

**GREENROCK**

**Financial Statements**

(With Independent Auditors' Report Thereon)

June 30, 2011



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## **INDEPENDENT AUDITORS' REPORT**

To the Executive Members of Greenrock

We have audited the accompanying financial statements of Greenrock (the "Charity"), which comprise the statement of financial position as at June 30, 2011 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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 accounting principles generally accepted in Bermuda and Canada, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we comply with ethical requirements and plan and perform an 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 our 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, we consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Charity derives income from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity and we were not able to determine whether any adjustments might be necessary to total assets and fund balances as at June 30, 2011 and revenues from donations, special events and campaigns and deficiency of revenues over expenses for the year then ended.



### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Greenrock as at June 30, 2011, and its results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

### **Other Matter**

The supplementary information included in Schedules 1 to 6 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

Chartered Accountants  
Hamilton, Bermuda  
September 4, 2012

**GREENROCK**

## Statement of Financial Position

June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 60,606	\$ 127,792
Accounts receivable	-	30,067
Other assets	4,023	5,081
Prepaid expenses	<u>-</u>	<u>303</u>
<b>Total current assets</b>	64,629	163,243
<b>Long term assets</b>		
Fixed assets (Note 4)	<u>1,133</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 65,762</u>	<u>\$ 163,243</u>
<b>Liabilities</b>		
Accounts payable	\$ 21,920	\$ 8,890
Deferred contributions (Note 3)	<u>16,421</u>	<u>34,473</u>
	38,341	43,363
<b>Fund balance</b>		
Operating fund	<u>27,421</u>	<u>119,880</u>
<b>Total liabilities and fund balance</b>	<u>\$ 65,762</u>	<u>\$ 163,243</u>

*See accompanying notes and schedules to financial statements*

Signed on behalf of Greenrock

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Executive Member

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Executive Member

**GREENROCK**

## Statement of Operations and Changes in Fund Balances

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations (Note 6)	\$ 30,837	\$ 40,517
Special events		
Earth Hour Event (Schedule 1)	33,000	37,500
Green Expo (Schedule 2)	<u>14,734</u>	<u>—</u>
	78,571	78,017
Campaigns		
Healthy Harvest Campaign (Schedule 5)	5,788	21,318
School Roadshow Campaign (Schedule 6)	<u>12,264</u>	<u>7,637</u>
	18,052	28,955
Other revenues		
Other	<u>—</u>	<u>183</u>
	—	183
Total revenues	<u>96,623</u>	<u>107,155</u>
<b>Expenses</b>		
Special events		
Green Expo (Schedule 2)	52,673	—
Earth Hour Event (Schedule 1)	<u>31,368</u>	<u>36,069</u>
	84,041	36,069
Campaigns		
School Roadshow Campaign (Schedule 6)	12,264	7,637
Healthy Harvest Campaign (Schedule 5)	5,788	21,318
General Public Service Campaigns (Schedule 3)	199	3,420
BYOB PSA Campaign (Schedule 4)	<u>100</u>	<u>6,235</u>
	18,351	38,610

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**GREENROCK**

## Statement of Operations and Changes in Fund Balances (continued)

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Expenses</b> (continued)		
Executive Administrator payroll	47,104	11,456
Audit fees	18,200	13,550
Website development	15,398	1,217
Telephone	3,801	2,474
Professional fees	935	1,360
Bank charges	534	376
Other	504	2,705
Depreciation (Note 4)	324	-
Event costs	-	3,826
Advertising	-	3,182
Meeting and conference expense	-	1,762
Awards	-	1,500
Miscellaneous	<u>(110)</u>	<u>(946)</u>
	86,690	42,462
	<hr/>	<hr/>
Total expenses	189,082	117,141
	<hr/>	<hr/>
Deficiency of revenues over expenses	(92,459)	(9,986)
Fund balance, beginning of year	<u>119,880</u>	<u>129,866</u>
	<hr/>	<hr/>
Fund balance, end of year	\$ 27,421	\$ 119,880
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*See accompanying notes and schedules to financial statements*

**GREENROCK**

## Statement of Cash Flows

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses	\$ (92,459)	\$ (9,986)
Adjustments for:		
Depreciation	324	-
Changes in non-cash working capital items:		
Accounts receivable	30,067	(28,567)
Other assets	1,058	(5,081)
Prepaid expenses	303	(303)
Accounts payable	13,030	4,031
Deferred contributions	<u>(18,052)</u>	<u>15,123</u>
Net cash used in operating activities	<u>(65,729)</u>	<u>(24,873)</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<u>(1,457)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,457)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(67,186)	(24,783)
<b>Cash and cash equivalents at beginning of year</b>	<u>127,792</u>	<u>152,575</u>
<b>Cash and cash equivalents at end of year</b>	\$ 60,606	\$ 127,792
<b>Represented by:</b>		
Cash	\$ 25,172	\$ 92,358
Term deposit	<u>35,434</u>	<u>35,434</u>
	\$ 60,606	\$ 127,792

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*See accompanying notes and schedules to financial statements*

# GREENROCK

Notes to Financial Statements

June 30, 2011

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## 1. Purpose of the organisation

Greenrock (the "Charity") was established on July 14, 2004 and is registered under the Bermuda Charities Act 1978. The organisation was originally called The Greenrock Project. Its name was changed to Greenrock on October 1, 2007.

Established as a non-profit organisation, Greenrock is working to empower individuals and companies to do their part in making Bermuda socially, economically and environmentally more sustainable for future generations.

## 2. Significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following are the significant accounting policies adopted by Greenrock:

### a) Revenue recognition

Greenrock follows the deferral method of accounting for contributions which include donations and government grants. Unrestricted contributions are recognised as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognised as revenue in the year in which the related expenses are recognised.

Revenue from the sale of merchandise is recognised at the time of sale. Membership fees are recognised as revenue in the period in which they are received. Revenues from special events and campaigns are recognised when the corresponding event or campaign takes place. All other income is recognised on the accruals basis when earned.

### b) Donated services

Greenrock records the value of donated goods and services at fair value when the fair value can be reasonably estimated and the goods and services are normally purchased and would be paid for if not donated. Because of the difficulty of determining their value, contributed services of volunteers are not recognised in these financial statements.

### c) Cash and cash equivalents

Cash and cash equivalents include demand deposits and deposits held with financial institutions with an original maturity of 90 days or less. The effective interest rate on term deposits was nil% (2010 - nil%) per annum.

### Fixed assets

- d) Fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life used in the calculation of depreciation is three years for computer equipment. Depreciation is recorded in administrative expenses.
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# GREENROCK

Notes to Financial Statements

June 30, 2011

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## 2. Significant accounting policies (continued)

### e) *Financial instruments*

Greenrock's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Cash and cash equivalents are classified as held for trading financial assets and are measured at fair value at the end of the year. Accounts receivable are classified as loans and receivables financial assets and are measured at amortised cost using the effective interest method, less any adjustment for impairment. Changes in fair value and interest income are included in the statement of operations and changes in fund balances. Accounts payable are classified as other financial liabilities and are measured at amortised cost using the effective interest method.

### f) *Translation of foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date. Transactions in foreign currencies during the period are translated at the rate of exchange prevailing on the respective dates of such transactions. Exchange gains and losses are included in the statement of operations and changes in fund balance.

### g) *Future changes in accounting framework*

In December 2010 the Canadian Accounting Standards Board issued new accounting standards for not-for-profit organisations as Part III of the CICA Handbook effective for accounting periods beginning on or after January 1, 2012. Greenrock will adopt these new standards for its June 30, 2013 financial statements and does not anticipate any significant changes to the current accounting policies as a result.

## 3. Deferred contributions

Deferred contributions relate to expenses of future periods and represent unspent externally restricted grants and donations for specific projects. Externally restricted contributions are deferred and recognised as revenue in the year in which the related expenses are recognised.

	<u>Opening deferred contributions</u>	<u>Contributions received</u>	<u>Recognised as revenue</u>	<u>Ending deferred contributions</u>
School Roadshow	\$ 21,713	\$ –	\$ 12,264	\$ 9,449
Healthy Harvest	<u>12,760</u>	<u>–</u>	<u>5,788</u>	<u>6,972</u>
	<u>\$ 34,473</u>	<u>\$ –</u>	<u>\$ 18,052</u>	<u>\$ 16,421</u>

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## GREENROCK

Notes to Financial Statements

June 30, 2011

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#### 4. Fixed assets

	<u>Cost at July 1, 2010</u>	<u>Additions</u>	<u>Cost at June 30, 2011</u>	<u>Depreciation</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Computer equipment	\$ -	\$ 1,457	\$ 1,457	\$ (324)	\$ (324)	\$ 1,133
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	\$ -	\$ 1,457	\$ 1,457	\$ (324)	\$ (324)	\$ 1,133
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### 5. Related party transactions

During the year, Greenrock incurred expenses totaling \$935 (2010 - \$nil) for human resources support provided by a company associated to a member of the Greenrock management committee. A balance of \$170 (2010 - \$nil) is included in accounts payable at year-end.

During the year, Greenrock incurred expenses totaling \$39,538 (2010 - \$nil) for event management and film production services provided by a company associated to a member of the Greenrock management committee. Included in this charge is the reimbursement of third party vendors. A balance of \$nil (2010 - \$nil) is included in accounts payable at year-end.

#### 6. Donations

Included in donations are audit fees for the year ended June 30, 2011 of \$12,000 (2010 - \$11,600) and telephone charges of \$3,801 (2010 - \$2,474) which represent the fair value of donated services provided to Greenrock.

#### 7. Financial assets and financial liabilities

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values because of the relatively short period to maturity of the instruments.

Greenrock is not exposed to any significant credit risk, liquidity risk or market risk.

#### 8. Capital management and going concern

Greenrock defines capital, for its own purpose, as the cumulative operating fund balance. During the fiscal year 2011, Greenrock's objective when managing capital, which was unchanged from the prior year, was to hold sufficient funds to enable it to withstand negative unexpected financial events and continue as a going concern. Greenrock seeks to achieve this objective by minimising its exposure to financial leverage and variable financial obligations and by holding cash and term deposits to maintain liquidity to enable it to meet its obligations as they become due. As at June 30, 2011, Greenrock's accumulated fund balance amounted to \$27,421 (2010 - \$119,880). Greenrock is not subject to any externally imposed requirements on capital.

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# GREENROCK

Notes to Financial Statements

June 30, 2011

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## 8. **Capital management and going concern** (continued)

Greenrock's ability to continue as a going concern depends on obtaining sufficient donations to support its various initiatives and general operating costs. While the Charity has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Due to a decline in donations during the fiscal year 2011, the Charity has implemented certain initiatives to enhance its fund raising activities and to reduce costs. The Executive Committee is confident that these initiatives will continue to enable Greenrock to fulfill its mandate and meet its obligations. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. If the use of the going concern basis was not appropriate, adjustments may be necessary in the carrying amount and classification of assets, liabilities and expenses in these financial statements. Such adjustments could be significant.

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## Earth Hour Event – Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ <u>33,000</u>	\$ <u>37,500</u>
	<u>33,000</u>	<u>37,500</u>
<b>Expenses</b>		
Advertising	13,519	28,367
Event costs	11,475	3,750
Executive Administrator payroll	4,776	–
Other	<u>1,598</u>	<u>3,952</u>
	<u>31,368</u>	<u>36,069</u>
<b>Excess of revenues over expenses</b>	\$ <u><u>1,632</u></u>	\$ <u><u>1,431</u></u>

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## Green Expo - Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ 14,734	\$ -
<b>Expenses</b>		
Event costs (facilities and equipment rentals)	30,613	-
Entertainment	11,000	-
Advertising	9,541	-
Executive Administrator payroll	<u>1,519</u>	<u>-</u>
	52,673	-
	<u>          </u>	<u>          </u>
<b>Deficiency of revenues over expenses</b>	<u>\$ (37,939)</u>	<u>\$ -</u>

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## General Public Service Campaigns - Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ -	\$ -
<b>Expenses</b>		
Membership fees	199	-
Advertising	-	2,699
Gifts & donations	<u>-</u>	<u>721</u>
<b>Deficiency of revenues over expenses</b>	<u>\$ (199)</u>	<u>\$ (3,420)</u>

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## BYOB (Bring Your Own Bottle) PSA Campaign - Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ -	\$ -
<b>Expenses</b>		
Giveaways	100	-
Advertising	<u>-</u>	<u>6,235</u>
<b>Deficiency of revenues over expenses</b>	<u>\$ (100)</u>	<u>\$ (6,235)</u>

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## Healthy Harvest Campaign - Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ 5,788	\$ 21,318
<b>Expenses</b>		
Executive Administrator payroll	2,518	-
Advertising	1,992	15,922
Consulting	1,278	-
Event costs	-	1,052
Printing	-	4,290
Other	<u>-</u>	<u>54</u>
	<u>5,788</u>	<u>21,318</u>
<b>Excess of revenues over expenses</b>	<u>\$ -</u>	<u>\$ -</u>

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## School Roadshow Campaign - Statement of Revenues and Expenses

Year ended June 30, 2011

*(Expressed in Bermuda Dollars)*

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	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Donations	\$ 12,264	\$ 7,637
<b>Expenses</b>		
Executive Administrator payroll	6,729	7,637
Consulting (Green school engineering)	4,485	-
Film production	<u>1,050</u>	<u>-</u>
	<u>12,264</u>	<u>7,637</u>
<b>Excess of revenues over expenses</b>	<u>\$ -</u>	<u>\$ -</u>

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