PHILANTHROPIC FOUNDATIONS CANADA

FONDATIONS PHILANTHROPIQUES CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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DECEMBER 31, 2013

SUMMARY

Mongiat • Bernucci
S.E.N.C.R.L. / LLP, Société de CPA / Partnership of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Members of
Philanthropic Foundations Canada
Fondations Philanthropiques Canada

We have audited the accompanying financial statements of Philanthropic Foundations Canada / Fondations Philanthropiques Canada, which comprise the statement of financial position as at December 31, 2013, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Philanthropic Foundations Canada / Fondations Philanthropiques Canada as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Montreal, Quebec
March 12, 2014

[1] By Michel Bernucci, CPA auditor, CA

PHILANTHROPIC FOUNDATIONS CANADA
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STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenue		
Membership dues	$ 534,354	$ 521,718
Special grants	130,000	-
Sponsorships	40,000	40,000
Conference and symposium	26,113	29,345
Donations for programming and other	18,425	61,379
Interest	14,784	15,954
Program fees	5,110	3,060
	768,786	671,456
Expenditures		
Salaries and fringe benefits	367,298	337,213
Professional fees	129,711	69,755
Conference and symposium expenses	68,768	81,196
Office occupancy	47,110	45,145
Travel and hospitality	37,910	30,197
Membership programs and development	20,293	12,838
Translation services	18,094	20,694
Website development	17,294	369
Computer support	11,350	3,291
Moving expenses	10,109	-
Publications	7,962	8,147
Telephone	5,941	6,614
Communications	5,035	1,099
Board	4,311	8,630
Office supplies and stationery	4,280	7,064
Grants and contributions	2,763	1,500
Postage and delivery	1,978	2,525
Miscellaneous	1,326	2,309
Insurance	1,287	1,286
Amortization of capital assets	1,254	1,476
Subscriptions	1,170	2,313
Professional development	1,028	2,756
Financial services	326	352
	766,598	646,769
Excess of revenue over expenditures	$ 2,188	$ 24,687

PHILANTHROPIC FOUNDATIONS CANADA
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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Internally Restricted	Invested in Capital Assets	Unrestricted	2013 Total	2012 Total
BALANCE, BEGINNING OF YEAR	$ 400,000	$ 5,205	$ 312,144	$ 717,349	$ 692,662
Excess of revenue over expenditures	-	-	2,188	2,188	24,687
Investment in capital assets	-	547	(547)	-	-
BALANCE, END OF YEAR	$ 400,000	$ 5,752	$ 313,785	$ 719,537	$ 717,349

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	2013	2012
Assets		
Current assets		
Cash	$ 492,212	$ 508,947
Term deposits and accrued interest	513,868	513,603
Accounts receivable (note 3)	13,734	12,818
Prepaid expenses	11,771	5,030
	1,031,585	1,040,398
Capital assets (note 4)	3,022	3,729
	$ 1,034,607	$ 1,044,127
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 40,023	$ 13,124
Deferred contributions (note 5)	210,047	193,654
Deferred grants (note 6)	65,000	120,000
	315,070	326,778
Net assets		
Internally restricted (note 7)	400,000	400,000
Invested in capital assets	5,752	5,205
Unrestricted	313,785	312,144
	719,537	717,349
	$ 1,034,607	$ 1,044,127

Commitment (note 8)

APPROVED ON BEHALF OF THE BOARD,

________________________, Director

________________________, Director

PHILANTHROPIC FOUNDATIONS CANADA
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 2,188	$ 24,687
Non-cash item:		
Amortization of capital assets	1,254	1,476
	3,442	26,163
Net change in non-cash working capital items (note 9)	(19,365)	261,137
	(15,923)	287,300
INVESTING ACTIVITIES		
Acquisition of capital assets	(547)	(1,958)
Term deposits and accrued interest	(265)	6,534
	(812)	4,576
INCREASE (DECREASE) IN CASH	(16,735)	291,876
CASH, BEGINNING OF YEAR	508,947	217,071
CASH, END OF YEAR	$ 492,212	$ 508,947

1. STATUS

Philanthropic Foundations Canada / Fondations Philanthropiques Canada was incorporated on August 18, 1999 under the Canada Corporations Act as a corporation without share capital. On August 19, 2013, the Association applied and obtained a Certificate of Continuance under the Canada Not-For-Profit Corporations Act. The membership-based Association was formed to encourage the growth and development of independent, effective and responsible foundations, and to foster a social and regulatory environment that encourages philanthropic contribution.

Effective January 1, 2003, the Association qualifies as a registered charity under the Income Tax Act (Canada) and , as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accrued interest and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred contributions and deferred grants.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Association determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the reporting date. The amount of the write-down is recognized in the excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenue over expenditures.

Transaction costs

The Association recognizes its transaction costs in the excess of revenue over expenditures in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of revenue and expenditures using the straight-line method.

Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the straight-line method over the following periods:

	Periods
Furniture and equipment	5 years
Computer equipment	3 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Association 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.

Membership dues are recognized as revenue proportionately over the fiscal year to which they relate.

Conference, symposium and program fees are recognized as revenue when the event is held.

Sponsorships and special grants are recognized when the related expenses are incurred.

Donations are recognized when received.

Interest is recognized when earned.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. ACCOUNTS RECEIVABLE

	2013	2012
Government remittances	$ 12,292	$ 10,485
Accounts receivable	1,442	2,333
	$ 13,734	$ 12,818

4. CAPITAL ASSETS

	2013			2012
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	$ 17,900	$ 16,895	$ 1,005	$ 897
Computer equipment	36,385	34,368	2,017	2,832
	$ 54,285	$ 51,263	$ 3,022	$ 3,729

5. DEFERRED CONTRIBUTIONS

Deferred contributions received in the current period represent membership dues that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2013	2012
Balance, beginning of year	$ 193,654	$ 44,860
Less: amount recognized as revenue in the year	(193,654)	(44,860)
Add: amount received related to the following year	210,047	193,654
Balance, end of year	$ 210,047	$ 193,654

6. DEFERRED GRANTS

Deferred grants received represent an instalment of a special three-year grant that will be applied toward the Strategic Capacity Building Plan.

	2013	2012
Balance, beginning of year	$ 120,000	$ -
Add: amount received during the year	75,000	-
Add: amount received related to the following years	-	120,000
Less: amount recognized as revenue in the year	(130,000)	-
Balance, end of year	$ 65,000	$ 120,000

7. RESTRICTIONS ON NET ASSETS

These internally restricted amounts are to be held and not disbursed without the approval of the Board of Directors.

8. COMMITMENTS

The commitments of the Association under the lease agreement aggregate to $103,765. The instalments over the next five years are the following:

2014	$ 23,059
2015	$ 23,059
2016	$ 23,059
2017	$ 23,059
2018	$ 11,529

9. CASH FLOWS

Net change in non-cash working capital items:

	2013	2012
Accounts receivable	$ (916)	$ 2,401
Prepaid expenses	(6,741)	1,815
Accounts payable and accrued liabilities	26,899	(11,873)
Deferred contributions	16,393	148,794
Deferred grants	(55,000)	120,000
	$ (19,365)	$ 261,137

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk at the reporting date, i.e. December 31, 2013.

Credit risk

The Association is exposed to credit risk with respect to the accounts receivable and term deposits. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and the term deposits are invested with large financial institutions.

Interest rate risk

The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk. As at December 31, 2013, the Association had term deposits that mature in the short term. The average interest rates at the end of the year varied from .15% to 1.9% (.15% to 1.75% in 2012) with term deposits maturing in twelve months.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

10. FINANCIAL INSTRUMENTS (continued)

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Accounts payable and accrued liabilities are generally repaid within 30 days.