The Sustainability Institute of Canada,
operating as Sustainability Network

Financial Statements

December 31, 2016

Chaplin & co
CHARTERED ACCOUNTANTS

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March 7, 2017

Independent Auditors' Report

To the Board of Directors of The Sustainability Institute of Canada

We have audited the accompanying financial statements of The Sustainability Institute of Canada, which comprise the balance sheet as at December 31, 2016 and the statements of net assets, revenue and expenses and cash flows for the year then ended, 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 the auditors' 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, the auditor considers 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chaplin + Co.

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

Roger Chaplin CPA, CA LPA MA [Oxon] Gail Bergman CPA, CA LPA B Comm

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Balance Sheet

	Notes	December 31 2016	December 31 2015
Assets			
Current assets			
Cash		$ 333,652	$ 463,189
Accounts receivable		476	108
HST recoverable		10,435	11,382
Prepaid expenses and sundry assets		1,160	5,202
		345,723	479,881
Long-term investment	2	20,000	20,000
		$ 365,723	$ 499,881
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 29,314	$ 10,319
Deferred income	3	200,704	355,840
		230,018	366,159
Net assets			
Net assets invested in operating reserve fund		99,498	99,498
Unrestricted net assets		36,207	34,224
		135,705	133,722
		$ 365,723	$ 499,881

See accompanying notes

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

Gordon Ball

Gordon Ball, Chair

Andrew Kett

Andrew Kett, Vice-Chair

Statement of Net Assets

	Operating reserve fund	Unrestricted	Total Year ended December 31 2016	2015
Balance, beginning of year	$ 99,498	$ 34,224	$ 133,722	$ 132,098
Excess of revenue over expenses for the year	-	1,983	1,983	1,624
Balance, end of year	$ 99,498	$ 36,207	$ 135,705	$ 133,722

See accompanying notes

Statement of Revenue and Expenses

	Year ended December 31 2016	2015
Revenue		
Grants	$ 462,241	$ 381,966
Donations	5,644	5,326
Events	23,824	25,985
Sales and consulting	1,350	1,500
Interest income	2,463	3,007
Sundry	4,628	661
	500,150	418,445
Expenses		
Bank charges	749	1,044
Board meetings and volunteers	193	46
Books and subscriptions	290	-
Computer	3,008	7,925
Consulting	265,492	221,462
Event costs	39,791	26,638
Insurance	799	795
Occupancy	18,120	17,073
Office and general	6,211	8,643
Printing	638	866
Professional fees	3,450	3,546
Salaries and benefits	131,702	117,117
Travel	27,724	11,666
	498,167	416,821
Excess of revenue over expenses for the year	$ 1,983	$ 1,624

See accompanying notes

Statement of Cash Flow Statement

	Year ended December 31 2016	2015
Net cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	$ 1,983	$ 1,624
Non-cash working capital items		
Accounts receivable	(368)	2,290
HST recoverable	947	(2,755)
Prepaid expenses and sundry assets	4,042	2,388
Accounts payable and accrued liabilities	18,995	4,950
Deferred income	(155,136)	226,174
	(129,537)	234,671
Investing activity		
Purchase of bond	-	(20,000)
Net increase (decrease) in cash during year	(129,537)	214,671
Cash, beginning of year	463,189	248,518
Cash, end of year	$ 333,652	$ 463,189

See accompanying notes

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.

1. Significant accounting policies

Basis of presentation

These financial statements have been prepared using the standards of Part III of the CPA Canada Accounting Handbook, Accounting Standards for Not-For-Profit Organizations.

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.

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized costs. Financial assets measured at amortized cost include cash accounts receivable and HST recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable. The entity has not designated any financial assets or financial liability to be measured at fair value.

Capital assets

Capital assets are expensed as acquired. During the year $3,008 (2015 - $5,248) has been expensed.

Revenue recognition

Grants, sales and consulting, rentals and events revenue are taken into income in the year to which it relates. Amounts received that relate to future fiscal periods are recorded as deferred income.

Revenue which are derived from donations are recorded on a cash basis.

Contributions in kind

Volunteers contribute their time to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributed goods are recorded when the fair market value is reasonably determinable or when the goods would otherwise normally be purchased and paid for by the organization.

Long-term investments

Investments, primarily bonds, with an original maturity of more than one year are classified as long-term investments. Long-term investments are stated at cost.

1. **Significant accounting policies** (continued)

Use of estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions are allowance for doubtful accounts, accrued liabilities and the allocation to deferred income. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. **Long-term investment**

	December 31 2016	December 31 2015
Centre for Social Innovation - Series D Bond - due May 15, 2019 bearing interest at 4.5%	$ 20,000	$ 20,000

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 2015	Contributions received	Utilized during the year	Balance December 31 2016
Workshop registrations	$ 1,495	$ 1,100	$ (1,495)	$ 1,100
Echo Foundation	10,000	10,000	(10,000)	10,000
Echo Foundation - Colab	-	40,000	(40,000)	-
Ivey Foundation	59,000	55,000	(36,500)	77,500
Ivey - Colab	60,000	75,000	(60,000)	75,000
Mott Foundation	157,845	-	(131,541)	26,304
Ontario Trillium Foundation - Good to Great Program (Phase 2)	52,500	34,500	(87,000)	-
TIdes Foundation	-	4,000	-	4,000
The J.W. McConnell Family Foundation	-	59,000	(55,000)	4,000
Gosling Foundation	15,000	30,000	(42,200)	2,800
	$ 355,840	$ 308,600	$ 463,736	$ 200,704

4. **Financial risks**

Credit risk
The organization's exposure to credit risk is on cash and accounts receivable. The organization mitigates its exposure to credit loss by placing its cash in major Canadian chartered banks.

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

Interest rate risk
The organization is exposed to interest rate cash flow risk arising from fluctuation in interest rates on its savings accounts.