

Environmental Defence Canada Inc.
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Members of
Environmental Defence Canada Inc.

Opinion

We have audited the accompanying financial statements of Environmental Defence Canada Inc. (the "Entity"), which comprise the statement of financial position as at March 31, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024 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 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 Entity 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Markham, Ontario
September 25, 2024

Environmental Defence Canada Inc.
Statement of Financial Position

March 31 2024 2023

Assets

Current

Cash (Note 2)	\$ 3,986,666	\$ 4,130,787
Investments (Note 3)	564,279	214
Term deposits (Note 4)	1,481,321	1,257,837
Contributions receivable	584,187	3,974
HST recoverable	138,552	87,334
Prepaid expenses	60,349	51,779

6,815,354 5,531,925

Capital assets (Note 5)

14,133 35,471

\$ 6,829,487 \$ 5,567,396

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 370,270	\$ 198,374
Deferred contributions (Note 7)	3,317,680	2,823,038

3,687,950 3,021,412

Net Assets

Unrestricted	2,581,537	1,885,984
Restricted - contingency reserve (Note 8)	560,000	660,000

3,141,537 2,545,984

\$ 6,829,487 \$ 5,567,396

On behalf of the Board:

Fatima Crerar



Director

Director

Environmental Defence Canada Inc.
Statement of Operations and Changes in Net Assets

For the year ended March 31	2024	2023
Contribution revenue		
Corporations	\$ 410,130	\$ 141,668
Foundations	3,305,312	2,653,357
Governments	5,608	3,000
Individuals	3,093,066	2,569,107
Other	52,736	33,235
	<u>6,866,852</u>	<u>5,400,367</u>
Expenses		
Amortization	21,338	22,061
Bad debts	1,406	-
Bank charges and interest	59,767	48,490
Computer expenses	54,801	41,076
General and office	48,019	57,490
Insurance	10,670	10,173
Printing and stationery	9,687	10,601
Professional fees	63,111	96,131
Programme work	1,966,263	1,207,959
Rent	134,373	119,930
Telephone	30,146	30,841
Travel	19,864	17,929
Wages and employee benefits	3,597,644	2,816,485
	<u>6,017,089</u>	<u>4,479,166</u>
Excess of revenue over expenses before other income	849,763	921,201
Other income (expense)		
Gain (loss) on disposal of contributed assets	1,878	(2,347)
Excess of revenue over expenses	851,641	918,854
Unrestricted net assets, beginning of year	1,885,984	1,127,130
Net transfer to unrestricted asset (Note 8)	-	(160,000)
Net transfer to deferred contributions (Note 7)	<u>(156,088)</u>	<u>-</u>
Unrestricted net assets, end of year	<u>\$ 2,581,537</u>	<u>\$ 1,885,984</u>
Restricted net assets, beginning of year	\$ 660,000	\$ 500,000
Net transfer from unrestricted fund (Note 8)	-	160,000
Net transfer to deferred contributions (Note 7)	<u>(100,000)</u>	<u>-</u>
Restricted net assets, end of year	<u>\$ 560,000</u>	<u>\$ 660,000</u>

The accompanying notes are an integral part of these financial statements.

Environmental Defence Canada Inc.
Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 851,641	\$ 918,854
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization	21,338	22,061
Loss (gain) on disposal of contributed assets	(1,878)	2,347
Changes in non-cash working capital balances		
Contributions receivable	(578,335)	18,118
HST recoverable	(51,218)	(4,749)
Prepaid expenses	(8,570)	(1,242)
Accounts payable and accrued liabilities	171,896	(78,671)
Deferred contributions	238,554	257,691
	643,428	1,134,409
Investing activities		
Proceeds on sale of investments	-	338,607
Purchase of investments	(564,065)	-
Purchase of capital assets	-	(2,754)
Purchase of term deposits	(1,481,321)	(1,257,837)
Proceeds on maturity of term deposits	1,257,837	-
	(787,549)	(921,984)
Net change in cash	(144,121)	212,425
Cash, beginning of year	4,130,787	3,918,362
Cash, end of year	\$ 3,986,666	\$ 4,130,787

Cash is comprised of the following:

Unrestricted	\$ 108,987	\$ 651,723
Restricted for future use	3,317,679	2,819,064
Restricted (Note 2)	560,000	660,000
	\$ 3,986,666	\$ 4,130,787

Environmental Defence Canada Inc.

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

a. Nature of Organization Environmental Defence Canada Inc. ("EDC") is incorporated without share capital and is a registered charity under the Income Tax Act (Canada) and as such, is exempt from income taxes.

EDC works with the government, industry and individuals to safeguard Canada's freshwater, tackle climate change, end plastic pollution, decrease Canadians' exposure to toxic chemicals, build a clean economy and create more livable communities. EDC conducts research, develops educational programs and engages Canadians to create awareness of issues and provides meaningful ways for people to become involved in their communities and create change in their daily lives.

b. Basis of Accounting EDC has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

c. Financial Instruments Financial instruments quoted in an active market are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Environmental Defence Canada Inc.
Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

d. Revenue Recognition

EDC follows the deferral method of accounting for contributions. Unrestricted contributions including pledges and unconditional promises to give, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to expenses of the current period are recognized as revenue of the current period.

Restricted contributions related to expenses of a future period or for the purchase of capital assets are deferred and recognized as revenue in the same period that the related expenses are reported.

e. Capital Assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives at the following annual rates and methods:

Computer equipment	30% declining balance
Office equipment	20% declining balance
Leasehold improvements	Straight-line, term of lease

f. Write-down of
Long-lived Assets

EDC monitors its use of capital assets and when the capital asset no longer contributes to EDC's ability to provide goods or services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, an impairment is recognized as an expense in the statement of operations.

g. Contributed Services

Volunteers contribute an indeterminable number of hours per year to assist EDC in carrying out its service delivery activities. Given the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Environmental Defence Canada Inc.
Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

h. Use of Estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Restricted Cash

Included in cash is \$560,000 (2023 - \$660,000) internally restricted by the Board to provide for payment of unforeseen contingencies.

3. Investments

	2024		2023	
	Fair value	Cost	Fair value	Cost
Unrestricted	\$ 564,279	\$ 550,053	\$ 214	\$ 53
Unrealized gain (loss)		\$ 14,227		\$ 162

Unrestricted investments are comprised of listed securities as at March 31, 2024. The cumulative unrealized gain for the year ended March 31, 2024 is \$14,227 (2023 - \$162).

4. Term Deposits

Term deposits are comprised of seven (2023 - six) one-year fixed non-redeemable term deposits, earning interest at rates ranging from 5.00% to 5.20% per annum (2023 - 1.20% to 5.05%) and maturing April 2024 to March 2025.

Environmental Defence Canada Inc.
Notes to Financial Statements

March 31, 2024

5. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 63,578	\$ 60,012	\$ 63,578	\$ 58,819
Office equipment	65,087	62,466	65,087	61,615
Leasehold improvements	97,159	89,213	97,159	69,919
	<u>\$ 225,824</u>	<u>\$ 211,691</u>	<u>\$ 225,824</u>	<u>\$ 190,353</u>
Net book value		<u>\$ 14,133</u>		<u>\$ 35,471</u>

6. Bank Facility

EDC has an operating line of credit facility to a maximum amount of \$100,000 bearing interest at the bank's prime rate plus 4%. The facility is secured by a general security agreement. As at March 31 2024, \$Nil (2023 - \$Nil) was drawn from this credit facility.

7. Deferred Contributions

	2024	2023
Opening balance	\$ 2,823,038	\$ 2,565,347
Donations and government grants received during the year	4,419,296	3,352,228
Net transfers from restricted and unrestricted net assets in the year	256,088	-
Donations and government grants recognized as revenue in the year	<u>(4,180,742)</u>	<u>(3,094,537)</u>
Closing balance	<u>\$ 3,317,680</u>	<u>\$ 2,823,038</u>

Deferred contributions represent the corporate and foundation contributions as well as government grants that will be recognized as revenue in subsequent years when the related expenses are incurred.

Environmental Defence Canada Inc.
Notes to Financial Statements

March 31, 2024

8. Contingency Reserve

The contingency reserve has been set up by the Board of Directors to provide for any significant unanticipated expenditures and is internally restricted for this purpose. Net approved transfers to the contingency reserve from the unrestricted net assets for the year totaled \$Nil (2023 - \$160,000). During the year, \$100,000 (2023 - \$Nil) was transferred from contingency reserve to deferred contributions.

9. Commitments

Minimum lease payments, exclusive of certain common costs are approximately as follows:

2025	112,500
2026	<u>115,900</u>
	<u>\$ 228,400</u>

10. 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 EDC's financial instruments that are exposed to concentrations of credit risk relate primarily to contributions receivable.

EDC's cash is also subject to credit risk. EDC mitigates this risk by maintaining its cash with major financial institutions.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. EDC is exposed to this risk through its investments.

Liquidity Risks

Liquidity risk is the risk that EDC will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, EDC will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. EDC is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and commitments.

These risks have not changed from the prior year.

11. Comparative Figures

The comparative figures presented in the financial statements have been reclassified to conform to the current year's presentation.