

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Independent Auditors' Report**  
**Statement of Financial Position**  
**Statement of Revenue and Expenses and Changes in Unrestricted Net Assets**  
**Statement of Cash Flows**  
**Notes to Financial Statements**



## INDEPENDENT AUDITOR'S REPORT

### To the members of:

The Association of Fundraising Professionals (AFP):

### Report on the Financial Statements

We have audited the accompanying financial statements of Association of Fundraising Professionals (AFP), which comprise the statement of financial position as at December 31, 2012, December 31, 2011, January 1, 2011 and the statement of operations, 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 audits. We conducted our audits 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amount 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 in our audits 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 Association of Fundraising Professionals (AFP) as at December 31, 2012, December 31, 2011, January 1, 2011, 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.

A handwritten signature in black ink that reads "Frouin Group".

Licensed Public Accountants  
Ottawa, Ontario  
April 25, 2013

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

FROUIN GROUP PROFESSIONAL CORPORATION  
CHARTERED ACCOUNTANTS

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**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012**

	2012	2011	January 1, 2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 13,399	\$ 4,893	\$ 31,489
Accounts receivable	3,417	18,754	5,726
HST Receivable	1,453	445	0
Prepaid expenses	<u>2,120</u>	<u>6,014</u>	<u>2,077</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 20,389</u></b>	<b><u>\$ 30,106</u></b>	<b><u>\$ 39,292</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 14,703	\$ 6,155	\$ 2,942
HST Payable	0	0	462
Deferred membership revenue (Note 7)	3,935	5,646	9,270
Deferred revenue- fundraising day	<u>642</u>	<u>0</u>	<u>0</u>
	<b>19,280</b>	<b>11,801</b>	<b>12,674</b>
<b>NET ASSETS</b>			
Unrestricted	<u>1,109</u>	<u>18,304</u>	<u>26,618</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 20,389</u></b>	<b><u>\$ 30,106</u></b>	<b><u>\$ 39,292</u></b>

APPROVED ON BEHALF OF THE BOARD :

Director \_\_\_\_\_

Director \_\_\_\_\_

(See accompanying Notes to Financial Statements)

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**

**STATEMENT OF REVENUE AND EXPENSES AND  
CHANGES IN UNRESTRICTED NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
<b>REVENUES</b>		
Education program	\$ 13,380	\$ 11,481
Fundraising day	48,820	64,939
Philanthropy and awards	83,533	58,934
Memberships	15,264	17,191
Job postings and mail-outs	<u>16,600</u>	<u>20,875</u>
	<u>177,597</u>	<u>173,420</u>
<b>EXPENSES</b>		
Education program	19,619	19,541
Fundraising day	38,193	44,752
Philanthropy day and awards	76,924	60,214
Communications	220	926
Professional fees	4,364	3,000
Administration	20,398	27,367
Office expense	4,020	5,453
Bad debts	2,922	739
Travel and meetings	12,303	11,277
Bank and VISA charges	3,517	2,527
Membership	2,035	2,288
Donations	650	2,150
Other	2,000	1,500
Facility	<u>7,628</u>	<u>0</u>
	<u>194,793</u>	<u>181,734</u>
NET REVENUE (EXPENSES) FOR THE YEAR	(17,196)	(8,314)
Unrestricted net assets, beginning of year	<u>18,304</u>	<u>26,618</u>
UNRESTRICTED NET ASSETS, END OF YEAR	\$ <u>1,109</u>	\$ <u>18,304</u>

(See accompanying Notes to Financial Statements)

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net revenue (expenses) for the year	\$ (17,196)	\$ (8,314)
Changes in non-cash working capital:		
Accounts receivable	14,329	(13,473)
Prepaid expenses	3,894	(3,937)
Accounts payable	8,548	2,751
Deferred membership revenue	<u>(1,069)</u>	<u>(3,624)</u>
Net cash provided by (used in) operating activities and net increase (decrease) in cash	8,506	(26,597)
Cash, beginning of year	<u>4,893</u>	<u>31,489</u>
CASH, END OF YEAR	\$ <u>13,399</u>	\$ <u>4,893</u>

(See accompanying Notes to Financial Statements)

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. PURPOSE OF THE ORGANIZATION**

The Association of Fundraising Professionals (AFP) Ottawa Chapter was incorporated as a not-for-profit organization on March 11, 2003 under the Canada Corporations Act and in accordance with the Income Tax Act it is not subject to income taxes. The Chapter provides services to its Ottawa members and operates under the jurisdiction of AFP International.

The Chapter advances philanthropy in the Ottawa region by enabling people and organizations to practice effective and ethical fundraising. The core activities through which the Chapter fulfills this mission include education, training, mentoring, research, credentialing and advocacy.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**a) Capital assets**

Capital assets are expensed in the year of purchase. In 2012 there were no capital assets expensed to operations (2011 - nil).

**b) Revenue recognition**

The Chapter follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when receivable or received if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are set annually by the Board of Directors and are recognized as revenue proportionately over the fiscal year to which they relate. Membership fees received in advance for the following fiscal year are recorded as deferred revenue. Registration and sponsorship revenue from events is recognized when the event occurs. If the event has not yet occurred, the revenue is recorded as deferred revenue. Revenue from educational programs, job postings and mail outs are recognized when the service is rendered.

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c) Estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

**d) Contributed materials and services**

Contributions received in the form of materials and services are recorded at fair value at the date of contribution when the fair value can be reasonably estimated and when the materials and services are used in the normal course of operations. In the current year there were \$3,398.75 (2011 - \$9,508.75) of services in kind recorded as Fundraising Day revenue and expenditure, \$24,273.25 (2011 - \$14,600) of services in kind recorded in Philanthropy Day revenue and expenditure. In current year all in kind revenues were recorded as Aid in Kind revenue. The total Aid in kind revenue for 2012 is \$27, 672.

**e) Financial instruments**

The Chapter uses the "Fair Market Value" method of recording its financial assets and financial liabilities.

The Chapter has elected to continue to apply the recommendations of "Financial Instruments - Disclosure and Presentation," Section 3861, of the Canadian Institute of Chartered Accountants Handbook to present and disclose its financial statements and defer adoption of Section 3862 and 3863 with respect to presentation and disclosure of Financial Instruments.

**f) Allocation of expenses**

The Chapter engages in programs for its members and for the public. The cost of each program includes the costs of personnel, and other expenses that are directly related to providing the program.

The Chapter incurs expenses that are common to the administration of the organization and each of its programs, including corporate governance, general management and general support. These expenses are allocated on the basis of administrative time and consistently each year.

**ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING**

The organization elected to apply the Accounting Standards for Not-for-Profit Organizations, Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook, in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the entity has applied the Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended December 31, 2012 were prepared in accordance with the provisions set out in First-Time Adoption by not-for-profit organizations, Section 1501, of the CICA Handbook.

No adjustments were required to the opening balance of the net asset account at the date of transition or to the prior year excess revenue over expenses in order to transition to the Canadian accounting standards for not-for-profit organizations.

**4. MANAGEMENT SERVICES**

The Chapter entered into an agreement with the Willow Group to provide management services with an estimated annual cost of \$17,490. The Willow Group's contract was signed for three years ending on August 31, 2013.

**5. ALLOCATION OF EXPENSES**

The following administrative allocations are included in the expenses of these programs:

	2012	2011
Education program	\$ 5,116	\$ 7,638
Fundraising day	3,368	-
Philanthropy day	4,403	5,868
Membership	<u>2,035</u>	<u>2,288</u>
	<u>\$ 14,922</u>	<u>\$ 15,794</u>

It should be noted that corporate governance expenses are included under travel and meetings expenses.

In 2012 new accounts were created, which allocated all administrative expenses to the Administration line item on the above financial statements.



## ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

### NOTES TO AUDITED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2012

#### 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable, and accounts payable approximate their fair value because of the relatively short period to maturity of the instruments. Unless otherwise noted, management is of the opinion that the Chapter is not exposed to significant interest, currency or credit risks arising from the above financial instruments.

The Chapter is not subject to any externally imposed capital requirements.

#### 7. DEFERRED REVENUE

	2012	2011
Deferred membership fees, beginning of year	\$ 5,646	\$ 9,270
Membership fees received in the year	13,554	13,567
Less: Amount recognized as revenue in the year	<u>(15,264)</u>	<u>(17,191)</u>
Deferred membership fees, end of year	<u>\$ 3,935</u>	<u>\$ 5,646</u>

#### 8. FINANCIAL RISK MANAGEMENT POLICY

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2012:

##### **Credit risk**

Credit risk associated with accounts receivables is minimized by regular evaluation of the credibility of debtors.

##### **Liquidity risk**

The Association manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

##### **Currency risk**

The Association's functional currency is the Canadian dollar. However, membership fees are in US Dollars as provided by AFP IHQ. USD cheques for memberships come in on monthly basis and are converted back to CAD at the financial institution. The association is exposed to currency risk as membership revenue is impacted by the currency rate.

##### **Interest rate risk**

The Association is exposed to interest rate risk with regard to its cash. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations.