

FINANCIAL STATEMENTS
For
CLEAN AIR PARTNERSHIP
For the year ended
DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the directors of

CLEAN AIR PARTNERSHIP

We have audited the accompanying financial statements of the Clean Air Partnership, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in fund balances 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 the Clean Air Partnership 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 15, 2017.

CLEAN AIR PARTNERSHIP

(Incorporated under the laws of Ontario without share capital)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 362,828	\$ 328,227
Accounts receivable (note 4)	53,154	172,628
Dan Leckie fund receivable	34,018	32,130
Prepaid expenses	<u>5,113</u>	<u>5,042</u>
	455,113	538,027
CAPITAL ASSETS (note 5)	<u>1,883</u>	<u>-</u>
	<u>\$ 456,996</u>	<u>\$ 538,027</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 39,150	\$ 42,725
Deferred contributions (note 7)	<u>158,902</u>	<u>195,428</u>
	<u>198,052</u>	<u>238,153</u>
FUND BALANCES		
Operating fund	224,926	267,744
Restricted fund (note 2)	<u>34,018</u>	<u>32,130</u>
	<u>258,944</u>	<u>299,874</u>
	<u>\$ 456,996</u>	<u>\$ 538,027</u>

Approved by the Board:



Bernie McIntyre - CAP Board Member



Susanne Gossage - CAP Board Member
(See accompanying notes)

CLEAN AIR PARTNERSHIP
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Restricted Fund</u> (note 2)	<u>Total 2016</u>	<u>Total 2015</u>
Fund balances, beginning of year	\$ 267,744	\$ 32,130	\$ 299,874	\$ 200,838
Net revenue over expenses (expenses over revenues)	<u>(42,818)</u>	<u>1,888</u>	<u>(40,930)</u>	<u>99,036</u>
Fund balances, end of year	<u>\$ 224,926</u>	<u>\$ 34,018</u>	<u>\$ 258,944</u>	<u>\$ 299,874</u>

(See accompanying notes)

CLEAN AIR PARTNERSHIP
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Contributions		
Municipalities	\$ 160,807	\$ 143,726
City of Toronto	100,000	105,000
Foundations	158,159	78,268
Government of Canada	30,075	67,284
Province of Ontario	29,000	24,466
Other corporate sponsors	-	3,000
Other grants and contributions	<u>126,441</u>	<u>204,544</u>
	604,482	626,288
Earned income (note 9)	4,589	41,548
Interest	<u>1,888</u>	<u>1,068</u>
	<u>610,959</u>	<u>668,904</u>
Expenses		
Salaries and employee benefits	416,974	386,098
Marketing, promotion, and events	29,291	68,363
Contract services	126,751	65,134
Communications	9,740	12,686
Office and general	37,505	10,224
Office equipment and service	9,307	10,007
Travel	7,651	7,005
Professional fees	5,905	5,460
Printing	7,823	4,891
Amortization expense	<u>942</u>	<u>-</u>
	<u>651,889</u>	<u>569,868</u>
Net revenues over expenses (expenses over revenues)	<u>\$ (40,930)</u>	<u>\$ 99,036</u>

(See accompanying notes)

CLEAN AIR PARTNERSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenues over expenses (expenses over revenues)	\$ (40,930)	\$ 99,036
Adjustments for:		
Amortization expense	<u>942</u>	<u>-</u>
	(39,988)	99,036
Changes in non-cash working capital components:		
Accounts receivable	119,474	31,163
Dan Leckie fund receivable	(1,888)	(1,068)
Unbilled amounts receivable	-	28,304
Prepaid expenses	(71)	(1,379)
Accounts payable and accrued liabilities	(3,575)	(49,164)
Deferred contributions	<u>(36,526)</u>	<u>118,819</u>
	<u>37,426</u>	<u>225,711</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,825)</u>	<u>-</u>
INCREASE IN CASH	34,601	225,711
CASH AT BEGINNING OF YEAR	<u>328,227</u>	<u>102,516</u>
CASH AT END OF YEAR	<u>\$ 362,828</u>	<u>\$ 328,227</u>

(See accompanying notes)

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. NATURE OF OPERATIONS

Clean Air Partnership ("CAP") was incorporated under the laws of the Province of Ontario, by the Toronto Atmospheric Fund ("TAF") 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 TAF Act, 2005 the corporation changed its name from the Toronto Atmospheric Fund Foundation to Clean Air Partnership. In addition, CAP's objects were expanded to cover air quality issues and changes were made to other substantive provisions.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue and expense recognition

Contributions received for projects continuing into the following year related to expenses of future periods or specific expenditures are deferred and recognized as the related expenditures are incurred.

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 2016 \$1,888 interest income was earned (2015 - \$1,864). At the beginning of 2005 the assets of the fund (being cash) were transferred to TAF to manage and invest on behalf of CAP.

Operating fund

The operating fund comprises the balance of CAP's resources. A portion of the funding received is to be used on specific project(s) and are recognized as per the above *Revenue and expense recognition* note.

Unrestricted contributions are recognized when received. Investment income earned on cash balances is recognized as earned.

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Financial instruments

Initial measurement

CAP recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value.

Subsequent measurement

At each reporting date, CAP measures its financial assets and liabilities at amortized cost.

CAP determines whether there is any objective evidence of impairment of the financial assets, for financial assets subsequently measured at amortized cost. Any financial asset impairment is recognized in the statement of operations.

Capital assets

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

Contributed services

Contributed services are recognized in these financial statements when the amounts are reasonably determinable based on estimated fair market value.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amounts of revenues and expenses during the reporting period. Management makes estimates when determining the useful life of capital assets, assessing the allowance for doubtful accounts, significant accrued liabilities and revenue earned in the period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected.

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

3. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to CAP's financial instruments.

Credit risk

CAP is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. CAP's maximum exposure to credit risk represents the sum of the carrying value of its cash and accounts receivable. CAP's cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that CAP's credit risk with respect to accounts receivable is limited with no allowance recorded. The organization manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CAP's cash earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible.

Liquidity risk

Liquidity risk refers to the adverse consequence that CAP will encounter difficulty in meeting obligations associated with financial liabilities, which is comprised of accounts payable and accrued liabilities.

CAP manages liquidity risk by monitoring its cash flow requirements on a regular basis. CAP believes its overall liquidity risk to be minimal as their financial assets are considered to be highly liquid.

Changes in risk

There have been no changes in the risk exposures from the prior year.

4. TORONTO ATMOSPHERIC FUND

CAP and TAF share office premises and various resources and expenditures. The related costs are charged proportionately between CAP and TAF.

	<u>2016</u>	<u>2015</u>
Receivable from TAF		
For shared costs	\$ 1,248	\$ 3,369
Payable to TAF		
For shared costs	<u>(1,792)</u>	<u>(3,692)</u>
Net amount payable	<u>\$ (544)</u>	<u>\$ (323)</u>

CLEAN AIR PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

5. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Computer equipment	\$ 8,934	\$ 7,051	\$ 6,110	\$ 6,110
Accumulated amortization	<u>7,051</u>		<u>6,110</u>	
	<u>\$ 1,883</u>		<u>\$ -</u>	

6. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are \$Nil (2015 - \$6,983) in government remittances payable.

7. DEFERRED CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 195,428	\$ 106,499
Add: Funds received	567,956	715,217
Less: Amounts recognized as revenue	<u>(604,482)</u>	<u>(626,288)</u>
Balance, end of year	<u>\$ 158,902</u>	<u>\$ 195,428</u>

8. CONTINGENT MATTERS

CAP may be liable for all or a portion of grant contributions received as the expenses funded 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.

9. FUNDING DETAILS

	<u>2016</u>	<u>2015</u>
Earned income:		
Registrations for Complete Streets Forum	<u>\$ 4,589</u>	<u>\$ 41,548</u>