

INTERNAL



DEC

Decentralised Energy Canada

Financial Report
December 31, 2022

1. 2022 Financial Statements – Balance Sheet	3
2. 2022 Financial Statements – Profit and Loss	4
3. General information	5
4. Basis of preparation	5
a) Statement of compliance	5
b) Basis of measurement	5
5. Summary of significant accounting policies	5
a) Revenue recognition	5
b) Foreign currencies	7
c) Financial instruments	7
d) Income tax credits	8

1. 2022 Financial Statements – Balance Sheet

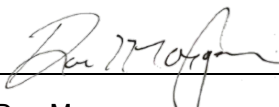
(Canadian Dollars)	Note	2022	2021
Assets			
Current Assets			
Cash and Cash Equivalent		27,234	56,214
Accounts Receivable		44,437	81,266
Prepaid Expenses		-2,100	0
Accrued Receivables		-	-
		69,571	137,480
Total Assets		69,571	137,480
Liabilities and Equity			
Current Liabilities			
Accounts Payable (A/P)		223,751	222,921
Accrued Expenses		0	1,947
Payroll Liabilities		0	1,832
GST/HST Payable		6,255	0
Deferred Revenue		-155	0
Membership Renewal Suspense		0	0
Receiver General Suspense		(-7619)	(1,195)
		222,232	225,506
Total Liabilities		222,232	225,506
Equity			
Opening Balance Equity		(9,504)	(9,504)
Retained Earnings		(77,741)	(100,066)
Profit for the year		(65,415)	21,544
Total Equity		(152,661)	(88,026)
Total Liabilities and Equity		69,571	167,480

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

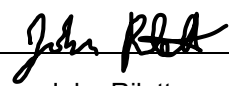
2. 2022 Financial Statements – Profit and Loss

	Note	2022	2021
INCOME			
Memberships	3	42,725	42,125
Events Income	3	128,759	5,400
Industry Fee-For-Service Government Program	3	5,138	304,754
Funding	3	131,714	264,250
In-Kind Income		-	-
Total Income		308,336	616,529
EXPENSES			
Marketing and Communication		26,400	3,150
Event Expenses		90,718	4,503
Industry Fee-For-Service Government Program Expense	3	5,691	216,731
Operations - G & A		134,379	347,487
Charitable Donations		88,844	23,181
QuickBooks Expenses		0	500
Payroll Expenses		392	0
		27,328	-562
Total Expenses		373,752	594,990
Exchange G/L		-	-
Net Income (loss)		-65,416	21,544

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

Approved 

Don Morgan
(Director)

Approved 

John Rilett
(Director)

3. General information

Decentralised Energy Canada (DEC) “the Corporation” was formed in 2002 and is a national industry association that helps build and maintain connections within the decentralised energy sector. We provide a network pathway for startups, entrepreneurs, corporations, and market leaders to work together in the most efficient and productive way. DEC builds new awareness about the decentralised energy sector by providing training for municipalities, universities, and those within the industry itself. DEC members also benefit from industry market insight and relevant environmental, economic, and technical expertise.

4. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with Accounting Standards for Not-for-Profit Organizations, as issued by the Chartered Professional Accountants of Canada.

b) Basis of measurement

These financial statements are presented in Canadian dollars, which is the Corporation’s functional currency, on a historical cost basis except for certain financial instruments, measured at fair value.

5. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Revenue recognition

Membership fees

The Corporation collects membership fees from its members on an annual basis. These fees are recorded when received as Membership fee revenue and are determined based on schedule of rates that considers the members annual revenues and industry. The revenue schedule is provided below.

Company	Annual Fee (\$CAD)
• Gross Revenue > \$50 million	\$9,000.00
• Gross Revenue < \$50 million	\$6,000.00
• Gross Revenue < \$25 million	\$3,000.00
• Gross Revenue < \$12 million	\$2,000.00
• Gross Revenue < \$6 million	\$1,000.00
• Start-Up/Gross Revenue < \$3 million	\$500.00
Municipalities	
• Population > 500,000	\$6,000.00
• Population < 500,000	\$5,000.00
• Population < 200,000	\$3,500.00
• Population < 100,000	\$2,000.00
• Population < 50,000	\$1,000.00
Non-Profit Organization	
• Industrialized countries	\$2,000.00
• Developing countries	\$1,000.00
Other	
• Foundations, Research Institutions & Provincial/ Federal Government	\$4,000.00
• Individuals (not employed by a commercial organization)	\$250.00
• *Full time student	\$25.00

Membership revenue did not change from 2021 to 2022 but these revenues are still only half of the pre-COVID revenue. Long term impacts of the pandemic on this revenue source are unknown.

Events income

2022 saw the return of our Annual Decentralised Energy Forum after a two-year hiatus. The two-day industry event was held at the Chateau Laurier in Ottawa. 125 participants gathered for a refreshing and productive program. The event was a success in terms of speaker and audience quality, audience feedback, and sponsorship revenue. However, paid registrations were low which resulted in a lower than anticipated net revenue.

Fee-For-Service

The corporation generates two distinct types of fee-for-service revenues, namely **Government Program Funding** and **Industry Fee-For-Service**. Contracted projects incur costs for services and deliverables. Government Program Funding is an effective means for reducing G&A expenses for the DEC core team but overall financial performance is either break-even or a net loss. Whereas the industry fee-for-service earns a 25% margin. In 2022 these sources of revenue saw a dramatic decline due to two primary factors, 1) a delayed response to COVID meant that public and private sector budgets were allocated to more pressing social issues and recovery programs, and 2) DEC not having industry events for the two years prior also had a delayed impact on our fee-for-service opportunities as we were not actively engaging with our network at in-person industry forums.

2022

Government Funding	Revenue \$	Expense \$	Margin	End Date
Impact Careers (ESDC)	64,000	63,695	0%	June 2022
Standards Council of Canada	63,000	54,324	15%	October 2022
Project Jumpstart	67	16,361	-	June 2022
RETScreen International	4,714	0	100%	January 2022

Industry Fee for Service	Revenue \$	Expense \$	Margin	End Date
General – F4S	2,496	3,438	-38%	December 2021
Training	2,642	2,254	15%	January 2021

G&A Expenses

Due to reduced Fee for Service revenue, the G&A expenses almost quadrupled from 2021 to 2022.

b) Foreign currencies

The Corporation operates within Canada and the functional currency is the Canadian dollar. In preparing the financial statements, transactions in currencies other than the Corporation's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in a foreign currency are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the statement of income and comprehensive income in the period in which they arise.

c) Financial instruments

All financial instruments are recognized and derecognized on trade date where the purchase or sale of a financial instrument is under a contract whose terms require delivery of the financial instrument within the timeframe established by the market concerned. Financial instruments are initially measured at fair value, including transaction costs. Financial instruments which have been classified as at fair value through profit or loss are initially measured at fair value and transaction costs are expensed when incurred.

Financial assets and liabilities at fair value through profit or loss ("FVTPL")

Financial instruments are classified at FVTPL when the financial instrument is either held for trading or it is designated as at FVTPL on initial recognition.

Financial instruments at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the statement of income and comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below). Interest revenue is recognized by applying the effective interest rate.

Available for sale financial assets

Financial assets that are classified as Available for Sale are non-derivative financial assets that are designated as available for sale or are not classified as a) loans and receivables, b) held to maturity investments, or c) financial assets at FVTPL.

Any gains/losses resulting from the fair value measurement are recognized in other comprehensive income and, when there is objective evidence that the asset is impaired, the loss shall be reclassified from equity to the statement of income and comprehensive income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Corporation's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL on initial recognition. The Corporation does not have any financial liabilities classified as FVTPL.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Corporation has classified its trade and other payables, intercompany payables, and long-term loans as other financial liabilities.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of income and comprehensive income.

d) Income tax credits

We recognize ITCs, other tax credits and government grants given on eligible expenditures when it is reasonably assured that they will be realized. They are presented as part of Trade and other receivables when they are expected to be utilized in the next year. We use the cost reduction method to account for ITCs and government grants, under which the credits are applied against the expense or asset to which the ITC or government grant relates.