

SEEDS CONNECTIONS

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of SEEDS Connections

I have audited the accompanying financial statements of SEEDS Connections which comprise the statement of financial position as at December 31, 2014 and the statement of revenue, expenses and net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation revenues, fund raising revenues, excess of revenues over expenses, and cash flows for the year ended December 31, 2014 and assets and net assets as at December 31, 2014.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations and fund raising referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of SEEDS Connections as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

April 11, 2015
Calgary, Alberta



SEEDS CONNECTIONS

STATEMENT OF FINANCIAL POSITION

	December 31	
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash - operating	\$ 39,836	\$ 67,212
Cash - savings	163,384	130,887
Cash - casino (note 2)	10,549	65,968
Accounts receivable	4,545	8,906
GST recoverable	<u>4,694</u>	<u>4,150</u>
	223,008	277,123
PROPERTY AND EQUIPMENT (note 3)	<u>1,673</u>	<u>2,088</u>
	<u>\$ 224,681</u>	<u>\$ 279,211</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 28,693	\$ 74,005
Deferred revenue (note 4)	<u>182,549</u>	<u>195,268</u>
	211,242	269,273
NET ASSETS	<u>13,439</u>	<u>9,938</u>
	<u>\$ 224,681</u>	<u>\$ 279,211</u>

See notes to financial statements

Approved by the Board:

_____, Director

SEEDS CONNECTIONS

STATEMENT OF REVENUE AND EXPENSES AND NET ASSETS

	Year ended December 31	
	2014	2013
REVENUE		
Contributions (note 6)	\$ 299,690	\$ 341,494
Casino (note 2)	55,420	2,997
Program sales	46,967	38,238
Interest	<u>2,862</u>	<u>680</u>
	404,939	383,409
EXPENSES		
Connections	261,339	219,665
Administration (note 6)	89,015	100,767
GREEN Schools Program	40,995	43,392
Volunteer engagement program	9,674	6,226
Amortization	415	525
Challenge programs	-	6,466
Energy Literacy Series	-	3,647
Habitat in the Balance program	-	56
Other programs	<u>-</u>	<u>15</u>
	<u>401,438</u>	<u>380,759</u>
EXCESS OF REVENUES FOR THE YEAR	3,501	2,650
Net assets at beginning of year	<u>9,938</u>	<u>7,288</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,439</u>	<u>\$ 9,938</u>

See notes to financial statements

SEEDS CONNECTIONS

STATEMENT OF CASH FLOWS

	Year ended December 31	
	<u>2014</u>	<u>2013</u>
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Excess revenues for the year	\$ 3,501	\$ 2,650
Charge to income not affecting cash		
Amortization	<u>415</u>	<u>525</u>
	3,916	3,175
Changes in operating accounts		
Accounts receivable	4,361	1,434
GST recoverable	(544)	(1,472)
Deferred revenue	(12,719)	77,868
Accounts payable	<u>(45,312)</u>	<u>38,403</u>
	<u>(50,298)</u>	<u>119,408</u>
INVESTING		
Purchase of capital assets	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(50,298)	119,408
CASH AT BEGINNING OF YEAR	<u>264,067</u>	<u>144,659</u>
CASH AT END OF YEAR	<u>\$ 213,769</u>	<u>\$ 264,067</u>
Cash consists of:		
Cash - operating	\$ 39,836	\$ 67,212
Cash - savings	163,384	130,887
Cash - casino	<u>10,549</u>	<u>65,968</u>
	<u>\$ 213,769</u>	<u>\$ 264,067</u>

See notes to financial statements

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

GENERAL

The organization is incorporated as a non-profit organization under the laws of the Canada Corporations Act. The organization's principle business is to promote energy and environmental education through school programs, forums and publications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements have also been prepared on a going concern basis that assumes the realization of assets and the payment of liabilities in the ordinary course of operations and does not include any adjustments that might be necessary if the organization is unable to realize the carrying value of its assets and meet its liabilities as they become due. The ability of the organization to continue as a going concern is dependent upon its ability to attain profitable operations and to generate sufficient funds from operations or through support from donors or borrowing from third parties sufficient to meet current and future operations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year end.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided as follows:

Program equipment	-	20% diminishing balance basis
Office equipment	-	20% diminishing balance basis

Measurement Uncertainty

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ by a material amount from these estimates.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributed Services

Volunteers contribute many hours each year to assist the association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Revenue and Expense Recognition

Revenue and expenses are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Subsequently, financial instruments are recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition, which are amortized using the straight line method.

Financial assets measured at cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows. The amount that could be realized from selling the financial asset or the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 2 - CASINO FUNDS

The organization maintains separate bank accounts for funds received from casino events and government grants. The casino funds are held in an operating account in the amount of \$10,549 (2013 - \$65,968). There were no funds received from government grants during the past 2 years. These funds are restricted in use and have been segregated from the organization's own operating funds. The casino funds are brought into revenue to match the corresponding expenditures as they occur.

The organization participated in a casino during the fourth quarter of 2014 and received its share of the pooled funds in the amount of \$77,393 on February 19, 2015. In accordance with the organization's accounting policies, these funds will be recorded as revenue to match the corresponding expenditures as they occur.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2014		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Program equipment	\$ 12,608	\$ 11,556	\$ 1,052
Office equipment	<u>9,523</u>	<u>8,902</u>	<u>621</u>
	<u>\$ 22,131</u>	<u>\$ 20,458</u>	<u>\$ 1,673</u>
	2013		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Program equipment	\$ 12,608	\$ 11,291	\$ 1,317
Office equipment	<u>9,523</u>	<u>8,752</u>	<u>771</u>
	<u>\$ 22,131</u>	<u>\$ 20,043</u>	<u>\$ 2,088</u>

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 4 - DEFERRED REVENUE

Deferred revenue consists of cash receipts in the amount of \$172,000 (2013 - \$129,300) relating to projects having a term of agreement which ends subsequent to year end. Deferred revenue also consists of unspent casino funds in the amount of \$10,549 (2013 - \$65,968). The deferred revenue will be matched to those funds as they are expended to the end of the applicable agreement.

NOTE 5 - FINANCIAL RISKS AND CONCENTRATION OF RISK

The organization 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 interest rate risk, liquidity risk, and market (other price) risk, described as follows:

(a) **Credit Risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are due from a diverse group of individuals and companies operating in Alberta. The organization does not have a significant exposure to any individual customers. The organization's maximum credit risk exposure is limited to the fair value of its accounts receivable. There has been no change to the risk exposures from 2013.

(b) **Liquidity Risk**

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The organization's exposure to liquidity risk is dependent on the collection of accounts receivable in order to sustain operations. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2013.

(c) **Currency Risk**

The organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates, although there are not many transactions which are denominated in foreign currencies.

(d) **Interest Rate Risk**

The organization has no significant debt outstanding and does not anticipate this being a major source of funds. There has been no change to the risk exposures of interest rates from 2013.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 6 - IN KIND CONTRIBUTION

The organization has received contributed rent in the amount of \$21,000 (2013 - \$36,000) which is included as contribution revenue and rent expense, which is included in administration expenses.

NOTE 7 - INCOME TAXES

The organization is exempt from income taxes under paragraph 149(1)(1) of the income tax act, therefore no provision for income taxes has been made in these financial statements.

NOTE 8 - NAME CHANGE

Effective January 1, 2014, the Society, Environment and Education Development Studies (SEEDS) Foundation and the Connections Education Society merged their operations and activities into a single entity. The merger has been completed under the SEEDS entity, which is a not-for-profit corporation incorporated under Part II of the Canada Corporations Act and the new entity is called SEEDS Connections.