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CLEAN AIR PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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, 2021 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.

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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.

Chartered Professional Accountants
Licensed Public Accountants

Date of Board Approval
Toronto, Ontario

CLEAN AIR PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

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AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	$ 753,652	$ 641,170
Guaranteed investment certificate (note 3)	92,662	92,412
Accounts receivable	170,649	183,540
Prepaid expenses	-	624
Due from Toronto Atmospheric Fund (TAF)	42,206	42,206
	$ 1,059,169	$ 959,952
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 16,830	$ 21,841
Deferred contributions (note 4)	206,095	37,095
	222,925	58,936
Canada Emergency Business Account loan payable (note 5)	-	30,000
	222,925	88,936
Net assets		
Designated (note 6)	100,000	100,000
Unrestricted	736,244	771,016
	836,244	871,016
	$ 1,059,169	$ 959,952

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

CLEAN AIR PARTNERSHIP

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

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FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Contributions (note 7)	$ 1,964,567	$ 1,664,022
Earned income	169,555	305,604
Forgivable portion of CEBA loan (note 5)	-	10,000
Investment income	270	3,612
	2,134,392	1,983,238
EXPENSES		
Contractors	1,561,311	1,076,105
Salaries and benefits	531,425	517,983
Program development	29,528	2,971
Office equipment and service	18,301	8,277
Communications	14,443	10,192
Administration	11,339	31,139
Marketing, promotion and events	1,706	4,665
Travel	1,111	3,314
	2,169,164	1,654,646
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(34,772)	328,592
Net assets, beginning of year	871,016	542,424
NET ASSETS, END OF YEAR	$ 836,244	$ 871,016

see accompanying notes

CLEAN AIR PARTNERSHIP

STATEMENT OF CASH FLOWS

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FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ (34,772)	$ 328,592
Net change in non-cash working capital items (see below)	177,504	(73,158)
Net cash generated from operating activities	142,732	255,434
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificate	(250)	(577)
FINANCING ACTIVITIES		
Proceeds from (repayment of) CEBA loan, net of forgivable portion	(30,000)	30,000
NET INCREASE IN CASH FOR THE YEAR	112,482	284,857
Cash, beginning of year	641,170	356,313
CASH, END OF YEAR	$ 753,652	$ 641,170

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	$ 12,891	$ (74,123)
Prepaid expenses	624	(208)
Due from Toronto Atmospheric Fund	-	(3,008)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(5,011)	4,181
Deferred contributions	169,000	
	$ 177,504	$ (73,158)

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. 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 are received.

iii) Interest income is recognized as revenue in the period earned.

2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, a guaranteed investment certificate, accounts receivable, due from TAF and accounts payable and accrued liabilities, initially at fair value. Subsequently, the guaranteed investment certificate is measured at cost plus accrued interest and all other financial instruments are recorded net of any provisions for impairment in value.

3. GUARANTEED INVESTMENT CERTIFICATE

The guaranteed investment certificate is issued and held by a major Canadian chartered bank, bears interest at 0.20% and matures in April 1, 2022.

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2021	2020
Deferred contributions, beginning of year	$ 37,095	$ 37,095
Add cash received from contributions	2,133,567	1,664,022
Less contribution revenue recognized (note 7)	(1,964,567)	(1,664,022)
Deferred contributions, end of year	$ 206,095	$ 37,095

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

In 2020, the organization obtained the Canada Emergency Business Account (CEBA) loan of $40,000 from the Government of Canada. The unsecured loan bears no interest and no principal repayments are required until December 31, 2023. Proceeds from the loan can only be used for non-deferrable operating expenses. If the organization repays $30,000 of the loan when due, the remaining $10,000 is forgiven. As at year end, the organization made all principal repayments in respect of the CEBA loan.

6. DESIGNATED NET ASSETS

The Board of Directors designated net assets of $100,000 to be used for contingency purposes. Use of these funds is subject to approval by the Board of Directors.

7. CONTRIBUTIONS

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

	2021	2020
Foundations	$ 1,468,200	$ 1,069,241
Other not-for-profit organizations and government agencies	305,836	354,256
Municipalities	182,905	240,525
Government of Canada	7,626	-
	$ 1,964,567	$ 1,664,022

8. NON-MONETARY TRANSACTION

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

9. PENSION PLAN

The organization is enrolled in the OPTrust Select defined benefit pension plan administered by OPTrust, which is a multi-employer pension plan. This plan has been accounted for on a defined contribution basis as there is not sufficient information available to account for the plan as a defined benefit plan. The most recent actuarial funding valuation of the plan is dated December 31, 2019 and showed assets of $27,091 million and liabilities of $26,943 million, resulting in a surplus of $148 million. The organization's contributions to the pension plan for the year ended December 31, 2021 amounted to $10,364 (2020 - $13,781).