

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

**Financial Statements**

**December 31, 2006**



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March 5, 2007

### **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, 2006 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, 2006 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  
Licensed Public Accountants

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**Index**

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|                                   |   |
|-----------------------------------|---|
| 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 |

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

**Balance Sheet**

Page 2

|  | Note | December 31       |                   |
|--|------|-------------------|-------------------|
|  |      | 2006              | 2005              |
| <b>Assets</b>  |      |                   |                   |
| Current assets                                       |      |                   |                   |
| Cash   |      | \$ 239,595        | \$ 245,004        |
| Accounts receivable                                  |      | 4,569             | 4,506             |
| Prepaid expenses and sundry assets                   |      | 19,073            | 8,247             |
|  |      | <u>263,237</u>    | <u>257,757</u>    |
| Equipment  |      | <u>-</u>          | <u>1,926</u>      |
|  |      | <u>\$ 263,237</u> | <u>\$ 259,683</u> |
| <b>Liabilities</b>                                   |      |                   |                   |
| Current liabilities                                  |      |                   |                   |
| Accounts payable and accrued liabilities             |      | \$ 6,749          | \$ 6,533          |
| Deferred income                                      |      | 168,680           | 171,138           |
|  |      | <u>175,429</u>    | <u>177,671</u>    |
| <b>Net assets</b>                                    |      |                   |                   |
| Net assets invested in property, plant and equipment |      | -                 | 1,926             |
| Net assets invested in operating reserve fund        |      | 71,200            | 66,200            |
| Unrestricted net assets                              |      | 16,608            | 13,886            |
|  |      | <u>87,808</u>     | <u>82,012</u>     |
|  |      | <u>\$ 263,237</u> | <u>\$ 259,683</u> |

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

\_\_\_\_\_  
Geoff Cape, Chair

\_\_\_\_\_  
Wanda Prochazka, Treasurer



|  | General Fund<br>Invested<br>in property<br>plant and<br>equipment | Operating<br>reserve<br>fund | Unrestricted     | Total<br>Year ended<br>2006 | Total<br>December 31<br>2005 |
|--|---|------------------------------|------------------|-----------------------------|------------------------------|
| Balance, beginning of<br>year  | \$ 1,926  | \$ 66,200                    | \$ 13,886        | \$ 82,012                   | \$ 73,705                    |
| Excess of revenue over<br>expenses (expenses over<br>revenue) for the year | (1,926)   | -                            | 7,722            | 5,796                       | 8,307                        |
| Transfer between funds   | -   | 5,000                        | (5,000)          | -                           | -                            |
| Balance, end of year   | <u>\$ -</u>   | <u>\$ 71,200</u>             | <u>\$ 16,608</u> | <u>\$ 87,808</u>            | <u>\$ 82,012</u>             |

|  | <b>Year ended December 31</b> |                 |
|--|-------------------------------|-----------------|
|  | <b>2006</b>                   | <b>2005</b>     |
| <b>Revenue</b>                               |                               |                 |
| Grants                                       | \$ 250,443                    | \$ 249,356      |
| Subscriptions                                | 23,100                        | 17,965          |
| Events                                       | 37,310                        | 17,259          |
| Sales and consulting                         | 291                           | 3,125           |
| Rental income                                | 1,904                         | 2,690           |
| Interest income                              | 8,269                         | 4,722           |
| Sundry                                       | 7,836                         | 1,575           |
|  | <u>329,153</u>                | <u>296,692</u>  |
| <b>Expenses</b>                              |                               |                 |
| Amortization                                 | 321                           | 481             |
| Bank charges                                 | 168                           | 148             |
| Books  | 24,008                        | 31,238          |
| Bursaries                                    | 3,018                         | 5,370           |
| Computer                                     | 2,392                         | 2,883           |
| Consulting                                   | 83,841                        | 95,919          |
| Event costs                                  | 35,199                        | 18,008          |
| Insurance                                    | 746                           | 693             |
| Occupancy                                    | 11,995                        | 11,179          |
| Office and general                           | 8,865                         | 5,916           |
| Printing                                     | 4,520                         | 586             |
| Professional fees                            | 2,688                         | 2,357           |
| Salaries and benefits                        | 117,482                       | 103,252         |
| Travel                                       | 28,114                        | 10,355          |
|  | <u>323,357</u>                | <u>288,385</u>  |
| Excess of revenue over expenses for the year | <u>\$ 5,796</u>               | <u>\$ 8,307</u> |

|  | <b>Year ended December 31</b> |                   |
|--|-------------------------------|-------------------|
|  | <b>2006</b>                   | <b>2005</b>       |
| Cash provided by (used in)                   |                               |                   |
| Operations                                   |                               |                   |
| Excess of revenue over expenses for the year | \$ 5,796                      | \$ 8,307          |
| Items not involving cash                     |                               |                   |
| Amortization                                 | 321                           | 481               |
| Loss on disposal of office equipment         | 1,605                         | -                 |
|  | <u>7,722</u>                  | <u>8,788</u>      |
| Non-cash working capital                     |                               |                   |
| Accounts receivable                          | (63)                          | 2,596             |
| Prepaid expenses and sundry assets           | (10,826)                      | 9,589             |
| Accounts payable and accrued liabilities     | 216                           | (17,462)          |
| Deferred income                              | (2,458)                       | 72,583            |
|  | <u>(5,409)</u>                | <u>76,094</u>     |
| Change in cash during year                   | (5,409)                       | 76,094            |
| Cash and term deposits, beginning of year    | <u>245,004</u>                | <u>168,910</u>    |
| Cash, end of year                            | <u>\$ 239,595</u>             | <u>\$ 245,004</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.

**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.