PHILANTHROPIC FOUNDATIONS CANADA

FONDATIONS PHILANTHROPIQUES CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014, 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.

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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, 2014, 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.

LLP[1]

Montreal, Quebec
March 11, 2015

[1] By Michel Bernucci, CPA auditor, CA

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenue		
Membership dues	$ 581,855	$ 534,354
Special grants	167,000	130,000
Donations for programming and other	21,815	18,425
Interest	14,230	14,784
Program fees	8,260	5,110
Conference sponsorships	144,000	-
Conference fees	110,213	-
Symposium sponsorships	-	40,000
Symposium fees	-	26,113
	1,047,373	768,786
Expenditures		
Salaries and fringe benefits	375,992	367,298
Conference expenses	223,026	-
Professional fees	126,450	129,711
Grants and contributions	52,000	2,763
Office occupancy	44,586	47,110
Travel and hospitality	29,840	37,910
Translation services	17,860	18,094
Membership programs and development	14,116	20,293
Computer support	12,935	11,350
Publications	8,150	7,962
Office supplies and stationery	8,122	4,280
Telephone	7,454	5,941
Communications	6,019	5,035
Board	3,495	4,311
Professional development	3,406	1,028
Miscellaneous	3,041	1,326
Postage and delivery	2,446	1,978
Insurance	2,111	1,287
Subscriptions	1,277	1,170
Amortization of capital assets	1,219	1,254
Website development	1,075	17,294
Financial services	990	326
Moving expenses	-	10,109
Symposium expenses	-	68,768
	945,610	766,598
Excess of revenue over expenditures	$ 101,763	$ 2,188

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Internally Restricted	Invested in Capital Assets	Unrestricted	2014 Total	2013 Total
BALANCE, BEGINNING OF YEAR	$ 400,000	$ 5,752	$ 313,785	$ 719,537	$ 717,349
Excess of revenue over expenditures	-	(1,219)	102,982	101,763	2,188
Investment in capital assets	-	1,460	(1,460)	-	-
Transfer from Unrestricted to Invested in Capital Assets	-	(2,731)	2,731	-	-
BALANCE, END OF YEAR	$ 400,000	$ 3,262	$ 418,038	$ 821,300	$ 719,537

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
Assets		
Current assets		
Cash	$ 581,779	$ 492,212
Term deposit and accrued interest (note 3)	511,336	513,868
Accounts receivable (note 4)	33,630	13,734
Prepaid expenses	16,632	11,771
	1,143,377	1,031,585
Capital assets (note 5)	3,262	3,022
	$ 1,146,639	$ 1,034,607
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 18,051	$ 40,023
Deferred contributions (note 6)	284,288	210,047
Deferred grants (note 7)	23,000	65,000
	325,339	315,070
Net assets		
Internally restricted (note 8)	400,000	400,000
Invested in capital assets	3,262	5,752
Unrestricted	418,038	313,785
	821,300	719,537
	$ 1,146,639	$ 1,034,607

Commitment (note 10)

APPROVED ON BEHALF OF THE BOARD,

______________________, Director

______________________, Director

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 101,763	$ 2,188
Non-cash item:		
Amortization of capital assets	1,219	1,254
	102,982	3,442
Net change in non-cash working capital items (note 9)	(14,487)	(19,365)
	88,495	(15,923)
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,460)	(547)
Term deposit and accrued interest	2,532	(265)
	1,072	(812)
INCREASE (DECREASE) IN CASH	89,567	(16,735)
CASH, BEGINNING OF YEAR	492,212	508,947
CASH, END OF YEAR	$ 581,779	$ 492,212

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenue over expenditures.

Financial assets measured at amortized cost include cash, term deposit 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.

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 expenditures during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

3. TERM DEPOSIT AND ACCRUED INTEREST

As at December 31, 2014, the Association had a term deposit that matures in the short term. The average interest rate at the end of the year varied from 1.2% to 1.9% (.15% to 1.9% in 2013) with the term deposit maturing in twelve months.

4. ACCOUNTS RECEIVABLE

	2014	2013
Government remittances	$ 20,060	$ 12,292
Accounts receivable	13,570	1,442
	$ 33,630	$ 13,734

As at December 31, 2014, the total value of impaired receivables is $nil ($nil in 2013).

5. CAPITAL ASSETS

	2014			2013
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	$ 17,900	$ 17,352	$ 548	$ 1,005
Computer equipment	37,845	35,131	2,714	2,017
	$ 55,745	$ 52,483	$ 3,262	$ 3,022

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:

	2014	2013
Balance, beginning of year	$ 210,047	$ 193,654
Less: amount recognized as revenue in the year	(210,047)	(193,654)
Add: amount received related to the following year	284,288	210,047
Balance, end of year	$ 284,288	$ 210,047

7. DEFERRED GRANTS

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

	2014	2013
Balance, beginning of year	$ 65,000	$ 120,000
Add: amount received during the year	75,000	75,000
Less: amount recognized as revenue in the year	(117,000)	(130,000)
Balance, end of year	$ 23,000	$ 65,000

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. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2014	2013
Accounts receivable	$ (19,896)	$ (916)
Prepaid expenses	(4,861)	(6,741)
Accounts payable and accrued liabilities	(21,971)	26,899
Deferred contributions	74,241	16,393
Deferred grants	(42,000)	(55,000)
	$ (14,487)	$ (19,365)

10. COMMITMENT

The commitment of the Association under the lease agreement aggregates to $160,436. The instalments over the next four years are the following:

2015	$ 45,839
2016	$ 45,839
2017	$ 45,839
2018	$ 22,919

11. 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.

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.

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.

11. 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.