

**Canadian Association for Environmental
Analytical Laboratories (Inc.)
Financial Statements
March 31, 2004**

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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, 2004 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, 2004 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 14, 2004

Canadian Association for Environmental Analytical Laboratories (Inc.) Operations

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
Revenue		
Evaluations	2,559,647	2,157,632
Interest income	4,357	4,274
Memberships	121,680	118,222
Projects	91,450	120,890
Training	<u>106,797</u>	<u>160,458</u>
	<u>2,883,931</u>	<u>2,561,476</u>
Expenses		
Advertising	38,260	32,051
Amortization of capital assets	17,558	16,299
Awards	608	2,461
Bad debts	26,975	14,148
Copying and printing	22,761	26,592
Evaluations	1,524,458	1,400,346
Insurance	23,748	17,031
Office and telecommunications	62,734	67,579
Postage and shipping	29,320	16,064
Professional fees	27,708	11,603
Projects	78,805	64,966
Rent and rentals	66,675	57,786
Salaries, benefits and consulting fees	818,172	663,783
Training	76,388	58,301
Travel and meetings	<u>57,237</u>	<u>72,436</u>
	<u>2,871,407</u>	<u>2,521,446</u>
Excess of revenue over expenses	<u>12,524</u>	<u>40,030</u>

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

These financial statements do not reflect the substantial value of services contributed by volunteers.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Changes in Net Assets

Year ended March 31, 2004

	<u>2004</u>		<u>2003</u>
	<u>Invested in capital assets</u> \$	<u>Unrestricted</u> \$	<u>Total</u> \$
Balance, beginning of year	54,070	559,314	613,384
Excess (deficiency) of revenue over expenses	(17,558)	30,082	12,524
Investment in capital assets	15,945	(15,945)	
Balance, end of year	<u>52,457</u>	<u>573,451</u>	<u>613,384</u>

The accompanying notes are an integral part of the financial statements.
These financial statements do not reflect the substantial value of services contributed by volunteers.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Cash Flows

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	12,524	40,030
Non-cash items		
Amortization of capital assets	17,558	16,299
Changes in working capital items (Note 3)	<u>20,083</u>	<u>20,735</u>
Cash flows from operating activities	<u>50,165</u>	<u>77,064</u>
INVESTING ACTIVITIES		
Investments in mutual funds	(4,322)	(4,249)
Acquisition of capital assets	<u>(15,945)</u>	<u>(30,745)</u>
Cash flows used in investing activities	<u>(20,267)</u>	<u>(34,994)</u>
Net increase in cash	29,898	42,070
Cash, beginning of year	<u>153,600</u>	<u>111,530</u>
Cash, end of year	<u>183,498</u>	<u>153,600</u>

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

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Canadian Association for Environmental Analytical Laboratories (Inc.)

Financial Position

March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
Current assets		
Cash	183,498	153,600
Investments (Note 4)	251,227	246,905
Accounts receivable	889,046	692,970
Prepaid expenses	<u>45,685</u>	<u>28,774</u>
	1,369,456	1,122,249
Capital assets (Note 5)	<u>52,457</u>	<u>54,070</u>
	<u><u>1,421,913</u></u>	<u><u>1,176,319</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	529,710	366,635
Deferred revenue	<u>266,295</u>	<u>196,300</u>
	<u><u>796,005</u></u>	<u><u>562,935</u></u>
NET ASSETS		
Invested in capital assets	52,457	54,070
Unrestricted	<u>573,451</u>	<u>559,314</u>
	<u><u>625,908</u></u>	<u><u>613,384</u></u>
	<u><u>1,421,913</u></u>	<u><u>1,176,319</u></u>

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

These financial statements do not reflect the substantial value of services contributed by volunteers.

On behalf of the Board

Director

Director

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

March 31, 2004

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. Under the provisions of the Income Tax Act, it is exempt from income tax.

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 these estimates.

Amortization

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

	<u>Methods</u>	<u>Rate and period</u>
Office equipment and furniture	Diminishing balance	20%
Computer equipment	Straight-line	4 years

Revenue recognition

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

Donated services

The work of the Association is assisted by the contribution of time and expenses by volunteers, the value of which is not recognized in these financial statements.

Investments

Mutual fund investments are recorded at cost plus reinvested revenue.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

March 31, 2004

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>2004</u>	<u>2003</u>
	\$	\$
Accounts receivable	(196,076)	60,437
Prepaid expenses	(16,911)	(9,539)
Accounts payable and accrued liabilities	163,075	(1,004)
Deferred revenue	69,995	(29,159)
	<u>20,083</u>	<u>20,735</u>

4 - INVESTMENTS

	<u>Units</u>	<u>Cost</u>	<u>2004</u> <u>Market</u>
		\$	\$
Talvest Money Market Fund	25,123	251,227	251,227
	<u>Units</u>	<u>Cost</u>	<u>2003</u> <u>Market</u>
		\$	\$
Talvest Money Market Fund	24,690	246,905	246,905

5 - CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated</u> <u>amortization</u>	<u>2004</u> <u>Net</u>
	\$	\$	\$
Office equipment and furniture	38,929	18,275	20,654
Computer equipment	125,309	93,506	31,803
	<u>164,238</u>	<u>111,781</u>	<u>52,457</u>
	<u>Cost</u>	<u>Accumulated</u> <u>amortization</u>	<u>2003</u> <u>Net</u>
	\$	\$	\$
Office equipment and furniture	33,388	14,296	19,092
Computer equipment	114,905	79,927	34,978
	<u>148,293</u>	<u>94,223</u>	<u>54,070</u>

6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Short-term financial instruments

Given that they will mature shortly, the fair value of the short-term financial assets and liabilities approximates their carrying amounts.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

March 31, 2004

7 - COMMITMENTS

The Association has entered into long-term lease agreements expiring on September 16, 2008 which require lease payments of \$61,929 for the rental of premises and office equipment. Minimum lease payments for the next four years are \$24,129 in 2005, \$12,600 in 2006, \$12,600 in 2007 and \$12,600 in 2008.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Supplementary Information

Year ended March 31, 2004

	2004						2003	
	Proficiency Testing	Site Assessments	Training	International Activities	Administration	Inter-Program Revenue/ Expenses	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Evaluations	1,644,309	848,292		67,046			2,559,647	2,157,632
Interest income					4,357		4,357	4,274
Memberships					121,680		121,680	118,222
Projects				91,450			91,450	120,890
Training			106,797				106,797	160,458
Administration and general allocation					384,551	(384,551)		
	<u>1,644,309</u>	<u>848,292</u>	<u>106,797</u>	<u>158,496</u>	<u>510,588</u>	<u>(384,551)</u>	<u>2,883,931</u>	<u>2,561,476</u>
Expenses								
Advertising					38,260		38,260	32,051
Amortization of capital assets					17,558		17,558	16,299
Awards					608		608	2,461
Bad debts					26,975		26,975	14,148
Copying and printing					22,761		22,761	26,592
Evaluations	911,400	580,963		32,095			1,524,458	1,400,346
Insurance					23,748		23,748	17,031
Office and telecommunications	6,034	22,916	4,651	4,243	24,890		62,734	67,579
Postage and shipping					29,320		29,320	16,064
Professional fees					27,708		27,708	11,603
Projects				78,805			78,805	64,966
Rent and rentals					66,675		66,675	57,786
Salaries, benefits and consulting fees	122,746	285,009	60,339	19,024	331,054		818,172	663,783
Training			76,388				76,388	58,301
Travel and meetings	8,263	4,055	178	4,328	40,413		57,237	72,436
Administration and general allocation	84,839	205,928	40,124	10,836	42,824	(384,551)		
	<u>1,133,282</u>	<u>1,098,871</u>	<u>181,680</u>	<u>149,331</u>	<u>692,794</u>	<u>(384,551)</u>	<u>2,871,407</u>	<u>2,521,446</u>
Excess (deficiency) of revenues over expenses	<u>511,027</u>	<u>(250,579)</u>	<u>(74,883)</u>	<u>9,165</u>	<u>(182,206)</u>		<u>12,524</u>	<u>40,030</u>