

FINANCIAL STATEMENTS

**EMBARK SUSTAINABILITY
SOCIETY**

August 31, 2017



INDEPENDENT AUDITOR'S REPORT

To the Members of the
Embark Sustainability Society

Report on the Financial Statements

We have audited the accompanying financial statements of Embark Sustainability Society (the "Society"), which comprise the statement of financial position as at August 31, 2017, and the statements of operations and changes in net assets and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted 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 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 Society'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 Society'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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Embark Sustainability Society as at August 31, 2017, 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
January 17, 2018

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

| | 2017 | 2016 |
|----------------------------------------------------------|---------------|--------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 56,148 | 45,401 |
| Accounts receivable | 120 | — |
| Prepaid expenses | 2,292 | 2,433 |
| | 58,560 | 47,834 |
| Equipment <i>[note 3]</i> | 7,915 | 7,535 |
| | 66,475 | 55,369 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities <i>[note 4]</i> | 6,492 | 9,237 |
| | 6,492 | 9,237 |
| NET ASSETS | 59,983 | 46,132 |
| | 66,475 | 55,369 |

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended August 31

| | 2017 | 2016 |
|---------------------------------------------|----------------|-------------|
| | \$ | \$ |
| <hr/> | | |
| REVENUE | | |
| Membership fees | 150,733 | 144,524 |
| Sponsorship and other | 6,228 | 9,906 |
| | 156,961 | 154,430 |
| <hr/> | | |
| EXPENSES | | |
| Staff wages and honorariums | 112,293 | 106,130 |
| Office | 8,457 | 14,591 |
| Grants | 6,904 | 7,463 |
| Professional fees | 6,524 | 4,541 |
| Insurance | 3,966 | 3,793 |
| Student activities and projects | 3,422 | 3,255 |
| Amortization | 1,278 | 1,011 |
| Local food project | 266 | 1,995 |
| | 143,110 | 142,779 |
| <hr/> | | |
| Excess of revenue for the year | 13,851 | 11,651 |
| Unrestricted net assets, beginning of year | 46,132 | 34,481 |
| Unrestricted net assets, end of year | 59,983 | 46,132 |

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

| | 2017 | 2016 |
|----------------------------------------------|----------------|---------------|
| | \$ | \$ |
| OPERATING ACTIVATES | | |
| Excess of revenue for the year | 13,851 | 11,651 |
| Amortization | 1,278 | 1,011 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (120) | — |
| Prepaid expenses | 141 | — |
| Accounts payable and accrued liabilities | (2,745) | 1,983 |
| Cash provided by operating activities | 12,405 | 14,645 |
| INVESTING ACTIVITIES | | |
| Acquisition of capital assets | (1,658) | — |
| Cash used in investing activities | (1,658) | — |
| Increase in cash during year | 10,747 | 14,645 |
| Cash, beginning of year | 45,401 | 30,756 |
| Cash, end of year | 56,148 | 45,401 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

1. NATURE OF THE ORGANIZATION

The Embark Sustainability Society (the "Society") is incorporated under the Society Act of British Columbia and is exempt from income taxes. Its main purpose is to make real change on campus by giving strength to students' vision for a sustainable institution.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Society have been maintained in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The following is a summary of significant accounting policies used in the preparation of these financial statements:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to the useful lives of capital assets. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted amounts, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Student membership fees are recognized as revenue according to the academic terms they relate to. Program fees and all other sources of revenue is recognized when the service is provided or when the respective goods are sold to the customer.

Contributed Services

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

Cash and Cash Equivalents

For purposes of determining cash flows, cash consists of cash on deposit with banks and highly liquid term deposits.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Capital Assets

Capital assets are recorded at cost. Amortization of cost is provided on a declining balance basis as shown in Note 3. Assets acquired in the year are amortized at one-half the normal rate of amortization.

3. CAPITAL ASSETS

| | Amortization Rates | Cost \$ | Accumulated Amortization \$ | Net Book Value \$ |
|--------------------|-----------------------|---------------|-----------------------------------|-------------------------|
| 2017 | | | | |
| Computer Equipment | 55% | 2,819 | 1,709 | 1,110 |
| Equipment | 20% | 2,199 | 1,551 | 648 |
| Learning Garden | 10% | 9,793 | 3,636 | 6,157 |
| | | 14,811 | 6,896 | 7,915 |
| 2016 | | | | |
| Computer Equipment | 55% | 1,322 | 1,268 | 54 |
| Equipment | 20% | 2,199 | 1,389 | 810 |
| Learning Garden | 10% | 9,632 | 2,961 | 6,671 |
| | | 13,153 | 5,618 | 7,535 |

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2017 | 2016 |
|--------------------|-------|-------|
| | \$ | \$ |
| Operations | 3,535 | 4,318 |
| Wages and vacation | 2,957 | 4,919 |
| | 6,492 | 9,237 |

5. ECONOMIC DEPENDENCE

The Society's primary source of revenue is membership fees collected from students by Simon Fraser University pursuant to the provisions of the University and Institute Act (British Columbia). This collection activity can be terminated if the Society fails to fulfill its requirements under the Act. The Society's ability to continue viable operations is dependent upon maintaining its right to have these fees collected. As at the date of these financial statements the Society believes that it is in compliance with the Act.

6. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk at August 31, 2017.

Credit Risk

The Society is exposed to credit risk with respect to its cash and accounts receivable. The Society limits its exposure to credit loss by placing its cash with chartered Canadian financial institutions and closely monitoring receivables. Management believe the Society is not exposed to an unusual level of credit risk.

Interest Rate Risk

All of the Society's financial instruments are non-interest bearing except for cash that earns interest at variable market rates.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.