

ECOEQUITABLE INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017



INDEPENDENT AUDITORS' REPORT

To the Members of
EcoEquitable Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of EcoEquitable Inc., which comprise the statement of financial position as at December 31, 2017, and the statements of operations, 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.

Auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT

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

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and the sale of donated goods, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenue, revenue from boutique sales, net revenue for the years ended December 31, 2017 and December 31, 2016 and current assets and net asset balance - end of year as at December 31, 2017 and December 31, 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of EcoEquitable Inc. as at December 31, 2017, 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
June 28, 2018.

ECOEQUITABLE INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

ASSETS		<u>2017</u>	<u>2016</u>
CURRENT			
Cash	\$	51,890	\$ 47,095
Accounts receivable		9,439	5,771
Prepaid expenses		<u>635</u>	<u>733</u>
	\$	<u>61,964</u>	<u>\$ 53,599</u>
 LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	7,929	\$ 8,975
Deferred revenue		4,298	10,088
Deferred contributions (note 4)		<u>57,507</u>	<u>33,620</u>
		69,734	52,683
 NET ASSETS			
UNRESTRICTED (DEFICIT)		<u>(7,770)</u>	<u>916</u>
	\$	<u>61,964</u>	<u>\$ 53,599</u>

Commitment (note 5)

Approved on behalf of the Board:



 Director



 Director

ECOEQUITABLE INC.

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
BALANCE - BEGINNING OF YEAR	\$ 916	\$ 12,705
Net revenue (expenses) for the year	(8,686)	(11,789)
BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (7,770)</u></u>	<u><u>\$ 916</u></u>

ECOEQUITABLE INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Grants	\$ 164,448	\$ 168,702
Sewing	99,462	49,257
Class fees	56,569	24,388
Boutique sales	22,541	25,095
Fundraising	19,917	13,717
Donations	9,698	14,571
Other	<u>638</u>	<u>1,137</u>
	373,273	296,867
COST OF GOODS SOLD	<u>177,976</u>	<u>128,488</u>
	195,297	168,379
EXPENSES		
Salaries and wages	113,868	97,451
Rent	37,504	29,205
Office	22,157	20,414
Advertising	8,527	1,495
Professional fees	7,930	7,051
Supplies	4,094	4,124
Transportation	2,038	1,446
Insurance	1,923	4,347
Memberships and licenses	1,437	1,582
Miscellaneous	1,432	1,372
Telephone	1,430	1,022
Repairs and maintenance	851	2,434
Training	500	6,950
Dues and subscriptions	292	1,255
Donations and contributions	<u>-</u>	<u>20</u>
	<u>203,983</u>	<u>180,168</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u><u>\$ (8,686)</u></u>	<u><u>\$ (11,789)</u></u>

ECOEQUITABLE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expenses) for the year	\$(8,686)	\$(11,789)
Changes in non-cash working capital		
- accounts receivable	(3,668)	400
- prepaid expenses	98	(41)
- accounts payable and accrued liabilities	(1,046)	5,200
- deferred revenue	(5,790)	3,558
- deferred contributions	<u>23,887</u>	<u>28,684</u>
INCREASE IN CASH DURING THE YEAR	4,795	26,012
Cash - beginning of year	<u>47,095</u>	<u>21,083</u>
CASH - END OF YEAR	<u><u>\$ 51,890</u></u>	<u><u>\$ 47,095</u></u>

ECOEQUITABLE INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. ORGANIZATION

EcoEquitable Inc. was incorporated without share capital under the Ontario Business Corporations Act. The purpose of the Organization is to provide a bridge to social and economic integration for people in need, especially immigrant women, while also promoting sustainable business practices. The Organization is a registered charity under the Income Tax Act and exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Revenue Recognition

The Organizations follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants are recognized as revenue in the year in which they are received or receivable if the amount can be reasonable estimated, and collection is reasonable assured. Restricted contributions to fund a specific project are recognized as revenue in the year in which related restrictions are met.

Boutique sales and sewing revenues are recognized as revenue in the period in which the goods pass title to the customer or the services are performed.

Class fees are recognized in the period in which the class is held.

(b) Capital Assets and Amortization

Capital assets are expensed in the year of acquisition. Capital assets expensed during the year totaled \$nil (2016 - \$2,124) which consisted of amounts for the purchase of a computer and sewing equipment.

(c) 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, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

ECOEQUITABLE INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(d) Financial Instruments

The Organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue (expenses) for the year

(e) Volunteer Services

The Organization receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

(f) Donated Materials

The Organization receives donated sewing supplies, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements. These supplies are used both in the Organization's operations, as well as being sold in its boutique.

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's assessment that the Organization is not exposed to significant liquidity, interest rate, credit, market or currency risks arising from its financial instruments.

ECOEQUITABLE INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

4. DEFERRED CONTRIBUTIONS

These contributions relate to specific projects. Deferred contributions represent the unspent balance of this funding as at December 31, 2017.

	<u>Balance - Beginning of Year</u>	<u>Amounts Received</u>	<u>Revenue Recognized</u>	<u>Balance - End of Year</u>
Grants	\$ <u>33,620</u>	\$ <u>188,335</u>	\$ <u>164,448</u>	\$ <u>57,507</u>

5. COMMITMENT

The Organization has leased office space for a one year period which expires March 31, 2018 at a fee of \$31,962 including HST.

**6. ONTARIO TRILLIUM FOUNDATION, THE MINISTER OF
ADVANCED EDUCATION AND SKILLS DEVELOPMENT,
THE MINISTER OF EMPLOYMENT AND SOCIAL
DEVELOPMENT AND THE FUTUREWORX SOCIETY**

Grants received from the Ontario Trillium Foundation, the Minister of Advanced Education and Skills Development, the Minister of Employment and Social Development and the Futureworx Society are subject to specific terms and conditions regarding the expenditure of the funds. The Organization's accounting records are subject to audit by the grant providers to identify instances, if any, in which amounts charged against contributions have not complied with the agreed terms and conditions and which therefore would be refundable. Adjustments, if any, to prior years' contributions are recorded in the year in which the grant providers request the adjustments. No audits were performed in the current fiscal year by the Ontario Trillium Foundation, the Minister of Advanced Education and Skills Development, the Minister of Employment and Social Development and the Futureworx Society.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current financial statement presentation.