

**The Sustainability Institute of Canada,
operating as Sustainability Network**

Financial Statements

December 31, 2005



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Auditors' Report

To the Board of Directors of The Sustainability Institute of Canada

We have audited the balance sheet of The Sustainability Institute of Canada, operating as Sustainability Network, as at December 31, 2005 and the statements of net assets, revenue and expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chaplin & Co.

Chartered Accountants

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	Note	December 31	
		2005	2004
Assets			
Current assets			
Cash and term deposits		\$ 245,004	\$ 168,910
Accounts receivable		4,506	7,102
Prepaid expenses and sundry assets		8,247	17,836
		<u>257,757</u>	<u>193,848</u>
Equipment	3	<u>1,926</u>	<u>2,407</u>
		<u>\$ 259,683</u>	<u>\$ 196,255</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 6,533	\$ 23,995
Deferred income		171,138	98,555
		<u>177,671</u>	<u>122,550</u>
Net assets			
Net assets invested in property, plant and equipment		1,926	2,407
Net assets invested in operating reserve fund		66,200	61,200
Unrestricted net assets		13,886	10,098
		<u>82,012</u>	<u>73,705</u>
		<u>\$ 259,683</u>	<u>\$ 196,255</u>

Approved on behalf of the Board of Directors
of The Sustainability Institute of Canada

Geoff Cape, Chair

Merle Young, Treasurer

	General Fund Invested in property plant and equipment	Operating reserve fund	Unrestricted	Year ended 2005	Total December 31 2004
Balance, beginning of year	\$ 2,407	\$ 61,200	\$ 10,098	\$ 73,705	\$ 52,401
Excess of revenue over expenses for the year	(481)	-	8,788	8,307	21,304
Transfer between funds	-	5,000	(5,000)	-	-
Balance, end of year	<u>\$ 1,926</u>	<u>\$ 66,200</u>	<u>\$ 13,886</u>	<u>\$ 82,012</u>	<u>\$ 73,705</u>

	Year ended December 31	
	2005	2004
Revenue		
Grants	\$ 249,356	\$ 317,953
Subscriptions	17,965	10,700
Donations	-	5,200
Events	17,259	17,835
Sales and consulting	3,125	9,220
Rental income	2,690	2,350
Interest income	4,722	4,119
Sundry	1,575	9,297
	<u>296,692</u>	<u>376,674</u>
Expenses		
Amortization	481	602
Bank charges	148	621
Books	31,238	28,775
Bursaries	5,370	7,917
Computer	2,883	16,750
Consulting	95,919	141,343
Event costs	18,008	15,263
Insurance	693	809
Occupancy	11,179	8,537
Office and general	5,916	16,302
Printing	586	5,197
Professional fees	2,357	3,237
Salaries and benefits	103,252	95,270
Travel	10,355	14,747
	<u>288,385</u>	<u>355,370</u>
Excess of revenue over expenses for the year	<u>\$ 8,307</u>	<u>\$ 21,304</u>

	Year ended December 31	
	2005	2004
Cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	\$ 8,307	\$ 21,304
Items not involving cash		
Amortization	481	602
	<u>8,788</u>	<u>21,906</u>
Non-cash working capital		
Accounts receivable	2,596	(4,510)
Prepaid expenses and sundry assets	9,589	(10,697)
Accounts payable and accrued liabilities	(17,462)	17,311
Deferred income	72,583	(37,483)
	<u>76,094</u>	<u>(13,473)</u>
Change in cash during year	76,094	(13,473)
Cash and term deposits, beginning of year	<u>168,910</u>	<u>182,383</u>
Cash and term deposits, end of year	<u>\$ 245,004</u>	<u>\$ 168,910</u>
Represented by:		
Cash	\$ 245,004	\$ 68,910
Term deposit	-	100,000
	<u>\$ 245,004</u>	<u>\$ 168,910</u>

1. Purpose of the Organization

The Sustainability Institute of Canada received its Letters Patent as a corporation without share capital under the Canada Corporations Act on September 13, 2001 and became a registered charity under the Income Tax Act effective January 1, 2002.

The organization's goal is to strengthen the capacity of the environmental community in Canada by improving organizational management, planning and fundraising skills of non-profit organizations.

2. Summary of significant accounting policies

Fund accounting

These financial statements are prepared on a restricted fund basis:

General fund

The general fund accounts for the organizations programming and administrative activities.

Operating reserve fund

The organization has determined that an operating reserve fund to cover six months of the salaries and administrative expenses included in the organization's budget for the following fiscal year should be established as an operating reserve fund. A transfer is made to or from this fund annually to reflect the amount required in the fund.

Equipment

Equipment is recorded at cost.

Amortization of equipment is calculated on the declining balance method at the rate of 20% per annum.

Revenue recognition

Funding received is taken into income in the year to which it relates. Amounts received that relate to future fiscal periods are recorded as deferred income.

Financial instruments

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Equipment

	<u>2005</u>		
	Cost	Accumulated amortization	Net
Furniture and equipment	\$ 3,344	\$ 1,418	\$ 1,926

	<u>2004</u>		
	Cost	Accumulated amortization	Net
Furniture and equipment	\$ 3,344	\$ 937	\$ 2,407

4. Commitment

The organization has a lease commitment for its office premises, excluding operation costs of \$808 per month. The lease expires July 31, 2006.