

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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FINANCIAL STATEMENTS

DECEMBER 31, 2015

SUMMARY

Page

Independent Auditor's Report	1 - 2
Statement of Revenue and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13



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, 2015, 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.

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, 2015, 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 11, 2016

¹ By Michel Bernucci, CPA auditor, CA

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Opportunity Reserve Fund	Emergency Fund	2015	2014
Revenue					
Membership dues	\$ 650,393	\$ -	\$ -	\$ 650,393	\$ 581,855
Special grants	78,000	-	-	78,000	167,000
Program fees	22,558	-	-	22,558	8,260
Donations for programming and other	15,841	-	-	15,841	21,815
Interest	7,465	308	1,481	9,254	14,230
Symposium fees	48,680	-	-	48,680	-
Symposium sponsorships	60,000	-	-	60,000	-
Conference sponsorships	-	-	-	-	144,000
Conference fees	-	-	-	-	110,213
	<u>882,937</u>	<u>308</u>	<u>1,481</u>	<u>884,726</u>	<u>1,047,373</u>
Expenditures					
Salaries and fringe benefits	378,866	-	-	378,866	375,992
Professional fees	113,857	17,968	-	131,825	126,450
Symposium expenses	107,386	-	-	107,386	-
Grants and contributions	52,000	-	-	52,000	52,000
Office occupancy	46,119	-	-	46,119	44,586
Membership programs and development	30,004	-	-	30,004	14,116
Travel and hospitality	27,863	-	-	27,863	29,840
Translation services	24,775	-	-	24,775	17,860
Communications	12,927	-	-	12,927	6,019
Publications	10,370	-	-	10,370	8,150
Computer support	10,270	-	-	10,270	12,935
Office supplies and stationery	9,690	-	-	9,690	8,122
Board	9,271	-	-	9,271	3,495
Telephone	6,161	-	-	6,161	7,454
Subscriptions	4,449	-	-	4,449	1,277
Professional development	3,957	-	-	3,957	3,406
Miscellaneous	2,840	-	-	2,840	3,041
Postage and delivery	2,377	-	-	2,377	2,446
Financial services	2,102	-	-	2,102	990
Insurance	2,091	-	-	2,091	2,111
Amortization of capital assets	1,382	-	-	1,382	1,219
Conference expenses	-	-	-	-	223,026
Website development	-	-	-	-	1,075
	<u>858,757</u>	<u>17,968</u>	<u>-</u>	<u>876,725</u>	<u>945,610</u>
Excess (deficiency) of revenue over expenditures	\$ <u>24,180</u>	\$ <u>(17,660)</u>	\$ <u>1,481</u>	\$ <u>8,001</u>	\$ <u>101,763</u>

PHILANTHROPIC FOUNDATIONS CANADA
 FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Invested in Capital Assets	Opportunity Reserve Fund	Emergency Fund	Internally Restricted	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 418,038	\$ 3,262	\$ -	\$ -	\$ 400,000	\$ 821,300	\$ 719,537
Excess (deficiency) of revenue over expenditures	25,562	(1,382)	(17,660)	1,481	-	8,001	101,763
Investment in capital assets	(3,568)	3,568	-	-	-	-	-
Interfund transfers (note 7)	(400,000)	-	300,000	500,000	(400,000)	-	-
BALANCE, END OF YEAR	<u>\$ 40,032</u>	<u>\$ 5,448</u>	<u>\$ 282,340</u>	<u>\$ 501,481</u>	<u>\$ -</u>	<u>\$ 829,301</u>	<u>\$ 821,300</u>



PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Opportunity Reserve Fund	Emergency Fund	<u>2015</u>	<u>2014</u>
Assets					
Current assets					
Cash	\$ 452,593	\$ -	\$ -	\$ 452,593	\$ 581,779
Term deposits and accrued interest (note 10)	-	270,308	501,481	771,789	511,336
Accounts receivable (note 3)	31,693	-	-	31,693	33,630
Prepaid expenses	19,974	-	-	19,974	16,632
Interfund balances (note 7)	<u>(107,032)</u>	<u>107,032</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets (note 4)	397,228	377,340	501,481	1,276,049	1,143,377
	<u>5,448</u>	<u>-</u>	<u>-</u>	<u>5,448</u>	<u>3,262</u>
	<u>\$ 402,676</u>	<u>\$ 377,340</u>	<u>\$ 501,481</u>	<u>\$ 1,281,497</u>	<u>\$ 1,146,639</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 29,394	\$ -	\$ -	\$ 29,394	\$ 18,051
Deferred contributions (note 5)	303,965	-	-	303,965	284,288
Deferred donations	23,837	-	-	23,837	-
Deferred grants (note 6)	<u>-</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>	<u>23,000</u>
	357,196	95,000	-	452,196	325,339
Net assets					
Unrestricted	40,032	-	-	40,032	418,038
Invested in capital assets	5,448	-	-	5,448	3,262
Internally restricted	<u>-</u>	<u>282,340</u>	<u>501,481</u>	<u>783,821</u>	<u>400,000</u>
	<u>45,480</u>	<u>282,340</u>	<u>501,481</u>	<u>829,301</u>	<u>821,300</u>
Commitment (note 9)	<u>\$ 402,676</u>	<u>\$ 377,340</u>	<u>\$ 501,481</u>	<u>\$ 1,281,497</u>	<u>\$ 1,146,639</u>

APPROVED ON BEHALF OF THE BOARD,

_____, Director

_____, Director

PHILANTHROPIC FOUNDATIONS CANADA
 FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 8,001	\$ 101,763
Non-cash items:		
Amortization of capital assets	1,382	1,219
Accrued interest	<u>20</u>	<u>2,532</u>
	<u>1,402</u>	<u>3,751</u>
	9,403	105,514
Net change in non-cash items related to operating activities (note 8)	<u>125,452</u>	<u>(14,487)</u>
	<u>134,855</u>	<u>91,027</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(3,568)	(1,460)
Term deposits	<u>(260,473)</u>	<u>-</u>
	<u>(264,041)</u>	<u>(1,460)</u>
(DECREASE) INCREASE IN CASH	(129,186)	89,567
CASH, BEGINNING OF YEAR	<u>581,779</u>	<u>492,212</u>
CASH, END OF YEAR	\$ <u>452,593</u>	\$ <u>581,779</u>

**PHILANTHROPIC FOUNDATIONS CANADA
FONDACTIONS PHILANTHROPIQUES CANADA**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

1. STATUS

Philanthropic Foundations Canada / Fondations Philanthropiques Canada (the Association) 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.

The Association follows the deferral method of accounting for contributions.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

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 of these financial instruments are recognized in the excess of revenue over expenditures in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits and accrued interest and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, deferred contributions, deferred donations and deferred grants.

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the excess of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenue over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the excess of revenue over expenditures over the life of the instrument using the straight-line method.

Fund accounting

Revenues and expenditures related to memberships and programs are reported in the General Fund.

The Opportunity Reserve Fund reports the revenues and expenditures related to supporting capacity building needs and special projects of the Association.

The Emergency Fund is for the purpose of covering contingencies.

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn.

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

PHILANTHROPIC FOUNDATIONS CANADA
 FONDATIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the impairment of financial assets and the useful life of capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. ACCOUNTS RECEIVABLE

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
Government remittances	\$ 17,704	\$ 20,060
Accounts receivable	<u>13,989</u>	<u>13,570</u>
	<u>\$ 31,693</u>	<u>\$ 33,630</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2 0 1 5 Net Book Value</u>	<u>2 0 1 4 Value</u>
Furniture and equipment	\$ 21,468	\$ 17,722	\$ 3,746	\$ 548
Computer equipment	<u>37,845</u>	<u>36,143</u>	<u>1,702</u>	<u>2,714</u>
	<u>\$ 59,313</u>	<u>\$ 53,865</u>	<u>\$ 5,448</u>	<u>\$ 3,262</u>

PHILANTHROPIC FOUNDATIONS CANADA
 FONDATIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

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:

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
Balance, beginning of year	\$ 284,288	\$ 210,047
Less: amount recognized as revenue in the year	(284,288)	(210,047)
Add: amount received related to the following year	<u>303,965</u>	<u>284,288</u>
Balance, end of year	\$ <u><u>303,965</u></u>	\$ <u><u>284,288</u></u>

6. DEFERRED GRANTS

Deferred grants received represent primarily the first instalment of a special three-year grant that will be applied toward *Communicating the Value and Role of the Philanthropic Foundation Sector to Canadians*. The deferred grants reported in 2014 represent the grants applied to the Strategic Capacity Building Plan which was complete in 2015.

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
Balance, beginning of year	\$ 23,000	\$ 65,000
Add: amount received during the year	95,000	75,000
Less: amount recognized as revenue in the year	<u>(23,000)</u>	<u>(117,000)</u>
Balance, end of year	\$ <u><u>95,000</u></u>	\$ <u><u>23,000</u></u>

PHILANTHROPIC FOUNDATIONS CANADA
FONDTIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

7. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED FUND BALANCES

In 2015, the Association's board of directors internally restricted resources of \$800,000. Of this amount, \$300,000 is to be used for capacity building needs and special projects and \$500,000 is to be used for the purpose of covering contingencies. Transfers of these amounts were made from the General Fund to the Opportunity Reserve Fund and the Emergency Fund, respectively.

The interfund balances reported at December 31, 2015 are non-interest bearing with no specified terms of repayment.

8. NET CHANGE IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	<u>2 0 1 5</u>	<u>2 0 1 4</u>
Accounts receivable	\$ 1,937	\$ (19,896)
Prepaid expenses	(3,342)	(4,861)
Accounts payable and accrued liabilities	11,343	(21,971)
Deferred contributions	19,677	74,241
Deferred grants	72,000	(42,000)
Deferred donations	<u>23,837</u>	<u>-</u>
	\$ <u>125,452</u>	\$ <u>(14,487)</u>

9. COMMITMENT

The commitment of the Association under the lease agreement aggregates to \$117,135. The instalments over the next three years are the following:

2016	\$ 46,854
2017	\$ 46,854
2018	\$ 23,427

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the Association to related cash flow risk.

The Association manages its term deposit portfolio according to its cash needs and in such a way as to optimize interest income. The average interest rate on term deposits at year-end was 0.85% (1.55% in 2014) and their due dates are twelve months.

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.

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.