

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

Financial Statements

December 31, 2017

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March 13, 2018

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, 2017 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, 2017, 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.

A handwritten signature in black ink that reads 'Chaplin & Co.' in a cursive, script font.

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

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	Notes	December 31	
		2017	2016
Assets			
Current assets			
Cash		\$ 246,702	\$ 333,652
Accounts receivable		959	476
HST recoverable		6,566	10,435
Prepaid expenses and sundry assets		1,166	1,160
		<u>255,393</u>	<u>345,723</u>
Long-term investment	2	<u>20,000</u>	<u>20,000</u>
		<u>\$ 275,393</u>	<u>\$ 365,723</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 8,558	\$ 29,314
Deferred income	3	<u>130,825</u>	<u>200,704</u>
		139,383	230,018
Net assets			
Net assets invested in operating reserve fund		99,498	99,498
Unrestricted net assets		<u>36,512</u>	<u>36,207</u>
		<u>136,010</u>	<u>135,705</u>
		<u>\$ 275,393</u>	<u>\$ 365,723</u>

See accompanying notes

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



Andrew Kett, Chair



Gordon Ball, Vice-Chair

**The Sustainability Institute of Canada,
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Statement of Net Assets

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	Operating reserve fund	Unrestricted	Total Year ended December 31	
			2017	2016
Balance, beginning of year	\$ 99,498	\$ 36,207	\$ 135,705	\$ 133,722
Excess of revenue over expenses for the year	-	305	305	1,983
Balance, end of year	<u>\$ 99,498</u>	<u>\$ 36,512</u>	<u>\$ 136,010</u>	<u>\$ 135,705</u>

See accompanying notes

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Statement of Revenue and Expenses

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	Year ended December 31	
	2017	2016
Revenue		
Grants	\$ 323,604	\$ 462,241
Donations	10,457	5,644
Events	33,342	23,824
Sales and consulting	-	1,350
Interest income	1,850	2,463
Sundry	5,844	4,628
	<u>375,097</u>	<u>500,150</u>
Expenses		
Bank charges	1,286	749
Board meetings and volunteers	-	193
Books and subscriptions	-	290
Computer	2,719	3,008
Consulting	195,877	265,492
Event costs	18,842	39,791
Insurance	1,202	799
Occupancy	15,633	18,120
Office and general	4,119	6,211
Printing	1,639	638
Professional fees	3,450	3,450
Salaries and benefits	121,080	131,702
Travel	8,945	27,724
	<u>374,792</u>	<u>498,167</u>
Excess of revenue over expenses for the year	<u>\$ 305</u>	<u>\$ 1,983</u>

See accompanying notes

	Year ended December 31	
	2017	2016
Net cash provided by (used in)		
Operations		
Excess of revenue over expenses for the year	\$ 305	\$ 1,983
Non-cash working capital items		
Accounts receivable	(483)	(368)
HST recoverable	3,869	947
Prepaid expenses and sundry assets	(6)	4,042
Accounts payable and accrued liabilities	(20,756)	18,995
Deferred income	(69,879)	(155,136)
	<u>(86,950)</u>	<u>(129,537)</u>
Net decrease in cash during year	(86,950)	(129,537)
Cash, beginning of year	<u>333,652</u>	<u>463,189</u>
Cash, end of year	<u>\$ 246,702</u>	<u>\$ 333,652</u>

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 \$nil (2016 - \$1,424) 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	
	2017	2016
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 2016	Contributions received	Utilized during the year	Balance December 31 2017
Workshop registrations	\$ 1,100	\$ 2,325	\$ (1,100)	\$ 2,325
Echo Foundation	10,000	10,000	(18,500)	1,500
Echo Foundation - Colab	-	40,000	(40,000)	-
Ivey Foundation	77,500	-	(77,500)	-
Ivey - Colab	75,000	55,000	(72,000)	58,000
Mott Foundation	26,304	-	(26,304)	-
Tides Foundation	4,000	5,000	(9,000)	-
The J.W. McConnell Family Foundation	4,000	8,000	(9,000)	3,000
Gosling Foundation	2,800	27,000	(22,300)	7,500
Catherine Donnely Foundation	-	2,500	-	2,500
Peter Gilgan Foundation	-	40,000	(2,000)	38,000
OMAFRA	-	25,000	(20,000)	5,000
LUSH	-	25,000	(20,000)	5,000
Flavelle Foundation	-	7,000	(7,000)	-
Metcalf Foundation	-	8,000	-	8,000
	<u>\$ 200,704</u>	<u>\$ 254,825</u>	<u>\$ (324,704)</u>	<u>\$ 130,825</u>

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-term 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.