

**FINANCIAL STATEMENTS OF  
CLEAN AIR PARTNERSHIP  
YEAR ENDED DECEMBER 31, 2007**

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**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, 2007 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, 2007 and the results of its operations and change in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**ALKER, BROWNING, FRIMET & LANDZBERG LLP**  
CHARTERED ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS  
APRIL 10, 2008

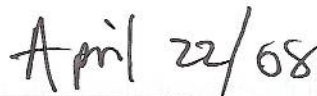
**CLEAN AIR PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2007**

	<u>2007</u> \$	<u>2006</u> \$
<b>ASSETS</b>		
Cash	168,108	267,493
Accounts receivables	74,529	181,040
Dan Leckie fund receivable	28,373	30,813
Due from Toronto Atmospheric Fund	6,296	14,337
Capital assets (note 4)	863	1,727
Deferred expenses (note 3)	<u>50,186</u>	<u>80,545</u>
	<u>328,355</u>	<u>575,955</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	40,272	88,205
Deferred revenue (note 3)	<u>112,011</u>	<u>92,732</u>
	<u>152,283</u>	<u>180,937</u>
<b>FUND BALANCES</b>		
Restricted fund (note 2)	28,373	30,813
Operating fund	<u>147,699</u>	<u>364,205</u>
	<u>176,072</u>	<u>395,018</u>
	<u>328,355</u>	<u>575,955</u>

SIGNED ON BEHALF OF THE BOARD:



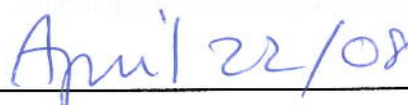
Director



Date



Director



Date

**CLEAN AIR PARTNERSHIP**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>REVENUES</b>		
Contributions:		
Toronto Atmospheric Fund (note 6)	177,215	292,785
Government of Canada	15,000	-
Natural Resources Canada	118,924	143,623
Environment Canada	17,000	184,780
Province of Ontario	73,000	57,000
City of Toronto	17,500	7,500
Municipalities	78,100	86,833
Alliance for Resilient Cities fees	7,000	-
Enbridge Gas Distribution	55,000	50,000
Toronto Community Foundation	59,131	16,013
Toronto Hydro	10,000	10,000
Other Corporate Sponsors	112,109	99,355
Earned income (note 6)	110,252	-
Other Grants and Contributions	<u>11,048</u>	<u>7,513</u>
Total Contributions	861,279	955,402
Interest	5,632	6,669
Sundry	<u>11,501</u>	<u>3,591</u>
	<u>878,412</u>	<u>965,662</u>
<b>EXPENDITURES</b>		
Salaries and employee benefits	590,527	614,377
Contract services	173,841	284,256
Marketing, promotion and events	106,505	93,345
Printing	122,054	27,841
Office and general	21,493	28,533
Office equipment and service	15,336	23,248
Travel	6,948	19,748
Communications	12,568	9,942
Audit services	4,851	4,820
Program audit	-	1,545
Legal services	4,800	2,850
Amortization	864	864
Provision for bad debts	2,734	-
Other	2,038	1,500
Deferred expenses (note 3)	<u>30,359</u>	<u>(80,545)</u>
	<u>1,094,918</u>	<u>1,032,324</u>
<b>NET REVENUE (EXPENSE) FOR YEAR</b>	(216,506)	(66,662)
<b>Fund balance, beginning of year</b>	<u>364,205</u>	<u>430,867</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>147,699</u>	<u>364,205</u>

**CLEAN AIR PARTNERSHIP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
	\$	\$
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net operating revenue for year	(216,506)	(66,662)
Items not involving cash:		
Deferred expenditures	30,359	(80,545)
Amortization	864	864
Provision for bad debts	2,734	-
Expenditures from restricted fund	(4,135)	(4,844)
Income from restricted fund	<u>1,694</u>	<u>2,440</u>
	(184,989)	(148,747)
Net change in non-cash working capital items:		
Accounts receivables	103,777	219,716
Accounts payable and accrued liabilities	(47,933)	(72,686)
Due from/to Toronto Atmospheric Fund	<u>8,041</u>	<u>(4,652)</u>
Net cash flows from operating activities	<u>(121,104)</u>	<u>(6,369)</u>
<b>FINANCING ACTIVITIES</b>		
Excess of contributions received over that recognized	19,279	(60,643)
Purchases of fixed assets	-	(2,591)
Dan Leckie fund	<u>2,440</u>	<u>2,404</u>
Net cash flows from investing activities	<u>21,719</u>	<u>(60,830)</u>
Net change in cash position for year	(99,385)	(67,199)
Cash position, beginning of year	<u>267,493</u>	<u>334,692</u>
<b>CASH POSITION, END OF YEAR</b>	<u>168,108</u>	<u>267,493</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, 2007**

**1. THE CLEAN AIR PARTNERSHIP**

Clean Air Partnership ("CAP") was incorporated December 10, 1992 as a corporation without share capital under the laws of the Province of Ontario, by the Toronto Atmospheric Fund Act, 1992, under the name Toronto Atmospheric Fund Foundation, and continued under the name Clean Air Partnership under the Toronto Atmospheric Fund Act, 2005 (the "TAF Act"). The objects of CAP include receiving, controlling and using contributions to promote global climate stabilization and air quality improvement and public understanding of global warming and air quality and their implications.

CAP is registered as a public foundation under the Income Tax Act (Canada), effective May 31, 1996, and as such is exempt from income taxes provided certain disbursement quotas are met. CAP became active in 1999. The corporation restricts its activities to those of its objects which are charitable in nature. Five of the eleven Directors of CAP are appointed by Toronto Atmospheric Fund ("TAF").

**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 sponsor a forum bringing together key stakeholders on climate change issues. Investment income earned on resources of the restricted fund is recognized as income of this fund. During the year \$ 1,695 (2006 - \$2,440) 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 2007 expenditures withdrawn from the fund for the Dan Leckie forum held on November 28, 2007 amounted to \$4,135 (2006 - 4,844).

**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, 2007**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**(b) Financial instruments**

The carrying value of receivables, due from/to Toronto Atmospheric Fund, 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. 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.

<b>(a) Deferred Revenues</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
City mandated contribution from TAF to:		
Smog Summit	\$ 20,833	\$ 20,833
GTA Clean Air Council	20,834	20,834
Contribution from Municipalities to:		
GTA Clear Air Council	41,475	36,625
Toronto Community Foundation funding for:		
TCAT	8,369	-
Funding for 20/20 project	20,500	-
Funding for OTF Evaluation project	-	12,225
Funding for GTAF project	-	2,215
	<u>\$112,011</u>	<u>\$ 92,732</u>

**CLEAN AIR PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**3. DEFERRED REVENUE AND EXPENDITURES - Continued**

**(b) Deferred Expenditures**

The expenses deferred consist primarily of amounts to be charged to funded projects in respect of staff resources used. The net (deferred) / recognized expenses amounted to:

	<u>2007</u>	<u>2006</u>
Amounts deferred	\$ (50,186)	\$ (80,545)
Amounts recognized	<u>80,545</u>	<u>-</u>
Net (deferred) / recognized expenses	<u>\$ 30,359</u>	<u>\$ (80,545)</u>

**4. CAPITAL ASSETS**

	<u>2007</u>		<u>2006</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	<u>\$ 2,591</u>	<u>\$ 1,728</u>	<u>\$ 863</u>	<u>\$ 1,727</u>

**5. 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.

**6. FUNDING DETAILS**

	<u>2007</u>	<u>2006</u>
Toronto Atmospheric Fund contributions:		
City mandated contribution to:		
Smog summit	\$ 50,000	\$ 50,000
GTA Clean Air Council	50,000	50,000
Core funding	75,000	100,000
Deferred revenues for GTAF project	2,215	(2,215)
Grant for developing evaluation capacity	-	50,000
Funding for GTAF project	-	20,000
Grant for project	-	25,000
	<u>\$177,215</u>	<u>\$292,785</u>

**CLEAN AIR PARTNERSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**6. FUNDING DETAILS - Continued**

	<u>2007</u>	<u>2006</u>
Earned income:		
Clean Air Environment Guide		
Advertising	\$91,177	\$ -
Doors Open companion Guide		
Advertising	13,700	-
Evaluation Workshop		
Registration fees	1,750	-
OTF Evaluation sponsorship	1,000	-
Speaker's fees	2,625	-
	<u>\$110,252</u>	<u>\$ -</u>