

CANADIAN FRIENDS SERVICE COMMITTEE

FINANCIAL STATEMENTS

MARCH 31, 2012

Lyne Arseneau
CHARTERED ACCOUNTANT

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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, 2012, 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, 2012, 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, 2012

Chartered Accountant
Licensed Public Accountant

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF FINANCIAL POSITION

As at March 31 2012

	2012	2011
	\$	\$
ASSETS		
CURRENT		
Cash	145,591	89,454
Short term investments (Note 2)	2,109,039	1,826,805
Investment in Canadian Alternative Investment Co-operative Trust (CAIC)	173,000	173,000
Prepaid expenses	4,212	3,908
Other receivables	9,277	8,049
	2,441,119	2,101,216
CAPITAL ASSETS (Note 3)	6,494	7,722
Total Assets	2,447,613	2,108,938
LIABILITIES		
CURRENT		
Accounts payable	10,854	11,660
Deferred income	2,000	967
Project funding payable (Note 4)	45,851	20,213
Interest free loans (Note 5)	103,000	103,000
	161,705	135,840
NET ASSETS		
UNRESTRICTED NET ASSETS	2,285,908	1,973,098
	2,447,613	2,108,938

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 2012

	2012 \$	2011 \$
UNRESTRICTED NET ASSETS		
UNDESIGNATED FUND		
Balance, beginning of the year	337,192	292,799
Deficiency of revenues over expenses	(108,305)	(51,180)
Transfer to Fischer Income Fund	(12,000)	(12,000)
Transfer from Bequest Fund	138,818	100,073
Transfer from QIAP Fund	351	7,500
Undesignated Fund, end of the year	356,056	337,192
BEQUEST FUND		
Balance, beginning of the year	810,912	362,844
Bequest received	420,758	548,141
Transfer to General Fund	(138,818)	(100,073)
Bequest Fund, end of the year	1,092,852	810,912
FISCHER INCOME FUND		
Balance, beginning of the year	652,000	640,000
Transfer from General Fund	12,000	12,000
Fischer Income Fund, end of the year	664,000	652,000
ALTERNATIVE INVESTMENT FUND		
Balance, beginning of the year	173,000	173,000
Alternative Investment Fund, end of the year	173,000	173,000
QIAP FUND		
Balance, beginning of the year	(6)	52,030
Deficiency of revenues over expenses	357	(44,536)
Transfer to General Fund	(351)	(7,500)
QIAP Fund, end of the year	-	(6)
TOTAL UNRESTRICTED NET ASSETS	2,285,908	1,973,098

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF OPERATIONS

For the year ended March 31 2012

	General Fund	QIAP Fund	2012	2011
	\$	\$	\$	\$
REVENUES				
Undesignated donations	190,437		190,437	185,316
Designated donations	118,698	5,674	124,371	118,067
Investment income	50,776		50,776	53,755
Realized gains/(losses) on investments	(36,328)		(36,328)	1,326
CIDA grants	22,227		22,227	13,588
Other grants	7,386		7,386	7,450
Miscellaneous	4,431		4,431	391
	357,627	5,674	363,301	379,894
EXPENSES				
Programme Committees:				
Peace and Sustainability	159,855		159,855	116,362
Quakers Fostering Justice	9,398		9,398	10,081
Aboriginal Affairs	18,700		18,700	15,675
Partnerships	15,450		15,450	19,131
Quaker International Affairs		443	443	27,508
Education and Witness	26,679		26,679	26,694
Administration	17,210		17,210	19,865
Promotion	6,103		6,103	9,671
Investment Management Fees	12,759		12,759	13,675
Amortization	2,783		2,783	3,440
Personnel	258,834	4,874	263,708	311,600
	527,771	5,317	533,088	573,702
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE UNREALIZED GAINS/LOSSES	(170,144)	357	(169,787)	(193,809)
Unrealized gains/(losses) on investments held for trading	61,839		61,839	98,093
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES AFTER UNREALIZED GAINS/LOSSES	(108,305)	357	(107,948)	(95,716)

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF CASH FLOWS

For the year ended March 31 2012

	2012	2011
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(107,948)	(95,716)
Items not involving cash:		
Amortization	2,783	3,440
	(105,165)	(92,276)
Changes in non-cash working capital (Note 6)	(257,901)	(375,865)
	(363,066)	(468,141)
FINANCING ACTIVITIES		
Decrease in interest free loans	-	-
Bequests received	420,758	548,141
	420,758	548,141
INVESTING ACTIVITIES		
Purchase of capital assets	(1,555)	(4,967)
INCREASE IN CASH	56,137	75,033
CASH, BEGINNING OF YEAR	89,454	14,421
CASH, END OF YEAR	145,591	89,454

CANADIAN FRIENDS SERVICE COMMITTEE

NOTES TO FINANCIAL STATEMENTS (page 1)

For the year ended March 31 2012

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 2012

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

	2012		2011	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer Equipment	42,318	35,824	6,494	7,722

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

	2012	2011
	\$	\$
Short term investments	(282,234)	(329,621)
Other receivables	(1,227)	(5,720)
Prepaid expenses and deposits	(304)	304
Accounts payable	(807)	6,217
Deferred income	1,033	967
Project funding payable	25,638	(48,012)
	(257,901)	(375,865)