

ECOEQUITABLE INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, 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, 2020, 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, 2020, which are stated in the statement of financial position at \$32,164 (2019: \$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, 2020 and 2019, cost of goods sold and excess of revenues over expenses for the years ended December 31, 2020 and 2019 and net asset balance - end of year as at December 31, 2020 and 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.

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.

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.

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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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
November 16, 2021

ECOEQUITABLE INC.**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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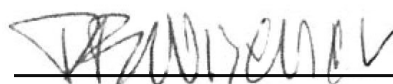

	2020	2019
REVENUES		
Grants (Note 3)	\$ 323,551	\$ 265,448
Sewing	100,570	159,210
Class fees	39,151	60,166
Boutique sales	18,932	28,332
Donations	11,463	9,513
Other	1,094	6,750
	494,761	529,419
COST OF GOODS SOLD		
	200,441	217,578
	294,320	311,841
EXPENSES		
Salaries and benefits	184,307	181,974
Rent	33,617	41,813
Office expenses	19,434	10,006
Dues and subscriptions	5,284	4,768
Miscellaneous	2,755	2,544
Insurance	2,476	2,051
Advertising and promotion	1,874	3,046
Telecommunications	1,111	1,036
Repairs and maintenance	1,109	2,899
Supplies	934	1,835
Travel expenses	672	609
Bad debts	525	-
Branding	-	15,024
Professional fees	8,289	8,941
Amortization of capital assets	2,479	2,479
	264,866	279,025
EXCESS OF REVENUES OVER EXPENSES		
	29,454	32,816
NET ASSETS, BEGINNING OF YEAR		
	36,970	4,154
NET ASSETS, END OF YEAR		
	\$ 66,424	\$ 36,970

ECOEQUITABLE INC.**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2020**

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	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 126,557	\$ 42,518
Accounts receivable	11,454	9,624
Grant receivable	30,996	-
Inventories	32,164	23,287
Prepaid expenses	1,514	1,144
	202,685	76,573
CAPITAL ASSETS (Note 4)	3,022	5,501
	\$ 205,707	\$ 82,074
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 60,112	\$ 26,533
Deferred revenue	19,171	18,571
	79,283	45,104
LONG-TERM DEBT (Note 6)	60,000	-
	139,283	45,104
NET ASSETS		
Unrestricted	66,424	36,970
	\$ 205,707	\$ 82,074

ON BEHALF OF THE BOARD


_____, Director
_____, Director

ECOEQUITABLE INC.**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 29,454	\$ 32,816
Adjustment for:		
Amortization of capital assets	2,479	2,479
	31,933	35,295
Net change in non-cash items related to operating activities:		
Accounts receivable	(1,830)	(2,019)
Grant receivable	(30,996)	10,325
Inventories	(8,877)	3,134
Prepaid expenses	(370)	(167)
Accounts payable and accrued liabilities	33,579	(12,272)
Deferred revenue	600	5,938
Deferred grants	-	(930)
	(7,894)	4,009
	24,039	39,304
FINANCING ACTIVITY		
Proceeds from long-term debt	60,000	-
INCREASE IN CASH AND CASH EQUIVALENTS	84,039	39,304
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,518	3,214
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 126,557	\$ 42,518

Cash and cash equivalents consist of cash.

ECOEQUITABLE INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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 the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements 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.

The Organization is eligible to receive the Canada Emergency Wage Subsidy. This grant is also recognized as revenue in the period in which the related expenses are incurred. This grant is also subject to review by the tax authorities. Any difference between the grant allocated and the grant recorded will be charged to the statement of operations for the current fiscal year.

Boutique sales and sewing are recognized as 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.

Revenues 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.

ECOEQUITABLE INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

The Organization's policy is to present bank balances, including bank indebtedness with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

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. The cost is 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.

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:

	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

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

ECOEQUITABLE INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 that will be subsequently measured at fair value are recognized in operations in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in operations over the life of the instrument using the straight-line method.

3. GRANTS

	2020	2019
Government of Canada - Wage subsidies	\$ 162,612	\$ 13,860
Ontario Trillium Foundation	125,000	125,000
United Way	22,081	26,812
Ottawa Community Foundation	5,000	22,100
Government of Canada - Rent subsidy	3,858	-
City of Ottawa	-	45,775
Vanier Community Service Centre	-	5,370
Other grants	5,000	26,531
	\$ 323,551	\$ 265,448

ECOEQUITABLE INC.

NOTES TO THE FINANCIAL STATEMENTS

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4. CAPITAL ASSETS

	2020			2019	
	Cost	Accumulated amortization	Net book value	Net book value	
Computer equipment	\$ 4,765	\$ 3,970	\$ 795	\$ 2,383	
Sewing equipment	4,455	2,228	2,227	3,118	
	\$ 9,220	\$ 6,198	\$ 3,022	\$ 5,501	

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020			2019	
Trade accounts and accrued liabilities		\$ 49,008	\$ 15,582		
Government remittances		11,104	10,951		
		\$ 60,112	\$ 26,533		

6. LONG-TERM DEBT

	2020			2019	
Canada Emergency Business Account, maturing in December 2025, interest-free until December 2022 and bearing interest at 5% thereafter, renewable in December 2022, of which a portion of \$20,000 is convertible into a grant if the loan is fully repaid before that date		\$ 60,000	\$ -		

7. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable.

The Organization provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Organization does not normally require a guarantee. There is no existing account receivable that represents a substantial risk for the Organization.

ECOEQUITABLE INC.

NOTES TO THE FINANCIAL STATEMENTS

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8. COMMITMENT

The commitments of the Organization under a lease agreement aggregate to \$42,100. The instalments over the next two years are the following:

2021	\$	33,700
2022	\$	8,400

9. CORONAVIRUS PANDEMIC

The coronavirus pandemic (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 financial impact on the Organization is dependent on the future course of events, including the duration of interruptions and trade restrictions imposed by the government, the rollout of the vaccination program among the general public and the effectiveness of measures taken in Canada and other countries to combat the virus. 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.