

**Canadian Association for Environmental
Analytical Laboratories (Inc.)**

**Financial Statements
March 31, 2001**

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Auditors' Report

To the members of the
Canadian Association for Environmental Analytical Laboratories (Inc.)

We have audited the statement of financial position of the Canadian Association for Environmental Analytical Laboratories (Inc.) as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Raymond Chabot Grant Thornton

Chartered Accountants

Ottawa, Canada
May 3, 2001

Canadian Association for Environmental Analytical Laboratories (Inc.) Operations

Year ended March 31, 2001

	<u>2001</u>	<u>2000</u>
	\$	\$
Revenue		
Evaluations	1,476,580	1,146,100
Memberships	97,996	89,040
Projects	2,664	10,520
Interest income	11,979	8,194
	<u>1,589,219</u>	<u>1,253,854</u>
Expenses		
Evaluations	767,182	549,456
Salaries and benefits	468,533	530,134
Consulting fees	-	25,715
Office and telephone	49,898	43,057
Travel and meetings	54,091	86,846
Rent	38,817	39,835
Projects	17,136	49,681
Postage and shipping	15,954	16,522
Copying and printing	20,699	11,512
Insurance	12,348	12,159
Professional fees	5,517	13,374
Advertising	15,461	12,016
Awards	1,378	1,887
Bad debt expense	1,612	-
Amortization of capital assets	12,351	7,802
	<u>1,480,977</u>	<u>1,399,996</u>
EXCESS OF REVENUE OVER EXPENSES		
(EXPENSES OVER REVENUE)	<u>108,242</u>	<u>(146,142)</u>

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

**Canadian Association for Environmental
Analytical Laboratories (Inc.)
Changes in Net Assets**

Year ended March 31, 2001

	Invested in capital assets	Unrestricted	Total	
			2001	2000
	\$	\$	\$	\$
Balance, beginning of year	27,935	362,962	390,897	537,039
Excess of revenue over expenses (expenses over revenue)	(12,351)	120,593	108,242	(146,142)
Investment in capital assets	25,230	(25,230)	–	–
Balance, end of year	<u>40,814</u>	<u>458,325</u>	<u>499,139</u>	<u>390,897</u>

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

Canadian Association for Environmental Analytical Laboratories (Inc.)

Cash Flows

Year ended March 31, 2001

	<u>2001</u>	<u>2000</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	108,242	(146,142)
Non-cash items		
Amortization of capital assets	12,351	7,802
Changes in working capital items (Note 3)	(93,065)	(119,778)
Cash flows from operating activities	27,528	(258,118)
INVESTING ACTIVITIES		
Capital assets	(25,230)	(18,046)
Investment	(11,170)	91,816
Cash flows from investing activities	(36,400)	73,770
Decrease in cash	(8,872)	(184,348)
Cash, beginning of year	67,966	252,314
Cash, end of year	59,094	67,966

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

Canadian Association for Environmental Analytical Laboratories (Inc.) Financial Position

March 31, 2001

	<u>2001</u>	<u>2000</u>
	\$	\$
ASSETS		
Current assets		
Cash	59,094	67,966
Investments (Note 4)	186,574	175,404
Accounts receivable	606,193	391,755
Prepaid expenses	51,350	20,197
	<u>903,211</u>	<u>655,322</u>
Capital assets (Note 5)	40,814	27,935
	<u>944,025</u>	<u>683,257</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	276,451	180,360
Deferred revenue	168,435	112,000
	<u>444,886</u>	<u>292,360</u>
NET ASSETS		
Invested in capital assets	40,814	27,935
Unrestricted	458,325	362,962
	<u>499,139</u>	<u>390,897</u>
	<u>944,025</u>	<u>683,257</u>

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

Approved by the Board,

Director

Director

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

March 31, 2001

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Canadian Association for Environmental Analytical Laboratories (Inc.) is a non-profit organization, incorporated without share capital under the Canada Corporations Act, to raise the level of competency, consistency, capability and communication within environmental testing laboratories in Canada.

2 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from those estimates.

Revenue recognition

The Association follows the deferred method of accounting for contributions. Under this method, contributions restricted for future periods are deferred and are reported as revenue in the year in which the related expenses are incurred. Unrestricted contributions are reported as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives according to the following methods and annual rates:

	<u>Methods</u>	<u>Rates</u>
Office equipment	Declining balance	20%
Computer equipment	Straight-line	4 years

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>2001</u>	<u>2000</u>
	\$	\$
Accounts receivable	(214,438)	(99,853)
Prepaid expenses	(31,153)	28,560
Accounts payable	96,091	(48,765)
Deferred revenue	56,435	280
	<u>(93,065)</u>	<u>(119,778)</u>

**Canadian Association for Environmental
Analytical Laboratories (Inc.)
Notes to Financial Statements**

March 31, 2001

4 - INVESTMENTS

Mutual fund investments are recorded at cost plus reinvested revenue and are comprised of the following:

	<u>Units</u>	<u>Cost</u> \$	<u>2001</u> <u>Market</u> \$
Talvest Money Fund	<u>18,657</u>	<u>186,574</u>	<u>186,574</u>
			2000
	<u>Units</u>	<u>Cost</u> \$	<u>Market</u> \$
Talvest Money Fund	<u>17,540</u>	<u>175,404</u>	<u>175,404</u>

5 - CAPITAL ASSETS

	<u>Cost</u> \$	<u>Accumulated</u> <u>amortization</u> \$	<u>2001</u> <u>Net</u> \$
Office equipment	<u>22,189</u>	<u>7,121</u>	<u>15,068</u>
Computer equipment	<u>83,478</u>	<u>57,732</u>	<u>25,746</u>
	<u>105,667</u>	<u>64,853</u>	<u>40,814</u>
			2000
	<u>Cost</u> \$	<u>Accumulated</u> <u>amortization</u> \$	<u>Net</u> \$
Office equipment	<u>13,060</u>	<u>3,960</u>	<u>9,100</u>
Computer equipment	<u>67,379</u>	<u>48,544</u>	<u>18,835</u>
	<u>80,439</u>	<u>52,504</u>	<u>27,935</u>

6 - COMMITMENT

The Association has entered into long-term lease agreements expiring on October 31, 2004 which call for lease payments of \$ 69,174 for the rental of premises. Minimum lease payments for the next four years are \$19,764 in 2002, 2003, 2004 and \$9,882 in 2005.