

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

FINANCIAL STATEMENTS

October 31, 2019



RYAN J. MARSHALL, CHARTERED PROFESSIONAL ACCOUNTANT INC.
61 GLEN AVENUE ♦ WINNIPEG, MANITOBA ♦ R2M 1V4 ♦ (204) 291-2306

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.**INDEX**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Manitoba Ozone Protection Industry Association Inc.

I have audited the accompanying financial statements of **THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.**, which comprise the statement of financial position as at October 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended October 31, 2019, 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 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.

Cont'd...

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the **THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.** as at October 31, 2019 and the results of its operations and its cash flows for the year ended October 31, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

R Marshall CPA Inc

February 20, 2020
Winnipeg, Manitoba

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

STATEMENT OF OPERATIONS

Year Ended October 31st

	<u>2019</u>	<u>2018</u>
REVENUE:		
Industry Certification (<i>note 5</i>)	\$ 168,814	\$ 164,097
Distributors (<i>note 5</i>)	25,500	26,217
Training	61,442	27,966
Project – White Goods	50,000	-
Rent	2,655	2,580
Memberships (<i>note 5</i>)	743	849
Grant	12,591	5,971
Manuals	18,224	14,080
Investment income	8,266	8,352
Merchandise	125	200
Unrealized gain (loss) on investments	2,719	(7,484)
Realized gain (loss) on sale of investments	<u>(61)</u>	<u>3,427</u>
	<u>\$ 351,018</u>	<u>\$ 246,255</u>
EXPENSES:		
Accounting and legal	\$ 3,360	\$ 3,390
Amortization	3,228	3,064
Bank charges and merchant fees	6,775	6,009
Insurance	1,906	1,720
Management fees	2,923	3,008
Memberships and subscriptions	34	-
Office	7,560	4,434
Postage and printing	25,410	27,239
Project – White Goods	50,000	-
Rent (<i>note 6</i>)	15,202	14,919
Salaries and benefits	143,164	130,908
Stakeholder Meetings	9,326	7,922
Telephone	4,083	3,602
Training	32,348	13,757
Travel	10,997	26,874
Web site	<u>2,417</u>	<u>260</u>
	<u>\$ 318,733</u>	<u>\$ 247,106</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 32,285</u>	<u>\$ (851)</u>

The accompanying notes are an integral part of this Statement.

RYAN J. MARSHALL, CHARTERED PROFESSIONAL ACCOUNTANT INC.

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

STATEMENT OF CHANGE IN NET ASSETS

Year Ended October 31st

	<u>2019</u>	<u>2018</u>
UNRESTRICTED NET ASSETS, beginning of year	\$ 315,005	\$ 315,856
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>32,285</u>	<u>(851)</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 347,290</u>	<u>\$ 315,005</u>

The accompanying notes are an integral part of this Statement.

RYAN J. MARSHALL, CHARTERED PROFESSIONAL ACCOUNTANT INC.

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

STATEMENT OF CASH FLOWS

Year Ended October 31st

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year (<i>page 5</i>)	\$ 32,285	\$ (851)
Adjustments for non-cash items:		
- unrealized gain (loss) on investments	(2,719)	7,484
- realized gain (loss) on sale of investments	61	(3,427)
- amortization	<u>3,228</u>	<u>3,064</u>
	\$ 32,855	\$ 6,270
Net changes in working capital balances		
Accounts receivable	6,121	(6,871)
Prepaid expenses	(9,191)	4,372
Accounts payable and accrued liabilities	3,031	(3,831)
Source deductions payable	332	(2,590)
Unearned revenue	<u>(741)</u>	<u>11,402</u>
	\$ 32,407	\$ 8,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (33,027)	\$ (42,272)
Purchase of capital assets	(1,289)	(7,385)
Proceeds on sale of investments	<u>34,729</u>	<u>37,013</u>
	\$ 413	\$ (12,644)
INCREASE (DECREASE) IN CASH, during the year	\$ 32,820	\$ (3,892)
CASH, beginning of year	<u>290,886</u>	<u>294,778</u>
CASH, end of year	\$ <u>323,706</u>	\$ <u>290,886</u>

The accompanying notes are an integral part of this Statement.

RYAN J. MARSHALL, CHARTERED PROFESSIONAL ACCOUNTANT INC.

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2019

1. PURPOSE OF ORGANIZATION

The Manitoba Ozone Protection Industry Association Inc. operates as a not-for-profit organization and accordingly, is exempt from paying income tax under Section 149(1)(l) of the Income Tax Act.

Originally organized as a group independent from Government, the purpose of the association is to propose, evaluate and review regulation in regard to ozone depleting substances.

2. SIGNIFICANT ACCOUNTING POLICIES

These 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.

Revenue Recognition:

All revenue is initially recognized in the year it is received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Industry certification, Memberships and Distributors revenue are earned through the passage of time and require periodic adjustment, see note 4.

Amortization:

Amortization of capital assets is provided on an annual basis at the following rates:

Computer Equipment	- 30% declining balance
Displays and Furniture	- 20% declining balance
Leasehold Improvements	- 5 years straight line
Office Equipment	- 20% declining balance
Organizational Costs	- 7% declining balance

Contributed Services:

Volunteers contribute time to assist the association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital Disclosures:

In managing capital, the association focuses on liquid resources available to fund ongoing operations. The association's objective is to have sufficient liquid resources available to fund current operations as well as future operations. The need for liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at October 31, 2019, the association has met its objective of having sufficient liquid resources to meet its current obligations.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments:

It is management's opinion that the association is not exposed to significant credit, currency, interest, liquidity, market or other price 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. The association is exposed to less than significant credit risk.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The association is not exposed to currency risk as all transactions occur in Canadian currency.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The association is exposed to less than significant interest rate risk.

Liquidity risk is the risk that the association will encounter difficulty in meeting obligations associated with financial liabilities. The association has maintained positive working capital that minimizes its exposure to liquidity risk.

Market risk and other price risk are the risks that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. The association is not exposed to market risk as it has a diversified investment portfolio to reduce market fluctuations.

Management believes these risks are manageable and do not represent a threat to the association's ability to continue as a going concern.

Use of Estimates in the Preparation of Financial Statements:

Preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions about future events 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 revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Accounts Receivable:

Accounts receivable are net of allowance for doubtful accounts.

3. INVESTMENTS

Investments at October 31, 2019 are as follows:

Equity Investments

	<u>Cost</u>	<u>Units Held</u>	<u>Fair Value</u>
ATS Automtn Tooling Sys Inc	\$ 2,638	201	\$ 3,594
Aecon Group Inc	3,395	203	3,695
Bank of Montreal	6,578	85	8,288
Bank of Nova Scotia	7,272	100	7,554
Barrick Gold Corp	5,567	248	5,674
Canadian National Railway Co	4,811	51	6,008
Canadian Natural Resources Ltd	4,775	135	4,483
Dollarama Inc	4,327	97	4,298
Evertz Technologies Ltd	3,499	202	3,616
Franco-Nevada Corporation	5,091	54	6,901
Husky Energy Inc	4,484	190	1,748
Intertape Polymer Group Inc	5,473	277	4,698
Maple Leaf Foods Inc	4,410	151	3,469
Manulife Financial Corp	5,743	255	6,255
Methanex Corporation	4,694	73	3,643
NFI Group Inc	4,768	99	2,868
Nutrien Ltd	4,034	82	5,167
Open Text Corp	3,876	119	6,333
Rogers Comms Inc CL B	7,045	108	6,697
Royal Bank of Canada	5,607	72	7,649
SNC Lavalin Group Inc	6,554	163	3,881
Sun Life Financial Inc	5,112	121	7,150
Suncor Energy Inc New	4,151	107	4,190
TC Energy Corp	4,802	78	5,178
West Fraser Timber Co Ltd	4,365	73	4,446
Allied PPTYS REIT UN	3,290	100	5,358
	<u>\$ 126,361</u>		<u>\$ 132,841</u>

3. INVESTMENTS, continued

Investments at October 31, 2018 are as follows:

Equity Investments

	<u>Cost</u>	<u>Units Held</u>	<u>Fair Value</u>
ATS Automtn Tooling Sys Inc	\$ 2,637	201	\$ 3,891
Aecon Group Inc	3,395	203	3,843
BCE Inc	5,424	92	4,687
Bank of Montreal	6,578	85	8,367
Barrick Gold Corp	5,567	248	4,090
Canadian National Railway Co	4,811	51	5,740
Enbridge Inc	4,471	102	4,184
Evertz Technologies Ltd	3,499	202	3,274
Franco-Nevada Corporation	3,213	34	2,795
Great West Lifeco Inc	4,217	123	3,716
Husky Energy Inc	4,484	190	3,536
Intertape Polymer Group Inc	5,473	277	4,817
Lundin Mining Corp	3,630	429	2,321
Maple Leaf Foods Inc	4,410	151	4,521
Manulife Financial Corp	5,743	255	5,286
Maxar Technologies Ltd	5,496	79	1,555
Methanex Corporation	4,694	73	6,223
NFI Group Inc	4,768	99	4,397
Nutrien Ltd	4,034	82	5,715
Open Text Corp	3,876	119	5,288
Rogers Comms Inc CL B	2,860	59	4,000
Royal Bank of Canada	5,607	72	6,906
SNC Lavalin Group Inc	4,489	85	3,995
Sun Life Financial Inc	5,112	121	5,833
Suncor Energy Inc New	4,151	107	4,725
Toronto Dominion Bank	7,664	138	10,078
Transcanada Corp	4,802	78	3,872
Allied PPTYS REIT UN	3,409	100	4,230
	<u>\$ 128,514</u>		<u>\$ 131,885</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount 2019</u>	<u>Net Carrying Amount 2018</u>
Computer Equipment	\$ 43,674	\$ 42,238	\$ 1,436	\$ 762
Displays & Furniture	1,339	568	771	964
Leasehold Improvements	10,533	4,843	5,690	7,797
Office Equipment	<u>22,292</u>	<u>21,084</u>	<u>1,208</u>	<u>1,510</u>
	<u>\$ 77,838</u>	<u>\$ 68,733</u>	<u>\$ 9,105</u>	<u>\$ 11,033</u>

5. UNEARNED REVENUE

Unearned revenue is calculated as the amount of revenue not earned at year end. Certain revenue is earned through the passage of time and these items contain expiry dates that are not coterminous with year end and consist of the following:

	<u>2019</u>	<u>2018</u>
Industry certification	\$ 111,069	\$ 111,778
Memberships	445	427
Distributors	<u>4,345</u>	<u>4,395</u>
	<u>\$ 115,859</u>	<u>\$ 116,600</u>

6. COMMITMENTS

The Manitoba Ozone Protection Industry Association Inc. is committed under a lease for operating space which extends into the 2019 fiscal year end. The estimated lease payments in the next four years are as follows:

2020	\$ 16,844
2021	\$ 17,367
2022	\$ 17,890
2023	\$ 18,936

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

**SCHEDULE OF COMPENSATION OF \$75,000 AND OVER
PAID TO BOARD MEMBERS, OFFICERS AND EMPLOYEES
October 31, 2019**



THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.

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October 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
The Manitoba Ozone Protection Industry Association Inc.,

I have audited the Schedule of Compensation of \$75,000 and Over Paid to Board Members, Officers and Employees of The Manitoba Ozone Protection Industry Association Inc. for the year ended October 31, 2019 as defined in Chapter P265 of the Public Sector Compensation Disclosure Act assented to November 19, 1996. This financial information is the responsibility of the organization's management. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, this schedule presents fairly, in all material respects, the compensation of \$75,000 and over paid to board members, officers and employees of the organization for the year ended October 31, 2019 in accordance with the provisions of Chapter P265 of the Public Sector Compensation Disclosure Act referred to above.

R Marshall CPA Inc

February 13, 2020
Winnipeg, Manitoba

THE MANITOBA OZONE PROTECTION INDUSTRY ASSOCIATION INC.²

SCHEDULE OF COMPENSATION OF \$75,000 AND OVER
PAID TO BOARD MEMBERS, OFFICERS AND EMPLOYEES

October 31st

	<u>2019</u>	<u>2018</u>
Mark Miller, Executive Director	<u>\$ 91,977</u>	<u>\$ 89,559</u>

APPROVED ON BEHALF OF THE BOARD:

K. Ciale Director

[Signature] Director

[Signature]