

**ECOEQUITABLE INC.**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019

## **ECOEQUITABLE INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
EcoEquitable Inc.

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of EcoEquitable Inc. (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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 Qualified Opinion*

We were not able to observe the counting of the physical inventories as at December 31, 2019, which are stated in the statements of financial position at \$23,287, or satisfy ourselves concerning those inventory quantities by alternative means. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories as at December 31, 2019, cost of goods sold and excess of revenue over expenses for the year ended December 31, 2019 and net asset balance - end of year as at December 31, 2019.

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 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 qualified audit opinion.

#### *Other Matter*

The financial statements of the Organization for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on November 26, 2019.

#### *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.

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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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Ontario Corporations Act, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

*Marcil Lavallée*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
November 10, 2020

# ECOEQUITABLE INC.

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019	2018
<b>REVENUE</b>		
Grants (Note 3)	\$ 265,448	\$ 348,357
Sewing	159,210	180,737
Class fees	60,166	71,122
Boutique sales	28,332	19,881
Donations	9,513	18,187
Other	6,750	4,233
	<b>529,419</b>	<b>642,517</b>
<b>COST OF GOODS SOLD</b>		
	<b>217,578</b>	<b>308,499</b>
	<b>311,841</b>	<b>334,018</b>
<b>EXPENSES</b>		
Salaries and benefits	181,974	207,711
Rent	41,813	41,610
Branding	15,024	-
Office expenses	10,006	18,871
Dues and subscriptions	4,768	3,096
Advertising and promotion	3,046	2,884
Repairs and maintenance	2,899	3,333
Miscellaneous	2,544	3,221
Insurance	2,051	2,191
Supplies	1,835	6,845
Telecommunications	1,036	1,458
Travel expenses	609	11,691
Bad debts	-	1,600
Training	-	1,431
Professional fees	8,941	14,912
Amortization of capital assets	2,479	1,240
	<b>279,025</b>	<b>322,094</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>		
	<b>32,816</b>	<b>11,924</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>		
	<b>4,154</b>	<b>(7,770)</b>
<b>NET ASSETS, END OF YEAR</b>		
	<b>\$ 36,970</b>	<b>\$ 4,154</b>

# ECOEQUITABLE INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

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	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 42,518	\$ 3,214
Accounts receivable	9,624	7,605
Grants receivable	-	10,325
Inventories	23,287	26,421
Prepaid expenses	1,144	977
	76,573	48,542
<b>CAPITAL ASSETS (Note 4)</b>	<b>5,501</b>	<b>7,980</b>
	\$ 82,074	\$ 56,522
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 26,533	\$ 38,805
Deferred revenue	18,571	12,633
Deferred grants (Note 6)	-	930
	45,104	52,368
<b>NET ASSETS</b>		
Unrestricted	36,970	4,154
	\$ 82,074	\$ 56,522

ON BEHALF OF THE BOARD

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# ECOEQUITABLE INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 32,816	\$ 11,924
<b>Adjustment for:</b>		
Amortization of capital assets	2,479	1,240
	<b>35,295</b>	<b>13,164</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	(2,019)	(8,491)
Grants receivable	10,325	-
Inventories	3,134	(26,421)
Prepaid expenses	(167)	(345)
Accounts payable and accrued liabilities	(12,272)	30,879
Deferred revenue	5,938	8,335
Deferred grants	(930)	(56,577)
	<b>4,009</b>	<b>(52,620)</b>
	<b>39,304</b>	<b>(39,456)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	-	(9,220)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>39,304</b>	<b>(48,676)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	<b>3,214</b>	<b>51,890</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<b>\$ 42,518</b>	<b>\$ 3,214</b>

Cash and cash equivalents consist of cash.



# ECOEQUITABLE INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 1. STATUTE AND NATURE OF OPERATIONS

EcoEquitable Inc. (the Organization), incorporated without share capital under the Ontario Business Corporations Act, provides 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, as such, is exempt from income tax.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### Use of estimates

The preparation of financial statements in compliance with the ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

#### Revenue recognition

The Organization follows the deferral method of accounting for grants. Under this method, grants restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and the collection is reasonably assured.

Boutique sales and sewing revenues when the goods have been delivered, the price is fixed or determinable and collection is reasonably assured.

Class fees are recognized when services have been rendered to the customer. For the portion of classes completed after year-end, related revenue is recorded as deferred revenue.

Revenue from donations are recognized upon receipt of funds.

#### Donations in kind

Donated goods and services are accounted for as revenue and recorded at fair value when such values can be reasonably estimated and when the goods are used in the normal course of operations and would otherwise have been purchased. The cost of the donations in kind received cannot be reasonably estimated, therefore no representation of these expenditures has been included in the financial statements.

#### Contribution services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours and determining their fair value, contributed services are not recognized in the financial statements.

# ECOEQUITABLE INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

#### Grant receivable

A grant receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over the following periods:

Computer equipment	3 years
Sewing equipment	5 years

#### Write-down of capital assets

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

#### Financial instruments

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

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

Financial assets measured at amortized cost include cash, accounts receivable and grants receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# ECOEQUITABLE INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

##### *Transaction costs*

Transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

### 3. GRANTS

	2019	2018
Ontario Trillium Foundation	\$ 125,000	\$ 171,400
City of Ottawa	45,775	44,225
United way	26,812	35,973
Ottawa Community Foundation	22,100	2,703
Government of Canada - Wage subsidies	13,860	19,798
Vanier Community Service Centre	5,370	5,407
Other grants	26,531	40,408
Counselling Foundation	-	28,443
	\$ 265,448	\$ 348,357

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	2019	2018
Computer equipment	\$ 4,765	\$ 2,382	\$ 2,383	\$ 3,971
Sewing equipment	4,455	1,337	3,118	4,009
	\$ 9,220	\$ 3,719	\$ 5,501	\$ 7,980

# ECOEQUITABLE INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade accounts and accrued liabilities	\$ 15,582	\$ 19,603
Government remittances	10,951	19,202
	\$ 26,533	\$ 38,805

### 6. DEFERRED GRANTS

The changes in deferred grants are as follows:

	2019	2018
Balance, beginning of year	\$ 930	\$ 57,507
Plus: Amount granted during the year	-	281,456
Less: Amount recognized as revenue during the year	(930)	(338,033)
Balance, end of year	\$ -	\$ 930

### 7. FINANCIAL INSTRUMENTS

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The Organization provides credit to its clients in the normal course of its operations.

Also, the Organization continuously reviews the financial situation of its clients and examines the credit history of all new clients. The Organization establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. There is no existing account receivable that represents a substantial risk for the Organization.

### 8. COMMITMENT

The commitment of the Organization under its lease agreement aggregates to \$30,870 and will be paid over the next year.

# **ECOEQUITABLE INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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### **9. SUBSEQUENT EVENTS**

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The extent to which these events may impact the Organization's business activities will depend on future developments, such as the duration of the outbreak, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Organization cannot determine the ultimate financial impacts at this time.

### **10. CONTINGENCIES**

In the normal course of operations, the Organization signs agreements under which amounts are granted for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsors of a project are identified, the necessary adjustments will be recognized in the year they are identified.

### **11. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to be consistent with the current year's presentation.