
EcoSpark

FINANCIAL STATEMENTS

DECEMBER 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members,
EcoSpark

We have audited the accompanying financial statements of EcoSpark which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EcoSpark as at December 31, 2015, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Compertthwaite Mehta

Chartered Accountants
Licensed Public Accountants

February 29, 2016
Toronto, Ontario


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STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 92,793	\$ 5,435
Short-term investments		10,357
Accounts receivable	1,867	19,000
Sales and property taxes recoverable	2,781	4,171
Prepaid expenses	<u>5,444</u>	<u>5,444</u>
	102,885	44,407
Furniture and equipment (note 3)	<u>nil</u>	<u>665</u>
	<u>\$ 102,885</u>	<u>\$ 45,072</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,952	\$ 2,775
Deferred revenue (note 4)	<u>80,662</u>	<u>37,833</u>
	99,614	40,608
Net assets - Unrestricted	<u>3,271</u>	<u>4,464</u>
	<u>\$ 102,885</u>	<u>\$ 45,072</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
REVENUE		
Foundation grants (note 5)	\$ 216,953	\$ 93,592
Government funding (note 6)	14,279	48,422
Other program funding	64,113	39,446
Other	<u>5,450</u>	<u>10,367</u>
	<u>300,795</u>	<u>191,827</u>
EXPENSES		
Program development and delivery		
Salaries and benefits	153,298	145,710
Program resources and events	66,818	8,830
Program administration (note 7)	31,834	22,677
Purchased services	18,063	260
Program travel	<u>5,041</u>	<u>6,106</u>
	<u>275,054</u>	<u>183,583</u>
Administration		
Salaries and benefits	15,589	20,173
Office and general	6,160	10,906
Rent	4,520	7,399
Amortization	<u>665</u>	<u>664</u>
	<u>26,934</u>	<u>39,142</u>
Total expenses	<u>301,988</u>	<u>222,725</u>
EXCESS OF EXPENSES OVER REVENUE	(1,193)	(30,898)
Net assets, beginning of year	<u>4,464</u>	<u>35,362</u>
NET ASSETS, END OF YEAR	<u>\$ 3,271</u>	<u>\$ 4,464</u>

see accompanying notes

ECOSPARK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (1,193)	\$ (30,898)
Add back non-cash reserve: Amortization expense	665	664
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	17,133	(14,776)
Decrease in sales and property taxes recoverable	1,390	1,944
Decrease in prepaid expenses		2,406
Increase (decrease) in accounts payable and accrued liabilities	16,177	(856)
Increase(decrease) in deferred revenue	<u>42,829</u>	<u>(16,964)</u>
Cash generated by (used in) operations	77,001	(58,480)
FINANCING ACTIVITIES		
Redemption of short-term investments	<u>10,357</u>	<u>4,931</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	87,358	(53,549)
Cash, beginning of year	<u>5,435</u>	<u>58,984</u>
CASH, END OF YEAR	<u>\$ 92,793</u>	<u>\$ 5,435</u>

see accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

EcoSpark ("the organization") is a not-for-profit organization incorporated in the Province of Ontario without share capital. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization seeks to empower individuals and communities across Ontario to take an active role in monitoring, protecting, and restoring their local environment. Through formal and community education, the organization uses experiential learning opportunities to (re)connect people with their local environment and provide them with opportunities to create change.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Financial instruments

Financial instruments include cash, term deposits, accounts receivable and accounts payable and accrued liabilities. Cash is measured at fair value. Term deposits are measured at fair value calculated at original purchase price plus accrued interest. All other financial instruments are recorded at cost.

Furniture and equipment

Furniture and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives on a straight line basis estimated to be 3 years.

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition. Grant funding is recognized when the services specified under the terms of the grant have been satisfied. Based on the terms of the funding agreement, grants are paid to the organization as a fixed amount, on a staff time-basis, or as a fixed amount per measure of output. Terms range from less than one year to 2 years. The amount of revenue recognized is based on the services delivered in the year. Any grant funds unspent at year end are recorded as deferred revenue.

Grants related to the purchase of furniture and equipment are recorded as revenue in the same period the related furniture and equipment are charged to operations.

- ii) Fee revenue is recognized in the year the services are provided.
- iii) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

Expense recognition

Expenses are recorded when goods or services are consumed.

Allocation of administrative expenses

The organization allocates administrative salaries based on the percentage of time spent on programs. Non-salary administrative expenses are allocated based on space usage.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. FINANCIAL RISKS

Certain financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

Credit risk arises from the possibility that program funding is not paid. Accounts receivable are monitored and followed-up by management to minimize the risk of lost revenue. The organization's losses from uncollected program funding have been minimal.

Interest rate risk results from fluctuations in market interest rates. The organization holds fixed rate guaranteed investment certificates and fluctuations in market interest rates does not affect future cash flows.

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. The organization expects to meet its financial obligations for accounts payable and accrued liabilities through cash flows generated from operations.

3. FURNITURE AND EQUIPMENT

Furniture and equipment, recorded at cost, is as follows:

	2015	2014
Furniture and equipment	\$ 1,993	\$ 1,993
Accumulated amortization	<u>(1,993)</u>	<u>(1,328)</u>
	<u>\$ nil</u>	<u>\$ 665</u>

4. DEFERRED REVENUE

Deferred revenue is restricted for the following programs:

	2015	2014
Changing Currents	\$ 32,632	\$ 23,119
Oak Ridges Moraine	41,392	1,129
Greenbelt	3,113	
Nature Academy		13,585
Other	<u>3,525</u>	<u></u>
Deferred revenue, end of year	<u>\$ 80,662</u>	<u>\$ 37,833</u>

Continuity of deferred revenue for the year was as follows:

	2015	2014
Deferred revenue, beginning of year	\$ 37,833	\$ 54,797
Add restricted cash received and unspent in year	259,782	76,628
Less restricted funding expended in year (note 5)	<u>(216,953)</u>	<u>(93,592)</u>
Deferred revenue, end of year	<u>\$ 80,662</u>	<u>\$ 37,833</u>

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NOTES TO THE FINANCIAL STATEMENTS

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5. FOUNDATION GRANTS

Foundation grants recognized in the year were for the following programs:

	2015	2014
Nature Academy	\$ 88,686	\$ 33,734
Oak Ridges Moraine	64,866	37,116
Greenbelt	36,886	-
Changing Currents	17,595	22,742
Other	<u>8,920</u>	<u></u>
	<u>\$ 216,953</u>	<u>\$ 93,592</u>

6. GOVERNMENT FUNDING

Government funds recognized in the year was as follows:

	2015	2014
Federal	14,279	37,568
Provincial	<u></u>	<u>10,854</u>
	<u>\$ 14,279</u>	<u>\$ 48,422</u>

7. ALLOCATION OF ADMINISTRATION EXPENSES

Program administration expenses include allocated overhead costs based on the percentage of activities allocated to programming and office space used as follows:

	2015	2014
Rent	\$ 17,526	\$ 14,605
Office and general	17,338	5,546
Insurance	<u>3,303</u>	<u>2,526</u>
	<u>\$ 31,834</u>	<u>\$ 22,677</u>

8. COMMITMENTS

The organization leases office premises under a month to month lease arrangement.