

**FINANCIAL STATEMENTS OF
CLEAN AIR PARTNERSHIP
YEAR ENDED DECEMBER 31, 2008**

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AKLER, BROWNING, FRIMET & LANDZBERG LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Directors of Clean Air Partnership

We have audited the accompanying financial statements of Clean Air Partnership, which comprise the statement of financial position as at December 31, 2008 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as explained in the reservation paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. We are also required to comply with applicable ethical requirements.

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 representation 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. Accordingly, the auditors express no such opinion. 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 for our audit opinion.

Reservation

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and net asset balances.

Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2008 and the results of its operations and change in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


*Akler, Browning, Frimet
& Landzberg LLP*

AKLER, BROWNING, FRIMET & LANDZBERG LLP
CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS
MARCH 23, 2009


CLEAN AIR PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	<u>2008</u> \$	<u>2007</u> \$
ASSETS		
Cash	239,497	168,108
Accounts receivables (note 3)	272,091	80,825
Dan Leckie fund receivable	28,373	28,373
Capital assets (note 5)	-	863
Deferred expenses (note 4)	<u>31,036</u>	<u>50,186</u>
	<u>570,997</u>	<u>328,355</u>
LIABILITIES		
Accounts payable and accrued liabilities	82,386	40,272
Deferred revenue (note 4)	<u>179,261</u>	<u>112,011</u>
	<u>261,647</u>	<u>152,283</u>
FUND BALANCES		
Restricted fund (note 2)	28,373	28,373
Operating fund	<u>280,977</u>	<u>147,699</u>
	<u>309,350</u>	<u>176,072</u>
	<u>570,997</u>	<u>328,355</u>

SIGNED ON BEHALF OF THE BOARD:


 Director **LEE D. DOORN**

April 28, 2009
 Date


 Director **Zohrab Mawani**

April 28/09
 Date

CLEAN AIR PARTNERSHIP
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
REVENUES		
Contributions:		
Toronto Atmospheric Fund (note 7)	150,000	177,215
Government of Canada	27,618	15,000
Natural Resources Canada	67,278	118,924
Environment Canada	108,744	17,000
Province of Ontario	233,375	73,000
City of Toronto	26,500	17,500
Municipalities	87,075	78,100
Alliance for Resilient Cities fees	22,500	7,000
Enbridge Gas Distribution	50,000	55,000
Toronto Community Foundation	35,719	59,131
Toronto Hydro	10,000	10,000
Trillium Foundation	75,650	-
Other Corporate Sponsors	161,718	112,109
Earned income (note 7)	95,797	110,252
Deferred revenues	(84,994)	-
Other Grants and Contributions	<u>1,910</u>	<u>11,048</u>
Total Contributions	1,068,890	861,279
Interest	5,795	5,632
Sundry	<u>16,863</u>	<u>11,501</u>
	<u>1,091,548</u>	<u>878,412</u>
EXPENDITURES		
Salaries and employee benefits	626,441	590,527
Contract services	102,424	173,841
Marketing, promotion and events	66,812	106,505
Printing	58,142	122,054
Office and general	23,988	21,493
Office equipment and service	22,183	15,336
Travel	4,599	6,948
Communications	25,675	12,568
Audit services	5,076	4,851
Legal services	2,917	4,800
Amortization	863	864
Provision for bad debts	-	2,734
Other	-	2,038
Deferred expenses (note 4)	<u>19,150</u>	<u>30,359</u>
	<u>958,270</u>	<u>1,094,918</u>
NET REVENUE (EXPENSE) FOR YEAR	133,278	(216,506)
Fund balance, beginning of year	<u>147,699</u>	<u>364,205</u>
FUND BALANCE, END OF YEAR	<u>280,977</u>	<u>147,699</u>

CLEAN AIR PARTNERSHIP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net operating revenue for year	133,278	(216,506)
Items not involving cash:		
Deferred expenditures	19,150	30,359
Amortization	863	864
Provision for bad debts	-	2,734
Expenditures from restricted fund	(1,561)	(4,135)
Income from restricted fund	<u>1,561</u>	<u>1,694</u>
	153,291	(184,989)
Net change in non-cash working capital items:		
Accounts receivables	(191,266)	111,818
Accounts payable and accrued liabilities	<u>42,114</u>	<u>(47,933)</u>
Net cash flows from operating activities	<u>4,139</u>	<u>(121,104)</u>
FINANCING ACTIVITIES		
Excess of contributions received over that recognized	67,250	19,279
Dan Leckie fund	-	<u>2,440</u>
Net cash flows from investing activities	<u>67,250</u>	<u>21,719</u>
Net change in cash position for year	71,389	(99,385)
Cash position, beginning of year	<u>168,108</u>	<u>267,493</u>
CASH POSITION, END OF YEAR	<u>239,497</u>	<u>168,108</u>

Cash position is comprised entirely of balances held with a Canadian chartered bank.

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. THE CLEAN AIR PARTNERSHIP

CAP was incorporated under the laws of the Province of Ontario, by the Toronto Atmospheric Fund Act, 1992 as a corporation without share capital. Its objects include receiving, controlling and using contributions to promote global climate stabilization and public understanding of global warming and its implications.

In 1996, the corporation was designated as a public foundation under the Income Tax Act and as such is exempt from income taxes provided certain disbursement quotas are met. The corporation restricts its activities pursuant to its objects to those which are charitable in nature.

Under The Toronto Atmospheric Fund Act, 2005 the corporation changed its name from The Toronto Atmospheric Fund Foundation to the Clean Air Partnership ("CAP"). In addition, CAP's objects were expanded to cover air quality issues and changes were made to other substantive provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

The significant accounting policies of CAP are summarized below:

(a) Fund accounting

CAP follows the deferral method of accounting for contributions. For financial reporting purposes, the accounts have been classified into the following funds:

Restricted fund

The purpose of the restricted fund is to support and recognize emissions reductions opportunities in Toronto. Investment income earned on resources of the restricted fund is recognized as income of this fund. During the year \$1,561 (2007 - \$1,694) of interest income was earned. At the beginning of 2005 the assets of the fund (being cash) were transferred to the Toronto Atmospheric Fund to manage and invest on behalf of CAP. During 2008 expenditures withdrawn from the fund for the Dan Leckie forum held on October 7, 2008 amounted to \$1,561 (2007 - \$4,135).

Operating fund

The operating fund comprises the unrestricted resources of CAP. Unrestricted contributions are recognized when received. Investment income earned on assets held in the operating fund is recognized as earned.

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Financial instruments

The carrying value of receivables, deferred expenditures, accounts payable, accrued liabilities and deferred revenues approximates fair value due to the relatively short-term maturity of these financial instruments.

(c) Revenue and Expense recognition

Contributions related to expenses of future periods or specific expenditures are deferred and recognized as the related expenditures are incurred. Expenditures related to funding of future periods are deferred and recognized as the related funding is invoiced.

(d) Capital assets

Capital assets acquired during the year which are in excess of \$2,500 are capitalized and amortized over their expected useful lives. Computers and related hardware are amortized over three years on a straight line basis.

3. TORONTO ATMOSPHERIC FUND

In previous years the receivable account from Toronto Atmospheric Fund ("TAF") was reported separately of the accounts receivable. The account balance was the net amount due in respect of expenses shared between CAP and TAF. As TAF no longer appoints the majority of the members of CAP's Board, the amounts due between CAP and TAF are included in the Accounts Receivable and the Accounts Payable balances. The comparative 2007 figures have been restated. The net amount due from TAF as at December 31, 2008 was \$23,161 consisting of receivable of \$54,414 and a payable of \$31,253 (2007 - \$6,296 net).

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

4. DEFERRED REVENUE AND EXPENDITURES

Contributions received for projects continuing into the following year are deferred until spent in accordance with their designated purpose. Expenditures relating to project funding for the following year are deferred until the funding is recognized.

(a) Deferred Revenues	2008	2007
City mandated contribution from TAF to:		
GTA Clean Air Council	41,667	41,667
Contributions from Municipalities to:		
GTA Clean Air Council	42,600	41,475
Toronto Community Foundation funding for:		
TCAT	-	8,369
Idle Free	5,000	-
Funding for South Western Ontario -		
Clean Air Council	55,868	-
Membership contribution for		
Alliance for Resilient Cities	5,000	-
Funding for 20/20 project	<u>29,126</u>	<u>20,500</u>
	<u>179,261</u>	<u>112,011</u>

(b) Deferred Expenditures	2008	2007
Expenses for:		
GTTA project	-	20,894
Urban Forestry	4,566	-
Fleet Tools	3,360	-
MOST	7,043	-
CCHO-UHM	5,920	-
SWO-Smog Summit	3,360	-
PHU Scan	2,527	-
AQHI project	-	9,730
COP Procurement project	-	5,010
Green Doors Ontario project	-	2,857
2009 Smog Summit	4,260	5,845
ARC project	-	5,850
	<u>31,036</u>	<u>50,186</u>

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

5. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$ 2,591</u>	<u>\$ 2,591</u>	<u>\$ -</u>	<u>\$ 863</u>

6. CONTINGENT MATTERS

CAP may be liable for all or a portion of grant contributions received as they are subject to audit by the grantors. Any such liabilities are not currently anticipated or determinable and will be recorded if and when they become anticipated and determinable.

7. FUNDING DETAILS

	2008	2007
Toronto Atmospheric Fund contributions:		
City mandated contribution to:		
Smog Summit	50,000	50,000
GTA Clean Air Council	50,000	50,000
Core funding	50,000	75,000
Deferred revenues for GTAF project	-	<u>2,215</u>
	<u>150,000</u>	<u>177,215</u>
Earned Income:		
LightSavers program	40,000	-
Report commissioned	23,900	-
Registration fees for Bike Summit	10,540	-
Speaker's fees	8,500	2,625
University of British Columbia	5,000	-
EPCOR	5,000	-
Workshop for University of Toronto	2,857	-
Clean Air Environment Guide		
Advertising	-	91,177
Doors Open companion guide		
Advertising	-	13,700
Evaluation Workshop		
Registration fees	-	1,750
OTF Evaluation sponsorship	-	<u>1,000</u>
	<u>95,797</u>	<u>110,252</u>