

**BC Sustainable Energy Association
Financial Statements
Year Ended June 30, 2019**

Independent Auditor's Report

To the Members of BC Sustainable Energy Association

Report on the Financial Statements

Opinion

We have audited the financial statements of BC Sustainable Energy Association (the Society), which comprise the statement of financial position as at June 30, 2019, the statement of operations and changes in fund balances and the statement of 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 Society as at June 30, 2019, and the results of its operations and its cash flow 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 Society 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 those 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 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 Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Independent Auditor's Report to the Members of BC Sustainable Energy Association *(continued)*

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 Society'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 Society'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 Society 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.

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Independent Auditor's Report to the Members of BC Sustainable Energy Association *(continued)*

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 British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Victoria, British Columbia
November 20, 2019

DUSANJ & WIRK
Chartered Professional Accountants

BC Sustainable Energy Association

Statement of Financial Position

As at June 30, 2019 with comparative figures for 2018

	Provincial Body \$	Combined Chapters \$	Restricted \$	2019 \$	2018 \$
Assets					
Current:					
Cash	16,525	18,637	124,580	159,742	46,170
Term deposits	50,633	-	-	50,633	50,251
Accounts receivable (Note 3)	-	-	-	-	14,313
Accrued BCUC awards receivable (Note 3, 4)	-	-	13,859	13,859	201,167
Government remittances receivable	896	56	-	952	752
Prepaid expense	2,238	-	-	2,238	492
Due from interfunds	1,752	11	-	1,763	1,753
	72,044	18,704	138,439	229,187	314,898
Equipment	198	-	-	198	699
Total assets	72,242	18,704	138,439	229,385	315,597
Liabilities					
Current:					
Accounts payable and accrued liabilities	4,498	-	35,898	40,396	24,925
Accrued BCUC costs payable (Note 4)	-	-	13,859	13,859	201,167
Wages payable	1,792	-	-	1,792	336
Government remittances payable	1,990	-	-	1,990	1,796
Due to interfunds	11	1,752	-	1,763	1,753
	8,291	1,752	49,757	59,800	229,977
Deferred contributions (Note 5)	-	-	88,682	88,682	24,054
Total liabilities	8,291	1,752	138,439	148,482	254,031
Net Assets					
Fund balances	63,951	16,952	-	80,903	61,566
Total liabilities and net assets	72,242	18,704	138,439	229,385	315,597

Approved on Behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements

BC Sustainable Energy Association

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2019 with comparative figures for 2018

	Provincial Body \$	Combined Chapters \$	Restricted \$	2019 \$	2018 \$
Revenue					
BC Utilities Commission awards (Note 4)	-	-	387,686	387,686	547,917
Donations and memberships	54,235	4,511	25	58,771	53,590
Grant revenue	3,628	-	111,467	115,095	81,967
Energy Connections	10,464	-	-	10,464	-
Green Energy Doors Open	-	-	-	-	7,500
Administration fees	6,000	-	-	6,000	6,000
Fundraising and events	100	3,475	-	3,575	3,120
Interest income	522	18	-	540	474
Webinar and workshop	-	-	-	-	500
	<u>74,949</u>	<u>8,004</u>	<u>499,178</u>	<u>582,131</u>	<u>701,068</u>
Expenses					
Payroll costs	15,845	-	39,836	55,681	102,059
Program costs	-	4,836	71,656	76,492	44,667
General and administrative costs	34,594	1,862	-	36,456	28,770
Energy Connections	6,479	-	-	6,479	-
BC Utilities Commission costs (Note 4)	-	-	387,686	387,686	547,917
	<u>56,918</u>	<u>6,698</u>	<u>499,178</u>	<u>562,794</u>	<u>723,413</u>
Excess (deficiency) of revenues over expenses	18,031	1,306	-	19,337	(22,345)
Beginning balance	45,893	15,673	-	61,566	83,911
Transfer of fund balances (Note 6)	27	(27)	-	-	-
Ending balance	<u>63,951</u>	<u>16,952</u>	<u>-</u>	<u>80,903</u>	<u>61,566</u>

The accompanying notes are an integral part of these financial statements

BC Sustainable Energy Association

Statement of Cash Flows

Year ended June 30, 2019 with comparative figures for 2018

	2019 \$	2018 \$
Operating activities:		
Deficiency of revenue over expenses	19,337	(22,345)
Items not involving cash:		
Amortization of equipment	501	246
Loss on disposal of equipment	-	-
	19,838	(22,099)
Cash provided by (used in) non-cash working capital:		
Accounts receivable	14,313	(13,313)
Accrued BCUC awards receivable	187,308	(201,167)
Accrued interest receivable	-	721
Government remittances receivable	(200)	1,316
Prepaid expense	(1,746)	251
Due from interfunds	(10)	611
Accounts payable	15,471	2,073
Accrued BCUC costs payable	(187,308)	201,167
Payroll payable	1,456	(2,034)
Government remittances payable	194	(481)
Due to interfunds	10	(611)
Deferred contributions	64,628	20,410
Total cash flows from operating activities	113,954	(13,156)
Net decrease in cash and term deposits	113,954	(13,156)
Cash and term deposits at beginning of year	96,421	109,577
Cash and term deposits at end of year	210,375	96,421
Cash and term deposits is composed of:		
Cash	159,742	46,170
Term deposits	50,633	50,251
	210,375	96,421

The accompanying notes are an integral part of these financial statements

BC Sustainable Energy Association

Notes to Financial Statements

Year Ended June 30, 2019

1. Purpose of the society

The BC Sustainable Energy Association ("BCSEA") was established in 2004. It is an independent, non-partisan, charitable society registered in the province of British Columbia. The purposes of BCSEA are:

- a. To advance education by developing and delivering courses, seminars and workshops for the public on topics related to energy conservation and sustainable energy sources;
- b. To advance education by providing well-reasoned policy-oriented research, ideas, analysis and recommendations on sustainable energy issues to the public and government authorities; and
- c. To undertake activities ancillary and incidental to the attainment of the aforementioned charitable purposes.

2. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

BCSEA reports its activities in the following funds:

Provincial Body:

The Provincial Body Fund is the general operations account of the organization

Combined Chapters:

The Combined Chapters Fund relates to the combined monies of the four (2018: five) 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 BCSEA.

Restricted:

The Restricted Fund represents funds for specific projects funded through special purpose grants and donations. These funds are restricted to create clarity of presentation for reporting purposes. In 2019, BCSEA administered two projects: Cool It! and BC Utilities Commissions (BCUC) Interventions. The Cool It! project is an educational outreach program delivered to school aged children in grades 4 through 7. The BC Utilities Commissions Interventions is an applicant-funded, quasi-judicial proceedings where the BCSEA presents fact-based analyses on questions relating to energy conservation and sustainable energy sources to allow the Commissioners to determine whether to approve, reject, or amend proposed changes by the regulated utilities in the province of British Columbia.

Revenue recognition

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 consists of grants, donations, fundraising events and interest income.

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BC Sustainable Energy Association
Notes to Financial Statements
Year Ended June 30, 2019

2. Significant accounting policies (continued)

Contributed materials and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 reporting period. Actual results could differ from those estimates and may have impact on future periods.

Financial instruments

BCSEA's financial instruments consist of cash, term deposits, accounts receivable, accrued receivables, prepaid expenses, accounts payable, accrued liabilities, and payroll payable and pass through fund liabilities. Cash and term deposits are measured at fair value. All other financial instruments are measured at amortized cost. The carrying values of these financial instruments approximate their fair values due to the short-term nature of these assets and liabilities.

3. Accounts receivable

Accounts receivable consists of the following:

	2019	2018
	\$	\$
BC Utility Commissions amounts receivable		
Fortis	-	127,223
BC Hydro	13,859	73,944
Sponsorship fees		
Events	-	413
Municipal grants		
City of Vancouver	-	4,900
Translink	-	6,000
City of North Vancouver	-	3,000
	<u>13,859</u>	<u>215,480</u>

BC Sustainable Energy Association

Notes to Financial Statements

Year Ended June 30, 2019

4. BC Utilities Commission awards receivable and costs payable

BCSEA regularly intervenes in BC Utility Commission's ("BCUC") hearings as a non-profit public interest environmental and energy policy organization on behalf of its members' interests as ratepayers. Upon successful application for a participant cost award in various BCUC interventions, BCSEA receives awards equal to the amount invoiced by its contractors and associated experts.

In 2019, BCSEA received \$387,686 (2018: \$547,917) in Utility Commission awards and related costs. At June 30, 2019, \$13,859 (2018: \$201,167) of the total awards received and costs incurred is reflected as accrued awards receivable and costs payable due to applications submitted before year-end and the associated funds being received after year-end.

5. Deferred contributions

Deferred contributions represent grants externally restricted by the funding agency or donor (municipalities, school districts, charitable agencies) solely for the implementation of BCSEA's projects and are not held in permanence by the organization:

	2019	2018
	\$	\$
Cool It!	88,682	24,054

6. Transfer of fund balances

During 2019, the board approved the following fund transfers to the Provincial Body: \$27 (2018: \$15) representing the interest earned on term deposits held by the Provincial Body as internally restricted funds and \$0 (2018: \$16,101) from internally restricted funds to support general operations resulting in a net transfer to the Provincial Body of \$27 (2018: \$16,116) and a net transfer from the Restricted projects of \$27 (2018: \$16,116).

7. Financial instruments and concentration of risks

BCSEA has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, currency risk, interest rate risk and liquidity risk. There have been no significant changes in the company's risk exposure from the prior year.

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. This risk is mitigated by the fact that accounts receivable are not concentrated with any single party.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. BCSEA does not face significant currency risk exposure.

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BC Sustainable Energy Association

Notes to Financial Statements

Year Ended June 30, 2019

7. Financial instruments and concentration of risks *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. BCSEA does not face significant interest rate risk exposure.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. BCSEA does not face significant liquidity risk exposure.

8. Remuneration of employees

Under the new Societies Act, which came into effect November 28, 2016, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year. During the year, there were no employees who met this criterion. (During the prior year, there were no employees who met this criterion either). The Board of Directors receive no remuneration for their services other than reimbursement of expenses.