

**CANADIAN FRIENDS SERVICE COMMITTEE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
Canadian Friends Service Committee

We have audited the accompanying financial statements of Canadian Friends Service Committee, which comprise the statement of financial position as at March 31, 2015, and the statements of changes in net assets, operations 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 Committee'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 Committee'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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Committee derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Committee and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2015, current assets as at March 31, 2015 and net assets as at April 1, 2014 and March 31, 2015.

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**INDEPENDENT AUDITOR'S REPORT (Continued)**

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*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Committee as at March 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.

*Other Matter*

The financial statements for the year ended March 31, 2014 were audited by another auditor who expressed a modified opinion on those statements on July 16, 2014. The opinion was modified with respect to the completeness of donation revenue which was not susceptible of satisfactory audit verification.

*Paylor Leibow LLP*

**CHARTERED ACCOUNTANTS**  
**Licensed Public Accountants**

Hamilton, Ontario  
July 13, 2015

**CANADIAN FRIENDS SERVICE COMMITTEE**  
**STATEMENT OF FINANCIAL POSITION**

*As at March 31*

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	21,476	-
Short-term investments	2,643,283	2,304,805
HST and other receivables	6,191	6,515
Prepaid expenses	6,637	10,517
	<b>2,677,587</b>	<b>2,321,837</b>
INVESTMENT IN CANADIAN ALTERNATIVE INVESTMENT CO-OPERATIVE TRUST (CAIC)	173,000	173,000
INVESTMENT IN OIKOCREDIT	10,000	10,000
CAPITAL ASSETS (Note 3)	4,802	4,345
	<b>2,865,389</b>	<b>2,509,182</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	-	3,303
Accounts payable and accrued liabilities (Note 4)	17,862	11,337
Deferred income (Note 5)	1,650	150
Project funding payable (Note 6)	1,590	13,018
Interest free loans (Note 7)	83,000	83,000
	<b>104,102</b>	<b>110,808</b>
<b>NET ASSETS</b>		
UNDESIGNATED FUND	755,369	659,958
BEQUEST FUND	1,129,918	875,416
FISCHER INCOME FUND	693,000	680,000
ALTERNATIVE INVESTMENT FUND	183,000	183,000
	<b>2,761,287</b>	<b>2,398,374</b>
	<b>2,865,389</b>	<b>2,509,182</b>

*(See accompanying Notes to Financial Statements)*

**CANADIAN FRIENDS SERVICE COMMITTEE**

**STATEMENT OF CHANGES IN NET ASSETS**

*Year ended March 31*

	<b>2015</b>				
	<b>Total</b>	<b>Undesignated</b>	<b>Bequest</b>	<b>Fischer</b>	<b>Alternative</b>
	<b>\$</b>	<b>Fund</b>	<b>Fund</b>	<b>Income Fund</b>	<b>Investment</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Fund</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
BALANCE, BEGINNING OF YEAR	2,398,374	659,958	875,416	680,000	183,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	362,913	(27,462)	390,375	-	-
INTERFUND TRANSFER	-	135,873	(135,873)	-	-
INTERFUND TRANSFER	-	(13,000)	-	13,000	-
<b>BALANCE, END OF YEAR</b>	<b>2,761,287</b>	<b>755,369</b>	<b>1,129,918</b>	<b>693,000</b>	<b>183,000</b>

	<b>2014</b>				
	<b>Total</b>	<b>Undesignated</b>	<b>Bequest</b>	<b>Fischer</b>	<b>Alternative</b>
	<b>\$</b>	<b>Fund</b>	<b>Fund</b>	<b>Income Fund</b>	<b>Investment</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Fund</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
BALANCE, BEGINNING OF YEAR	2,315,267	477,726	990,541	674,000	173,000
EXCESS OF REVENUES OVER EXPENDITURES	83,107	72,575	10,532	-	-
INTERFUND TRANSFER	-	125,657	(125,657)	-	-
INTERFUND TRANSFER	-	(6,000)	-	6,000	-
INVESTMENT IN OIKOCREDIT	-	(10,000)	-	-	10,000
<b>BALANCE, END OF YEAR</b>	<b>2,398,374</b>	<b>659,958</b>	<b>875,416</b>	<b>680,000</b>	<b>183,000</b>

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**CANADIAN FRIENDS SERVICE COMMITTEE****STATEMENT OF OPERATIONS**

	<i>Year ended March 31</i>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
Undesignated donations	<b>266,992</b>	226,680
Bequest donations	<b>390,375</b>	10,532
Designated donations	<b>13,454</b>	34,552
Investment income	<b>84,354</b>	86,071
Gain (loss) on sale of investments	<b>30,314</b>	(4,033)
Miscellaneous income	<b>5,191</b>	732
	<b>790,680</b>	354,534
<b>EXPENDITURES</b>		
Administration	<b>25,616</b>	19,525
Amortization	<b>2,058</b>	1,862
Education and witness	<b>33,873</b>	27,504
Investment management fees	<b>22,866</b>	21,323
Personnel	<b>293,636</b>	298,445
Programme Committees (Schedule 1)	<b>77,097</b>	98,257
Promotion	<b>7,995</b>	3,847
	<b>463,141</b>	470,763
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>327,539</b>	(116,229)
<b>OTHER INCOME</b>		
Change in fair value of quoted shares	<b>35,374</b>	199,336
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>362,913</b>	83,107

*(See accompanying Notes to Financial Statements)*

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**CANADIAN FRIENDS SERVICE COMMITTEE****STATEMENT OF CASH FLOWS**

	<i>Year ended March 31</i>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED IN):</b>		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	<b>362,913</b>	83,107
Items not involving cash		
Amortization	<b>2,058</b>	1,862
Change in fair value of quoted shares	<b>(35,374)</b>	(199,336)
	<b>329,597</b>	(114,367)
Changes in non-cash working capital (Note 8)	<b>801</b>	(36,239)
	<b>330,398</b>	(150,606)
FINANCING ACTIVITY		
Decrease in interest free loans	-	(20,000)
INVESTING ACTIVITIES		
Purchase of capital assets	<b>(2,515)</b>	(1,661)
Decrease (increase) in short-term investments	<b>(303,104)</b>	130,440
Purchase of investment in Oikocredit	-	(10,000)
	<b>(305,619)</b>	118,779
DECREASE (INCREASE) IN BANK INDEBTEDNESS	<b>24,779</b>	(51,827)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<b>(3,303)</b>	48,524
CASH (BANK INDEBTEDNESS), END OF YEAR	<b>21,476</b>	(3,303)

*(See accompanying Notes to Financial Statements)*

**1. PURPOSE OF THE COMMITTEE**

Canadian Friends Service Committee is the peace, social justice and international development arm of the Religious Society of Friends (Quakers) in Canada.

The Committee is a non-profit organization incorporated without share capital under the Canada Corporations Act. The Committee is a registered Canadian charity, registration #13214 6549 RR0001 and, as such, is exempt from income tax and may issue income tax receipts to donors. On December 2, 2013, the Committee was granted a Certificate of Continuance under the Canada Not-for-profit Corporations Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

FINANCIAL INSTRUMENTS

*Measurement of financial instruments*

The Committee initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Committee subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash, investment in Canadian Alternative Investment Co-operative Trust, investment in Oikocredit, and other receivables.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, project funding payable and interest free loans.

Financial assets measured at fair value include short-term investments.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenues over expenditures. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.



**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****FINANCIAL INSTRUMENTS (Continued)**

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenues over expenditures up to the amount of the previously recognized impairment.

**CAPITAL ASSETS AND AMORTIZATION**

Capital assets are recorded at cost. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Organization. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer equipment	30 %
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**REVENUE RECOGNITION**

The Committee follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Bequests which are received without direction regarding how the money is to be spent are allocated to the bequest fund. Bequests less than \$50,000 are transferred to the undesignated fund on a declining balance basis at a rate of 20% per year. Bequests greater than \$50,000 are transferred to the undesignated fund on a declining balance basis at a rate of 10% per year.

Investment income is recognized on the accrual basis. Interest income is accounted for as earned and dividend income is recognized on the ex-dividend date.

**INTERNALLY RESTRICTED FUNDS**

The Fischer income fund and alternative investment fund consists of funding to be utilized to earn investment income.

**CONTRIBUTED SERVICES AND MATERIALS**

Volunteers contribute their time during the year to assist the Committee in carrying out its service delivery activities. However, because of the difficulty in determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements

Contributed materials used in the normal course of operations that would have been purchased are recorded at their fair value at the date of contribution and are included in donations revenue.

**CANADIAN FRIENDS SERVICE COMMITTEE**  
**NOTES TO FINANCIAL STATEMENTS**

*Year ended March 31, 2015*

**3. CAPITAL ASSETS**

			<b>2015</b>	<b>2014</b>
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	46,495	41,693	4,802	4,345

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable are other government remittances payable in the amount of \$7,665 (2014 - \$6,629).

**5. DEFERRED INCOME**

Deferred income represents unspent resources externally restricted for specific purposes that were received in the current year or prior year that were not spent by year end. The changes in deferred contributions are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Beginning balance	150	7,950
Add: Amounts received during the year	1,650	150
Less: Amounts spent during the year	(150)	(7,950)
	<b>1,650</b>	<b>150</b>

**6. PROJECT FUNDING PAYABLE**

Project funding payable consists of amounts which were designated by the donor for specific projects which were received before year end together with other project amounts approved to be paid during the year from undesignated donations, neither of which has been paid in full by March 31, 2015.

**7. INTEREST FREE LOANS**

Interest free loans are unsecured and are due not more than 60 days from the date of request for payment.

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**CANADIAN FRIENDS SERVICE COMMITTEE**  
**NOTES TO FINANCIAL STATEMENTS**

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*Year ended March 31, 2015*

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**8. CHANGES IN NON-CASH WORKING CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
HST and other receivables	<b>324</b>	(2,652)
Prepaid expenses	<b>3,880</b>	(6,388)
Accounts payable and accrued liabilities	<b>6,525</b>	(2,170)
Deferred income	<b>1,500</b>	(20,962)
Project funding payable	<b>(11,428)</b>	(4,067)
	<b>801</b>	(36,239)

**9. FINANCIAL INSTRUMENTS**

MARKET RISK

The Committee is exposed to market risk through its investments quoted in an active market. The Committee's investment portfolio is well diversified and there is no significant concentration of market risk.

LIQUIDITY RISK

The Committee does have a liquidity risk in interest free loans. Liquidity risk is the risk that the Committee cannot repay its obligations when they become due to its creditors. In the opinion of management the liquidity risk exposure to the Committee is low and is not material.

**10. COMPARATIVE AMOUNTS**

The comparative financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes did not impact prior year excess of revenue over expenditures.

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**CANADIAN FRIENDS SERVICE COMMITTEE****SCHEDULE 1 - PROGRAMME COMMITTEES**

	<i>Year ended March 31</i>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Peace and sustainability	<b>33,563</b>	43,330
Quakers fostering justice	<b>11,895</b>	12,853
Indigenous rights	<b>16,634</b>	29,181
Partnerships	<b>15,005</b>	12,893
	<b>77,097</b>	98,257

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*(See accompanying Notes to Financial Statements)*