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**CANADIAN ENVIRONMENTAL  
GRANTMAKERS' NETWORK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Canadian Environmental Grantmakers' Network

We have audited the accompanying financial statements of Canadian Environmental Grantmakers' Network which comprise the statement of financial position as at December 31, 2015, and the statements of operations and changes in net assets 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.

### *Auditor's 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 auditor's 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 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 Canadian Environmental Grantmakers' Network as at December 31, 2015, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario

# CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

|  | 2015              | 2014             |
|--|-------------------|------------------|
| <b>ASSETS</b>                            |                   |                  |
| <b>Current assets</b>                    |                   |                  |
| Cash                                     | \$ 128,642        | \$ 26,509        |
| Sales taxes recoverable                  | 7,586             | 10,524           |
| Prepaid expenses                         | <u>5,000</u>      | <u>7,113</u>     |
|  | <u>\$ 141,228</u> | <u>\$ 44,146</u> |
| <b>LIABILITIES AND NET ASSETS</b>        |                   |                  |
| <b>Current liabilities</b>               |                   |                  |
| Accounts payable and accrued liabilities | \$ 5,264          | \$ 3,783         |
| Prepaid membership fees (note 3)         | 25,934            | 1,500            |
| Deferred revenue (note 4)                | <u>69,465</u>     | <u>10,000</u>    |
|  | <u>100,663</u>    | <u>15,283</u>    |
| <b>Net assets</b>                        |                   |                  |
| Unrestricted                             | <u>40,565</u>     | <u>28,863</u>    |
|  | <u>\$ 141,228</u> | <u>\$ 44,146</u> |

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

|   | 2015             | 2014             |
|---|------------------|------------------|
| <b>REVENUE</b>                                      |                  |                  |
| Membership fees                                     | \$ 193,017       | \$ 158,219       |
| Members' meetings                                   | 105,600          | 94,583           |
| Foundation grants                                   | 100,710          | 115,000          |
| Donations   | <u>2,800</u>     | <u>2,800</u>     |
|   | <u>399,327</u>   | <u>370,602</u>   |
| <b>EXPENSES</b> (note 5)                            |                  |                  |
| Research projects                                   | 145,666          | 175,485          |
| Members' meetings                                   | 121,788          | 84,729           |
| Communications and outreach                         | 57,801           | 53,434           |
| General and administration                          | 49,345           | 34,840           |
| Rent  | 8,106            | 6,960            |
| Professional fees                                   | <u>4,919</u>     | <u>5,818</u>     |
|   | <u>387,625</u>   | <u>361,266</u>   |
| <b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b> | 11,702           | 9,336            |
| Net assets, beginning of year                       | <u>28,863</u>    | <u>19,527</u>    |
| <b>NET ASSETS, END OF YEAR</b>                      | <u>\$ 40,565</u> | <u>\$ 28,863</u> |

see accompanying notes

# CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

|   | 2015              | 2014             |
|---|-------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                     |                   |                  |
| Excess of revenue over expenses for the year                    | \$ 11,702         | \$ 9,336         |
| Net change in non-cash working capital items:                   |                   |                  |
| Decrease in accounts receivable                                 |                   | 17,650           |
| (Increase) decrease in sales taxes recoverable                  | 2,938             | 5,656            |
| (Increase) decrease in prepaid expenses                         | 2,113             | (5,780)          |
| Increase (decrease) in accounts payable and accrued liabilities | 1,481             | (6,819)          |
| Increase in prepaid membership fees                             | 24,434            | 500              |
| Increase (decrease) in deferred revenue                         | <u>59,465</u>     | <u>(38,500)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>             | 102,133           | (17,957)         |
| Cash, beginning of year   | <u>26,509</u>     | <u>44,466</u>    |
| <b>CASH, END OF YEAR</b>  | <u>\$ 128,642</u> | <u>\$ 26,509</u> |

see accompanying notes

# CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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Canadian Environmental Grantmakers' Network (the "organization") is a not-for-profit organization incorporated under the Canada Corporations Act without share capital. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The aim of the organization is to expand the scope and effectiveness of grantmaking in support of the Canadian environment.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Financial instruments**

Financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. Cash is measured at fair value. All other financial instruments are recorded at cost.

#### **Capital assets**

Equipment and furniture is charged to operations in the year the expenditures are incurred.

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition. Grants related to current expenditures are reflected in the accounts as a revenue item in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of capital assets are recorded as revenue in the same period the related capital assets are charged to operations.
- ii) Fee revenue from member meetings and service contracts are recognized when the service is provided.
- iii) Membership fees, fundraising and donation revenue are recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

#### **Allocation of expenses**

The organization allocates personnel expenses to programs based on the estimated time spent working in each activity. Corporate governance and general management expenses are not allocated.

### 2. FINANCIAL RISKS

Financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

*Liquidity risk* is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements.

# CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. PREPAID MEMBERSHIP FEES

The organization receives membership fees which are applicable for future years. The prepaid membership fees at December 31, 2015 are to be taken into revenue in the following years:

|      |                  |
|------|------------------|
| 2016 | \$ 12,967        |
| 2017 | <u>12,967</u>    |
|      | <u>\$ 25,934</u> |

### 4. DEFERRED REVENUE

Deferred revenue is composed of grants from the following foundations:

|                               | 2015             | 2014             |
|-------------------------------|------------------|------------------|
| J.W. McConnell Foundation     | \$ 7,000         | \$ 7,000         |
| Ontario Trillium Foundation   | 3,000            | 3,000            |
| RBC Foundation                | 46,590           |                  |
| Wilburforce Foundation        | <u>12,875</u>    | <u></u>          |
| Deferred revenue, end of year | <u>\$ 69,465</u> | <u>\$ 10,000</u> |

Continuity of deferred revenue for the year is as follows:

|   |                  |                  |
|---|------------------|------------------|
| Deferred revenue, beginning of year                     | \$ 10,000        | \$ 25,000        |
| Add grants received for activities and projects in year | 160,175          | 100,000          |
| Less grants spent on activities and projects in year    | <u>(100,710)</u> | <u>(115,000)</u> |
| Deferred revenue, end of year                           | <u>\$ 69,465</u> | <u>\$ 10,000</u> |

### 5. PERSONNEL EXPENSE ALLOCATION

Personnel expenses are allocated proportionately based on estimated time spent on each specific function.

|                              | 2015              | 2014              |
|------------------------------|-------------------|-------------------|
| Research projects            | \$ 31,498         | \$ 50,574         |
| General and administration   | 34,370            | 20,230            |
| Members' meetings            | 27,021            | 16,184            |
| Communications and outreach  | <u>32,548</u>     | <u>14,160</u>     |
| Allocated personnel expenses | <u>\$ 125,437</u> | <u>\$ 101,148</u> |

### 6. LEASE COMMITMENTS

The organization shares space with another organization and pays rent on a month to month arrangement.