

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

Financial Statements

December 31, 2011

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April 3, 2012

Independent Auditors' Report

To the Board of Directors of The Sustainability Institute of Canada

Report on the financial statements

We have audited the accompanying financial statements of The Sustainability Institute of Canada, which comprise the balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of changes in net assets, revenue and expense and cash flows for the years ended December 31, 2011 and December 31, 2010, and 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 Canadian accounting standards for not-for-profit organizations, 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Sustainability Institute of Canada as at December 31, 2011, December 31, 2010 and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in cursive script that reads 'Chaplin & Co.' followed by a period.

Chartered Accountants
Licensed Public Accountants

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

Balance Sheet

	Note	December 31 2011	December 31 2010	January 1 2010
Assets				
Current assets				
Cash		\$ 259,884	\$ 312,656	\$ 218,245
Accounts receivable		11,708	8,742	18,131
Prepaid expenses and sundry assets		1,288	4,026	1,718
		<u>\$ 272,880</u>	<u>\$ 325,424</u>	<u>\$ 238,094</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 7,586	\$ 46,474	\$ 15,185
Unearned revenue		17,775	3,125	-
Deferred income	3	114,500	173,400	136,500
		<u>139,861</u>	<u>222,999</u>	<u>151,685</u>
Net assets				
Net assets invested in operating reserve fund		\$ 106,496	76,459	62,385
Unrestricted net assets		26,523	25,966	24,024
		<u>133,019</u>	<u>102,425</u>	<u>86,409</u>
		<u>\$ 272,880</u>	<u>\$ 325,424</u>	<u>\$ 238,094</u>

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

Seana Irvine, Chair

Wanda Prochazka, Treasurer

	Operating reserve fund	Unrestricted	Total Year ended December 31	
			2011	2010
Balance, beginning of year	\$ 76,459	\$ 25,966	\$ 102,425	\$ 86,409
Excess of revenue over expenses for the year	-	30,594	30,594	16,016
Transfer between funds (note 4)	30,037	(30,037)	-	-
Balance, end of year	<u>\$ 106,496</u>	<u>\$ 26,523</u>	<u>\$ 133,019</u>	<u>\$ 102,425</u>

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Statement of Revenue and Expenses

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	Year ended December 31	
	2011	2010
Revenue		
Grants	\$ 364,900	\$ 425,300
Donations	5,408	7,744
Subscriptions	2,562	14,113
Events	18,964	18,685
Sales and consulting	11,288	2,150
Rental income	840	1,025
Interest income	3,018	2,451
Sundry	10,759	3,063
	<u>417,739</u>	<u>474,531</u>
Expenses		
Bank charges	798	832
Board meetings and volunteers	820	1,485
Books	2,618	13,879
Computer	6,505	4,188
Consulting	108,623	164,836
Event costs	35,732	31,518
Insurance	730	656
Occupancy	14,755	14,615
Office and general	5,761	5,212
Printing	390	1,972
Professional fees	3,044	3,063
Salaries and benefits	154,938	157,655
Travel	52,431	58,604
	<u>387,145</u>	<u>458,515</u>
Excess of revenue over expenses for the year	<u>\$ 30,594</u>	<u>\$ 16,016</u>

	Year ended December 31	
	2011	2010
Cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	\$ 30,594	\$ 16,016
Non-cash working capital		
Accounts receivable	(2,966)	9,389
Prepaid expenses and sundry assets	2,738	(2,308)
Accounts payable and accrued liabilities	(38,888)	31,289
Deferred income	(44,250)	40,025
	<u>(52,772)</u>	<u>94,411</u>
Change in cash during year	(52,772)	94,411
Cash, beginning of year	312,656	218,245
Cash, end of year	<u>\$ 259,884</u>	<u>\$ 312,656</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

Basis of presentation

These financial statements have been prepared using the standards of Part III of the CICA Accounting Handbook, Accounting Standards for Not-For-Profit Organizations. These standards are applied on a retroactive basis. The organization has chosen to adopt these standards with the preparation of these financial statements. The application of these standards had the effect of reducing or eliminating certain previously prescribed disclosures; however, there was no impact on previously reported retained earnings or prior years' income.

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 \$2,944 (2010 - \$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.

Use of estimates

The preparation of financial statements 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. Deferred income

Deferred contributions represent unspent resources for specific projects as directed by the contributors. Changes in the deferred income balances are as follow:

	Balance December 31 2010	Contributions received during the year	Utilized during the year	Balance December 31 2011	December 31 2010	January 1 2010
Ducks Unlimited Canada	\$ -	\$ 10,000	\$ (10,000)	\$ -	\$ -	\$ -
Direct Management Assistance	8,000	2,000	(10,000)	-	8,000	-
Ivey Foundation	80,000	52,000	(82,000)	50,000	80,000	46,000
Suncor Energy Foundation	15,000	-	(15,000)	-	15,000	19,000
TD Friends of the Environment Foundation	10,000	5,000	(15,000)	-	10,000	20,000
Ontario Trillium Foundation - Environment & Diversity Project	32,000	104,500	(111,500)	25,000	32,000	3,500
Ontario Trillium Foundation - Good to Great Program	28,400	127,500	(116,400)	39,500	28,400	-
The Salamander Foundation	-	15,000	(15,000)	-	-	15,000
RBC Foundation	-	-	-	-	-	31,000
Alberta Ecotrust	-	-	-	-	-	2,000
	<u>\$ 173,400</u>	<u>\$ 316,000</u>	<u>\$(374,900)</u>	<u>\$ 114,500</u>	<u>\$ 173,400</u>	<u>\$ 136,500</u>

4. Interfund transfers

During the year, the directors approved a transfer of \$30,037 (2010 - \$14,074) from the unrestricted fund to the operating reserve fund.

5. Financial instruments

Fair Value

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.

Liquidity risk

The organization considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs at a reasonable cost.