

**LEARNING FOR A SUSTAINABLE
FUTURE**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

LEARNING FOR A SUSTAINABLE FUTURE

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DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of:

Learning for a Sustainable Future

We have audited the financial statements of Learning for a Sustainable Future, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets 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.

Auditors' 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 auditors' 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 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 Learning for a Sustainable Future, as at December 31, 2015 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.

The previous year financial statements were audited by another firm of chartered professional accountants.



Chartered Professional Accountants
Licensed Public Accountants,

Toronto, Ontario
April 8, 2016

LEARNING FOR A SUSTAINABLE FUTURE

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 149,504 | \$ 118,777 |
| Short term investments (Note 3) | 501,040 | 525,000 |
| Accounts receivable | 19,672 | 130,778 |
| Prepaid expenses | 2,912 | 2,906 |
| HST receivable (Note 7) | <u>6,637</u> | <u>21,215</u> |
| | 679,765 | 798,676 |
| EQUIPMENT (Notes 4) | <u>6,388</u> | <u>2,765</u> |
| | <u>\$ 686,153</u> | <u>\$ 801,441</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (Note 5) | \$ 70,735 | \$ 51,735 |
| Deferred contributions (Note 6) | <u>108,348</u> | <u>159,021</u> |
| | <u>179,083</u> | <u>210,756</u> |
| NET ASSETS | | |
| Internally restricted (Note 8) | 300,000 | 300,000 |
| Unrestricted - page 3 | <u>207,070</u> | <u>290,685</u> |
| | <u>507,070</u> | <u>590,685</u> |
| | <u>\$ 686,153</u> | <u>\$ 801,441</u> |

APPROVED ON BEHALF OF THE BOARD:

_____, Member

_____, Member

The accompanying notes form an integral part of these financial statements

LEARNING FOR A SUSTAINABLE FUTURE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|--------------------------|
| UNRESTRICTED NET ASSETS | | |
| BALANCE - Beginning of year | \$ 290,685 | \$ 286,199 |
| Excess (short fall) of revenues over expenses | <u>(83,615)</u> | <u>4,486</u> |
| BALANCE - End of year | <u>\$ 207,070</u> | <u>\$ 290,685</u> |

The accompanying notes form an integral part of these financial statements

LEARNING FOR A SUSTAINABLE FUTURE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|-----------------|
| REVENUE | | |
| Grants, contributions and donations (Note 10) | \$ 446,285 | \$ 631,771 |
| In-kind donations | 162,684 | 69,384 |
| Registration fees | 100,724 | 52,925 |
| Resource revenue | 11,205 | 5,466 |
| Interest income | <u>4,763</u> | <u>7,127</u> |
| | <u>725,661</u> | <u>766,673</u> |
| EXPENSES | | |
| Youth engagement | 305,543 | 390,772 |
| Teaching resources and workshops | 291,040 | 180,578 |
| Policies and curricula | 106,378 | 78,937 |
| Administrative (Note 12) | 103,816 | 101,041 |
| Capacity building for UN Decade | 2,499 | 9,334 |
| Enhanced programs | <u>-</u> | <u>1,525</u> |
| | <u>809,276</u> | <u>762,187</u> |
| EXCESS (SHORT FALL) OF REVENUES OVER EXPENSES | <u>\$ (83,615)</u> | <u>\$ 4,486</u> |

The accompanying notes form an integral part of these financial statements

LEARNING FOR A SUSTAINABLE FUTURE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| CASH PROVIDED FROM (USED FOR): | | |
| OPERATIONS | | |
| Excess (short fall) of revenue over expenses | \$ (83,615) | \$ 4,486 |
| Amortization of equipment | 710 | 1,185 |
| Loss on disposal of equipment | <u>2,765</u> | <u>-</u> |
| | (80,140) | 5,671 |
| Changes in non-cash working capital | | |
| Decrease (increase) in accounts receivable | 111,105 | (91,472) |
| (Decrease) increase in government remittances receivable | 14,578 | (11,463) |
| Decrease (increase) in prepaid expenses | (6) | 34 |
| Increase in accounts payable and accrued liabilities | 19,001 | 4,828 |
| Decrease in deferred contributions | <u>(50,673)</u> | <u>(50,029)</u> |
| | <u>13,865</u> | <u>(142,431)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (7,098) | - |
| Redemption of short - term investments | <u>23,960</u> | <u>125,000</u> |
| | <u>16,862</u> | <u>125,000</u> |
| Increase (decrease) in cash during the year | 30,727 | (17,431) |
| Cash beginning of year | <u>118,777</u> | <u>136,208</u> |
| Cash end of year | <u>\$ 149,504</u> | <u>\$ 118,777</u> |

The accompanying notes form an integral part of these financial statements

LEARNING FOR A SUSTAINABLE FUTURE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

1. NATURE OF OPERATIONS

Learning for a Sustainable Future (the "Organization") was incorporated without share capital under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act. It was established to facilitate the integration of education for sustainable development into the Canadian school system. The Organization is a registered charity, as described in Section 149(1)(f) of the income Tax Act, and therefore is not subject to either federal or provincial income tax.

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2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Organization have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organization ("ASNPO").

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Grants, contributions and donations related to projects are deferred and recorded as income as the expenses are incurred. Unrestricted donations are recognized as income as received. Interest income is recognized as income as earned. Registration fee revenue is recorded as income after the workshop has taken place. Resource revenue is recorded as earned when the goods have been shipped.

b) Equipment

The Organization records its equipment at acquisition cost. Amortization of the equipment is recorded based on their estimated useful life as follows:

| | | |
|--------------------|---|----------------------------|
| Computer equipment | - | Straight-line over 5 years |
|--------------------|---|----------------------------|

c) Cash and cash equivalents

Cash and cash equivalents are comprised of non-restricted cash and short-term, highly liquid investments with and original maturity of three months or less.

d) In-kind donations

The Organization recognizes donated supplies and services as revenue when they can be reasonable estimated. They are recorded at fair value.

LEARNING FOR A SUSTAINABLE FUTURE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

CONTINUATION

e) Salaries and benefits charged to projects

The salaries and benefits charged to special projects were established based on management's best estimate of time spent on these projects.

f) Measurement uncertainty (use of estimates)

The preparation of financial statements in accordance 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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

g) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost and has not designated any financial asset or liability to be measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the amount that could be realized from selling the asset or amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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LEARNING FOR A SUSTAINABLE FUTURE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

3. SHORT TERM INVESTMENT

The short term investment is comprised of money market mutual fund bearing interest at 0.75%.

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4. EQUIPMENT

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | 2015 Net | 2014 Net |
|------------------|-----------------|-------------------------------------|------------------------|-----------------|
| Office equipment | <u>\$ 7,098</u> | <u>\$ 710</u> | <u>\$ 6,388</u> | <u>\$ 2,765</u> |

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$6,103 (2014 - \$5,198) for payroll related taxes.

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6. DEFERRED CONTRIBUTIONS

Deferred contributions consists of unspent grants and registration fees for future events:

| | 2015 | 2014 |
|-------------------|-------------------------|-------------------------|
| 3M Global | \$ 44,826 | \$ - |
| Xstrata Nickel | 22,481 | 18,146 |
| Loblaws | 19,969 | 12,308 |
| TD Foundations | 12,200 | - |
| 3M | 2,322 | 480 |
| RBC Foundation | - | 90,087 |
| Vale | - | 38,000 |
| | 101,798 | 159,021 |
| Registration fees | 6,750 | - |
| | <u>\$108,548</u> | <u>\$159,021</u> |

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LEARNING FOR A SUSTAINABLE FUTURE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

7. HST RECEIVABLE /PAYABLE

During the period the Organization applied for a GST/HST Rebate of \$11,464 (2014 - \$21,215). The GST/HST Rebate is subject to Canada Revenue Agency assessment. Management determined that, based on the past history of successful claims, it was appropriate to accrue this rebate credit. The Organization owes HST of \$4,827 (2014 - nil) from the running of professional work shops and the sale of books.

* * *

8. INTERNALLY RESTRICTED ASSETS

During the 2015 year, the Board of Directors internally restricted \$300,000 to ensure continued support for the United Nations Global Action Program for Education for Sustainable Development and the United Nations Sustainable Development Goals. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

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9. RISK MANAGEMENT

The Organization's risk management policy is to reduce volatility in cash flow and earnings. The Board of Directors reviews the risk management policy on an annual basis. The Organization is not subject to any significant rate risk, credit risk or liquidity risk. There has been no change to the risk exposure from 2014.

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10. GRANTS, CONTRIBUTIONS AND DONATIONS

| | <u>2015</u> | <u>2014</u> |
|--------------------------|-------------------|-------------------|
| Corporations | \$ 279,762 | \$ 316,713 |
| Foundations | 154,287 | 191,857 |
| Non-profit organizations | 6,221 | 98,680 |
| Individuals | 3,375 | 2,111 |
| Governments | <u>2,640</u> | <u>22,410</u> |
| | <u>\$ 446,285</u> | <u>\$ 631,771</u> |

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LEARNING FOR A SUSTAINABLE FUTURE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

11. IN-KIND DONATIONS

The Organization recorded as in-kind donations an amount of \$162,684 (2014 - \$69,384) for supplies and services as revenue. Board members and volunteers contribute many hours per year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

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12. ADMINISTRATIVE EXPENSES

Administrative expenses consist of the following:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|-------------------|-------------------|
| Salaries and benefits | \$ 299,620 | \$ 298,980 |
| Office and general | 76,326 | 72,130 |
| Audit, legal and bookkeeping fees | 11,698 | 27,773 |
| Insurance | 4,196 | 4,202 |
| Loss on disposal of assets | 2,765 | - |
| Marketing | 1,418 | 6,293 |
| Amortization | 710 | 1,185 |
| Allocated to projects | <u>(292,917)</u> | <u>(309,522)</u> |
| | <u>\$ 103,816</u> | <u>\$ 101,041</u> |

Administrative expenses are allocated to various projects based on daily time sheets maintained by all employees. The expenses charged to a project are based on the employee's hourly wage plus benefits. On certain projects where there is not a budget line for other administrative expenses, the hourly rate is adjusted to include an appropriate allocation of other administrative expenses.

Administrative costs included in project expenses are as follows:

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------------|-------------------|
| Youth engagement | \$ 177,640 | \$ 211,742 |
| Teaching resources and workshops | 69,928 | 62,531 |
| Policies and curricula | 43,309 | 25,233 |
| Capacity building for UN | 2,040 | 8,671 |
| Enhanced programs | <u>-</u> | <u>1,345</u> |
| | <u>\$ 292,917</u> | <u>\$ 309,522</u> |

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13. COMPARATIVE FIGURES

The comparative figures for 2014 have been reclassified, where necessary, to conform with the presentation adopted for 2015.

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