

A n n u a l R e p o r t

2000
2001

Environmental
Technology
Advancement
Centre



A team dedicated to...

Sherbrooke



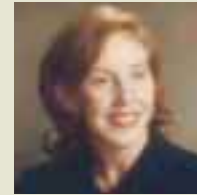
Manon Laporte, B. Sc., M.B.A.
President and CEO



Thomas D. Ryan, Eng.
Project Director



Céline Jutras
Accounts Manager



Nicole LeBlanc-Richard, B.Sc., M. Env.
Project Director



Mélanie Page, B.A.A., M. Env.
Project Agent



Stéphanie Overvelde, B.A.A.
Project Agent



Danielle Gélinas
Executive secretary

Montréal



François Roberge, Eng., M. Sc. A.
Project Director



Normand Gadoury, Eng.
Project Director



Anne-Marie Bourgeois,
B. Sc., B. Sc. Soc.
International Project Director



Adilia Antillon
Secretary



Pierre Lamarre, Eng., M.B.A.
Industrial Technology Advisor
NRC-IRAP

... supporting the start-up and growth
of companies developing environmental
technologies which contribute to
sustainable development.

Members

Bélanger Sauvé - Capital CDPQ - Centre québécois de valorisation des biotechnologies (CQVB) - Dessau-Soprin - Doane Raymond - École Polytechnique (affiliated to the Université de Montréal) - Fasken Martineau DuMoulin - Goudreau Gage Dubuc - Groupe Communication Plus - Groupe Everest - GSI Environnement - Jacques Whitford and Associates - KPMG - Lapointe Rosenstein - Le Fonds de solidarité des travailleurs du Québec (FSTQ) - The S.M. Group - Marcon - Mario Thériault & Company - Mr. Armand Couture - Mr. Renaud Lapierre - Mr. Richard Royer - Propage Créativité Marketing - Raymond Chabot Grant Thornton - Tecslut Environnement - Université de Moncton - Université de Sherbrooke - Université Laval



A message from the Chairman of the Board and the Chief Executive Officer

It gives us pleasure to present the results of our activities for the year 2000-2001, which once again was very action-packed. All of the projects and activities that we undertook contributed directly to the development of some 84 companies, which in turn generated important economic and environmental benefits.

By extrapolation of the results of a survey to which 52 of these companies replied, we estimate that our client-companies enjoyed an increase in their annual turnover of more than 18.8 million dollars compared to the previous year, which translates to an average increase of 6.7% for the year. Overall, these companies created about 134 new jobs, invested more than 4 million dollars in R&D and made expenditures of over 3 million dollars in support of their export development activities.



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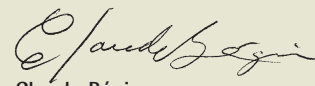
In addition, it is worth noting that a broad review of Enviro-Access' work over the last three years was conducted in the autumn of 2000 by independent evaluators mandated by Environment Canada. Their review confirmed the substantial contribution that we make to the development of SME's working in the environmental sector in Quebec and the Atlantic Provinces. Our ability to intervene and help young companies with the early stages of development and marketing of their environmental technologies was identified as one of our chief attributes. The evaluation report also underlines the catalytic effect of our actions when we accompany SME's through the critical phases of their development, helping them to procure quicker access to appropriate expertise and necessary financing.

This positive feedback on our performance certainly gives us plenty of satisfaction and encourages us to continue our efforts, and to meet and resolve the numerous challenges which we are faced with daily.

President and CEO,


Manon Laporte
Enviro-Access

Chairman of the Board,

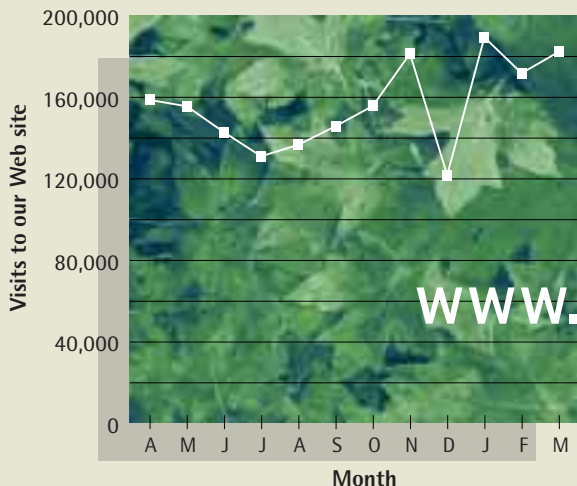

Claude Bégin
Fasken Martineau DuMoulin

Year's summary

Support to the advancement of a large number of companies that generate economic and environmental benefits contributing to sustainable development...

- 84 companies benefited directly from services provided by Enviro-Access in the context of 36 projects and interventions that were undertaken during the fiscal year 2000-2001.
- Extrapolation of data obtained from 52 of these companies leads us to estimate that, in all, our client-companies enjoyed or generated the following economic spin-offs:
 - an increase in their turnover of approximately 18.8 million dollars which translates to an average growth rate of 6.7% for the year;
 - investments in R&D of more than \$4 million and over \$3 million in expenditures for export development;
 - creation of 134 new jobs.

- About 60% of these companies have less than 25 employees and 15% were still in the start-up or pre-marketing phase.
- By their participation in five major international events, several companies took advantage of the networking service, thereby meeting new clients, distributors, representatives and potential partners. In total, 936 business meetings with targeted players were organised by Enviro-Access this year.
- The activities of these companies make important contributions to improving and safeguarding the quality of the environment. Their areas of expertise centre principally around environmental management, water quality, waste management, recycling and energy recovery.
- Enviro-Access's web-site continues to be a reference point for many people looking for information regarding available expertise on technology in the environmental sector. In total, 1,873,400 visits were made to our Internet site this year, or an average monthly rate of 156,116, and these from all around the world.



Visits to Enviro-Access Web site

For the period of April 1, 2000 to March 31, 2001

Year's total: 1,873,400

Monthly average: 156,116

www.enviroaccess.ca

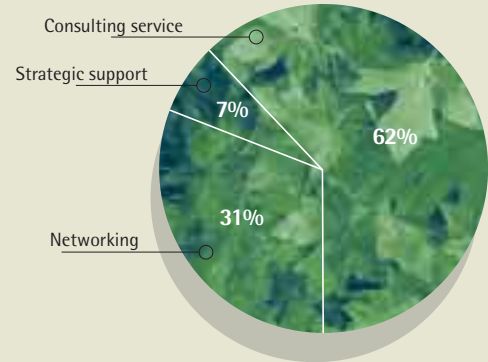


Consulting service

Enviro-Access' team, with the support of its partners and its network of collaborators, provides technical, legal and financial services, as well as general business advice. Enviro-Access is able to act in complex mandates requiring a variety of skills and a high level of coordination between the different participants. Twelve groups called upon this area of expertise during the year, including the Quebec Environmental Industries Development Committee...

Consultation of the environmental industry

As a result of the slow-down of Quebec's environmental industry relative to its performance in the early 1990s, a Development Committee, drawn from government departments, associations and agencies working in the sector, was formed to study the situation and propose solutions. In this context, an updated portrait of the sector was made and a first consultation was held from October 4 to 20, 2000, during which various companies and agencies gave their viewpoints and proposed courses of action to reinvigorate the industry.



Breakdown by value of projects

Consulting service counts for a large proportion of the contract revenues generated by the team.

In the course of the *Forum de l'industrie de l'environnement*, held in Montreal on November 15, 2000, the principal players in the environmental industry met in order to reach broad consensus on action priorities needed to develop strategies for the coming years. This forum assembled the heads of companies in the environmental sector and others who have an influence on developments in this field to take part in group and full-floor discussions in which the stakes, the main lines of development and strategic priorities were examined. More than 100 persons took part, 60 of them from industry. Participants formulated a strategic plan which underlined the need to join forces and act cohesively and to work toward the following goals: increased promotion and visibility, development of expertise, applicable up-to-date regulations and enhancement of competitiveness.

This concerted effort was piloted by Enviro-Access and provided the environmental industry with the necessary impetus to produce a new strategic five-year development plan.

Networking service

Enviro-Access has developed much sought after know-how when it comes to linking companies and forming strategic alliances. In the course of important events in the environmental sector or in response to specific requests, the Centre organizes targeted business meetings between Canadian companies and potential foreign partners based on pre-determined profiles and specific needs. This year, 77 companies participated in many projects designed to facilitate international exchanges...

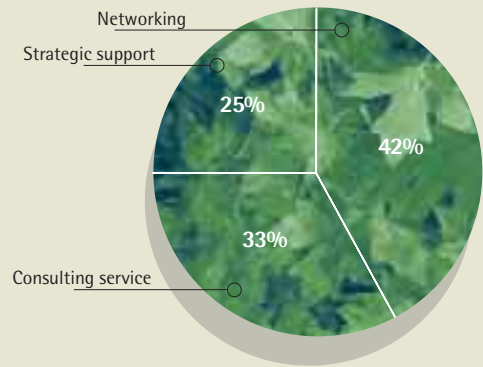
Ecotecnológica 2000

Following their attendance in February, 2000 at the seminar on opportunities in the Brazilian environmental sector, organised jointly by the *Ministère de l'Industrie et du Commerce du Québec* and Enviro-Access, eight companies continued their market development efforts by participating in the



Ecotecnológica 2000 show at Foz do Iguaçu in Brazil, from April 11 to 14. More than 15 meetings were organised for each participant and various negotiations continued after the event, resulting in potential sales of between \$5 and \$10 million and the creation of between 12 and 20 new jobs during the course of the year.

Organic waste management and wastewater treatment were the two areas of expertise most in demand at the show.



Breakdown by number of projects

Enviro-Access has developed highly sought after networking expertise.

Biotechnology Exchange Program

In support of the Montreal office of the Japan External Trade Organisation (JETRO), Enviro-Access welcomed a delegation from seven Hiroshima companies to Montreal, from September 5 to 8, 2000. In the course of this event, which was part of the Montreal-Hiroshima Biotechnology Exchange Program, 32 Quebec companies took part in 48 meetings with Japanese companies with the aim of creating partnerships. The event culminated in industrial visits that have been highly appreciated.

Enviro-Pro 2000

Enviro-Access, in collaboration with *Réseau Environnement*, organised the first Quebec mission to the annual Enviro-Pro show, Mexico's most important environmental industry gathering, which brings together more than 4,000 participants. From September 26 to 29, 2000, six companies seized the opportunity to be part of the Quebec pavilion in Mexico City. Three of them also participated in the business matchmaking program. In total, 40 business meetings took place, and allowed participants to gain familiarity with and entry to the Mexican market. All parties gave top marks to various aspects of Enviro-Access' organisation of the matchmaking service.



Pollutec 2000

In collaboration with *Réseau Environnement*, Enviro-Access participated in Pollutec 2000, the 16th international show of environmental equipment, technology and services, as part of a Canadian delegation comprised of five companies from Quebec and two from the Atlantic region. This event was held in Lyon, France, from October 17 to 20, 2000 and drew 2,140 exhibitors from 34 countries, as well as about 60,000 visitors from 91 countries. More than 40 business meetings were set up between Canadian and European companies with the aim of fostering partnerships and strategic alliances. Participants estimated



the economic spin-offs at more than \$10 million. The show enabled several participants to study the European market, to compare their relative states of technological advancement and to find business partners. Once again, the presence and efforts of the Enviro-Access team made it possible for participants to draw maximum benefit from their involvement in this event.

Workshop on eco-efficiency

A gathering on the theme of "eco-efficiency" was held in Montreal on March 7, 2001, and brought together 30 representatives of government agencies from the Quebec milieu concerned with sustainable development. The aim of the meeting was to discuss eco-efficiency programs aimed at assisting companies to optimise production while improving their energy efficiency and environmental performance. These discussions covered the full range of existing programs in Quebec and Ontario, and looked at success stories as well as means of producing a common mechanism for disseminating information on eco-efficiency programs which would help companies to more easily target the tools that are best suited to their needs.

AMERICANA 2001

From March 28 to 30, 2001, Enviro-Access helped 69 Canadian companies to establish contacts with potential partners and to promote their products and services in the course of AMERICANA 2001, the Pan-American Environmental Technology Trade Show, which was organised by *Réseau Environnement*. An intensive recruitment campaign among targeted foreign companies resulted in visits from 134 delegates from 30 countries in South America, Africa, Europe and Asia. This allowed for the holding of a total of 682 business meetings. At the end of this three-day event, 21% of the Canadian participants stated that they had reached agreements as a direct result of their participation in the International Business Matchmaking Forum and 62% affirmed that negotiations which could lead to firm commitments would continue beyond the event.



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Strategic support service

This service provides a continuing support for the development and commercialisation of environmental technologies. It ensures regular, personal contact with an Enviro-Access advisor while providing the complementary professional support needed to maximize the chances of success to those projects and companies. Enviro-Access' strategic support contributes to the advancement of many environmental technologies...

Enerkem Technologies Inc.

The activities of Enerkem Technologies broadly focus on the conversion of wastes and bio-mass into energy, bio-fuels and by-products. At present, Enerkem is marketing two types of technology. In the first case, the Biosyn process (fluidised bed gasification) consists of transforming bio-mass and solid waste into combustible gas, which is then used to produce electricity or thermal energy. Secondly, FIRST technology (fractioning into gas/liquid phases) is based on separating bio-mass and solid waste into four groups of chemical constituents: hemicellulose, lignin, cellulose and extractive substances, thereby enabling certain by-products such as ethanol to be recovered and marketed.



The application of Enerkem technologies allows wastes headed for sanitary landfills to be re-routed to recovery processes. Thus, problems normally associated with landfill sites are avoided: migration of contaminants into the soil and water courses, emission of greenhouse gases, loss of land for other uses, etc. In addition, an important product of Enerkem's systems is clean energy.

Enviro-Access's role was to carry out the pre-feasibility study aimed at demonstrating the gasification technology, to identify funding sources, to prepare presentation documents for the demonstration project and to produce a market study which determined potential supply sources for materials required to feed a commercial gasification unit.

ESI Ecosystem International Ltd.

ESI Ecosystem is a company working in the field of clean, renewable energy. In order to ensure its competitive positioning, ESI aims at developing specialised technologies which then constitute key elements of its projects. ESI is currently developing a double regulated mixed flow hydraulic turbine for operating in specific applications. Its energy efficiency compared to conventional equipment is much improved. The typical power output for this type of turbine will be in the order of 4 MW.

Production of hydroelectricity, as compared to electricity generated by combustion of solid fuels such as coal or oil, reduces greenhouse gas emissions, ensures a longer life to non-renewable resources, reduces emissions of sulphur and nitrogen oxides thereby improving air quality, especially in urban areas. It also contributes to the prevention of climate change.

Enviro-Access helped to prepare the business plan for ESI Ecosystem Ltd. when the company started up. Recently, Enviro-Access has advised the company's directors with respect to production of a financing plan and has helped with preparation of various requests for funding needed to complete the turbine's development.



Phase Remediation Inc.

Phase Remediation Inc. (PRI) is a technology-based company that provides treatment services using the KMS Concentrator technology. The Kuryluk Mineral Separator (KMS) Concentrator is designed to recover heavy metals, heavy alloys and precious metals from various material substrates (soils and mineral ores primarily). The technology can be described as a gravity mineral separator which involves the use of a fluid for the separation of heavy metals/compounds from various material matrices.

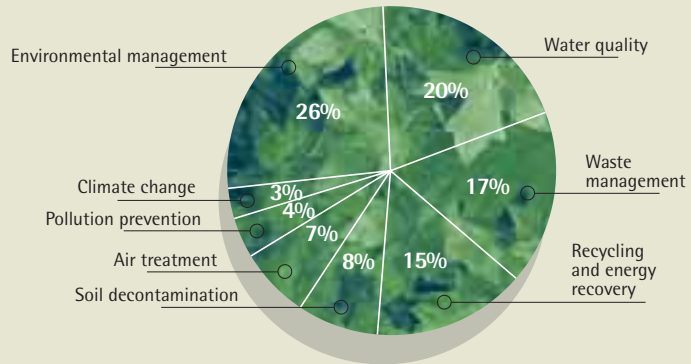


The technology and equipment have proven performance results for the recovery of lead, mercury, copper, zinc and precious metals from heavy metal contaminated soils. Since the beginning of its activities, PRI has successfully treated more than 150,000 tons of contaminated soils, making a significant contribution to a better environment.

Enviro-Access Inc. first became involved with Phase Remediation Inc. in 1996, with the drafting and production of a bilingual Commercial Technology Fact Sheet. Since then, Enviro-Access has organised targeted business meetings for Phase Remediation with potential partners and clients during a number of key environmental events (Americana 97 and 99, Globe 98 and 2000, Pollutec 98 and 2000). The organisation of meetings at Pollutec, notably, has led to remediation contracts in Europe.

Bio-Terre Systems Inc.

Bio-Terre Systems is presently completing the final steps prior to the commercial demonstration of its technology for treating and recovering energy from pig slurry. This process, resulting from research work carried out by Agriculture and Agri-Food Canada, is based on the action of anaerobic micro-organisms, with the capacity to reduce odours, stabilise the organic part of the slurry and conserve its fertiliser value. The bio-gases produced by the action of the micro-organisms are also recovered in the process.



Breakdown according to environmental category

Enviro-Access works with companies in several fields of specialisation who contribute to sustainable development and to improving the quality of the environment.

The environmental benefits of this new process are centred on the elimination of odours and reduction of the volume of solid wastes. Anaerobic digestion also leads to 65-70 % of phosphorus being concentrated in the solid fraction, thereby providing improved management of manure-spreading. Various problems associated with stock-piling, leaching, pollution of waterways and the air are also alleviated. In addition, energy from bio-gases is recovered, thereby significantly reducing green-house gas emissions.

Enviro-Access conducted a study of the Canadian market in order to better inform the project's promoters on its commercial potential and to position the technology in relation to competing solutions. Enviro-Access also identified funding programs for demonstrating the technology and is assisting in networking with various technical and commercial partners.



Bio-Aqua Inc.

Bio-Aqua Inc. is working to develop an integrated waste water treatment system for raising fish in industrial areas. It consists of a closed circuit in which the water from the fish-tanks is recirculated, thereby reducing the daily need for fresh water to that required to replace evaporation losses and to flush the system. The technology, which recycles 100% of the water, relies upon a bio-treatment unit stocked with specially conditioned bacteria, a system for removing suspended organic wastes and an automated robot for continuous cleaning of the tanks.

Conventional fish farms use a large volume of water. This depletes water resources and has major impacts on surrounding aquatic environments. Production wastes contain important quantities of contaminants such as suspended solids (SS), nitrogen (N_t) and phosphorus (P_t).

At present, Quebec's annual production of about 2,000 metric tons of fish generates an estimated discharge of approximately 2,000 tons of pollutants into rivers and lakes: more than 850 tons of SS, 1,100 tons of BOD, 140 tons of N_t and 20 tons of P_t .

Commercial applications of Bio-Aqua technology will directly lead to reduction of these discharges to levels which are acceptable in terms of environmental, social and regulatory norms.

Enviro-Access is convinced of the environmental benefits of this technology and

has been involved in the following activities: conducting a feasibility study, identifying technical and commercial partners, as well as different financing options, and preparing various funding applications.



Raffineurs d'eau de Joliette

Raffineurs d'eau de Joliette specialises in custom-made equipment for water purification. The company has developed new technology providing safe drinking water for hard to access areas such as small communities not connected to public services.

The "Aquasolution®" system uses an autonomous modular unit to pump water, disinfect it by ultra-violet rays and chlorinate it. It can serve populations of up to 3,000 and the water can be distributed over more than two kilometres. The system is very reliable for its bacteriological control. It is compact, light-weight and strong, consumes little energy and is easy to operate.

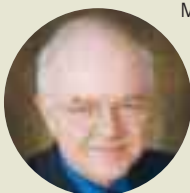
This technology helps to protect the health of populations who could be affected by endemic water-borne diseases. A pilot system, recently installed in the municipality of Usulután in El Salvador, supplies safe drinking water to a population of 300 and a primary school of 600 students.

Enviro-Access helped the company to take the first steps towards commercialising the "Aquasolution®" system by conducting a market study in El Salvador, Nicaragua and Guatemala.



Members of the Board of Directors

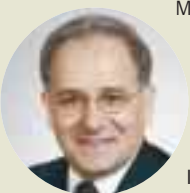
Claude Bégin, Chairman



Mr. Claude Bégin has acquired very broad experience in the service industry, in network management and in managing professionals. He has in fact held several posts, managing accountants or consultants, prior to becoming Chief Executive Officer of Fasken Martineau DuMoulin, a national business law and litigation firm.

A member of various professional associations and an active participant in many professional and community activities, Mr. Bégin holds a Bachelor's degree in Administration, as well as Master's degrees in Commerce and in Accounting from the *Université de Sherbrooke*.

Daniel Williams, Treasurer

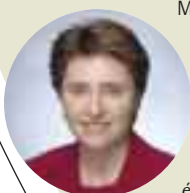


Mr. Daniel Williams is an associate with the firm Raymond Chabot Grant Thornton (RCGT), responsible for management of consulting services. He provides expertise to his clients in the fields of finance, strategy planning and improvement of organisational performance.

In 1975, Mr. Williams joined consulting ranks and in 1983 started RCGT's financial consulting service. In 1988, he assumed responsibility for all RCGT consulting services, a position he held until 1993.

Holder of a Bachelor's degree in Administration from the *École des Hautes Études Commerciales*, he is a member of the Chartered Accountants Corporation of Quebec, has a diploma from the Canadian Institute of Chartered Business Valuators and is a Fellow of the *Institut des conseillers en management du Québec*. For the past several years, Mr. Williams has also held a seat on various boards of directors and management committees.

Manon Laporte, President and Chief Executive Officer



Manon Laporte has been Enviro-Access' President and Chief Executive Officer since its inception in 1993. She had previously established her own international development company prior to becoming industrial commissioner responsible for technological development and international business promotion for the *Société de développement économique de la région sherbrookoise* (Sherbrooke Regional Economic Development Corporation).

Manon Laporte's professional expertise is focused in the areas of aid to innovation and coordination of economic structuring projects. In the past 15 years, she has also been a member of many task forces and has held seats on the boards of directors of several agencies working in the field of technological development.

Manon Laporte is a biochemist and holds a Master's degree in Business Administration (M.B.A.) from the *Université de Sherbrooke*.

Jean-Maurice Plourde, Vice President



Mr. Jean-Maurice Plourde presently holds the position of Chief Executive Officer of the CQVB (*Centre québécois de valorisation des biotechnologies*). The CQVB is a centre for liaison and for technological transfer with the mission to provide financial assistance for the start-up of technological projects and companies in the bio-industry field.

Mr. Plourde has worked for the *Ministère de la Science et de la Technologie* and for the province's Executive Council from 1981 to 1985, and for the *Ministère de l'Éducation* (1970 to 1981), prior to assuming his present responsibilities.

He has a Bachelor's degree in Economic Science and a Master's degree in Industrial Relations from the *Université Laval*, and is a member of several company boards and task forces.

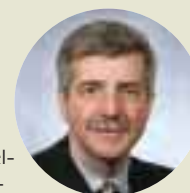
Serge Pichette, Secretary



Me Pichette studied law at Laval University, holds a *Diplôme d'Études Supérieures* in private law from *La faculté de droit et des sciences économiques de l'Université de Lyon*. Me Pichette has been a professor at the *Université Laval* and the University of Montreal, teaching intellectual property law.

He was called to the Bar in 1968. His practice is in intellectual property law, technology transfer, information technology and financing in the high tech industry. Me Pichette is the author of many publications. He is involved with the law firm *Bélanger Sauvé*.

Guy Fouquet, Director

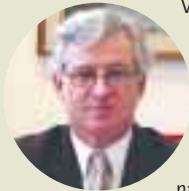


Mr. Guy Fouquet is Vice President of S.M. Group's Development, Environment and Earth Sciences Department, and directs environmental and land-use management projects, as well as engineering works, for S.M. Group International Inc.

In addition to his responsibilities for business development and operations management, he has managed various environmental and land-use planning studies, as well as infrastructure design and construction phases on both the domestic and international scenes.

Mr. Fouquet is involved in several organisations dedicated to developing and financing technological companies. He has a Bachelor's degree in Civil Engineering and a Master's in Engineering, with environmental orientation, from the *Université de Sherbrooke*.

Edwin Bourget, Director



Vice-Rector of Research at the *Université de Sherbrooke*, Mr. Edwin Bourget has vast experience in teaching and has published a large number of works. He has also put his expertise to good use in various organisations and businesses, as a member of the board or of work committees, and as president, professor, conference speaker, coordinator and adviser.

Mr. Bourget holds Bachelor's and Master's degrees in Science from the *Université Laval*, and a Doctorate from the University of Wales in Great Britain.

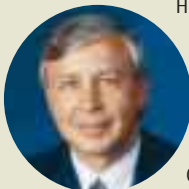
Gérard Bouchard, Director



Mr. Gérard Bouchard is Chief Executive Officer and associated shareholder of Propage Creativity Marketing, founded in 1988. He sees to the development of the company, which now integrates a division dedicated to information technologies. Mr. Bouchard's business skills and management education have yielded constant value-added growth, a proof of his capacity to manage, lead and control large-scale projects for Propage's major accounts and prospects.

Besides his business engagements as board member of various companies and business associations, Mr. Bouchard has made it a point of honour to bring his support to several non-profit organisations.

Richard Royer, Director



Holder of a degree in Civil Engineering from the *Université de Sherbrooke*, Mr. Richard Royer continued his education at Boston's M.I.T., specialising in Buildings and Construction.

He became an Associate with *Groupe de génie-conseil Teknika* in 1962, and was Chief Executive Officer for 15 years. Today, he directs the activities of Teknindustrie Inc.'s Industrial Division.

Mr. Royer has taken part in the development and start-up of numerous Eastern Townships associations, foundations and businesses, and is a member of the board of several of these companies and organisations.

Armand Couture, Director



Doctor Honoris Causa of the *Institut national de la recherche scientifique* at the *Université du Québec*, Mr. Armand Couture works as an expert adviser and is a member of several boards of directors.

At the start of his career, he specialised in major engineering works, particularly in the James Bay *La Grande Complex*. From 1967 to 1991, he was a shareholder in the Lavalin Engineering Group, later SNC-Lavalin, where he held various upper management posts. From 1992 to 1996, he was Executive Officer and Head of Operations at Hydro-Québec.

A civil engineer, Mr. Couture also has a Master's degree in Science from the *Université Laval* and has completed a course in Transport and Traffic in California.

Renaud Lapierre, Director



Mr. Renaud Lapierre is an engineer and holds a Law Degree from the *Université de Sherbrooke*. He has been manager of two companies before assuming the post of Deputy Minister of Energy with the Government of Quebec, where he was involved in major negotiations.

For the last twelve years, he has taken part in more than 150 transactions, since the establishment of *Groupe B. & L. Transactions d'entreprises inc.* (formerly *Biron, Lapierre & Associés inc.*), one of the most important firms in Quebec specialising exclusively in business financing and transactions, where he works as Associate Director and Principal Associate.

Mr. Lapierre is a board member of various companies and has been involved in several major financing projects.

Nathalie H. Tremblay, Director



Ms. Nathalie Tremblay holds the position of Investment Manager for the Plastics, Rubber, Environmental and Distribution sectors of the Fonds de solidarité FTQ (Quebec Workers' Federation mutual fund).

Throughout her career, she has acted as an adviser in the fields of investment, corporate mergers and take-overs, and particularly in securing business financing.

A board-member of several organisations and member of various management committees, Ms. Tremblay has a Bachelor's degree in Business Administration from the *Université du Québec à Montréal*.

ENVIRONMENT CANADA OBSERVERS

Environmental Technology Advancement Directorate
Mr. Abe Finkelstein, Manager
Ms. Lorraine Bonneville, Coordinator

Clean Technologies and Process Division
Canadian Environmental Technology Advancement Centres



Environment
Canada

Environnement
Canada



The financial statements

Auditors' report

To the Directors of Enviro-ACCÈS inc.

We have audited the balance sheet of ENVIRO-ACCÈS INC. as at March 31, 2001 and the statements of income and accumulated surplus and cash flows for the year then ended. These financial 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 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 organization as at March 31, 2001 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures shown were reported on by other auditors.


Samson Bélaire Deloitte & Touche
Chartered Accountants

May 2, 2001

Balance sheet (March 31)

	<u>2001</u>	<u>2000</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 56,110	\$ 26,240
Short-term investments	301,063	211,410
Accounts receivable	373,850	264,422
Prepaid expenses	12,125	9,407
	<u>743,148</u>	<u>511,479</u>
CAPITAL ASSETS	71,244	69,308
	<u>\$ 814,392</u>	<u>\$ 580,787</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 198,336	\$ 102,426
Deferred revenue	75,834	-
	<u>274,170</u>	<u>102,426</u>
ACCUMULATED SURPLUS	540,222	478,361
	<u>\$ 814,392</u>	<u>\$ 580,787</u>

Income and accumulated surplus (year ended March 31)

	2001	2000
REVENUE		
Environment Canada – Contract	\$ 500,000	\$ 500,000
Fees	678,381	274,961
Contributions	584,943	159,548
Interest	10,135	8,200
Other revenue	8,526	2,648
	<u>1,781,985</u>	<u>945,357</u>
DIRECT EXPENSES		
Subcontractors	740,292	56,254
Travel expenses	29,614	19,239
Miscellaneous expenses	3,496	3,512
	<u>773,402</u>	<u>79,005</u>
NET INCOME	<u>1,008,583</u>	<u>866,352</u>
EXPENSES		
Salaries, bonuses and fringe benefits	625,090	594,140
Consultant fees	101,324	73,999
Insurance	12,102	12,218
Communications	30,796	31,452
Conventions, training and seminars	6,809	5,273
Memberships and associations	2,186	1,900
Bad debts	16,008	13,578
Office supplies and stationery	24,378	20,739
Bank charges	568	536
Travel expenses	23,204	19,324
Entertainment expenses	13,577	8,512
Rent	39,187	36,731
Advertising	17,068	12,846
Taxes and permits	9,177	-
Depreciation – computers and software	13,084	10,988
Depreciation – office equipment	5,835	6,647
Depreciation – leasehold improvements	6,329	2,936
	<u>946,722</u>	<u>851,819</u>
EXCESS OF REVENUE OVER EXPENSES	61,861	14,533
ACCUMULATED SURPLUS AT BEGINNING	<u>478,361</u>	<u>463,828</u>
ACCUMULATED SURPLUS AT END	<u>\$ 540,222</u>	<u>\$ 478,361</u>