166 |
| Memberships | 35,855 | 36,236 |
| Rental income | 513 | 1,026 |
| | <u>325,756</u> | <u>391,870</u> |
| Expenses | | |
| Advertising | 10,590 | 3,902 |
| Amortization | 5,956 | 5,333 |
| Bad debts | 799 | - |
| Bank charges | 668 | 551 |
| Conferences, workshops and seminars | 43,433 | 29,194 |
| Fees and dues | 1,173 | 1,806 |
| Office and administration | 32,818 | 29,766 |
| Professional fees | 35,096 | 49,281 |
| Salaries and benefits | 185,031 | 191,206 |
| Travel | 11,221 | 6,271 |
| | <u>326,785</u> | <u>317,310</u> |
| Excess of revenues over expenses (excess of expenses over revenues) from operations | (1,029) | 74,560 |
| Other income (expenses) | | |
| Interest income | 1,115 | 130 |
| Non-recoverable Harmonized Sales Tax | (2,858) | 768 |
| Harmonized Sales Tax Rebate | - | 1,626 |
| | <u>(1,743)</u> | <u>2,524</u> |
| Excess of revenues over expenses (excess of expenses over revenues) | \$ (2,772) | \$ 77,084 |

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

Newfoundland and Labrador Environmental Industry Association Statement of Cash Flows

| For the Year Ended October 31 | 2012 | 2011 |
|---|-------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash receipts from members, funding and rentals | \$ 249,079 | \$ 360,933 |
| Cash paid to suppliers and employees | (317,753) | (325,064) |
| Interest received | 1,115 | 130 |
| Bank charges paid | (668) | (551) |
| | <u>(68,227)</u> | <u>35,448</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (2,266) | - |
| Net increase (decrease) in cash and cash equivalents | (70,493) | 35,448 |
| Cash - beginning of year | <u>157,027</u> | <u>121,579</u> |
| Cash - end of year | <u>\$ 86,534</u> | <u>\$ 157,027</u> |
| Cash consists of the following: | | |
| Cash and bank | \$ 5,419 | \$ 77,027 |
| Marketable securities | <u>81,115</u> | <u>80,000</u> |
| | <u>\$ 86,534</u> | <u>\$ 157,027</u> |

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

Newfoundland and Labrador Environmental Industry Association Notes to the Financial Statements

October 31, 2012

1. Summary of Significant Accounting Policies

Nature of Operations The Newfoundland and Labrador Environmental Industry Association is a provincial organization offering programs to promote the growth and development of the environmental industry in Newfoundland and Labrador. It is incorporated under the laws of the Province of Newfoundland and Labrador and is exempt from income taxes as a not-for-profit organization pursuant to paragraph 149 (1)(l) of the Income Tax Act (Canada).

Marketable Securities Marketable securities are carried at market value.

Property, plant and equipment Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following methods and rates:

| | Method | Rate |
|---------------------|-------------------|---------|
| Computer equipment | declining balance | 100% |
| Computer equipment | declining balance | 55% |
| Website development | straight-line | 3 years |

Revenue Recognition Membership fees are recorded as revenue when received.

All other revenue sources, including interest on investments, are recorded on an accrual basis.

Measurement uncertainty The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Newfoundland and Labrador Environmental Industry Association Notes to the Financial Statements

October 31, 2012

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company are as follows:

Accounting Standards for Not-for-Profit Organizations (NPO)

In December 2010, the Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs) as follows:

For non-government (private sector) NPOs, they have a choice of:

1. International Financial Reporting Standards ("IFRS") or
2. Accounting Standards for NPOs (which is essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes).

For government (public sector) NPOs they have a choice of:

1. Public Sector Accounting standards with the current series of NPO-specific standards added with some minor changes; or
2. Public Sector Accounting standards.

The Boards require NPOs to adopt their respective standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Account Part V - Pre-Changeover Standards.

Newfoundland and Labrador Environmental Industry Association Notes to the Financial Statements

October 31, 2012

1. Summary of Significant Accounting Policies (continued)

The organization intends to adopt the newly issued accounting standards for not-for-profit organizations for the year ended October 31, 2013 and for subsequent years.

Financial risk management objectives and policies

The association's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the association's exposure.

2. Property, Plant and Equipment

| | 2012 | | 2011 | |
|---------------------|------------------|--------------------------|-----------------|------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer equipment | \$ 4,690 | \$ 3,047 | \$ 1,643 | \$ - |
| Website development | 16,000 | 10,667 | 5,333 | 10,667 |
| | <u>\$ 20,690</u> | <u>\$ 13,714</u> | <u>\$ 6,976</u> | <u>\$ 10,667</u> |

Newfoundland and Labrador Environmental Industry Association Notes to the Financial Statements

October 31, 2012

3. Prior Period Adjustment

The balance of closing net assets at the end of 2011 has been restated from \$200,056 to \$200,825 and Harmonized Sales Tax payable for the year ended October 31, 2011 has been restated from \$3,173 to \$2,404. This adjustment has been made in order to recognize a balance of \$768 receivable from the Canada Revenue Agency for the 2010 year end.

4. Conferences, Workshops and Seminars

| | 2012 | 2011 |
|-----------------------------------|------------------|------------------|
| Luncheon and seminar registration | \$ 20,232 | \$ 74,919 |
| Funding | 31,349 | 8,024 |
| Rebates | 491 | 223 |
| | <u>\$ 52,072</u> | <u>\$ 83,166</u> |

5. Economic Dependence

Approximately 66% (2011 - 69%) of the Association's funding is received from the Atlantic Canada Opportunities Agency. The loss of a material amount of funding from this Agency could have a material adverse effect on operations. As at October 31, 2012, approximately 60% of the company's accounts receivable were owing from this Agency, thereby increasing the level of credit risk due to the concentration of the accounts receivable.

Newfoundland and Labrador Environmental Industry Association Notes to the Financial Statements

October 31, 2012

6. Financial Instruments

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers as well as the Atlantic Canada Opportunities Agency. The maximum exposure to credit risk is \$100,398 (2011 - \$41,703).

Fair Value

The company's carrying value of cash and bank, membership fees and funding receivable and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

Liquidity Risk

Liquidity risk is the risk that the organization be unable to meet its contractual obligations and financial liabilities. Liquidity risk arises as the organization is reliant on membership fees and examination fees as a means of funding operating activities and may not have sufficient funds to pay its accounts payable and accrued liabilities. The organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. The risk has not changed from the previous period.

DRAFT - Subject to Change