

Financial Statements of

BC Sustainable Energy Association

Year Ended June 30, 2016

DICKSON
DUSANJ
& WIRK

CHARTERED
PROFESSIONAL
ACCOUNTANTS

Independent Auditors' Report

To: the Members of BC Sustainable Energy Association

Report on Financial Statements

We have audited the accompanying financial statements of BC Sustainable Energy Association, which comprise the statement of financial position as at June 30, 2016 and the statements of operations and changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Members' Responsibility for the Financial Statements

Members are 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we 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 auditors' judgment, 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

DICKSON
DUSANJ
& WIRK

CHARTERED
PROFESSIONAL
ACCOUNTANTS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BC Sustainable Energy Association as at June 30, 2016 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.

Other Matters

The comparative figures for the year ended June 30, 2015 are unaudited.

Victoria, BC
October 07, 2016



Chartered Professional Accountants

BC Sustainable Energy Association

Statement of Financial Position

As at June 30, 2016 with comparative figures for 2015

	Provincial Body \$	Combined Chapters \$	Restricted \$	2016 \$	(Unaudited) 2015 \$
Assets					
Current					
Cash	23,930	18,562	4,438	46,930	71,241
Term deposits	50,000	-	155,000	205,000	458,435
Accounts receivable (Note 3)	2,900	1,000	993	4,893	14,490
Accrued BCUC awards receivable (Note 4)	-	-	5,482	5,482	11,788
Accrued interest receivable (Note 5)	390	-	1,826	2,216	4,787
Government remittances receivable	2,911	112	297	3,320	2,405
Prepaid expense	1,804	-	-	1,804	1,008
Due from interfunds	3,190	36	-	3,226	12,656
	85,125	19,710	168,036	272,871	576,810
Equipment	675	648	-	1,323	2,338
Total assets	85,800	20,358	168,036	274,194	579,148
Liabilities					
Current					
Accounts payable	14,980	-	2,266	17,246	9,430
Accrued BCUC costs payable (Note 4)	-	-	5,482	5,482	11,788
Payroll payable	8,680	-	-	8,680	6,221
Due to interfunds	36	-	3,190	3,226	12,656
	23,696	-	10,938	34,634	40,095
Deferred contributions (Note 6)	-	4,999	1,935	6,934	9,536
Total liabilities	23,696	4,999	12,873	41,568	49,631
Net Assets					
Fund balances	62,104	15,359	155,163	232,626	529,517
Total liabilities and net assets	85,800	20,358	168,036	274,194	579,148

Approved on Behalf of the Board:

Signed by Gord Kukec Director

Signed by Ibrahim Inayatli 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, 2016 with comparative figures for 2015

	Provincial Body \$	Combined Chapters \$	Restricted \$	2016 \$	(Unaudited) 2015 \$
Revenue					
BC Utilities Commission awards <i>(Note 4)</i>	-	-	109,328	109,328	271,461
Consulting fees	-	-	-	-	6,265
Donations and memberships	47,993	-	3,241	51,234	43,696
Energy Connections	16,185	-	-	16,185	-
Fundraising and events	7,690	7,121	-	14,811	18,791
Grant revenue	-	-	37,309	37,309	103,788
Interest income <i>(Note 5)</i>	754	8	3,352	4,114	7,674
	<u>72,622</u>	<u>7,129</u>	<u>153,230</u>	<u>232,981</u>	<u>451,675</u>
Expenses					
Payroll costs	151,481	-	19,787	171,268	190,643
Program costs	5,733	7,610	43,325	56,668	93,687
General and administrative costs	152,085	476	-	152,561	99,674
Energy Connections	40,047	-	-	40,047	-
BC Utilities Commission costs <i>(Note 4)</i>	-	-	109,328	109,328	271,461
	<u>349,346</u>	<u>8,086</u>	<u>172,440</u>	<u>529,872</u>	<u>655,465</u>
Deficiency of revenues over expenses	(276,724)	(957)	(19,210)	(296,891)	(203,790)
Beginning balance	60,564	16,316	452,637	529,517	733,307
Transfer of fund balances <i>(Note 7)</i>	278,264	-	(278,264)	-	-
Ending balance	<u>62,104</u>	<u>15,359</u>	<u>155,163</u>	<u>232,626</u>	<u>529,517</u>

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

BC Sustainable Energy Association

Statement of Cash Flows

Year ended June 30, 2016 with comparative figures for 2015

	(Unaudited)	
	2016	2015
	\$	\$
Operating activities:		
Deficiency of revenue over expenses	(296,891)	(203,790)
Items not involving cash:		
Amortization of equipment	623	1,470
Loss on disposal of equipment	393	-
	(295,875)	(202,320)
Cash provided by (used in) non-cash working capital:		
Accounts receivable	9,596	(5,507)
Accrued BCUC awards receivable	6,306	23,713
Accrued interest receivable	2,571	2,139
Government remittances receivable	(915)	(714)
Prepaid expense	(796)	(612)
Due from interfunds	9,430	2,400
Accounts payable	7,816	(109,484)
Accrued BCUC costs payable	(6,306)	(23,713)
Payroll payable	2,459	(20,920)
Due to interfunds	(9,430)	(2,400)
Deferred contributions	(2,602)	(35,788)
Total cash flows from operating activities	(277,746)	(373,206)
Investing activities:		
Purchase of property and equipment	-	(900)
Net decrease in cash and term deposits	(277,746)	(374,106)
Cash and term deposits at beginning of year	529,676	903,782
Cash and term deposits at end of year	251,930	529,676
Cash and term deposits is composed of:		
Cash	46,930	71,241
Term deposits	205,000	458,435
	251,930	529,676

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

BC Sustainable Energy Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

1. Description of the Entity

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

- a. help British Columbia become a world leader in the use of sustainable energy;
- b. promote the use of sustainable energy to the people of British Columbia;
- c. provide a forum through which members can meet, share ideas and develop joint initiatives supported by up-to-date information and technical research;
- d. speak with a strong voice to municipal, provincial and federal governments and other agencies on issues concerning the development of clean, renewable, efficient energy in BC and the reduction of British Columbia’s greenhouse gas emissions;
- e. provide one-stop shopping for information on British Columbia’s sustainable energy resources.

2. Significant Accounting Policies

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

Fund accounting

The 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 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 the 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 2016, The BCSEA administered one such project: the Climate Change Showdown Project (“CCS”). The CCS project is an educational outreach program delivered to school aged children in grades 4 through 7. In addition, the Board of Directors has internally restricted \$155,163 to support general operations in future fiscal periods.

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.

BC Sustainable Energy Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

2. Significant Accounting Policies

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

The 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

The BCSEA's Climate Change Showdown project delivers its education outreach program during the fall and spring semesters to students in grades 4 through 7. With the completion of the program by May each year, certain funds related to the delivery of the program remained to be collected as at June 30. In June 2016 the Provincial Body hosted a sustainable energy conference and in May 2015, the Vancouver Chapter hosted an electric vehicle event in which sponsorship funds were outstanding as at June 30:

	2016	2015
	\$	\$
Sponsorship fees		
Events	2,900	2,950
Municipal grants		
Corporation of Delta	-	5,175
District of North Vancouver	-	2,000
District of Saanich	1,993	1,600
City of New Westminister	-	1,500
City of Kamloops	-	1,265
	<u>4,893</u>	<u>14,490</u>

4. BC Utilities Commission Awards Receivable and Costs

The 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, the BCSEA receives awards equal to the amount invoiced by its contractors and associated experts.

In 2016, the BCSEA received \$109,328 (2015 – \$271,461) in Utility Commission awards and related costs. At June 30, 2016, \$5,482 (2015 – \$11,788) 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.

BC Sustainable Energy Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

5. Accrued Interest Receivable - Restricted

During 2016, the Board approved the fund transfer of \$3,352 (2015 - \$6,583) representing the interest earned on term deposits from the organization's internally restricted fund to the BCSEA Provincial Body general operations account. At June 30, 2016, \$1,826 (2015 - \$4,328) of the total interest earned is reflected as accrued interest receivable because the maturity dates of the term deposits occur after the year-end.

6. 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:

	2016	2015
	\$	\$
Climate Change Showdown Fund	1,935	9,536
Victoria Chapter	4,999	-
	6,934	9,536

7. Transfer of Fund Balances

During 2016, the board approved the following fund transfers to the Provincial Body: \$3,352 (2015 - \$6,583) representing the interest earned on term deposits held by the Provincial Body as internally restricted funds, \$2,369 (2015 - \$0) representing remaining surplus in the Clean Energy Classrooms project following its termination and \$272,543 (2015 - \$246,757) from internally restricted funds to support general operations. In addition, the board approved the fund transfer of \$0 (2015 - \$2,050) from the Provincial Body to support the activities of the Climate Change Showdown that resulted in a net transfer to the Provincial Body of \$278,264 (2015 - \$250,889) and a net transfer from the Restricted projects of \$278,264 (2015 - \$251,289).

8. Financial Risks and Concentration of Risks

The 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. The BCSEA does not face significant currency risk exposure.

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. The BCSEA does not face significant interest rate risk exposure.

BC Sustainable Energy Association

Notes to the Financial Statements

Year ended June 30, 2016 with comparative figures for 2015

8. Financial Risks and Concentration of Risks

Liquidity risk

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