

**Climate Change Central  
Financial Statements  
For the year ended December 31, 2003**

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## Auditors' Report

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### To the Board of Directors of Climate Change Central

We have audited the statement of financial position of Climate Change Central as at December 31, 2003 and the statements of operations, cash flows and changes in fund balances for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2003, the results of its operations, cash flows and the changes in its fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

### Chartered Accountants

Calgary, Alberta  
February 20, 2004

**Climate Change Central  
Statement of Financial Position**

December 31	Restricted Funds			Total	Total
	General Fund	Operating Fund	Project Fund		
	2003	2003	2003	2003	2002
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 1,250	\$ 357,584	\$ (147,523)	\$ 211,310	\$ 241,330
Marketable securities (Note 3)	-	342,856	3,552,402	3,895,258	4,881,359
Accounts receivable	-	31,157	74,607	105,764	90,697
Prepaid expenses	-	28,756	-	28,756	25,562
	<u>1,250</u>	<u>760,352</u>	<u>3,479,486</u>	<u>4,241,088</u>	<u>5,238,948</u>
<b>Property and equipment (Note 4)</b>	<u>-</u>	<u>228,399</u>	<u>-</u>	<u>228,399</u>	<u>204,197</u>
	<b>\$ 1,250</b>	<b>\$ 988,751</b>	<b>\$ 3,479,486</b>	<b>\$ 4,469,487</b>	<b>\$ 5,443,145</b>

**Liabilities and Fund Balances**

**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ -	\$ 115,752	\$ 159,551	\$ 275,303	328,531
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**Fund balances**

Invested in property and equipment	-	228,399	-	228,399	204,196
Unrestricted fund balances	1,250	-	-	1,250	1,250
Restricted fund balances (Note 11)	-	644,600	3,319,935	3,964,535	4,909,168
	<u>1,250</u>	<u>872,999</u>	<u>3,319,935</u>	<u>4,194,184</u>	<u>5,114,614</u>
	<b>\$ 1,250</b>	<b>\$ 988,751</b>	<b>\$ 3,479,486</b>	<b>\$ 4,469,487</b>	<b>\$ 5,443,145</b>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Climate Change Central Statement of Operations

For the year ended December 31

	Restricted Funds			Total	Total
	General Fund 2003	Operating Fund 2003	Project Fund 2003	2003	2002
<b>Revenue</b>					
Provincial grants	\$ -	\$ -	\$ 2,750,000	\$ 2,750,000	\$ 2,893,454
Federal government support	-	-	74,676	74,676	13,600
Industry contributions (Note 7)	-	-	-	-	31,880
Conference fees and sponsorships	-	-	148,904	148,904	67,521
Other Income	-	-	-	-	2,143
Interest income	-	48,979	36,070	85,049	105,921
<b>Total revenue</b>	<b>-</b>	<b>48,979</b>	<b>3,009,650</b>	<b>3,058,629</b>	<b>3,114,519</b>
<b>Expenditures</b>					
<b>Contracts, wages and benefits</b>					
Wages and benefits	-	1,082,149	137,610	1,219,759	1,031,767
Contracts	-	322,538	734,297	1,056,835	614,143
	-	<b>1,404,687</b>	<b>871,907</b>	<b>2,276,594</b>	<b>1,645,910</b>
<b>Board governance</b>					
Honoraria (Note 6)	-	117,045	-	117,045	117,348
Meeting expenses	-	6,935	-	6,935	7,409
	-	<b>123,980</b>	<b>-</b>	<b>123,980</b>	<b>124,757</b>
<b>Premises operations</b>					
Rent	-	152,796	36,581	189,377	145,262
Utilities	-	3,967	-	3,967	3,211
Business taxes	-	5,275	1,104	6,379	4,170
Repairs and maintenance	-	9,612	-	9,612	4,064
	-	<b>171,650</b>	<b>37,685</b>	<b>209,336</b>	<b>156,707</b>
<b>General and administration</b>					
Sponsorships	-	47,950	161,734	209,684	98,348
Energy efficiency & conservation incentives	-	-	80,000	80,000	-
Travel expenses	-	99,224	16,490	115,714	77,911
Telecommunications	-	40,476	7,550	48,026	44,272
Technical support	-	80,605	44,896	125,501	53,958
Professional fees	-	194,773	94,355	289,128	235,919
Leasing - equipment	-	59,874	24,320	84,194	78,229
Insurance	-	14,405	1,552	15,957	16,016
Conferences and training	-	63,497	20,688	84,185	73,152
Licenses and permits	-	4,274	228	4,502	12,265
Journals, subscriptions and memberships	-	20,604	7,530	28,134	24,649
Office administration	-	43,282	8,043	51,325	48,563
Public education	-	41,339	88,785	130,124	74,159
Amortization	-	102,676	-	102,676	68,244
	-	<b>812,979</b>	<b>556,171</b>	<b>1,369,150</b>	<b>905,685</b>
<b>Total disbursements</b>	<b>-</b>	<b>2,513,296</b>	<b>1,465,763</b>	<b>3,979,059</b>	<b>2,833,059</b>
<b>Excess (deficiency) of receipts over expenditures</b>	<b>\$ -</b>	<b>\$ (2,464,317)</b>	<b>\$ 1,543,887</b>	<b>\$ (920,430)</b>	<b>\$ 281,460</b>

The accompanying notes are an integral part of these financial statements.

**Climate Change Central  
Statement of Cash Flows**

For the year ended December 31

	Restricted Funds			Total 2003	Total 2002
	General Fund 2003	Operating Fund 2003	Project Fund 2003		
<b>Cash from operating activities</b>					
Excess (deficiency) of revenues over expenditures	\$ -	\$ (2,464,317)	\$ 1,543,887	\$ (920,430)	\$ 281,460
Amortization of property and equipment	-	102,676	-	102,676	68,244
Decrease (increase) in accounts receivable	-	39,634	(54,701)	(15,067)	(16,723)
Decrease (increase) in short term investments	-	2,951,991	(1,965,892)	986,099	(1,759,344)
Decrease in prepaids	-	(3,194)	-	(3,194)	(693)
Increase (decrease) in accounts payable	-	(137,553)	84,327	(53,226)	122,013
	-	489,237	(392,379)	96,858	(1,305,043)
<b>Investing activities</b>					
Purchase of property and equipment	-	(126,878)	-	(126,878)	(70,668)
<b>Net increase (decrease) in cash</b>	-	362,359	(392,379)	(30,020)	(1,375,711)
Cash at beginning of year	1,250	(4,776)	244,856	241,330	1,617,041
<b>Cash at end of year</b>	\$ 1,250	\$ 357,583	\$ (147,523)	\$ 211,310	\$ 241,330

The accompanying notes are an integral part of these financial statements.

**Climate Change Central  
Statement of Changes in Fund Balances**

**For the year ended December 31**

	Invested in Property and Equipment	Restricted for Operations	Restricted for Projects	Unrestricted	Total 2003	Total 2002
<b>Balance, beginning of year</b>	\$ 204,197	\$ 3,133,119	\$ 1,776,048	\$ 1,250	\$ 5,114,614	\$ 4,833,154
Excess (deficiency) of revenues over expenses	(102,676) <sup>(1)</sup>	(2,361,641)	1,543,887	-	(920,430)	281,460
Purchase of property and equipment	126,878 <sup>(2)</sup>	(126,878)	-	-	-	-
<b>Balance, end of year</b>	\$ 228,399	\$ 644,600	\$ 3,319,935	\$ 1,250	\$ 4,194,184	\$ 5,114,614

*(1) Consists of amortization expense*

*(2) Consists of purchases*

**December 31, 2003**

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**1. Operations**

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Climate Change Central (the "Organization") was incorporated on March 31, 2000 under Part 9 of the Companies Act, (Alberta), as a not-for-profit organization. The Organization is to act as a catalyst for, and a coordinator of, activities undertaken by Alberta individuals, business institutions, and governments to reduce greenhouse gas emissions and to increase Alberta's Environmental Energy Advantage. The Organization is a not-for-profit organization and under section 149(1) of the Income Tax Act is exempt from the payment of income taxes.

The Organization's current operating agreement with the Alberta Provincial Government expires on March 31, 2004. The continued operations of the Organization are dependent on further funding being provided. The financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Organization not continue to operate.

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**2. Significant Accounting Policies**

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The financial statements of the Organization have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity 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. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Fund Accounting

The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for a donation that was received by a board member. There are no restrictions on the use of the money.

The Project Fund accounts for funds received for specific projects and related expenses.

The Operating Fund accounts for the Organization's operations. This fund is comprised of the 'Operating Fund' see Note #5.

(b) Revenue Recognition

Restricted contributions are recognized in the period in which they are received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Other sources of revenue include donated services and are recorded on an accrual basis. Amounts pledged as future contributions are not recognized in the accounts.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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**December 31, 2003**

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**2. Significant Accounting Policies – cont'd**

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(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less cheques issued in excess of bank balances.

(d) Marketable Securities

Marketable Securities are stated at the lower of cost and market value

(e) Amortization of Property and Equipment

Purchased property and equipment are recorded at cost. The Organization charges amortization on property and equipment on a straight-line basis over their estimated useful lives commencing in the quarter in which any asset is purchased, using the following rates:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Office equipment	5 years

(f) Contributed Services

Volunteers contribute significant hours to Climate Change Central to assist the Organization in carrying out its mandate. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

(g) Financial Instruments

The Organization carries a number of financial instruments. Unless otherwise indicated, it is management's opinion that the Organization is not exposed to significant credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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**3. Marketable Securities**

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Marketable securities consist of premium money market fund investments invested in BMO Mutual Funds with the Bank of Montreal.

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**Climate Change Central  
Notes To Financial Statements**

**December 31, 2003**

<b>4. Property and Equipment</b>	<b>2003</b>		<b>2002</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Furniture and fixtures	\$ 271,591	\$ 143,307	\$ 225,620	\$ 94,129
Office equipment	3,888	2,610	3,888	1,833
Leasehold improvements	80,375	49,303	75,886	23,643
Computer hardware	70,770	30,930	30,059	17,802
Computer software	51,646	23,722	15,963	9,812
	<u>\$ 478,271</u>	<u>\$ 249,872</u>	<u>\$ 351,416</u>	<u>\$ 147,219</u>
<b>Net Book Value</b>		<b>\$ 228,399</b>		<b>\$ 204,197</b>

**5. Province Of Alberta Funding Agreement**

Pursuant to the provisions of the "Funding Agreement" dated July 13, 2000 between the Organization and Her Majesty the Queen in Right of Alberta as represented by the Minister of the Environment (the "Province"), the Province provided to the Organization the sum of \$6,000,000 to establish an Operating Fund, (the "Operating Fund").

In March 2002, the Organization received a further \$2,000,000 to be spent in accordance the "Funding Agreement" dated July 13, 2000. The Alberta Government is committed to continuing to provide support to Climate Change Central.

The Operating Fund may be applied to reasonable start up costs and administrative cost of the Organization for the purposes of its establishment and its operations in furtherance of the objectives set forth in the Funding Agreement which are consistent with the Business Plan and Strategic Plan as may be in effect from time to time. All income earned by the investment of the Operating Fund shall form part of the Operating Fund.

Unless terminated sooner, in accordance with the Provincial Funding Agreement or by mutual agreement of the Minister and the Organization, the Funding Agreement shall end on March 31, 2004 at which time the Minister may require the Organization to pay to the Minister all or any portion of the Operating Fund that has not been expended or committed to be expended. The Organization has granted to the Government a security interest in its present and after acquired personal property.

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**Climate Change Central  
Notes To Financial Statements**

**December 31, 2003**

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**6. Salaries and Benefits – Directors and President**

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	2003			2002
	Salaries (a)	Benefits (b)	Total	Total
Co-Chairs	\$ 9,250	\$ 357	\$ 9,607	\$ 13,923
Directors	<u>104,250</u>	<u>3,188</u>	<u>107,438</u>	<u>103,425</u>
	\$ 113,500	\$ 3,545	\$ 117,045	\$ 117,348
President	\$ 215,439	\$ 2,948	\$ 218,247	\$ 210,575

(a) Salaries include base pay, bonuses, honoraria for Co-Chairs and Directors, and other direct cash remuneration.

(b) Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including CPP contributions and employment insurance.

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**7. Industry Contributions**

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In the prior year, industry provided seconded staff. This has been recognized in these financial statements in the amount totaling \$31,880.

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**December 31, 2003**

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**10. Restricted Fund Balances**

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As disclosed in Note 5, the Operating Fund expenditures must be consistent with the Business Plan and Strategic Plan of the organization.

The Project Fund may only be applied to advance the objectives of the Organization as set out in the Operating Funding Agreement.

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**11. Contingent Liability**

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As discussed in Note 5, unless an extension to the Operating Agreement is received, the Organization may be required to repay to the Minister all or any portion of the Operating Fund that has not been expended or committed to be expended by March 31, 2005.

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