

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

Auditors' Report	2
Financial Statements	
Operations	3
Changes in Net Assets	4
Cash Flows	5
Financial Position	6
Notes to Financial Statements	7 - 9
Supplementary Information	10

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 December 31, 2004 and the statements of operations, changes in net assets and cash flows for the nine month period 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 December 31, 2004 and the results of its operations and its cash flows for the nine month period 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 LLP

Chartered Accountants 

Ottawa, Canada
January 21, 2005

Canadian Association for Environmental Analytical Laboratories (Inc.) Operations

For the nine-month period ended December 31, 2004

	31/12/2004 (9 months) \$	31/03/2004 (12 months) \$
Revenue		
Evaluations	1,909,800	2,559,647
Interest income	7,062	4,357
Memberships	106,864	121,680
Projects	16,451	91,450
Training	36,601	106,797
	<u>2,076,778</u>	<u>2,883,931</u>
Expenses		
Accreditation transition costs	28,077	
Advertising	35,659	38,260
Amortization of capital assets	18,697	17,558
Awards	33	608
Bad debts	5,137	26,975
Copying and printing	17,203	22,761
Evaluations	1,097,120	1,524,458
Insurance	24,302	23,748
Loss (gain) on foreign exchange	3,093	2,670
Office and telecommunications	49,546	60,064
Postage and shipping	17,590	29,320
Professional fees	18,547	27,708
Projects		78,805
Rent and relocation	67,308	66,675
Salaries, benefits and consulting fees	685,867	818,172
Training	30,367	76,388
Travel and meetings	65,189	57,237
	<u>2,163,735</u>	<u>2,871,407</u>
Excess (deficiency) of revenue over expenses	<u>(86,957)</u>	<u>12,524</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

For the nine-month period ended December 31, 2004

			31/12/2004	31/03/2004
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	52,457	573,451	625,908	613,384
Excess (deficiency) of revenue over expenses	(18,697)	(68,260)	(86,957)	12,524
Investment in capital assets	48,055	(48,055)		
Balance, end of year	<u>81,815</u>	<u>457,136</u>	<u>538,951</u>	<u>625,908</u>

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Canadian Association for Environmental Analytical Laboratories (Inc.)

Cash Flows

For the nine-month period ended December 31, 2004

	<u>31/12/2004</u> <u>(9 months)</u>	<u>31/03/2004</u> <u>(12 months)</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(86,957)	12,524
Non-cash items		
Amortization of capital assets	18,697	17,558
Changes in working capital items (Note 3)	<u>298,540</u>	<u>20,083</u>
Cash flows from operating activities	<u>230,280</u>	<u>50,165</u>
INVESTING ACTIVITIES		
Acquisition of investments	(257,057)	(4,322)
Disposal of investments	200,000	
Acquisition of capital assets	<u>(48,055)</u>	<u>(15,945)</u>
Cash flows from investing activities	<u>(105,112)</u>	<u>(20,267)</u>
Net increase in cash	125,168	29,898
Cash, beginning of period	<u>183,498</u>	<u>153,600</u>
Cash, end of period	<u><u>308,666</u></u>	<u><u>183,498</u></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

December 31, 2004

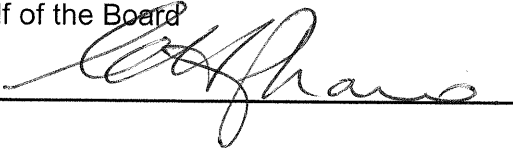
	<u>31/12/2004</u>	<u>31/03/2004</u>
	\$	\$
ASSETS		
Current assets		
Cash	308,666	183,498
Investments (Note 4)	308,284	251,227
Accounts receivable	424,554	889,046
Prepaid expenses	<u>50,202</u>	<u>45,685</u>
	1,091,706	1,369,456
Capital assets (Note 5)	<u>81,815</u>	<u>52,457</u>
	<u><u>1,173,521</u></u>	<u><u>1,421,913</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	593,356	529,710
Deferred revenue	<u>41,214</u>	<u>266,295</u>
	<u>634,570</u>	<u>796,005</u>
NET ASSETS		
Invested in capital assets	81,815	52,457
Unrestricted	<u>457,136</u>	<u>573,451</u>
	<u>538,951</u>	<u>625,908</u>
	<u><u>1,173,521</u></u>	<u><u>1,421,913</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

December 31, 2004

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Canadian Association for Environmental Analytical Laboratories (Inc.), (CAEAL) 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, and under the provisions of the Income Tax Act, it is exempt from income tax.

Effective December 31, 2004 CAEAL has adopted a calendar year-end, current results are for a nine month period then ended, and comparative results are for a twelve month period.

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

CAEAL 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

Investments are recorded at cost.

Foreign currency translation

Revenue and expenses denominated in foreign currency are translated at the average rate in effect during the year. Gains and losses are included in the statement of operations.

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

December 31, 2004

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>31/12/2004</u> <u>(9 months)</u>	<u>31/03/2004</u> <u>(12 months)</u>
	\$	\$
Accounts receivable	464,492	(196,076)
Prepaid expenses	(4,517)	(16,911)
Accounts payable and accrued liabilities	63,646	163,075
Deferred revenue	<u>(225,081)</u>	<u>69,995</u>
	<u>298,540</u>	<u>20,083</u>

4 - INVESTMENTS

	<u>31/12/2004</u>		
	<u>Units</u>	<u>Cost</u>	<u>Market</u>
		\$	\$
TD Money Market Fund	5,254	52,537	52,537
TD Short Term Bond Fund	<u>25,172</u>	<u>255,747</u>	<u>255,747</u>
	<u>30,426</u>	<u>308,284</u>	<u>308,284</u>

	<u>31/03/2004</u>		
	<u>Units</u>	<u>Cost</u>	<u>Market</u>
		\$	\$
Talvest Money Market Fund	<u>25,123</u>	<u>251,227</u>	<u>251,227</u>

5 - CAPITAL ASSETS

	<u>31/12/2004</u>		
	<u>Cost</u>	<u>Accumulated</u> <u>amortization</u>	<u>Net</u>
	\$	\$	\$
Office equipment and furniture	67,378	22,948	44,430
Computer equipment	<u>109,365</u>	<u>71,980</u>	<u>37,385</u>
	<u>176,743</u>	<u>94,928</u>	<u>81,815</u>

Canadian Association for Environmental Analytical Laboratories (Inc.)

Notes to Financial Statements

December 31, 2004

5 - CAPITAL ASSETS (Continued)

	31/03/2004		
	Cost	Accumulated amortization	Net
	\$	\$	\$
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>

6 - 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.

7 - COMMITMENTS

The Association has entered into long-term lease agreements expiring on September 16, 2008 and January 31, 2011 which require lease payments of \$448,110 for the rental of premises and office equipment. Minimum lease payments for the next five years are \$117,400 in 2005, \$88,580 in 2006, \$85,960 in 2007, \$82,810 in 2008 and \$73,360 in 2009.

Canadian Association for Environmental Analytical Laboratories (Inc.) Supplementary Information

For the nine-month period ended December 31, 2004

	31/12/2004		31/03/2004					
	Proficiency Testing	Site Assessments	Training	International Activities	Administration	Inter-Program Revenue/ Expenses	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Evaluations	909,632	934,900		65,268			1,909,800	2,559,647
Interest income					7,062		7,062	4,357
Memberships				1,665	105,199		106,864	121,680
Projects				16,451			16,451	91,450
Training			36,601				36,601	106,797
Administration and general allocation					98,807	(98,807)		
	<u>909,632</u>	<u>934,900</u>	<u>36,601</u>	<u>83,384</u>	<u>211,068</u>	<u>(98,807)</u>	<u>2,076,778</u>	<u>2,883,931</u>
Expenses								
Accreditation transition costs		1,293						
Advertising					26,784		26,784	28,077
Amortization of capital assets					35,659		35,659	38,260
Awards					18,697		18,697	17,558
Bad debts	4,575				33		33	608
Copying and printing					562		562	26,975
Evaluations	515,138	554,366		27,616	17,203		17,203	22,761
Insurance	3,401	9,932	1,614	291			1,097,120	1,524,458
Loss (gain) on foreign exchange	(130)			(939)			24,302	23,748
Office and telecommunications	2,205	4,748	2,157	816	4,162		3,093	2,670
Postage and shipping	2,258	5,741	625	1,465	39,620		49,546	60,064
Professional fees	1,238	4,000			7,501		17,590	29,320
Projects					13,309		18,547	27,708
Rent and relocation	7,941	23,269	3,798	682	31,618		67,308	78,805
Salaries, benefits and consulting fees	128,416	325,404	50,899	22,891	158,257		685,867	818,172
Training			30,367				30,367	76,388
Travel and meetings	8,666	548	208	21,951	33,816		65,189	57,237
Administration and general allocation	18,829	55,305	9,066	1,626	13,981	(98,807)		
	<u>692,537</u>	<u>984,606</u>	<u>98,734</u>	<u>76,399</u>	<u>410,266</u>	<u>(98,807)</u>	<u>2,163,735</u>	<u>2,871,407</u>
Excess (deficiency) of revenues over expenses	<u>217,095</u>	<u>(49,706)</u>	<u>(62,133)</u>	<u>6,985</u>	<u>(199,198)</u>		<u>(86,957)</u>	<u>12,524</u>