PHILANTHROPIC FOUNDATIONS CANADA

FONDATIONS PHILANTHROPIQUES CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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SUMMARY

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, 2011, 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 generally accepted accounting principles, 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.

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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MONGIAT•BERNUCCI [1]

Montreal, Quebec
March 15, 2012

[1]By Michel Bernucci, CA auditor

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
Income		
Membership dues	$ 491,644	$ 435,123
Donations for programming and other	37,729	40,921
Interest	16,403	12,814
Program fees	6,415	16,728
	552,191	505,586
Expenditures		
Salaries and fringe benefits	375,753	357,641
Office occupancy	45,513	41,511
Travel and hospitality	22,416	17,007
Professional fees	16,595	23,114
Translation services	13,311	16,007
Grants and contributions	12,640	500
Telephone	6,304	6,945
Board	5,975	5,990
Office supplies and stationery	5,030	2,962
Computer support	4,654	3,666
Professional development	4,572	191
Publications	3,582	11,327
Membership programs and development	3,568	25,093
Miscellaneous	2,568	-
Subscriptions	2,020	1,950
Postage and delivery	1,835	2,487
Insurance	1,257	1,227
Amortization of capital assets	1,064	1,102
Financial services	943	538
Communications	846	920
Website development	-	2,700
	530,446	522,878
Excess (deficiency) of revenue over expenditures before the under noted item	21,745	(17,292)
Net excess of revenue over expenditures on the following:		
- PFC conference - Changing Philanthropy (note 7)	15,069	-
Excess (deficiency) of revenue over expenditures	$ 36,814	$ (17,292)

PHILANTHROPIC FOUNDATIONS CANADA
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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Invested in Capital Assets	Internally Restricted	2011 Total	2010 Total
BALANCE, BEGINNING OF YEAR	$ 252,658	$ 3,190	$ 400,000	$ 655,848	$ 673,140
Excess (deficiency) of revenue over expenditures	37,878	(1,064)	-	36,814	(17,292)
Investment in capital assets	(1,121)	1,121	-	-	-
BALANCE, END OF YEAR	$ 289,415	$ 3,247	$ 400,000	$ 692,662	$ 655,848

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011

		2011		2010
ASSETS				
CURRENT ASSETS				
Cash	$	217,071	$	229,008
Term deposits and accrued interest		520,137		517,091
Accounts receivable (note 3)		15,219		16,403
Prepaid expenses		6,845		12,593
		759,272		775,095
Capital assets (note 4)		3,247		3,190
	$	762,519	$	778,285
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	24,997	$	30,744
Deferred contributions (note 5)		44,860		91,693
		69,857		122,437
NET ASSETS				
Unrestricted		289,415		252,658
Invested in capital assets		3,247		3,190
Internally restricted (note 6)		400,000		400,000
		692,662		655,848
	$	762,519	$	778,285

APPROVED ON BEHALF OF THE BOARD,

________________________, Director

________________________, Director

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	$ 36,814	$ (17,292)
Non-cash item:		
Amortization of capital assets	1,064	1,102
	37,878	(16,190)
Net change in non-cash working capital items (note 8)	(45,648)	13,285
	(7,770)	(2,905)
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,121)	(2,771)
Term deposits and accrued interest	(3,046)	10,336
	(4,167)	7,565
INCREASE (DECREASE) IN CASH	(11,937)	4,660
CASH, BEGINNING OF YEAR	229,008	224,348
CASH, END OF YEAR	$ 217,071	$ 229,008

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. 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 financial statements of the Association have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

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

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.

Conference fees are recognized as revenue when the conference is held.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Association applies the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855, Financial Instruments - Recognition and Measurement, and, as permitted for not-for-profit organizations, 3861, Financial Instruments - Disclosure and Presentation. These sections require that all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial investments or other financial liabilities. On initial recognition, all financial instruments are recognized at their respective fair values except for investments in equity instruments that do not have a quoted market price in an active market. After initial recognition, held-for-trading and available-for-sale financial assets are measured at the balance sheet date at fair value, and loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

The Association classifies its financial instruments into one of the following categories based on the purpose for which the financial instrument was acquired. The Association's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash. It is carried in the balance sheet at fair value with changes in fair value recognized in the statement of revenue and expenditures. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Held-to-maturity investments

Term deposits and accrued interest are classified as held-to-maturity. These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Association's management has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to held-to-maturity investments are expensed as incurred.

Loans and receivables

Accounts receivable are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses recognized, and approximate their fair values due to the relatively short periods to maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities include accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are netted against the amount initially recognized.

The Association uses trade date accounting for its held-for-trading and held-to-maturity assets.

Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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

	2011	2010
Sales tax receivable	$ 9,125	$ 4,841
Accounts receivable	6,094	11,562
	$ 15,219	$ 16,403

4. CAPITAL ASSETS

	2011			2010
	Cost	Accumulated amortization	Net value	Net value
Furniture and equipment	$ 17,353	$ 16,109	$ 1,244	$ 1,592
Computer equipment	34,428	32,425	2,003	1,598
	$ 51,781	$ 48,534	$ 3,247	$ 3,190

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:

	2011	2010
Balance, beginning of year	$ 91,693	$ 62,044
Less: amount recognized as revenue in the year	(91,693)	(62,044)
Add: amount received related to the following year	44,860	91,693
Balance, end of year	$ 44,860	$ 91,693

6. RESTRICTIONS ON NET ASSETS

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

7. PFC CONFERENCE - CHANGING PHILANTHROPY

Revenue	
Conference fees	$ 93,230
Sponsorships	132,500
Donations from members	13,000
	238,730
Conference expenditures	223,661
Excess of revenue over expenditures	$ 15,069

8. CASH FLOWS

	2011	2010
Interest received	$ 13,358	$ 12,814

8. CASH FLOWS (continued)

Net change in non-cash working capital items:

	2011	2010
Accounts receivable	$ 1,184	$ (9,338)
Prepaid expenses	5,748	(12,593)
Accounts payable and accrued liabilities	(5,747)	5,567
Deferred contributions	(46,833)	29,649
	$ (45,648)	$ 13,285

9. FINANCIAL INSTRUMENTS

Credit risk

The Association's assets that are exposed to a credit risk consist of cash and term deposits. Cash and term deposits are held with a Canadian Chartered Bank.

Interest rate risk

The Association manages its term deposits based on its cash flow needs and with a view to optimizing its interest income. The average interest rates at the end of the year varied from .15% to 2.27% (.2% to 1.5% in 2010) with term deposits maturing in the following year.

Fair Value

At December 31, 2011, the carrying amount of cash, term deposits and accrued interest, accounts receivable and accounts payable and accrued liabilities approximates its fair value due to the approaching maturity of these financial instruments.

10. COMMITMENTS

The commitments of the Association under lease agreements aggregate to $28,000. The instalments over the next year are the following:

2012	$ 28,000