

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Financial Statements

Year Ended December 31, 2022

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

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INDEPENDENT AUDITORS' REPORT

To the Members of Manitoba Environmental Industries Association Inc.

Opinion

We have audited the financial statements of Manitoba Environmental Industries Association Inc. (the Association), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses, changes in net assets and cash flow 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 Association as at December 31, 2022, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba
July 31, 2023

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,391,027	\$ 220,290
Accounts receivable	201,533	35,860
Prepaid expenses	5,088	5,243
Goods and services tax recoverable	21,015	9,265
	<u>1,618,663</u>	270,658
EQUIPMENT <i>(Notes 2, 4)</i>	<u>2,210</u>	1,776
	<u>\$ 1,620,873</u>	\$ 272,434
LIABILITIES		
CURRENT		
Accounts payable	\$ 149,595	\$ 7,515
Wages payable	13,715	12,271
Deferred revenue <i>(Note 5)</i>	1,204,840	14,441
	<u>1,368,150</u>	34,227
NET ASSETS		
Invested in equipment <i>(Note 4)</i>	2,210	1,776
Unrestricted	250,513	236,431
	<u>252,723</u>	238,207
	<u>\$ 1,620,873</u>	\$ 272,434

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Statement of Revenue and Expenses

Year Ended December 31, 2022

	2022	2021
REVENUE		
Grants and contracts	\$ 919,796	\$ 459,971
Programs, sponsorships and events	247,694	90,701
Memberships	54,656	48,311
Other	18	42
	<u>1,222,164</u>	<u>599,025</u>
EXPENSES		
Accounting fees	6,487	5,954
Advertising and promotion	8,150	8,824
Amortization	687	389
Board meetings	2,505	1,969
Consulting fees	66,137	76,895
Gifts and donations	-	500
Insurance	2,926	2,613
Interest and bank charges	6,017	3,711
Office	20,643	10,173
Parking	3,333	2,284
Programs and events	649,381	156,900
Rental (<i>Note 6</i>)	36,690	34,308
Repairs and maintenance	3,790	3,616
Salaries and benefits	381,597	254,009
Student chapter	609	150
Telephone	7,764	7,253
Travel	3,886	-
Website	7,046	14,872
	<u>1,207,648</u>	<u>584,420</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 14,516</u>	<u>\$ 14,605</u>

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2022

	Invested in Equipment	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 1,776	\$ 236,431	\$ 238,207	\$ 223,602
Excess (Deficiency) of revenue over expenses	(687)	15,203	14,516	14,605
Purchase of equipment	1,121	(1,121)	-	-
NET ASSETS - END OF YEAR	\$ 2,210	\$ 250,513	\$ 252,723	\$ 238,207

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Statement of Cash Flow

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from members and funders	\$ 2,246,889	\$ 585,782
Cash paid to suppliers and employees	(1,057,265)	(613,429)
Interest paid	(6,016)	(3,710)
Goods and services tax	(11,750)	1,790
	<u>1,171,858</u>	<u>(29,567)</u>
Cash flow from (used by) operating activities		
	<u>1,171,858</u>	<u>(29,567)</u>
INVESTING ACTIVITY		
Purchase of equipment	(1,121)	(1,621)
	<u>(1,121)</u>	<u>(1,621)</u>
INCREASE (DECREASE) IN CASH	1,170,737	(31,188)
CASH - BEGINNING OF YEAR	<u>220,290</u>	<u>251,478</u>
CASH - END OF YEAR	\$ 1,391,027	\$ 220,290

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2022

1. DESCRIPTION OF OPERATIONS

The Manitoba Environmental Industries Association Inc. is a non-profit organization that connects business, government and other stake holders with environmental issues and opportunities. The Association is exempt from corporate income taxes under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

These financial statements are prepared on an accrual basis using 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, including grants, are recognized as revenues when received.

Memberships and rental revenue are recognized as when earned and collection is reasonably assured.

Program fees, event fees, grants, and contracts are recognized when the related program or event takes place and collection is reasonably assured.

Event fees and memberships received relating to the subsequent year are classified as deferred revenue.

Unspent restricted grant funding is classified as deferred revenue.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Association regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2022

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members and funders. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members and funders which minimizes concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. EQUIPMENT

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 16,580	\$ 14,480	\$ 15,459	\$ 13,820
Furniture and fixtures	8,106	7,996	8,106	7,969
	\$ 24,686	\$ 22,476	\$ 23,565	\$ 21,789
Net book value	\$ 2,210		\$ 1,776	

5. DEFERRED REVENUE

	2022	2021
Lead Mitigation in Manitoba Schools and Child Care Centres	\$ 1,190,399	\$ -
Climate Smart	5,931	5,931
Manitoba Sustainable Development	5,500	5,500
LMDA	3,010	3,010
	\$ 1,204,840	\$ 14,441

MANITOBA ENVIRONMENTAL INDUSTRIES ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2022

6. LEASE COMMITMENTS

The Association has a long term lease with 6419551 Manitoba Ltd. with respect to its premises. Minimum lease payments for the next two years are:

2023	\$	36,119
2024		<u>30,099</u>
	\$	<u>66,218</u>

7. ECONOMIC DEPENDENCE

The Association receives significant revenue from national and provincial grants. Should these organizations substantially change their dealings with the Association, this would affect the Association's ability to continue as a viable operation.

8. BANK INDEBTEDNESS

The Association has access to a line of credit through Access Credit Union to a maximum limit of \$30,000, bearing interest at 5.45% annually. As of December 31, 2022, the Association has \$30,000 (2021 - \$30,000) available on their line of credit.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
