PHILANTHROPIC FOUNDATIONS CANADA

FONDATIONS PHILANTHROPIQUES CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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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, 2012, 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, 2012, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Philanthropic Foundations Canada / Fondations Philanthropiques Canada adopted Canadian accounting standards for not-for-profit organizations on January 1st, 2012 with a transition date of January 1st, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1st, 2011, and the statements of revenue and expenditures, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

MONGIAT•BERNUCCI[1]

Montreal, Quebec
March 7, 2013

[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, 2012

	2012	2011
Revenue		
Membership dues	$ 521,718	$ 491,644
Donations for programming and other	61,379	50,729
Sponsorships	40,000	132,500
Conference and symposium	29,345	93,230
Interest	15,954	16,403
Program fees	3,060	6,415
	671,456	790,921
Expenditures		
Salaries and fringe benefits	337,213	375,753
Conference and symposium expenses	81,196	223,661
Professional fees	69,755	16,595
Office occupancy	45,145	45,513
Travel and hospitality	30,197	22,416
Translation services	20,694	13,311
Membership programs and development	12,838	3,568
Board	8,630	5,975
Publications	8,147	3,582
Office supplies and stationery	7,064	5,030
Telephone	6,614	6,304
Computer support	3,291	4,654
Professional development	2,756	4,572
Postage and delivery	2,525	1,835
Subscriptions	2,313	2,020
Miscellaneous	2,309	2,568
Grants and contributions	1,500	12,640
Amortization of capital assets	1,476	1,064
Insurance	1,286	1,257
Communications	1,099	846
Website development	369	-
Financial services	352	943
	646,769	754,107
Excess of revenue over expenditures	$ 24,687	$ 36,814

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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Internally Restricted	Invested in Capital Assets	Unrestricted	2012 Total	2011 Total
BALANCE, BEGINNING OF YEAR	$ 400,000	$ 3,247	$ 289,415	$ 692,662	$ 655,848
Excess of revenue over expenditures	-	-	24,687	24,687	36,814
Investment in capital assets	-	1,958	(1,958)	-	-
BALANCE, END OF YEAR	$ 400,000	$ 5,205	$ 312,144	$ 717,349	$ 692,662

PHILANTHROPIC FOUNDATIONS CANADA
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STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	2012	2011	As at January 1st, 2011
Assets			
Current assets			
Cash	$ 508,947	$ 217,071	$ 229,008
Term deposits and accrued interest (note 10)	513,603	520,137	517,091
Accounts receivable (note 4)	12,818	15,219	16,403
Prepaid expenses	5,030	6,845	12,593
	1,040,398	759,272	775,095
Capital assets (note 5)	3,729	3,247	3,190
	$ 1,044,127	$ 762,519	$ 778,285
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 13,124	$ 24,997	$ 30,744
Deferred contributions (note 6)	193,654	44,860	91,693
Deferred grants (note 7)	120,000	-	-
	326,778	69,857	122,437
Net assets			
Internally restricted (note 8)	400,000	400,000	400,000
Invested in capital assets	5,205	3,247	3,190
Unrestricted	312,144	289,415	252,658
	717,349	692,662	655,848
	$ 1,044,127	$ 762,519	$ 778,285

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, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 24,687	$ 36,814
Non-cash item:		
Amortization of capital assets	1,476	1,064
	26,163	37,878
Net change in non-cash working capital items (note 9)	261,137	(45,648)
	287,300	(7,770)
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,958)	(1,121)
Term deposits and accrued interest	6,534	(3,046)
	4,576	(4,167)
INCREASE (DECREASE) IN CASH	291,876	(11,937)
CASH, BEGINNING OF YEAR	217,071	229,008
CASH, END OF YEAR	$ 508,947	$ 217,071

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. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The Association has elected to apply Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the Association has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in Section 1501, First-time Adoption by Not-for-Profit Organizations, for first-time adopters of this basis of accounting.

First-time adoption of this new basis of accounting had no impact on the Association's excess of revenue over expenditures for the year ended December 31, 2011 or on net assets as at January 1, 2011, the date of transition.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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 effective interest 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

4. ACCOUNTS RECEIVABLE

	2012	2011	As at January 1st, 2011
Sales tax receivable	$ 10,485	$ 9,125	$ 4,841
Accounts receivable	2,333	6,094	11,562
	$ 12,818	$ 15,219	$ 16,403

5. CAPITAL ASSETS

	2012			2011	As at January 1st, 2011
	Cost	Accumulated amortization	Net book value	Net book value	Net book value
Furniture and equipment	$ 17,353	$ 16,456	$ 897	$ 1,244	$ 1,592
Computer equipment	36,385	33,553	2,832	2,003	1,598
	$ 53,738	$ 50,009	$ 3,729	$ 3,247	$ 3,190

6. 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:

	2012	2011	As at January 1st, 2011
Balance, beginning of year	$ 44,860	$ 91,693	$ 62,044
Less: amount recognized as revenue in the year	(44,860)	(91,693)	(62,044)
Add: amount received related to the following year	193,654	44,860	91,693
Balance, end of year	$ 193,654	$ 44,860	$ 91,693

7. DEFERRED GRANTS

Deferred grants received in the current period represent an instalment of a special three-year grant that will be applied toward the Strategic Capacity Building Plan beginning in 2013.

	2012	2011	As at January 1st, 2011
Balance, beginning of year	$ -	$ -	$ -
Less: amount recognized as revenue in the year	-	-	-
Add: amount received related to the following years	120,000	-	-
Balance, end of year	$ 120,000	$ -	$ -

8. RESTRICTIONS ON NET ASSETS

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

9. CASH FLOWS

Net change in non-cash working capital items:

	2012	2011
Accounts receivable	$ 2,401	$ 1,184
Prepaid expenses	1,815	5,748
Accounts payable and accrued liabilities	(11,873)	(5,747)
Deferred contributions	148,794	(46,833)
Deferred grants	120,000	-
	$ 261,137	$ (45,648)

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, 2012.

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, 2012, 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 1.75% (.15% to 2.27% in 2011) with term deposits maturing in twelve months.

10. FINANCIAL INSTRUMENTS (continued)

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.

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.

11. COMMITMENTS

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

2013	$ 28,000

12. COMPARATIVE FIGURES

Certain figures for 2011 have been reclassified to make their presentation identical to that adopted in 2012.