

**CLIMATE ACTION NETWORK/
RÉSEAU ACTION CLIMAT - CANADA**

FINANCIAL STATEMENTS

MARCH 31, 2019

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the:

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA

Opinion

We have audited the accompanying financial statements of Climate Action Network/Réseau Action Climat - Canada, which comprise the Statement Of Financial Position as at March 31, 2019, and the Statements Of Changes In Net Assets, Operations, 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 Climate Action Network/Réseau Action Climat - Canada as at March 31, 2019, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Climate Action Network/Réseau Action Climat - Canada 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 Climate Action Network/Réseau Action Climat - Canada'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 Climate Action Network/Réseau Action Climat - Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Climate Action Network/Réseau Action Climat - Canada's financial reporting process.

Auditors' 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 auditors' 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 Climate Action Network/Réseau Action Climat - Canada'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 Climate Action Network/Réseau Action Climat - Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Climate Action Network/Réseau Action Climat - Canada 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.



Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
May 29, 2019

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 345,405	\$ 278,592
Accounts receivable	14,307	43,553
Short-term investment (note 3)	21,633	21,366
Prepaid expenses	<u>2,476</u>	<u>46,511</u>
	383,821	390,022
RESERVE FUND INVESTMENT (note 4)	<u>50,000</u>	<u>20,793</u>
	<u>\$ 433,821</u>	<u>\$ 410,815</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,478	\$ 845
Deferred contributions	<u>269,157</u>	<u>265,732</u>
	<u>271,635</u>	<u>266,577</u>
NET ASSETS		
Unrestricted	112,186	123,445
Internally restricted Reserve Fund (note 4)	<u>50,000</u>	<u>20,793</u>
	<u>162,186</u>	<u>144,238</u>
	<u>\$ 433,821</u>	<u>\$ 410,815</u>

Approved by the Board:

Director

Director

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
STATEMENT OF CHANGES IN NET ASSETS
AS AT MARCH 31, 2019

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2019</u>	<u>Total 2018</u>
NET ASSETS				
BALANCE, BEGINNING OF YEAR	\$ 123,445	\$ 20,793	\$ 144,238	\$ 117,167
TRANSFER TO INTERNALLY RESTRICTED RESERVE FUND	(29,167)	29,167	-	-
EXCESS OF REVENUE OVER EXPENDITURE	<u>17,908</u>	<u>40</u>	<u>17,948</u>	<u>27,071</u>
BALANCE, END OF YEAR	<u>\$ 112,186</u>	<u>\$ 50,000</u>	<u>\$ 162,186</u>	<u>\$ 144,238</u>

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Donations	\$ 7,721	\$ 902
Foundations	387,648	244,591
Government support	35,276	48,549
Memberships	50,570	51,440
Interest and other income	<u>8,861</u>	<u>9,743</u>
	<u>490,076</u>	<u>355,225</u>
EXPENDITURE		
ADMINISTRATION		
Annual general meeting	244	204
Bank charges and interest	582	172
Office and general	9,950	9,040
Professional fees	6,046	17,124
Rent	13,500	5,775
Telecommunications	3,653	5,185
Travel (local)	<u>371</u>	<u>167</u>
	<u>34,346</u>	<u>37,667</u>
PROGRAMS		
Communications and outreach	3,633	18,477
Conferences and meetings	41,196	32,733
Staffing	306,184	165,956
Translation	1,124	4,192
Travel	85,249	65,166
Website	<u>396</u>	<u>3,963</u>
	<u>437,782</u>	<u>290,487</u>
TOTAL EXPENDITURE	<u>472,128</u>	<u>328,154</u>
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	<u>\$ 17,948</u>	<u>\$ 27,071</u>

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess of revenue over expenditure for the year	\$ 17,948	\$ 27,071
Net changes in non-cash items related to operations:		
Accounts receivable	29,246	(35,242)
Restricted short-term investment	(29,207)	(82)
Short-term investment	(267)	(380)
Prepaid expenses	44,035	(44,206)
Accounts payable and accrued liabilities	1,633	676
Deferred contributions	<u>3,425</u>	<u>251,652</u>
INCREASE IN CASH	66,813	199,489
CASH, BEGINNING OF YEAR	<u>278,592</u>	<u>79,103</u>
CASH, END OF YEAR	<u>\$ 345,405</u>	<u>\$ 278,592</u>

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

1. NATURE OF OPERATIONS

The Climate Action Network/Réseau Action Climat - Canada is a not-for-profit organization that was granted a charter by letters patent under the Canada Corporations Act on April 1, 2004. The Organization was formed to support the prevention of dangerous levels of human interference with the global climate system and protection of environmental sustainability and public health.

The Organization is exempt from income taxes under the Income Tax Act of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

REVENUE RECOGNITION

The Organization recognizes revenue from grants and contracts by the deferral method, whereby revenue is recognized in the year in which the related expenses are incurred.

Revenue from memberships are recognized in the period to which the memberships relates.

Revenue from donations, interest and other are recognized when received.

CONTRIBUTIONS IN-KIND

Many organizations and individuals provide a significant amount of volunteer effort to the Organization. The fair value of these services are often difficult to determine. Contributed services are only recognized in the financial statements when the fair value can be reasonably estimated, such services are used in the normal course of operations and the provider of the services has explicitly defined the value of the services to the Organization. The Organization is dependent on such contributors to appropriately report the value of all contributions and services in-kind.

ALLOCATION OF EXPENSES

The Organization allocates salaries and benefits based on an estimate of the percentage of time each person typically spends in each area. Rent is allocated based on an estimate of the percentage of time the space was used for each project. Travel and professional fees are allocated based on actual expenditures.

FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, short-term investments, restricted short-term investments, accounts payable and accrued liabilities and deferred contributions. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Organization is not exposed to significant interest rate or currency risks arising from these financial instruments.

CLIMATE ACTION NETWORK/RÉSEAU ACTION CLIMAT - CANADA
NOTES TO THE FINANCIAL STATEMENTS (continued)
MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

3. SHORT-TERM INVESTMENT

The short-term investment consists of a guaranteed investment certificate bearing interest at 1.25% annually (2018 - 1.25% annually) maturing August 17, 2019.

4. RESERVE FUND INVESTMENT

The restricted investment consists of a guaranteed investment bearing interest at 0.5% annually (2018 - 0.4% annually) and matures on September 12, 2019. The restricted investment is internally restricted to match the internally restricted reserve fund.

5. LEASE COMMITMENTS

The Organization is committed to an operating lease for office facility. The minimum payments over the next two years are as follows:

2020	\$	13,500
2021		5,625