

October 21, 2002

COPY

Mr. Bruce Lourie and Ms. Shona MacLachlan
Laidlaw Foundation
365 Bloor St. E., Ste. 2000
Toronto, ON
M4W 3L4

Dear Bruce and Shona:

Re: Project Proposal by the Canadian Environmental Network Toxics Caucus towards a Three-Year Review of the *Canadian Environmental Protection Act, 1999*

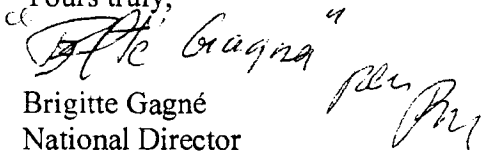
As a follow-up to your conversation with Fe de Leon, Researcher with the Canadian Environmental Law Association last Thursday October 17, 2002, I am please to submit on behalf of the Canadian Environmental Network Toxics Caucus, a proposal towards "A Three-Year Review of the *Canadian Environmental Protection Act, 1999*."

The total amount requested from the Laidlaw Foundation to undertake the activities through this proposal is **\$26,450.00**. It is part of a larger effort to secure \$55,200.00. As you know, the member organizations of the Toxics Caucus have been monitoring and responding to the proposals by the federal government on many issues contained in the *Canadian Environmental Protection Act*. Over the past eight years, the Laidlaw Foundation has been instrumental in providing support to many of these initiatives (both research and outreach activities) that promote the elimination to toxic substances in Canada. We hope the Foundation will agree that the involvement of the Toxics Caucus on CEPA to date has resulted in several significant improvements in Canada's law on toxic substances. With this proposal, we hope this level of participation continues.

If you require additional information, please contact Derek Stack, CEN National Coordinator at 613-728-9810 ext. 22.

Thank you for your consideration.

Yours truly,


Brigitte Gagné
National Director

c.c. Paul Muldoon, CELA; CEN Toxics Caucus steering committee

Proposal to the Laidlaw Foundation

The Canadian Environmental Protection Act:

A Three Year Review

Submitted by the

Canadian Environmental Network Toxics Caucus

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October 21, 2002

Project Proposal Summary

Background

In 1999, Canada's premier law addressing toxic substances and other related issues, the *Canadian Environmental Protection Act* (CEPA), was passed into law. Member groups of the Toxics Caucus of the Canadian Environmental Network were instrumental convincing the federal government to improve and enhance this legislation and, in the process, achieved a number of milestones. For example, CEPA recognized in law the goal of virtual elimination of toxic substances, provided a legislative basis for the National Pollutant Release Inventory, set in place a means to evaluate for persistence and bioaccumulation the 23,000 substances already in use in Canada, and dramatically enhanced avenues for public participation, among other innovations. At the insistence of non-governmental groups (NGOs), a provision was retained in the *Canadian Environmental Protection Act* that requires Parliament to review the law within five years (that is, in 2005 since the law was proclaimed in April, 2000).

Objectives of the Project

Efforts are now being made to implement this new law. The project proposed herein seeks funding to report on the status of the implementation of the law and then report the findings to government and to the public. The project consists of an evaluation of eleven specific components of the law (undertaken by various member groups of the Toxics Caucus), the drafting of a report based on this analysis and then dissemination of this report and findings to the public and to government. More specific objectives are outlined in the proposal. In the end, the overall intent of this report is to establish a foundation for a progressive and forward-thinking agenda for the next legislative review.

Resources Requested

The total budget for this project is \$55,200.00. The Canadian Environmental Network (CEN) is asking the Laidlaw Foundation to fund approximately one-half of the total budget, and more specifically, \$26,450.00.

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Overview

This project proposal is being submitted by the The Canadian Environmental Network Toxics Caucus (CEN Toxics Caucus) to the Laidlaw Foundation to request for resources to undertake a "mid-term" review of the implementation of the *Canadian Environmental Protection Act (CEPA) 1999*. CEPA is Canada's main legislative statute to protect the environment and human health from toxic substances. The Act was enacted in 1999 and within its provisions included a commitment to a Parliamentary review within five years. CEPA 1999 was one of the most contentious legislative initiatives in recent times in part due to a number of policy innovations that were incorporated into the new Act, such as the goal of virtual elimination of persistent toxic substances. The CEN Toxics Caucus requests a total amount of **\$26,450.00** from the Laidlaw Foundation as part of a larger effort to secure \$55,200.00.

Member organizations of the CEN Toxics Caucus were active participants in the development of the new Act. In fact, the CEN Toxics Caucus was established initially to focus on the CEPA review in the Spring of 1994. Member organizations collaborated throughout the CEPA review process through its research and analysis, coordination of public education campaigns and presentations to key members of the federal government. Through the proposed project outlined below, the participation of member organizations such as the Canadian Environmental Law Association (CELA), the Pembina Institute for Appropriate Development, Canadian Association for Physicians for the Environment (CAPE), and others, aims to continue this level of participation to ensure that CEPA 1999 is effectively implemented.

Briefly, the details of participation within the scope of this project would include:

- undertaking an analysis of the implementation activities undertaken to date under CEPA 1999,
- networking with other environmental and health organizations on related CEPA issues; and
- building a foundation to produce public outreach material related to CEPA 1999.

The findings from the research and analysis exercise would be used to communicate to the Canadian public in a variety of ways. The timing of this proposal is of critical importance to public interest organizations whose work focuses on the protection of human health and the environment. While the next review of CEPA is required to take place in 2005, this proposal is focused on a mid-term review of CEPA 1999. Currently, the federal government has not announced that such a review exercise on CEPA will be undertaken, therefore making the proposed project more relevant and timely.

The analysis from this mid-term review will assess how effective the federal government has been up until this point in implementing some of the critical components of the Act. For example, determining how the precautionary principle has been operationalized, whether the government eliminated the worst toxic substances used in Canada, or assessing whether the public has better access and participation in the decision making process related to environmental matters, and what impact has CEPA 1999 had on other federal legislation affecting environmental and human health. A response to these matters, and others under

CEPA, will be important as it provides the venue to scope out the issues that are expected to become the focus of the next review. Furthermore, this proposal is significant in that the efforts to engage health care organizations, that have recently increased their role in environmental policy reform debates could be further supported.

The Canadian Environmental Network Toxics Caucus

The CEN began in 1977 when environmental non-governmental organizations (ENGOS) formed a National Steering Committee to help facilitate meetings between environmentalists and Environment Canada. Over the course of the last twenty-two years the network has grown to include eleven regional networks. The CEN itself is governed by a National Steering Committee consisting of representation from the various regions. A core staff at the national office secures the flow of information to the regions and from the regions back into the umbrella network. The regional networks are also governed by Steering Committees and are staffed to varying degrees.

Communication and networking is the primary function of the CEN. This is best demonstrated by our caucuses and working groups, which bring together representatives of member groups to address environmental issues at the national, provincial, and regional levels. The CEN facilitates networking among environmental and other organizations sharing its mandate: "To protect the Earth and promote ecologically sound ways of life". As a non-advocacy network, the CEN does not take positions on issues rather it actively encourages more equitable consultation of environmental groups in the setting of government policy. For more information regarding the CEN, visit its website at www.cen-rce.org.

Part of what makes the network function so well has been the emergence over the past decade of the caucus structure. Caucuses are really sub-networks within the CEN that address specific environmental concerns, ranging from atmosphere to waste to biotechnology. Caucuses enable information sharing and joint activity - a necessity given the never-ending list of issues facing environmentally concerned citizens. The Toxics Caucus is one of ten Caucuses coordinated by the CEN. Its main focus is to coordinate environmental and health organizations working on the management of toxic substances in Canada. Currently, the Caucus focuses on activities related to the implementation of CEPA 1999 and the development of an international treaty on persistent organic pollutants. To obtain more information on the Caucus's recent activities, visit the Toxics Caucus website: www.cela.ca/toxics/toxic_index.htm#caucus (maintained as part of the CELA website).

Currently, the CELA chairs the Toxics Caucus and provides some critical coordinating functions. Under this proposal, CELA have an active role in completing the project deliverables. Please refer to sections outlining the workplan and proposed budget.

The Canadian Environmental Law Association

CELA is a non-profit, public interest organization established in 1970 to use existing laws to protect the environment and to advocate environmental law reforms. It is also a free legal

advisory clinic for the public, representing citizens or citizens' groups who are otherwise unable to afford legal assistance at hearings and in courts.

CELA has had a long standing interest in the regulation of toxic substances in Canada. Currently, CELA has a number of projects focused on the management of toxic substances under its Children's Health Project (which has received support from the Laidlaw Foundation since its inception in 1999) and through PollutionWatch, a website designed jointly with Environmental Defence Canada and the Canadian Institute for Environmental Law and Policy to provide access to pollution and health effects data to communities across Canada.

CELA has been the chair of the Toxics Caucus of the CEN for many years. In its capacity as chair, CELA assists in activities undertaken by CEN and member organizations to identify and secure resources that will assist the work of the member organizations working on toxic substances. In addition, CELA also takes an active role in the research and network activities undertaken by the Toxics Caucus on these matters. CELA is supportive of the proposal put forth.

Background to the Issue

For the past decade, the impact of toxic substances on human health and the environment has continued to gain attention. Substances that persist in the environment and bioaccumulate are of particular concern because they're known or suspected impacts in wildlife or human health range from cancer to subtle, but clear, adverse behavioural changes. The evidence demonstrating these impacts is growing. However, the challenge of controlling these substances is that many of these substances are intricately connected to the lives of Canadians. For example, brominated flame retardants, a group of substances used to reduce flammability of plastics in electronic equipment (i.e., computer equipments), are of concern to the public as electronic equipment is replaced and the issue of safe disposal and management of these substances begins to mount. As well the concerns over the formation of dioxins continues. Dioxins, one of the most harmful substances known, is a product of burning certain plastics, which are used extensively in many aspects of Canadian life.

The legal efforts to address toxic substances can be traced back to the 1978 *Great Lakes Water Quality Agreement*. In that Agreement, there is a goal to "virtually eliminate" the discharge of persistent toxic substances. The 1986 Municipal Industrial Strategy for Abatement (MISA) program in Ontario developed a new set of water quality standards for industrial discharges that had a goal of "virtual elimination." In 1995, the federal government announced the "Toxic Substances Management Policy" (TSMP) that was to be a government-wide approach to controlling toxic substances based on a two track approach to the issue. Under TSMP, Track 1 substances, which meet certain criteria for persistence and bioaccumulation, are slated for virtual elimination while other substances are placed on the more elusive path under Track 2.

The TSMP policy set the tone for the debate on toxic substances during the Parliamentary Review of CEPA. CEPA was first enacted in 1988 with a legislative review required within five years. That review commenced in 1994 with Parliamentary Hearings in 1995 and 1998. The

new Act was eventually enacted in 1999 and proclaimed into force in April of 2000. The provision in CEPA 1999 calls for the next parliamentary review within five years.

The enactment of CEPA 1999 has been said to be one of the most contentious and difficult processes in the history of Parliament. The legislative hearings still hold the record for the most number of amendments to a bill during the legislative committee process. This level of contention perhaps should not be too surprising. Public interest groups throughout Canada commenced in-depth research and organized efforts in 1994 and published a 300 page background document to the issues that require attention during the review process. To supplement the research and analysis undertaken by the public interest groups, great efforts were undertaken to engage the general public through the development of a website and sponsorship of several key public outreach campaigns focused on the need to regulate toxic substances in Canada.

Further fuelling the debate around CEPA, industry also established its own campaign both within government and the public. As one industry spokesperson noted, "this was war." The debate within government itself, especially between Industry Canada, Natural Resources Canada and Environment Canada, was perhaps as intense as any other issue. The debate crystallized in 1999 when the Standing Committee on the Environment and Sustainable Development submitted its report and amendment to Parliament for Third Reading. The report (in the form of an amended bill) was rejected in favour of a "watered down" version of the bill.

Upon reflection of the review process, it is not surprising that the various stakeholders took both the process and the bill so seriously. The review process brought many issues to the forefront in the Canadian policy reform process. A number of important policy decisions surrounding environmental protection would have both implications for domestic law (such as what authority would be given to the Environment Minister) and international law (that is, what position would Canada take in negotiating what was then a proposed treaty on persistent organic pollutants). Some of the policy issues included:

- Should the overriding goal to address persistent toxic substances be "virtual elimination"?
- How should virtual elimination be defined?
- How should the 23,000 substances currently found in commerce in Canada be assessed?
- Should pollution prevention be incorporated into law and if so how?
- How should pollution prevention be defined?
- How should risk based assessments be undertaken?
- Should the legislation recognize the Precautionary Principle and weight of evidence approach?
- Should the National Pollutant Release Inventory be given a legislative mandate?
- Should public participation measures be enhanced, including the need for a public electronic registry?
- Should citizens be given the right to sue for violations of the Act?
- Should there be new provisions for environmental emergencies?
- How should CEPA relate to releases of the products of biotechnology?

Convention on Persistent Organic Pollutants. Or assessing how the Canada-wide Standard setting process on toxic substances meet the objectives of CEPA 1999.

The efforts demonstrated by members of the Caucus on CEPA would be significantly reduced had it not been for the support that it has received from the Laidlaw Foundation over the past eight years. This level of support has provided the Caucus the ability to continue its policy reform activities on many of the issues, establish important relationships with stakeholders from the health care community, prepare responses to the proposals made by the federal government and organize some unique events (i.e., website focused on public campaign on CEPA, testing levels of toxic substances in food, etc.). These past activities have had some impact on keeping the toxic agenda alive within the parliamentary arena.

Since the work of the Caucus is to promote a legislative agenda focused on the protection of human health and environment from toxic substances, the proposed project represents a critical component in its workplan. The opportunity to assess the efforts of the current government on implementing CEPA may provide the environmental and health community the foundation to advocate for more stringent regulations on toxic substances. Further, this effort not only ensures that the momentum from the environmental and health community continues towards the next review process but it is also timely in that other networks, such as those focused on Children's health and environment, represent opportunities for networking on these issues.

Project Objectives

The objectives of this mid-term review on CEPA 1999 can be described as follows:

1. Undertake research and analysis on the status of implementing eleven specific components of CEPA, 1999;
2. draft a report integrating the research and analysis in a set of findings and provide recommendations on how to improve implementation of the law;
3. develop a peer review process to ensure accuracy and balance on issues related to CEPA. This process will ensure that there is a "reality check" on the analysis undertaken by the project team; and
4. develop a public outreach plan for the analysis and report to both decision-makers and the public. This includes efforts to network with other public interest organizations interested in protection of human health (i.e., children's health, workers) and environment; and
5. release the report and execute the public outreach plan.

The project objectives outlined above complement the objectives identified by the Laidlaw Foundation in its Environment Program. The activities to be undertaken by the Toxics Caucus comprehensively focus on the three issues of priority to the Foundation, namely: children's health, environmental contaminants and community capacity building.

The work of the Toxics Caucus, currently and in the past has been to protect human health. Recognizing that there are subpopulations that are more susceptible to exposure to toxic substances such as children, the elderly, workers, and native communities, the Toxics Caucus

commits to continue its effort to network with organizations working on related issues within the scope of this project.

Through its proposed research and networking activities (see below), the Caucus aims to further the Foundation's vision towards a "healthy sustainable communities" as it promotes and encourages participation from engagement from other sectors of society in these policy reform initiatives and aims to achieve an ultimate goal of "minimizing the generation, use or release of substances known to be harmful to their health."

Workplan

It is anticipated that this project would commence in late fall of 2002 and be completed in the spring of 2003, which represents the mid-way point for CEPA 1999. As noted in its project objective, the project team proposes to establish an advisory committee to ensure that the project deliverables provide an accurate and balanced view. There are a number of stages to the project, including:

- Scoping the issues
- Research
- Report Drafting
- Advisory Committee Review
- Production of Final Report
- Release of report and implement a public outreach campaign
- Follow-up

The project team (see in Budget section) is comprised of several key member organizations from the Toxics Caucus who have a long history of involvement within the Caucus as well as on issues related to the management of toxic substances. These members, as well as other organizations to be identified later, are expected to be involved in all stages of the proposed project.

The Research Phase would include discussions on how to develop benchmarks for progress under CEPA. Issue areas that may find the use of benchmarks useful include assessing the work completed on pollution prevention plans, work on assessing substances under the Domestic Substances List and areas of enforcement to name a few.

There are a number of documents that are published by Environment Canada that will be helpful as the project progresses, for example, the CEPA Annual Report. The project team will utilize such reports to determine progress under CEPA 1999.

Overall Project Budget

The proposed project will be administered by the CEN, however, the production of the report will require an overall effort by member organizations of the Toxics Caucus as well as other non-

governmental organizations interested in human health and environment (i.e., children's health organizations and other health care associations, labour organizations, First Nations, etc.).

Below is a substantive list of issue areas related to CEPA which require research and analysis along with a list of organizations with expertise and history with the issue. The total proposed budget for this project is \$55,200.00.

	Organization/Contact	Proposed budget
<i>Research and Writing- CEPA Issue Area</i>		
New Substances Notification	Environmental Defence Canada	\$3,000.00
Domestic Substances List	World Wildlife Fund Canada and Canadian Association for Physicians for the Environment	\$3,000.00
Emergency Planning	Pembina Institute for Appropriate Development	\$3,000.00
Pollution Prevention Planning	CELA	\$3,000.00
Environmental Registry and other Public Participation issues (National Pollutants Release Inventory)	CELA, and others	\$3,000.00
Virtual Elimination	CELA, Pembina, etc.	\$3,000.00
Priority Substances Lists	Various (Great Lakes United, Environmental Defence)	\$3,000.00
Hazardous Waste (including PCBs)	Toxics Waste Research Coalition, Pembina Institute, others	\$3,000.00
Biotechnology issues	Pembina Institute	\$3,000.00
Risk Management activities (i.e., voluntary programs, etc.)	Great Lakes United, others	\$3,000.00
<i>Cross cutting issues:</i> <ul style="list-style-type: none"> ▪ Precautionary principle, ▪ Federal-provincial matters, ▪ Resources, ▪ Timing, ▪ Enforcement, ▪ Children's health 	Various (CELA, Pembina Institute, CAPE, etc.)	\$3,000.00
<i>Coordination and Project Management</i>	CELA	\$8,500.00
<i>Production/Layout of Report (incl. website/media and public outreach of report)</i>	CELA	\$3,000.00
<i>Office Expenses(conference</i>	CELA	\$1,500.00

<i>calls, long distances/fax, postage,</i>		
<i>Miscellaneous</i>		\$1,000.00
<i>Translation services</i>		\$1,000.00
<i>Overhead 15%</i>	CEN	\$7,200.00
TOTAL		\$55,200.00

As noted, the list of organizations above have a long history of involvement with the issue areas and have been approached to participate in this review process. All have expressed their interest and support for this work. However, we recognize that there may be issue areas that remain to be identified or require further details which will be undertaken during the scoping phase of the project.

Under this proposal, the CEN will administer the contract but the completion of specific project deliverables will be completed by member organizations. For example, CELA will undertake a major role in coordination and project management as well as completing research on several of the issue areas identified to date. Many of the member organizations listed above will be subcontracted to complete the research and writing components of this project.

The CEN recognizes that the list above may not include all the issues to be addressed or all organizations working on the issues that have been identified. To ensure that other public interest groups are engaged in these activities, the scoping exercise noted in the workplan section will be an important component to review and confirm issues of priority to the Toxics Caucus. For example, CELA through its own Children's Health Project will coordinate on these issues with other organizations working on children's health such as Pollution Probe and CAPE.

Request Contribution from the Laidlaw Foundation

The total project budget is \$55,200.00. *The CEN is requesting that Laidlaw Foundation contribute \$26,450.00 towards the deliverables of this project (see details below).* The CEN with assistance from member organizations will be submitting proposal to other foundations to secure additional funding towards this project. Currently, no funding has been secured. The support received from the Laidlaw Foundation on projects related to CEPA in the past has been instrumental in leveraging additional funding from other sources.

The detailed budget proposed for the contribution by Laidlaw Foundation is as follows:

Research and Writing	\$15,000.00*
Production/Layout of Report (incl. website, media and public outreach for release of report)	\$3,000.00
Project Coordination and Management	\$4,500.00
Expenses	\$500.00
Overhead 15%	\$3,450.00

TOTAL	\$26,450.00

**Note: This line item provides funding to five of the eleven issue areas @ \$3,000.00/issue area identified in overall project budget outlined previously in this section.*

More specifically, the line item for research and writing will be spent to complete five of the eleven issue areas identified by the Toxics Caucus. The issue areas to be funded will be determined by the Caucus at a later date. CELA will undertake the overall project coordination and management for the project. As well, CELA will undertake to provide services towards the production of the final report, including final layout of the report as well as online publication. Each organization/individual identified to be part of the project team will be involved in all phases of the project.

The proposed budget to Laidlaw Foundation reflects a portion of the budget required to complete the work. Should the CEN Toxics Caucus not be able to raise the full project budget, the Toxics Caucus will prioritize the issue areas to be covered and modify the scope of the review accordingly.

Currently, CEN Toxics Caucus will seek funds for translation services from other sources as it has approximately \$480.00 that can be directed to translation services under this proposal (these funds represents funds leftover from Grant No. 2000/54 aimed at capacity building for the CEN Toxics Caucus. These funds are being administered by the Resource Library for the Law and the Environment.

For your consideration, please refer to Attachment 1 for the Financial Statement for the CEN. Details regarding the CEN Toxics Caucus financial activities is available upon request.

ATTACHMENT 1

CANADIAN ENVIRONMENTAL NETWORK

BALANCE SHEET

AND

AUDITED STATEMENT

Canadian Environmental Network
Balance Sheet As At 9/30/02
ASSETS

Current Assets

Petty Cash	100.00	
Chequing Account	69,328.55	
Short Term Deposits	105,000.00	
Total Cash		174,428.55
Contributions Receivable		0.00
Accounts Receivable		153.97
AR: 50% GST Rebate - Federal		1,627.13
AR: 100% GST/HST ITC_		2,654.21
Cash Advances		5,535.11
Prepaid Expenses		4,044.69
Investment in Shares		120.00
Total Current Assets		188,563.66

Capital Assets

Computer Equipment	63,037.24	
Accum. Deprec. - Computer Equip.	(49,066.43)	
Net: Computer Equipment		13,970.81
Office Furniture & Equipment	11,199.76	
Accum. Deprec. - Furniture & Equip.	(9,970.11)	
Net: Furniture & Equipment		1,229.65
Total Capital Assets		15,200.46

TOTAL ASSETS 203,764.12

LIABILITIES

Current Liabilities

Line of Credit Payable		0.00
Accounts Payable		0.00
Accrued Liabilities		1,367.35
Vacation Payable		8,464.98
CPP Payable	1,505.42	
EI Payable	934.43	
Income Taxes Payable	3,067.57	
RecGen Payable - Payroll		5,507.42
Union Dues Payable		202.76
RecGen Payable - GST on Sales		1,647.68
Deferred Revenue - EC (Core)		(90,000.00)
Deferred Revenue - CIDA (Core)		0.00
Deferred Revenue - Contracts		172,911.42
Deferred Revenue - Other		340.00
Total Current Liabilities		100,441.61

TOTAL LIABILITIES 100,441.61

EQUITY

Retained Earnings	
Retained Earnings - Previous Year	82,138.76
Contingency Reserve	6,132.62
Current Earnings	15,051.13
Total Retained Earnings	103,322.51
TOTAL EQUITY	103,322.51
LIABILITIES AND EQUITY	<u>203,764.12</u>

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CANADIAN ENVIRONMENTAL NETWORK
RÉSEAU CANADIEN DE L'ENVIRONNEMENT

FINANCIAL STATEMENTS
ÉTATS FINANCIERS

2002

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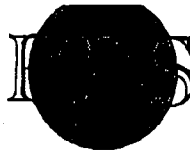
AUDITORS' REPORT

FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
STATEMENT OF CHANGES IN NET ASSETS
STATEMENT OF OPERATIONS
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4 ÉTAT DE L'EXPLOITATION
5 ÉTAT DES MOUVEMENTS DE TRÉSORERIE
6 NOTES AFFÉRENTES AUX ÉTATS FINANCIERS



PARKER PRINS SEEL
Chartered Accountants
Professional Corporation

AUDITORS' REPORT

To the Members,
CANADIAN ENVIRONMENTAL NETWORK
Ottawa, Ontario

We have audited the Statement Of Financial Position of the CANADIAN ENVIRONMENTAL NETWORK as at March 31, 2002 and the Statements Of Changes In Net Assets, Operations and Cash Flows for the year then ended. These 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 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 March 31, 2002 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

RAPPORT DES VÉRIFICATEURS

Aux membres,
RÉSEAU CANADIEN DE L'ENVIRONNEMENT
Ottawa (Ontario)

Nous avons examiné l'état de la situation financière du RÉSEAU CANADIEN DE L'ENVIRONNEMENT au 31 mars 2002 et les états de l'évolution de l'actif au net, de l'exploitation et des mouvements de trésorerie pour l'exercice terminé à cette date. La responsabilité de ces états financiers incombe à la direction de l'organisation. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de l'organisation au 31 mars 2002, ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus.

Parker Prins Seel

Chartered Accountants/Comptables agréés

Ottawa, Canada
May 10, 2002

Ottawa (Canada)
le 10 mai 2002

CANADIAN ENVIRONMENTAL NETWORK
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
ÉTAT DE LA SITUATION FINANCIÈRE
AU 31 MARS 2002

	2002	2001	
ASSETS			ACTIF
CURRENT			À COURT TERME
Cash	\$ 115,960	72 140 \$	Encaisse
Accounts receivable	84,939	76 655	Comptes débiteurs
Prepaid expense	11,940	4 045	Frais payés d'avance
	<u>212,839</u>	<u>152 840</u>	
INVESTMENT IN SHARES (note 3)	120	120	PLACEMENT EN ACTIONS (note 3)
CAPITAL (note 4)	<u>15,524</u>	<u>16 653</u>	IMMOBILISATIONS (note 4)
	<u>\$ 228,483</u>	<u>169 613 \$</u>	
LIABILITIES			PASSIF
CURRENT			À COURT TERME
Accounts payable and accrued liabilities	\$ 100,541	72 182 \$	Comptes créditeurs et passif couru
DEFERRED CONTRIBUTIONS	44,560	35 477	CONTRIBUTIONS REPORTÉES
NET ASSETS	<u>83,382</u>	<u>61 954</u>	ACTIF AU NET
	<u>\$ 228,483</u>	<u>169 613 \$</u>	

The accompanying notes are an integral part of the financial statements./Les notes ci-jointes font partie intégrante des états financiers.

CANADIAN ENVIRONMENTAL NETWORK
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
ÉTAT DE L'ÉVOLUTION DE L'ACTIF AU NET
POUR L'EXERCICE TERMINÉ LE 31 MARS 2002

	2002	2001	
NET ASSETS			ACTIF AU NET
BALANCE, BEGINNING OF YEAR	\$ 61,954	125 986 \$	SOLDE, AU DÉBUT DE L'EXERCICE
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>21,428</u>	<u>(64 032)</u>	EXCÉDENT (DÉFICIENCE) DES REVENUS SUR LES DÉPENSES
BALANCE, END OF YEAR	<u>\$ 83,382</u>	<u>61 954 \$</u>	SOLDE, À LA FIN DE L'EXERCICE

The accompanying notes are an integral part of the financial statements./Les notes ci-jointes font partie intégrante des états financiers.

CANADIAN ENVIRONMENT NETWORK
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
ÉTAT DE L'EXPLOITATION
POUR L'EXERCICE TERMINÉ LE 31 MARS 2002

	2002	2001	
REVENUE (note 7)	<u>\$ 992,924</u>	<u>817 717</u>	REVENUS (note 7)
EXPENDITURES (note 8)	<u>966,243</u>	<u>876 117</u>	DÉPENSES (note 8)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEM	26,681	(58 400)	EXCÉDENT (DÉFICIENCE) DES REVENUS SUR LES DÉPENSES AVANT LES AUTRES POSTES
OTHER ITEM			AUTRES POSTES
Amortization on capital assets	<u>(5,253)</u>	<u>(5 632)</u>	Amortissement des immobilisations
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	<u>\$ 21,428</u>	<u>(64 032)</u>	EXCÉDENT (DÉFICIENCE) DES REVENUS SUR LES DÉPENSES POUR L'EXERCICE

The accompanying notes are an integral part of the financial statements./Les notes ci-jointes font partie intégrante des états financiers.

CANADIAN ENVIRONMENTAL NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
ÉTAT DES MOUVEMENTS DE TRÉSORERIE
POUR L'EXERCICE TERMINÉ LE 31 MARS 2002

	2002	2001	
CASH FLOWS FROM (USED FOR) OPERATIONS			ACTIVITÉS D'EXPLOITATION
Excess (Deficiency) of revenue over expenditures for the year	\$ 21,428	(64 032)\$	Excédent (déficiency) des revenus sur les dépenses pour l'exercice
Items not requiring an outlay of cash:			Éléments n'exigeant pas de mise de fonds:
Amortization	5,253	5 632	Amortissement
Net change to non-cash items related to operations			Changement net aux éléments liés aux opérations
Accounts receivable	(8,284)	86 206	Comptes débiteurs
Prepaid expenses	(7,895)	828	Frais payés d'avance
Accounts payable	28,359	21 185	Comptes créditeurs
Deferred contributions	9,083	(1 501)	Contributions reportées
	<u>47,944</u>	<u>48 318</u>	
CASH FLOWS USED FOR INVESTING ACTIVITIES			ACTIVITÉS DE PLACEMENT
Purchase of capital assets	<u>(4,124)</u>	<u>(5 537)</u>	Achat d'immobilisations
NET INCREASE IN CASH POSITION	43,820	42 781	AUGMENTATION NETTE DE LA SITUATION DE L'ENCAISSE
CASH POSITION, BEGINNING OF YEAR	<u>72,140</u>	<u>29 359</u>	SITUATION DE L'ENCAISSE, DÉBUT DE L'EXERCICE
CASH POSITION, END OF YEAR	<u>\$ 115,960</u>	<u>72 140 \$</u>	SITUATION DE L'ENCAISSE, FIN DE L'EXERCICE

The accompanying notes are an integral part of the financial statements./Les notes ci-jointes font partie intégrante des états financiers.

CANADIAN ENVIRONMENTAL NETWORK
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
 NOTES AFFÉRENTES AUX ÉTATS FINANCIERS
 LE 31 MARS 2002

1. PURPOSE OF THE ORGANIZATION

The Canadian Environment Network is a network of environmental groups and First Nations people, whose purpose is to support, facilitate and advance the work of its member groups to protect the earth and promote ecologically sound ways of life. The organization is incorporated under the Canada Corporations Act as a not-for-profit, non-political organization under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided on a diminishing balance basis as follows:

Computer equipment	30%
Furniture and equipment	20%

3. INVESTMENTS IN SHARES

The organization has invested in shares in a credit union.

4. CAPITAL ASSETS

	<u>COST/ CÔÛT</u>	<u>ACCUMULATED AMORTIZATION/ AMORTISSEMENT CUMULÉ</u>	<u>NET BOOK VALUE/ VALEUR COMPTABLE NETTE</u>	<u>NET BOOK VALUE/ VALEUR COMPTABLE NETTE</u>	
			2002	2001	
Furniture and equipment	\$ 13,314	\$ 9,646	3 668 \$	2 843 \$	Mobilier et matériel
Computer equipment	60,923	49,067	11 856	13 810	Matériel informatique
	<u>\$ 74,237</u>	<u>\$ 58,713</u>	<u>15 524 \$</u>	<u>16 653 \$</u>	

1. BUT DE L'ORGANISATION

Le Réseau canadien de l'environnement est un réseau formé de groupes environnementaux et de gens des Premières Nations dont l'objectif est d'appuyer, rendre plus facile et faire progresser le travail de ses groupes membres lorsqu'il s'agit de la protection de la terre ainsi que faire valoir des modes de vie écologiquement sains. L'organisme a été constitué en personne morale en vertu de la Loi sur les corporations canadiennes, et il est une organisation non politique à but non lucratif selon la définition prévue dans la Loi de l'impôt sur le revenu.

2. CONVENTIONS COMPTABLES IMPORTANTES

COMPTABILISATION DE REVENU

L'organisation utilise la méthode comptable dite du report en ce qui a trait aux contributions. Les contributions assorties de restriction sont inscrites au revenu de l'année du défraiement des dépenses connexes. Les contributions qui ne comportent pas de restriction sont portées au revenu lorsque celles-ci sont reçues ou à recevoir lorsque la somme à recevoir peut faire l'objet d'une estimation raisonnable et que la perception en est raisonnablement certaine. Le revenu de placement ne portant pas restriction est déclaré en tant que revenu lorsque gagné.

IMMOBILISATIONS

Les immobilisations sont déclarées au prix coûtant. Une provision pour l'amortissement est établie la méthode du soldé dégressif comme il suit:

Matériel informatique	30%
Mobilier et matériel	20%

3. PLACEMENT EN ACTIONS

L'organisation a fait un placement en actions d'une caisse d'économie.

4. IMMOBILISATIONS

CANADIAN ENVIRONMENTAL NETWORK
 NOTES TO FINANCIAL STATEMENTS (continued)
 MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
 NOTES AFFÉRENTES AUX ÉTATS FINANCIERS (suite)
 LE 31 MARS 2002

5. ECONOMIC DEPENDENCE

The organization receives an annual grant from Environment Canada, and derives significant consulting contract revenues from government and related agencies. At present there are no long-term funding agreements in place. A reduction or cancellation by these funding sources would preclude the organization's continued operation at its current level of activity.

5. SUJÉTION ÉCONOMIQUE

L'organisation reçoit une subvention annuelle d'Environnement Canada et se voit accorder des revenus importants à même des contrats de consultation en provenance du gouvernement et des agences connexes. À l'heure actuelle, il n'y a pas en place d'entente de financement à long terme. Une diminution ou l'annulation de ces sources de financement empêcherait l'organisation de poursuivre l'exploitation à son niveau actuel d'activité.

6. COMMITMENTS

The organization has operating leases for premises and office equipment which over the next five years have minimum annual payments of:

2003	\$ 17,165
2004	\$ 6,030
2005	\$ 5,640
2006	\$ -
2007	\$ -

6. ENGAGEMENTS

L'organisation a des baux d'exploitation pour des locaux et du matériel de bureau qui lors des cinq prochaines années comportent des frais de location annuels de:

2003	17 165 \$
2004	6 030 \$
2005	5 640 \$
2006	- \$
2007	- \$

7. REVENUE

	2002
Environment Canada contribution agreement	\$ 540,000
CIDA contribution agreement	44,696
CIDA contract revenue	7,563
Workshop registration	-
Special events	-
Contracts and consultations - issue caucuses and working groups	385,330
Memberships	6,730
Annual General Meeting	-
Interest	5,109
Donations - general	101
Miscellaneous	3,395

7. REVENU

	2001
Entente de contribution d'Environnement Canada	600 000 \$
Contribution ACDI	33 716
Revenu de contrat ACDI	16 005
Frais d'inscription - ateliers	-
Événements spéciaux	-
Contrats et consultations - comités des questions et ateliers de travail	141 912
Sociétariat	6 680
Réunion générale annuelle	16 143
Intérêt	1 624
Dons - en général	258
Revenus divers	1 379

\$ 992,924 817 717 \$

CANADIAN ENVIRONMENTAL NETWORK
 NOTES TO FINANCIAL STATEMENTS (continued)
 MARCH 31, 2002

RÉSEAU CANADIEN DE L'ENVIRONNEMENT
 NOTES AFFÉRENTES AUX ÉTATS FINANCIERS (suite)
 LE 31 MARS 2002

8. EXPENDITURES

8. DÉPENSES

	2002	2001	
Annual General Meeting and reporting	\$ 6,467	86 366 \$	Réunion générale annuelle et rapports
Regional networks - core	240,000	250 000	Réseaux régionaux - Base
Office - core	31,758	40 560	Bureau - Base
Rent	24,498	21 662	Location
Salaries and benefits	212,262	234 907	Traitements et avantages
Professional fees	3,513	3 038	Honoraires professionnels
National Steering Committee	21,998	31 156	Comité directeur national
Newsletter and directory	14,584	8 563	Bulletin - répertoire
Issue caucuses and working groups	9,271	15 754	Comités des questions et ateliers de travail
Contracts and consultations - issue caucuses and working groups	380,770	167 186	Contrats et consultations - comités des questions et ateliers de travail
Database and website	14,339	3 614	Base de données et site Web
Regional communication	6,077	7 933	Communication régionale
Bank charges and interest	598	800	Frais et intérêt
Revenue diversification	108	4 578	Diversification du revenu
	<u>\$ 966,243</u>	<u>876 117 \$</u>	