

BC Sustainable Energy Association
Notes to the Financial Statements
For the periods ended June 30, 2010 and 2009
(unaudited)

1. Description of the Entity

The BC Sustainable Energy Association (“BCSEA”) is a not for profit society registered in BC since 2004. The BCSEA is dedicated to promoting the sustainable use of energy in BC through a variety of activities including educational seminars, policy research initiatives and implementation projects. The purposes of the BCSEA are to:

- a. develop and provide programs promoting the protection and preservation of the environment through energy conservation and the use of energy from sustainable sources;
- b. educate the public, institutions, businesses and governments by providing courses, seminars and workshops about energy conservation and the production and use of energy from sustainable sources;
- c. undertake research in the fields of sustainable energy and energy conservation, and making the results of that research available to the public.

2. Significant Accounting Policies

a. Canadian Generally Accepted Accounting Principles

BCSEA follows Canadian generally accepted accounting principles.

b. Revenue Recognition and Expenses

BCSEA follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue on the accrual basis when the amounts to be received can be reasonably estimated and collection is reasonably assured. Revenues consist of grants, donations, fundraising revenue and interest income.

c. Financial Instruments

The financial instruments of BCSEA consist of cash, accounts receivable, prepaid expenses and accounts payable. It is management’s opinion that BCSEA is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments equal their carrying values. The short-term deposits range from 1.0% to 1.5% (2009 – 2.0% to 3.8%)

d. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from estimates.

3. Presentation of Financial Results

The financial statements for 2009 reflect only six months of financial activity as the BCSEA has recently changed its year-end from December 31 to June 30 effective in 2009.

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4. Interest Income and Fund Transfer

The board has approved the Fund Transfer of \$56,300 (2009 – \$53,839) representing the interest earned on term deposits from the SolarBC Program to the BCSEA Provincial Body Fund. At June 30, 2010 \$22,777 (2009 – \$19,663) of the total interest earned is reflected as accrued interest receivable because the maturity dates of the term deposits occur after the year-end.

5. Fund Balances

a. Provincial Body

The Provincial Body fund is the general operations account of the association.

b. Combined Chapters

The Combined Chapters fund relates to the combined monies of the three BCSEA chapters that have their own bank accounts. Although the chapters have control to spend their monies on chapter purposes they are a part of the BCSEA.

c. Restricted

The Combined Chapters fund relates to the combined monies of the six BCSEA chapters that have their own bank accounts. The exception is the Sierra Club restricted fund whose revenues come from grants received through an agency agreement with the Sierra Club of BC Foundation but are not necessarily dedicated to specific purposes. These funds are restricted to create clarity of presentation for reporting purposes.

6. Deferred Revenue

Deferred revenue represents unspent resources received in the current year that are restricted solely for the implementation of BCSEA's programs. The deferred revenue balance is as follows:

	2010	2009
Deferred revenue, beginning of year	3,956,278	4,579,249
Amounts received in the year	73,535	27,594
Less: amount recognized as revenue during the year	(1,329,619)	(650,565)
Deferred revenue, end of year	2,700,194	3,956,278

7. Related Party Transactions

The BCSEA is collaborating with Eaga Canada Services Inc. ("Eaga") for delivery of the Residential Project of the SolarBC Program to install solar hot water systems for either existing or new-builds by December 31, 2010. Under the terms of the contract with Eaga, as at June 30, 2010, the SolarBC Program has paid \$230,000 (2009 – \$70,000) to Eaga in the form of an advance. The purpose of this advance was to provide Eaga with the funds to pay eligible grants under the Residential Project at the time of application by a homeowner and registered installer.

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7. Related Party Transactions (con't)

These funds are considered as an advance of monies from the BCSEA until such time as Eaga has received from Natural Resources Canada all grant monies expected under this project, after which time the funds will be considered as incentive payments and may be paid out as a SolarBC grant.

The SolarBC advance was segregated from the other assets of Eaga and is held in a separate bank account dedicated for the sole purpose of administering the incentive grants. The balance in the incentive account in 2010 was \$25,000 (2009 – \$44,775).

8. Cash Flow Statement

A statement of cash flows has not been prepared as the cash flows are readily apparent in the accompanying Financial Statements.

9. Contractual Obligations

There exists a “Project Implementation and Delivery Agreement” between BCSEA and Eaga for payment of \$15,625 per month until February 28, 2011 for the implementation of SolarBC’s Residential Project. Payments are subject to the approval by the BCSEA.

10. Commitments

The SolarBC Program has entered into Memorandums of Understanding and Partnership Agreements to provide funding towards a number of projects. Payments are contingent upon the fulfillment of certain activities by each organization or community. Tentative commitments are as follows:

	2010	2009
BC Housing	0	20,000
UBC Okanagan	17,091	7,091
Cdn. Mental Health Assoc.	18,039	0
Regional District & City of Nanamio	20,762	10,600
Resort Municipality of Whistler	5,000	5,000
City of Quesnel	0	11,250
City of Dawson Creek	0	5,000
Community Energy Assoc.	12,300	0
WildBC	48,597	0
School District 23 – Central Okanagan	15,648	0
School District 38 – Richmond	20,000	0

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10. Commitments (cont'd)

	2010	2009
School District 41 – Burnaby	20,000	0
School District 35 – Langley	40,000	0
School District 53 – Okanagan – Similkameen	20,000	0
District of North Vancouver	10,000	20,000
District of Saanich	10,000	10,000
City of Kelowna	10,000	10,000
District of Tofino	10,000	10,000
West Moberly First Nation	0	5,000
Corporation of Delta	0	1,801
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Total	277,437	115,742
