

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

Financial Statements

December 31, 2009

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

Financial Statements

December 31, 2009

Index

AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Net Assets	3
Statement of Revenue and Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8



March 30, 2010

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'Chaplin & Co.' with a period at the end.

Chartered Accountants
Licensed Public Accountants

Roger Chaplin CA MA [Oxon] Gail Bergman CA B Comm

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

Balance Sheet

Page 2

	December 31	
	2009	2008
Assets		
Current assets		
Cash	\$ 218,245	\$ 114,462
Accounts receivable	18,131	5,235
Prepaid expenses and sundry assets	1,718	13,327
	<u>238,094</u>	<u>133,024</u>
 Capital assets	 -	 <u>3,191</u>
	<u>\$ 238,094</u>	<u>\$ 136,215</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,185	\$ 14,661
Deferred income	136,500	49,093
	<u>151,685</u>	<u>63,754</u>
Net assets		
Net assets invested in operating reserve fund	62,385	52,385
Unrestricted net assets	24,024	20,076
	<u>86,409</u>	<u>72,461</u>
	<u>\$ 238,094</u>	<u>\$ 136,215</u>

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

Seanna Irvine, Chair

Wanda Prochazka, Treasurer



	Operating reserve fund	Unrestricted	Total Year ended December 31	
			2009	2008
Balance, beginning of year	\$ 52,385	\$ 20,076	\$ 72,461	\$ 91,276
Excess of revenue over expenses (expenses over revenue) for the year	-	13,948	13,948	(18,815)
Transfer between funds (note 3)	10,000	(10,000)	-	-
Balance, end of year	<u>\$ 62,385</u>	<u>\$ 24,024</u>	<u>\$ 86,409</u>	<u>\$ 72,461</u>

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

Statement of Revenue and Expenses

Page 4

	Year ended December 31	
	2009	2008
Revenue		
Grants	\$ 329,830	\$ 301,894
Donations	8,446	10,679
Subscriptions	32,813	17,828
Events	24,949	25,790
Sales and consulting	9,367	17,241
Rental income	900	1,500
Interest income	1,734	6,251
Sundry	8,606	3,631
	<u>416,645</u>	<u>384,814</u>
Expenses		
Amortization	3,191	1,314
Bank charges	828	364
Board meetings and volunteers	293	1,933
Books	37,535	21,024
Bursaries	2,612	3,591
Computer	6,341	4,191
Consulting	76,231	85,154
Event costs	38,028	51,307
Insurance	774	945
Occupancy	13,537	12,821
Office and general	8,135	5,761
Printing	2,711	3,366
Professional fees	2,956	3,596
Salaries and benefits	169,748	113,645
Travel	39,777	61,993
	<u>402,697</u>	<u>371,005</u>
Excess of revenue over expenses before the undernoted	13,948	13,809
Development initiative	-	(32,624)
Excess of revenue over expenses (expenses over revenue) for the year	<u>\$ 13,948</u>	<u>\$ (18,815)</u>

	Year ended December 31	
	2009	2008
Cash provided by (used in)		
Operations		
Excess of revenue over expenses (expenses over revenue) for the year	\$ 13,948	\$ (18,815)
Items not involving cash		
Amortization	3,191	1,314
	<u>17,139</u>	<u>(17,501)</u>
Non-cash working capital		
Accounts receivable	(12,896)	5,314
Prepaid expenses and sundry assets	11,609	(8,183)
Accounts payable and accrued liabilities	524	(3,130)
Deferred income	87,407	(84,797)
	<u>103,783</u>	<u>(108,297)</u>
Investing		
Purchase of capital assets	-	(4,505)
	<u>103,783</u>	<u>(112,802)</u>
Change in cash during year	103,783	(112,802)
Cash, beginning of year	114,462	227,264
Cash, end of year	<u>\$ 218,245</u>	<u>\$ 114,462</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.

Capital assets

Capital assets are expensed as acquired. During the year \$nil have been expensed.

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

Financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the association's designation of such instruments.

Classification

Cash	Held-for-trading
Accounts receivable	Loans and receivable
Accounts payable and accrued liabilities	Other financial liabilities

Held-for-trading

Financial instruments classified as held for trading are reported at fair value with changes in fair value recognized in the Statement of Revenue and Expenses, as appropriate, in the period during which the change occurs.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Available for sale

Financial instruments classified as available-for-sale are reported at fair value with the unrealized gains and losses recognized in the Statement of Net Assets in the period during which the change occurs. The organization has not designated any financial assets as available for sale.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest rate method. Impairment losses are recognized in net income when impairment is other than temporary and carrying amounts exceeds fair value. Recognition of recoveries are not permitted until the classification of the asset is changed. The organization has not designated any financial assets as held-to-maturity.

Loans and receivables and other financial liabilities

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest method, net of any impairment. Interest income or expense is included in net income(loss) over the expected life of the instruments. Transaction costs are expensed as incurred.

The organization has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations not to apply CICA Handbook Sections 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have applied to these financial statements. The organization applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

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. Interfund transfers

During the year, the directors approved a transfer of \$10,000 from the unrestricted fund to the operating reserve fund.

4. Capital disclosures

In managing capital, the organization focuses on liquid resources available for operations.

The organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide the flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquid resources is considered in the preparation of an annual budget and in monitoring cash flows and actual operating results compared to the budget.

As at December 31, 2009, the organization has met its objective of having sufficient liquid resources to meet its current obligations.

5. Financial instruments

Financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. 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.

6. Future accounting changes

The Canadian Institute of Chartered Accountants (CICA) is to replace Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises (PAEs) with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. However, the CICA announced that not-for-profit organizations will not be required to adopt IFRS.

In December 2009, the CICA issued accounting standards for private enterprises, which are effective for financial statements relating to fiscal years beginning on or after January 1, 2011 but earlier adoption is permitted. The private enterprise standards give Canadian businesses the ability to choose to adopt new "made in Canada" standards or the IFRSs.

In November 2009, the Accounting Standards Board (AcSB) of the CICA approved the continued use of the core standards, often referred to as the 4400 Series of the CICA Handbook, to remain the primary source of GAAP for not-for-profit organizations.

The AcSB has agreed to consider permitting not-for-profit organizations to apply the standards for private enterprises, together with the additional standards addressing their unique circumstances. In December 2009, the AcSB and the Public Sector Accounting Board announced plans to release an Exposure Draft for public comment in the first half of 2010 that proposes the possible reporting options for not-for-profit organizations. Until a new direction has been established, not-for-profit organizations will continue to follow the existing accounting standards in the CICA Handbook.