PHILANTHROPIC FOUNDATIONS CANADA

FONDATIONS PHILANTHROPIQUES CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017, 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.

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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, 2017 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
April 4, 2018

[1] By Michel Bernucci, CPA auditor, CA

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Opportunity Reserve Fund	Emergency Fund	2017	2016
Revenue					
Membership dues	$ 744,842	$ -	$ -	$ 744,842	$ 699,473
Special grants	181,500	-	-	181,500	159,600
Program fees	6,902	-	-	6,902	10,380
Donations for programming and other	26,764	-	-	26,764	39,561
Interest	1,251	2,700	5,027	8,978	11,454
Rental income	9,720	-	-	9,720	3,200
Symposium fees	78,925	-	-	78,925	-
Symposium sponsorships	105,295	-	-	105,295	-
Conference fees	-	-	-	-	147,013
Conference sponsorships	-	-	-	-	137,000
	1,155,199	2,700	5,027	1,162,926	1,207,681
Expenditures					
Salaries and fringe benefits	489,676	-	-	489,676	482,510
Professional fees	223,136	-	-	223,136	176,992
Symposium expenses	166,322	-	-	166,322	-
Office occupancy	67,606	-	-	67,606	51,503
Grants and contributions	64,154	-	-	64,154	53,500
Special projects	37,804	-	-	37,804	-
Travel and hospitality	36,121	-	-	36,121	34,591
Website development	31,871	-	-	31,871	-
Membership programs and development	29,355	-	-	29,355	28,807
Translation services	20,408	-	-	20,408	16,664
Computer support	16,517	-	-	16,517	12,649
Professional development	9,747	-	-	9,747	6,231
Miscellaneous	7,041	-	-	7,041	2,000
Office supplies and stationery	6,702	-	-	6,702	3,517
Board	6,576	-	-	6,576	11,442
Telephone	5,473	-	-	5,473	4,947
Subscriptions	5,114	-	-	5,114	2,351
Amortization of capital assets	2,812	-	-	2,812	1,785
Financial services	2,356	-	-	2,356	2,342
Publications	2,245	-	-	2,245	1,100
Insurance	2,128	-	-	2,128	2,302
Postage and delivery	1,614	-	-	1,614	1,993
Conference expenses	-	-	-	-	252,975
Moving expenses	-	-	-	-	16,869
	1,234,778	-	-	1,234,778	1,167,070
Excess (deficiency) of revenue over expenditures	$ (79,579)	$ 2,700	$ 5,027	$ (71,852)	$ 40,611

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Invested in Capital Assets	Opportunity Reserve Fund	Emergency Fund	2017	2016
BALANCE, BEGINNING OF YEAR	$ 107,295	$ 5,564	$ 251,061	$ 505,992	**$ 869,912**	$ 829,301
Excess (deficiency) of revenue over expenditures	(76,767)	(2,812)	2,700	5,027	**(71,852)**	40,611
Investment in capital assets	(3,858)	3,858	-	-	**-**	-
BALANCE, END OF YEAR	$ 26,670	$ 6,610	$ 253,761	$ 511,019	**$ 798,060**	$ 869,912

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Opportunity Reserve Fund	Emergency Fund	2017	2016
Assets					
Current assets					
Cash	$ 349,364	$ -	$ -	$ **349,364**	$ 413,764
Term deposits and accrued interest (note 9)	27,648	271,080	474,390	**773,118**	920,302
Accounts receivable (note 3)	37,512	-	-	**37,512**	25,690
Prepaid expenses	24,605	-	-	**24,605**	7,027
Interfund balances (note 6)	(19,310)	(17,319)	36,629	**-**	-
	419,819	253,761	511,019	**1,184,599**	1,366,783
Capital assets (note 4)	6,610	-	-	**6,610**	5,564
	$ 426,429	$ 253,761	$ 511,019	$ **1,191,209**	$ 1,372,347
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	$ 29,745	$ -	$ -	$ **29,745**	$ 60,798
Deferred contributions (note 5)	343,485	-	-	**343,485**	326,589
Deferred donations	19,919	-	-	**19,919**	5,048
Deferred grants	-	-	-	**-**	110,000
	393,149	-	-	**393,149**	502,435
Net assets					
Unrestricted	26,670	-	-	**26,670**	107,295
Invested in capital assets	6,610	-	-	**6,610**	5,564
Internally restricted	-	253,761	511,019	**764,780**	757,053
	33,280	253,761	511,019	**798,060**	869,912
	$ 426,429	$ 253,761	$ 511,019	$ **1,191,209**	$ 1,372,347

Commitments (note 8)

APPROVED ON BEHALF OF THE BOARD,

______________________________, Director

______________________________, Director

PHILANTHROPIC FOUNDATIONS CANADA
FONDATIONS PHILANTHROPIQUES CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	$ (71,852)	$ 40,611
Non-cash items:		
Amortization of capital assets	2,812	1,785
Accrued interest	(2,816)	1,487
	(4)	3,272
	(71,856)	43,883
Net change in non-cash items related to operating activities (note 7)	(138,686)	69,189
	(210,542)	113,072
INVESTING ACTIVITIES		
Acquisition of capital assets	(3,858)	(1,901)
Term deposits	150,000	(150,000)
	146,142	(151,901)
DECREASE IN CASH	(64,400)	(38,829)
CASH, BEGINNING OF YEAR	413,764	452,593
CASH, END OF YEAR	$ 349,364	$ 413,764

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 and deferred donations.

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 catastrophic or shut-down contingencies.

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.

Rental income is recognized when it is received.

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

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

	2017	2016
Government remittances	$ 30,012	$ 20,470
Accounts receivable	7,500	5,220
	$ 37,512	$ 25,690

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net Book Value	2016 Net Book Value
Furniture and equipment	$ 21,469	$ 19,368	$ 2,101	$ 2,924
Computer equipment	43,603	39,094	4,509	2,640
	$ 65,072	$ 58,462	$ 6,610	$ 5,564

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:

	2017	2016
Balance, beginning of year	$ 326,589	$ 303,965
Less: amount recognized as revenue in the year	(326,589)	(301,465)
Add: amount received related to the following year	343,485	324,089
Balance, end of year	$ 343,485	$ 326,589

6. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED FUND BALANCES

The interfund balances reported at December 31, 2017 are non-interest bearing with no specified terms of repayment.

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

	2017	2016
Accounts receivable	$ (11,822)	$ 6,003
Prepaid expenses	(17,578)	12,947
Accounts payable and accrued liabilities	(31,053)	31,404
Deferred contributions	16,896	22,624
Deferred grants	(110,000)	15,000
Deferred donations	14,871	(18,789)
	$ (138,686)	$ 69,189

8. COMMITMENTS

The commitments of the Association under the lease agreements aggregate to $262,317. The instalments over the next four years are the following:

2018	$ 76,795
2019	$ 71,815
2020	$ 71,815
2021	$ 41,892

9. 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 1% (1% in 2016) 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.