

**FALLS BROOK CENTRE INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

CONTENTS

Auditor's Report

Balance Sheet

Statement of Revenue and Expenditures

Statement of Cash Flow

Notes to Financial Statements

Schedule of Revenue and Expenditures - Programmes

Schedule of Expenses

STANLEY ALLEN  
CHARTERED ACCOUNTANT

FALLS BROOK CENTRE INC.  
SCHEDULE OF EXPENSES - OTHER  
YEAR ENDED DECEMBER 31, 2010

Schedule 2

	<u>2010</u>	<u>2009</u>
Expenses		
Administration - programmes	\$63,738	\$86,899
Agriculture	3,645	4,735
Climate change	593	1,536
Education	9	1,549
Bio diesel	8,836	0
Forestry	723	1,052
Fair	6,065	8,735
Renewable energy	2,026	1,706
Site maintenance	55,638	40,955
Workshops	513	1,231
Internships	0	6,664
Other	2,812	4,765
CSA	<u>1,625</u>	<u>0</u>
	<b><u>\$146,223</u></b>	<b><u>\$159,827</u></b>

FALLS BROOK CENTRE INC.  
SCHEDULE OF REVENUE AND EXPENDITURES - PROGRAMMES  
YEAR ENDED DECEMBER 31, 2010

Schedule 1

	<u>2010</u>		Surplus (Deficit)	<u>2009</u>	
	<u>Revenue</u>	<u>Expend</u>		<u>Revenue</u>	<u>Expend.</u>
<u>Education Programmes</u>					
I.E.Y.C.	\$23,760	\$23,760	\$0	\$12,507	\$12,507
Summer Placement	11,392	11,392	0	7,128	7,128
Global Classroom Initiative (07/08)	48,474	48,474	0	0	0
Blue Moon	65,976	65,976	0	4024	4024
NSERC	0	0	0	2,272	2,499
Green ST - Cdn Teachers Federation (07/08)	5,000	5,001	(1)	0	0
(08/09)	0	0	0	8646	8669
ETF ECO Leadership	0	0	0	7024	7026
Campbell Webster (08/09)	0	0	0	5638	5638
Campbell Webster (09/10)	4,591	4,591	0	2100	2100
Public Engagements	0	0	0	27708	21571
Seed grant	3,011	3,011	0	0	0
Walmart Evergreen	4,114	4,114	0	0	0
Community Energy Coop	39,000	39,000	0	0	0
PNB- Youth Engagement	20,000	19,993	7	0	0
PNB- Bring Home the Arts	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>228,318</u>	<u>228,312</u>	<u>6</u>	<u>77,047</u>	<u>71,162</u>
	<b><u>\$753,071</u></b>	<b><u>\$764,979</u></b>	<b><u>\$ (12,565)</u></b>	<b><u>\$660,258</u></b>	<b><u>\$657,068</u></b>

FALLS BROOK CENTRE INC.  
SCHEDULE OF REVENUE AND EXPENDITURES - PROGRAMMES  
YEAR ENDED DECEMBER 31, 2010

Schedule 1

	<u>2010</u>		<u>Surplus</u>	<u>2009</u>	
	<u>Revenue</u>	<u>Expend</u>	<u>(Deficit)</u>	<u>Revenue</u>	<u>Expend.</u>
<u>International Programmes</u>					
Mexican Organic Markets (CIDA)	\$64,072	\$76,637	\$(12,565)	\$128,117	\$128,095
LAC NET (CIDA)	40,000	40,000	0	155,762	155,762
Cuba Bio-diversity	26,961	26,961	0	95,213	95,213
Youth Action (07/08) (CIDA)	292,187	292,187	0	0	0
Youth Action (08/09)(CIDA)	0	0	0	8,863	9,932
Youth Engagement	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,500</u>	<u>12,871</u>
	<u>423,220</u>	<u>435,785</u>	<u>(12,565)</u>	<u>400,455</u>	<u>401,873</u>
<u>Climate Change Programmes</u>					
NRC Signs	0	0	0	4,335	4,506
Wellness Signs of Change	0	0	0	4,604	4,624
ETF Signs of Change	0	0	0	7,863	7,890
ECO Net Zero	0	0	0	17,522	17,521
ECO Lightbulbs (09)	7,479	7,479	0	0	0
ECO Lightbulbs (10)	15,500	15,500	0	0	0
ETF ECO HUB (09)	9,069	9,075	(6)	20,931	20,931
ETF ECO HUB (10)	9335	9335	0	0	0
NB Energy (09)	8,500	8,500	0	0	0
TD Friends of the Environment	300	300	0	0	0
ETF Youth & Nature 2010	<u>12,955</u>	<u>12,955</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>63,138</u>	<u>63,144</u>	<u>( 6)</u>	<u>55,255</u>	<u>55,472</u>
<u>Agriculture Programmes</u>					
Rural Secretariat	0	0	0	39,178	39,062
ECO Watershed	0	0	0	18,603	19,688
C. Donnelly Foundation	<u>1,872</u>	<u>1,872</u>	<u>0</u>	<u>28,128</u>	<u>28,128</u>
	<u>1,872</u>	<u>1,872</u>	<u>0</u>	<u>85,909</u>	<u>86,878</u>
<u>Forestry Programmes</u>					
Acadian Forestry	0	0	0	3,900	3,900
F.M.F.Asset Mapping	0	0	0	12,242	12,242
F.M.F.#3	29,216	29,216	0	16,711	16,711
F.M.F.#4	5,858	5,858	0	0	0
Evergreen (08/09)	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,739</u>	<u>8,830</u>
	<u>35,074</u>	<u>35,074</u>	<u>0</u>	<u>41,592</u>	<u>41,683</u>

FALLS BROOK CENTRE INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
10. Departmental net assets		
Climate change	\$31,685	\$32,078
Biodiesel/ Bus (\$11,822 transferred to revenue in 2010)	14,438	35,096
Renewable energy	21,517	15,116
Education	57,766	48,546
ELCI	6,889	6,889
Agriculture	54,588	57,019
Forestry	9,166	9,889
International workshops	104,166	104,166
National Workshops	25,905	24,795
Fair	18,111	17,767
Central America programmes	84,136	50,913
Site maintenance	12,455	3,488
Certification and marketing	171,943	171,943
Donations	29,005	26,389
CSA	3,570	(37)
Analog forestry	27,658	26,685
General programmes	<u>3,026</u>	<u>11,149</u>
	<b><u>\$676,024</u></b>	<b><u>\$641,891</u></b>
Balance, beginning of year	\$166,160	\$135,743
Add: Surplus (deficit) for the year	1,618	28,426
Add: Programmes surplus (deficit) for the year	0	3,190
Less: Adjustment of prior year surplus	0	<u>(1,199)</u>
Balance, end of year	<b><u>\$167,778</u></b>	<b><u>\$166,160</u></b>

12. Restricted cash

In an agreement dated September 19, 2008, as part of a transition strategy, the Board approved the establishment of a fund in the amount of \$60,000, representing \$4,000 per year the Executive Director has served in this capacity. The amount will be payable on the retirement of the Executive Director. Subsequently, an addendum was made in the minutes that the \$4,000 annual contribution will apply to all future Executive Directors of Falls Brook Centre Inc.

FALLS BROOK CENTRE INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
7. Deferred revenue		
Canadian International Development Agency		
CUBA Bio diversity	\$50,292	\$26,065
Global Classroom	1,931	0
Mexican Organic Markets	0	43,701
Interns	7,813	0
ECO HUB	0	479
C Donnelly Foundation	0	1,872
I.E.Y.C.	3,549	5,493
Green ST.-Cdn Teachers Federation (09/10)	0	4,500
Blue Moon	0	65,976
PNB- Energy	0	8,500
Campbell Webster	4,309	3,500
Walmart Evergreen	2,386	0
FMF #4	10,142	0
TD Friends of the Environment	1,700	0
FMF #3	<u>0</u>	<u>23,966</u>
	<b><u>\$82,122</u></b>	<b><u>\$184,052</u></b>

8. Commitments/ related party agreements

Effective October 1, 1994, the organization entered into a five year land rental agreement for the premises owned by its Executive Director (125 South Knowlesville Rd) requiring an \$8000 annual payment. As part of the agreement, Falls Brook Centre Inc agrees to maintain the premises, make necessary improvements and pay both insurance and facility portion of the property taxes. Falls Brook Centre Inc records all rental income from staff, interns and workshops on the premises.

The organization also agreed to rent land ( 9 Simms Rd and the site of the Recreation Centre) owned by the Executive Director. All revenues derived from these premises are recorded by Falls Brook Centre Inc. In lieu of payment for rent, Falls Brook Centre Inc has agreed to pay insurance, property taxes and heating costs for these premises.

9. Appropriated net assets

At a meeting of the Board of Directors held on October 7, 2005, the Board approved the establishment of a \$200,000 reserve for sustainable development initiatives and for special projects that may be undertaken by Falls Brook Centre Inc.

FALLS BROOK CENTRE INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
5. Accounts receivable		
I. E. Y. C.	\$0	\$9,000
O. C. I. A.	0	375
ETF- ECO HUB	0	11,691
C. Donnelly Foundation	0	3,000
Campbell Webster	0	560
PNB- Youth & Nature	8,865	0
PNB	6,942	0
True Foods	33	0
Aura Whole Foods	33	0
Global Classroom (CIDA)	<u>25,405</u>	<u>0</u>
	41,278	24,626
HST recoverable	6,536	4,584
Other	<u>656</u>	<u>381</u>
	<b><u>\$48,470</u></b>	<b><u>\$29,591</u></b>

6. Property, plant and equipment

	<u>2010</u>			<u>2009</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land		\$15,988	\$0	\$15,988	\$15,988
Windmill	10%	822	610	212	236
Campground/ Rec Centre	5%	27,260	10,232	17,028	17,924
Buildings	5%	102,644	43,675	58,969	62,073
Equipment	10%	36,584	14,218	22,366	23,147
Bus	15%	<u>7,380</u>	<u>5,369</u>	<u>2,011</u>	<u>2,366</u>
		<b><u>\$190,678</u></b>	<b><u>\$74,104</u></b>	<b><u>\$116,574</u></b>	<b><u>\$121,734</u></b>

FALLS BROOK CENTRE INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

1. Description of business

Falls Brook Centre Inc. is a registered charitable organization founded as an educational institution, to promote and demonstrate sustainable community development. The organization is incorporated under the laws of the Province of New Brunswick.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are as follows:

- a) The organization follows the accrual method of accounting for its financial transactions.
- b) Accounting estimates  
To prepare financial statements in accordance with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.
- c) Financial instruments  
The organization's financial instruments consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.
- d) Revenue recognition  
The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

3. Property, plant and equipment

Property, plant and equipment acquired prior to January 1, 1996 have been expensed as acquired. Thereafter, property, plant and equipment are recorded at cost and amortized over their estimated useful lives. Depreciation is calculated using the straight line method, at the rates stated in Note 6.

4. Contributed services

Agreements between Falls Brook Centre Inc. and the Contracting Organizations provide for the determination of a value for contributed services (in-kind services). These services are not recognized in the financial statements. The value of these services for the year totalled \$ 55,684. (2009 - \$ 32,121).



FALLS BROOK CENTRE INC.  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Operating activities		
Surplus (deficit) for the year	\$16,367	\$16,894
Adjustment for		
Depreciation	<u>6,774</u>	<u>7,225</u>
	23,141	24,119
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	(18,879)	50,626
Decrease (increase) in prepaid expenses	3,216	(13,435)
Increase (decrease) in payables and accruals	(7,188)	6,304
Increase (decrease) in deferred revenue	(101,930)	11,725
Increase (decrease) in retirement fund payable	(2,880)	3,432
Adjustment to prior year surplus	0	(1,199)
Increase in departmental net assets	<u>19,384</u>	<u>0</u>
	(85,136)	81,572
Investing activities		
Purchase of property, plant and equipment	<u>(1,614)</u>	<u>(1,297)</u>
Increase in cash	(86,750)	80,275
Cash, beginning of year	<u>1,074,228</u>	<u>993,953</u>
Cash, end of year	<b><u>\$987,478</u></b>	<b><u>\$1,074,228</u></b>
Cash comprised of:		
Cash and term deposits	\$922,926	\$1,006,796
Restricted cash	<u>64,552</u>	<u>67,432</u>
	<b><u>\$987,478</u></b>	<b><u>\$1,074,228</u></b>

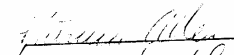
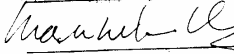

FALLS BROOK CENTRE INC.  
STATEMENT OF REVENUE AND EXPENDITURES  
DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Revenues		
Programmes (Schedule 1)	\$751,622	\$660,258
Agriculture	1,144	1,511
CSA	5,233	6,807
Climate change	200	4,147
Education	9,229	9,623
Bio diesel	11,822	0
Forestry	0	4,696
Fair	6,409	6,762
Renewable energy	8,427	334
Site maintenance	48,540	15,003
Workshops	1,623	11,071
Recoveries- Administration	64,256	47,127
- Wage costs	0	16,199
- Bus rental	1,947	3,400
Analog forestry	973	0
Other	1,047	14,354
Donations	2,616	7,816
Interest	<u>18,463</u>	<u>31,906</u>
	<u>933,551</u>	<u>841,014</u>
Expenses		
Programmes (Schedule 1)	764,187	657,068
Other (Schedule 2)	146,223	159,827
Depreciation	<u>6,774</u>	<u>7,225</u>
	<u>917,184</u>	<u>824,120</u>
Surplus for the year	<u>\$16,367</u>	<u>\$16,894</u>

FALLS BROOK CENTRE INC.  
BALANCE SHEET  
DECEMBER 31, 2010

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current		
Cash and term deposits	\$922,926	\$1,006,796
Accounts receivable	48,470	29,591
Prepaid expenses	<u>42,844</u>	<u>46,060</u>
	1,014,240	1,082,447
Property, plant and equipment (Notes 1 & 2)	116,574	121,734
Restricted cash (Note 12)	<u>64,552</u>	<u>67,432</u>
	<b><u>\$1,195,366</u></b>	<b><u>\$1,271,613</u></b>
 <u>LIABILITIES</u>  		
Current		
Payables and accruals	\$4,890	\$12,078
Deferred revenue (Note 7)	<u>82,122</u>	<u>184,052</u>
	87,012	196,130
Retirement fund payable (Note 12)	<u>64,552</u>	<u>67,432</u>
	<u>151,564</u>	<u>263,562</u>
 <u>SURPLUS</u>  		
Appropriated net assets (Note 9)	<u>200,000</u>	<u>200,000</u>
Departmental net assets (Note 10)	<u>676,024</u>	<u>641,891</u>
Unappropriated net assets (Note 11)	<u>167,778</u>	<u>166,160</u>
	<b><u>\$1,195,366</u></b>	<b><u>\$1,271,613</u></b>

Approved by

 Chairperson  
 Treasurer  
 Director

In my opinion, except for the effects of material adjustments, if any, which I might have determined necessary had I been able to satisfy myself with respect to material wire transfers, how the funds were expended and to the completeness of revenue, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Woodstock, New Brunswick

February 23, 2011



Chartered Accountant

STANLEY ALLEN  
CHARTERED ACCOUNTANT  
155 St. James Street  
Woodstock, N.B.  
E7M 2T5

Tel: 506-328-8001  
Fax: 506-328-9205  
EMAIL: shallen@nbnet.nb.ca

### AUDITOR'S REPORT

To the Directors, Members and Executive  
Falls Brook Centre Inc.

I have audited the balance sheet of Falls Brook Centre Inc. as at December 31, 2010 and the statements of revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

The operation of the organization requires the transfer of some program funds to partner organizations outside Canada. Audit procedures were limited to verifying the transfer of funds only. Because reports would only be received after the year end from the partners. Such audit procedures followed in the past have produced satisfactory results. In common with many charitable organizations, the organization derives revenue from various sources, 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. I was not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenditures, assets or net assets.