CLEAN AIR PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of the Clean Air Partnership,

Opinion
We have audited the financial statements of the Clean Air Partnership (the organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Clean Air Partnership as at December 31, 2018 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.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter
The financial statements of the Clean Air Partnership as at and for the year ended December 31, 2017 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 26, 2018.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 19, 2019
Toronto, Ontario

CLEAN AIR PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	$ 429,488	$ 383,793
Accounts receivable	55,839	125,861
Prepaid expenses	416	6,255
Due from Toronto Atmospheric Fund (TAF)	37,095	35,946
	485,743	515,909
Capital assets (note 3)	2,387	942
	$ 525,225	$ 552,797
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 48,614	$ 44,121
Deferred contributions (notes 4 and 7)	129,055	256,690
	177,669	300,811
Net assets (note 7)		
Unrestricted	347,556	251,986
	$ 525,225	$ 552,797

Approved on behalf of the Board:

________________________________, Director

________________________________, Director

see accompanying notes

CLEAN AIR PARTNERSHIP

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Contributions (note 5)	$ 697,476	$ 596,665
Earned income	127,349	88,781
Investment income	361	-
	825,186	685,446
EXPENSES		
Salaries and benefits	460,271	398,289
Contractors	187,625	172,245
Marketing, promotion and events	25,096	15,554
Administration	18,854	36,298
Office equipment and service	12,657	11,560
Travel	12,592	10,952
Communications	10,386	12,545
Amortization	2,135	942
	729,616	658,385
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	95,570	27,061
Net assets, beginning of year (note 7)	251,986	224,925
NET ASSETS, END OF YEAR	$ 347,556	$ 251,986

see accompanying notes

CLEAN AIR PARTNERSHIP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ 95,570	$ 27,061
Amortization of capital assets	2,135	942
Net change in non-cash working capital items (see below)	(47,280)	(5,090)
Net cash generated from operating activities	50,425	22,913
INVESTING ACTIVITIES		
Purchase of marketable securities	(1,149)	(1,928)
Purchase of capital assets	(3,581)	-
Net cash used for investing activities	(4,730)	(1,928)
NET INCREASE IN CASH FOR THE YEAR	45,695	20,985
Cash, beginning of year	383,793	362,808
CASH, END OF YEAR	$ 429,488	$ 383,793

Net change in non-cash working capital items:

	2018	2017
Decrease (increase) in current assets-		
Accounts receivable	$ 70,022	$ (72,689)
Prepaid expenses	5,840	(1,142)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	4,493	4,971
Deferred contributions	(127,635)	63,770
	$ (47,280)	$ (5,090)

see accompanying notes

Clean Air Partnership (the organization) was incorporated under the laws of the Province of Ontario, by the Toronto Atmospheric Fund (TAF) Act 1992 as a corporation without share capital. In 2005, the organization changed its name from the TAF Foundation to Clean Air Partnership. The organization is exempt from income tax in Canada as a public foundation under the Income Tax Act (Canada).

Clean Air Partnership's objective is to promote global climate stabilization and public understanding of global warming and air quality issues and its implications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

i) The organization follows the deferral method of revenue recognition for contributions, which include grants and donations.

Externally restricted contributions, including project grants, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

ii) Earned income is recognized in the period in which the services are provided or goods received.

iii) Interest income is recognized in the period earned.

Capital assets
Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	- 3 years, straight line basis

2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, accounts receivable, due from TAF, and accounts payable and accrued liabilities, initially at fair value and subsequently recorded net of any provisions for impairment in value.

3. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Computer equipment	$ 12,515	$ (10,128)	$ 2,387	$ 942

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	$ 256,690	$ 192,920
Add cash received from contributions	569,841	660,435
Less contribution revenue recognized (note 5)	(697,476)	(596,665)
Deferred contributions, end of year	$ 129,055	$ 256,690

5. CONTRIBUTIONS

Contribution revenue recognized in the year was from the following sources:

	2018	2017
Municipalities	$ 282,087	$ 266,880
Not-for-profit organizations and government agencies	232,677	111,185
Foundations	131,884	183,435
Government of Canada	44,775	-
Province of Ontario	6,053	35,165
	$ 697,476	$ 596,665

6. NON-MONETARY TRANSACTION

The City of Toronto provides office space to the organization at no cost.

7. PRIOR PERIOD ADJUSTMENT

The organization follows the deferral method of revenue recognition for contributions. Under the deferral method, restricted contributions are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred. For the year ended December 31, 2017, the organization recorded a restricted contribution in net assets. The error has been corrected retroactively resulting in an increase in deferred contributions and decrease in net assets of $37,095 as at December 31, 2017. The correction has no impact to excess of revenue over expenses or the statement of cash flows for the year ended December 31, 2017.