

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**

**Financial Statements**

**Year Ended October 31, 2020**

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
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**Year Ended October 31, 2020**

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**BUSSEY PORTER HETU**  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Network member of  
**Porter Hetu International**  
Professional Services Group

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Newfoundland and Labrador Environmental Industry Association Inc.

### *Opinion*

We have audited the financial statements of Newfoundland and Labrador Environmental Industry Association Inc. (the organization), which comprise the statement of financial position as at October 31, 2020, and the statements of revenues and expenditures, 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 October 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *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 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 statements for the year ended October 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements.

### *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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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



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BUSSEY PORTER HETU  
CHARTERED PROFESSIONAL ACCOUNTANTS

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Statement of Financial Position**  
**October 31, 2020**

	2020	2019
<b>ASSETS</b>		
CURRENT		
Cash	\$ 96,495	\$ 473,237
Term deposits (Note 3)	100,394	100,000
Accounts receivable (Note 4)	162,122	41,388
Harmonized sales tax recoverable	152,210	38,206
Prepaid expenses	3,454	4,206
	<b>514,675</b>	657,037
CAPITAL ASSETS (Note 5)	8,233	10,371
	<b>\$ 522,908</b>	<b>\$ 667,408</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable	\$ 6,139	\$ 28,277
Wages payable	6,072	4,858
Deferred income (Note 6)	-	485,231
	<b>12,211</b>	518,366
NET ASSETS	<b>510,697</b>	149,042
	<b>\$ 522,908</b>	<b>\$ 667,408</b>

**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 Revenues and Expenditures**  
**Year Ended October 31, 2020**

	2020	2019
<b>REVENUES</b>		
Trade sales	\$ 1,911,665	\$ 983,364
Interest income	1,421	1,384
	<b>1,913,086</b>	<b>984,748</b>
<b>EXPENSES</b>		
Advertising and promotion	20,749	12,980
Amortization	2,138	2,770
Bad debts	1,035	-
Fees and dues	11,418	7,825
International consultants	464,303	140,504
Equipment rentals	5,143	-
Insurance	2,317	4,303
Interest and bank charges	4,598	3,891
Conferences, workshops, seminars	20,146	63,335
Office	10,312	19,208
Service in-kind	20,016	20,085
Professional fees	540,715	241,632
Property taxes	2,734	5,154
Rental	33,075	62,700
Salaries and wages	374,329	341,408
Training	54	577
Travel	38,232	79,284
Utilities	117	-
	<b>1,551,431</b>	<b>1,005,656</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 361,655</b>	<b>\$ (20,908)</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**  
**Year Ended October 31, 2020**

	General Fund		Restricted Fund		2020	2019
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$	149,042	\$	-	<b>\$ 149,042</b>	\$ 169,950
EXCESS OF REVENUES OVER EXPENSES		361,655		-	<b>361,655</b>	(20,908)
<b>NET ASSETS - END OF YEAR</b>	\$	510,697	\$	-	<b>\$ 510,697</b>	\$ 149,042

The accompanying notes are an integral part of these financial statements

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Statement of Cash Flows**  
**Year Ended October 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 361,655	\$ (20,908)
Item not affecting cash:		
Amortization of capital assets	2,138	2,770
	<b>363,793</b>	<b>(18,138)</b>
Changes in non-cash working capital:		
Accounts receivable	(120,734)	(24,317)
Accounts payable	(22,138)	20,656
Deferred income	(485,231)	414,554
Prepaid expenses	752	(997)
Harmonized sales tax payable	(114,004)	(27,547)
Wages payable	1,214	2,175
	<b>(740,141)</b>	<b>384,524</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(376,348)</b>	<b>366,386</b>
Cash - beginning of year	573,237	206,851
<b>CASH - END OF YEAR</b>	<b>\$ 196,889</b>	<b>\$ 573,237</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 96,495	\$ 473,237
Term deposits	100,394	100,000
	<b>\$ 196,889</b>	<b>\$ 573,237</b>

The accompanying notes are an integral part of these financial statements



**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2020**

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**1. PURPOSE OF THE ORGANIZATION**

Newfoundland and Labrador Environmental Industry Association Inc. (the "organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

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 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.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit less cheques issued and outstanding. The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for the current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Term deposits

Short term investments are carried at fair value.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	55% declining balance method
Furniture and fixtures	20% declining balance method

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

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue recognition

Newfoundland and Labrador Environmental Industry Association Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for all of the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

As at the balance sheet date, the financial assets consisted of cash, term deposits, accounts receivable and harmonized sales tax recoverable. The financial liabilities consisted of accounts payable and wages payable.

**3. TERM DEPOSITS**

	<b>2020</b>	<b>2019</b>
Guaranteed investment certificate at an interest rate of 1.00% per annum, maturing May 21, 2021	\$ 35,788	\$ 35,629
Guaranteed investment certificate at an interest rate of 0.75% per annum, maturing July 11, 2021	6,178	6,138
Guaranteed investment certificate at an interest rate of 0.50% per annum, maturing May 21, 2021	58,428	58,233
	<b>\$ 100,394</b>	<b>\$ 100,000</b>

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2020**

**4. ACCOUNTS RECEIVABLE**

	2020	2019
Trade and other receivables	\$ 14,382	\$ 29,174
Allowance for Doubtful Accounts	(58)	-
Accrued funding receivable	147,798	11,368
Accrued interest receivable	-	846
	<b>\$ 162,122</b>	<b>\$ 41,388</b>

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 15,755	\$ 15,673	\$ 82	\$ 182
Furniture and fixtures	27,977	19,826	8,151	10,189
	<b>\$ 43,732</b>	<b>\$ 35,499</b>	<b>\$ 8,233</b>	<b>\$ 10,371</b>

**6. DEFERRED REVENUE**

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. Deferred revenue for year ended October 31, 2020 is \$0 (2019 - \$485,231).

**7. ECONOMIC DEPENDENCE**

The organization's Core Funding is received from the Atlantic Canada Opportunities Agency and the Department of Tourism, Culture, Industry & Innovation. The loss of funding from these sources could have a material adverse effect on continuing operations.

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2020**

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**8. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of October 31, 2020.

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. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. 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.

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, obligations under capital leases, contributions to the pension plan, and accounts payable.

Additional risk

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

**9. PANDEMIC - COVID-19**

The COVID-19 virus outbreak was first identified in December 2019. The World Health Organization declared the outbreak a Public Emergency of International Concern on January 30, 2020 and a global pandemic on March 11, 2020. Businesses were ordered to cease operation shortly there after. Both Federal and Provincial governments have implemented various support services to assist businesses during this ordeal. The organization has remained open and was not forced to cease its operations, however the organization operated at limited capacity with a number of revenue generating events/programs being cancelled or modified.

**10. COMPARATIVE FIGURES**

The prior year comparative figures were audited by another firm of public accountants.

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**

**CORE OPERATIONS**

*(Schedule 1)*

**Year Ended October 31, 2020**

	<b>2020</b>	2019
<b>Revenue</b>		
Atlantic Canada Opportunities Agency	\$ 188,462	\$ 204,663
Department of Tourism, Culture, Industry and Innovation	100,000	100,000
Membership fees	50,117	47,478
Rental income	13,146	37,329
Project administration	19,350	20,085
Sponsorship	9,514	48,197
Interest Revenue	1,421	1,384
Cost shared expense recovery	1,146	758
Luncheon and seminar registration	42,166	105,080
Other revenue	10,652	86
	<b>435,974</b>	<b>565,060</b>
<b>Expenses</b>		
Advertising and promotion	41	8,576
Amortization	2,138	2,770
Conferences, workshops, seminars	7,919	58,857
Fees and dues	9,883	7,254
Insurance	2,317	4,303
Interest and bank charges	4,597	3,889
Municipal taxes	2,734	5,154
Office	10,091	11,902
Professional development	54	577
Professional fees	56,135	60,796
Rental	33,075	62,700
Salaries and wages	317,555	310,416
Travel	5,495	12,853
	<b>452,034</b>	<b>550,047</b>
<b>Net income from Core Operations</b>	<b>\$ (16,060)</b>	<b>\$ 15,013</b>

The accompanying notes are an integral part of these financial statements

**NEWFOUNDLAND AND LABRADOR ENVIRONMENTAL INDUSTRY ASSOCIATION INC.**  
**SPECIAL PROJECTS**  
*(Schedule 2)*  
**Year Ended October 31, 2020**

	2020	2019
<b>Revenue</b>		
Atlantic Canada Opportunities Agency	\$ 554,074	\$ 188,650
Luncheon and seminar registration	4,934	20,339
Department of Advanced Education, Skills and Labour	475,428	105,860
Sponsorship	117,500	16,900
Canadian Federation of Municipalities	173,119	54,827
Global Affairs Canada	-	27,590
International business company fees	27,307	3,021
Department of Tourism, Culture, Industry and Innovation	124,750	2,500
	<b>1,477,112</b>	<b>419,687</b>
<b>EXPENSES</b>		
Advertising and promotion	20,708	4,404
Conferences, workshops, seminars	5,955	4,478
Fees and dues	1,535	571
International consultants	257,099	140,504
Office	7,183	7,305
Professional fees	691,284	180,836
Salaries and wages	57,274	30,992
Services in-kind	19,350	20,085
Travel	39,010	66,431
	<b>1,099,398</b>	<b>455,606</b>
<b>Net Income (loss) from Special Projects</b>	<b>\$ 377,714</b>	<b>\$ (35,919)</b>