

**CANADIAN FRIENDS SERVICE COMMITTEE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**Lyne Arseneau**

**CHARTERED ACCOUNTANT**

**LYNE ARSENEAU, C.A.**  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Canadian Friends Service Committee

I have audited the accompanying financial statements of Canadian Friends Service Committee, which comprise the balance sheet as at March 31, 2011, and the statements of operations and fund balance, and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as the Committee 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**

My responsibility is to express an opinion on these financial statements based on my audit. Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

In common with many charitable organizations the corporation may derive revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly my verification of these revenues was limited to the amounts recorded by the corporation and I was not able to determine whether any adjustments might be necessary to these revenues, excess of income over expense, asset and fund balances.

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

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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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, except for the effects of any adjustments which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to earlier, the financial statements present fairly, in all material respects, the financial position of Canadian Friends Service Committee as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As required by the Corporations Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.



Toronto  
June 28, 2011

Chartered Accountant  
Licensed Public Accountant

# CANADIAN FRIENDS SERVICE COMMITTEE

## STATEMENT OF FINANCIAL POSITION

As at March 31 2011

	2011	2010
	\$	\$
<b>ASSETS</b>		
CURRENT		
Cash	89,454	14,421
Short term investments (Note 2)	1,826,805	1,497,184
Investment in Canadian Alternative Investment Co-operative Trust (CAIC)	173,000	173,000
Prepaid expenses	3,908	4,212
Other receivables	8,049	2,330
	2,101,216	1,691,147
CAPITAL ASSETS (Note 3)	7,722	6,194
<b>Total Assets</b>	<b>2,108,938</b>	<b>1,697,341</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable	11,660	5,443
Deferred income	967	-
Project funding payable (Note 4)	20,213	68,225
Interest free loans (Note 5)	103,000	103,000
	135,840	176,668
<b>NET ASSETS</b>		
UNRESTRICTED NET ASSETS	1,973,098	1,520,673
	2,108,938	1,697,341

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_  
General Secretary

\_\_\_\_\_  
Director

**CANADIAN FRIENDS SERVICE COMMITTEE****STATEMENT OF CHANGES IN NET ASSETS****For the year ended March 31 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>UNDESIGNATED FUND</b>		
Balance, beginning of the year	<b>292,799</b>	<b>73,299</b>
Deficiency of revenues over expenses	<b>(51,180)</b>	<b>121,931</b>
Transfer to Fischer Income Fund	<b>(12,000)</b>	<b>-</b>
Transfer from Bequest Fund	<b>100,073</b>	<b>82,569</b>
Transfer from QIAP Fund	<b>7,500</b>	<b>15,000</b>
Undesignated Fund, end of the year	<b>337,192</b>	<b>292,799</b>
<b>BEQUEST FUND</b>		
Balance, beginning of the year	<b>362,844</b>	<b>406,442</b>
Bequest received	<b>548,141</b>	<b>38,971</b>
Transfer to General Fund	<b>(100,073)</b>	<b>(82,569)</b>
Bequest Fund, end of the year	<b>810,912</b>	<b>362,844</b>
<b>FISCHER INCOME FUND</b>		
Balance, beginning of the year	<b>640,000</b>	<b>640,000</b>
Transfer from General Fund	<b>12,000</b>	<b>-</b>
Fischer Income Fund, end of the year	<b>652,000</b>	<b>640,000</b>
<b>ALTERNATIVE INVESTMENT FUND</b>		
Balance, beginning of the year	<b>173,000</b>	<b>173,000</b>
Alternative Investment Fund, end of the year	<b>173,000</b>	<b>173,000</b>
<b>QIAP FUND</b>		
Balance, beginning of the year	<b>52,030</b>	<b>55,759</b>
Deficiency of revenues over expenses	<b>(44,536)</b>	<b>11,271</b>
Transfer to General Fund	<b>(7,500)</b>	<b>(15,000)</b>
QIAP Fund, end of the year	<b>(6)</b>	<b>52,030</b>
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>1,973,098</b>	<b>1,520,673</b>

# CANADIAN FRIENDS SERVICE COMMITTEE

## STATEMENT OF OPERATIONS

For the year ended March 31 2011

	General Fund	QIAP Fund	2011	2010
	\$	\$	\$	\$
<b>REVENUES</b>				
Undesignated donations	185,316		185,316	172,890
Designated donations	79,832	38,235	118,067	197,814
Investment income	53,755		53,755	56,601
Realized gains/(losses) on investments	1,326		1,326	(12,044)
CIDA grants	13,588		13,588	18,069
Other grants	7,450		7,450	53,016
Miscellaneous	391		391	579
	<b>341,658</b>	<b>38,235</b>	<b>379,894</b>	<b>486,925</b>
<b>EXPENSES</b>				
Programme Committees:				
Peace and Sustainability	116,362		116,362	127,687
Quakers Fostering Justice	10,081		10,081	13,775
Aboriginal Affairs	15,675		15,675	16,772
Partnerships	19,131		19,131	27,560
Quaker International Affairs		27,508	27,508	77,377
Education and Witness	26,694		26,694	25,924
Administration	19,865		19,865	19,688
Promotion	9,671		9,671	5,598
Investment Management Fees	13,675		13,675	13,142
Amortization	3,004	436	3,440	2,655
Personnel	256,773	54,827	311,600	328,654
	<b>490,931</b>	<b>82,771</b>	<b>573,702</b>	<b>658,832</b>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE UNREALIZED GAINS/LOSSES</b>				
	<b>( 149,273)</b>	<b>( 44,536)</b>	<b>( 193,809)</b>	<b>( 171,907)</b>
Unrealized gains/(losses) on investments held for trading	98,093		98,093	305,109
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES AFTER UNREALIZED GAINS/LOSSES</b>				
	<b>(51,180)</b>	<b>(44,536)</b>	<b>(95,716)</b>	<b>133,202</b>

# CANADIAN FRIENDS SERVICE COMMITTEE

## STATEMENT OF CASH FLOWS

For the year ended March 31 2011

	2011	2010
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(95,716)	133,202
Items not involving cash:		
Amortization	3,440	2,655
	(92,276)	135,857
Changes in non-cash working capital (Note 6)	(375,865)	(444,265)
	(468,141)	(308,408)
FINANCING ACTIVITIES		
Decrease in interest free loans	-	(40,000)
Bequests received	548,141	38,971
	548,141	(1,029)
INVESTING ACTIVITIES		
Purchase of capital assets	(4,967)	(2,594)
INCREASE IN CASH	75,033	(312,031)
CASH, BEGINNING OF YEAR	14,421	326,452
CASH, END OF YEAR	89,454	14,421

# **CANADIAN FRIENDS SERVICE COMMITTEE**

## **NOTES TO FINANCIAL STATEMENTS (page 1)**

**For the year ended March 31 2011**

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### **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. It is a registered Canadian charity, registration # 13214 6549 RR001 and is exempt from income taxes.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years and include the following significant accounting policies:

#### **USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses of the reporting period and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the earnings of the period in which they become known.

#### **FINANCIAL INSTRUMENTS**

The organization classifies all of its financial instruments as held-for-trading. The instruments are carried in the balance sheet at fair value with changes in fair value recognized in the income statements. Transaction costs related to instruments as held-for-trading are expensed as incurred.

Short-term investments are shown at fair value except where no active market exists for the investment. There is no active market for the investment in CAIC, and it is therefore valued at cost.

Other financial instruments consist of cash, other receivable, accounts payable, deferred income, and project funding payable. The organization is not exposed to any significant currency or credit risk arising from these financial instruments, and the carrying amounts approximate fair values.

#### **CAPITAL ASSETS AND AMORTIZATION**

Purchased capital assets having a cost of \$1,000 or more are recorded at cost. Capital assets are being amortized at 30% by the declining balance method.

#### **BEQUESTS**

Bequests which are received without direction regarding how the money is to be spent are allocated to a bequest fund. Bequests less than \$50,000 are amortized to the general fund at a rate of 20% per annum. In the year the bequest is received, the portion taken into current income is pro-rated according to the number of months remaining in the year. During each fiscal year, one-fifth of the balance of this fund is taken into current-year income. Bequests greater than \$50,000 are amortized to the general fund at a rate of 10% per annum. In the year the bequest is received, the portion taken into current income is pro-rated according to the number of months remaining in the year. During each fiscal year, one-tenth of the balance of this fund is taken into current-year income.



# CANADIAN FRIENDS SERVICE COMMITTEE

## NOTES TO FINANCIAL STATEMENTS (page 2)

For the year ended March 31 2011

### REVENUE RECOGNITION

Canadian Friends Service Committee follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the years 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.

### 3. CAPITAL ASSETS

	2011		2010	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer Equipment	40,762	33,041	7,722	6,194

### 4. 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 had been paid by March 31, 2011

### 5. INTEREST FREE LOANS

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

### 6. CHANGES IN NON WORKING CAPITAL

	2011	2010
	\$	\$
Short term investments	(329,621)	(403,683)
Other receivables	(5,720)	3,144
Prepaid expenses and deposits	304	(303)
Accounts payable	6,217	(1,368)
Deferred income	967	(65,065)
Project funding payable	(48,012)	23,010
	(375,865)	(444,265)