

**Canadian Women's Foundation
Fondation canadienne des femmes**

Financial Statements

August 31, 2012



Independent Auditors' Report

To the Members of
Canadian Women's Foundation
Fondation canadienne des femmes

Report on the Financial Statements

We have audited the accompanying financial statements of **Canadian Women's Foundation** **Fondation canadienne des femmes** which comprise the statement of financial position as at **August 31, 2012**, and the statements of changes in net assets, statement of revenue and expenses, and statement of 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 generally accepted accounting principles, 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 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 qualified audit opinion.

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Independent Auditor's Report

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Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a portion of its income from the general public in the form of donation revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenue over expenses, assets and operating reserve.

Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenue, referred to in the preceding paragraph, these financial statements present fairly, in all material respects the financial position of the Foundation as at **August 31, 2012** and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Clarkson Rouble LLP

**Mississauga, Ontario
December 7, 2012**

**Clarkson Rouble LLP
Chartered Accountants
Licensed Public Accountants**



Canadian Women's Foundation
Fondation canadienne des femmes

Statement of Financial Position
As at August 31

	2012	2011
Assets		
Current		
Cash	\$ 229,891	\$ 311,465
Accounts receivable	147,743	486,139
GST/HST charity rebate receivable	44,281	31,864
Prepaid expenses	68,743	49,208
	<u>490,658</u>	<u>878,676</u>
Investments (Note 4)	19,843,636	14,867,515
Equipment (Note 2)	27,570	29,029
	<u>\$20,361,864</u>	<u>\$15,775,220</u>


Liabilities

Current		
Accounts payable and accrued liabilities	\$ 10,429	\$ 10,003
Deferred revenue (Note 5)	619,350	848,700
	<u>629,779</u>	<u>858,703</u>

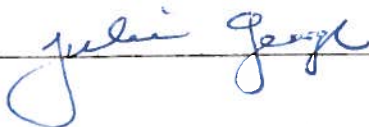
Net Assets

Endowment reserve (Note 6)	19,633,730	14,833,133
Operating reserve	98,355	83,384
	<u>19,732,085</u>	<u>14,916,517</u>
	<u>\$20,361,864</u>	<u>\$15,775,220</u>

On behalf of the Board:



 Director



 Director

Canadian Women's Foundation
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Statement of Changes in Net Assets
Year Ended August 31

	Endowment Reserve	Operating Reserve	2012 Total	2011 Total
Opening balance	\$ 14,833,133	\$ 83,384	\$ 14,916,517	\$ 1,910,475
Excess of revenue over expenses	4,711,093	14,971	4,726,064	13,105,369
Unrealized gains (losses) on available for sale financial assets arising during the year	89,504	-	89,504	(99,327)
Closing balance	\$ 19,633,730	\$ 98,355	\$ 19,732,085	\$ 14,916,517

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Statement of Revenue and Expenses
Year Ended August 31

	2012	2011
Revenue (Page 13)	\$14,438,662	\$19,808,431
Allocation to Endowment Fund (Note 6)	4,711,093	13,087,357
Revenue after allocation to Endowment Fund	9,727,569	6,721,074
Grants and charitable program expenses		
Grants		
Stop the Violence/Violence Prevention	2,282,140	2,023,281
Empower Girls/Girls' Fund	1,294,828	495,080
End Poverty/Economic Development	1,485,291	1,013,421
End Trafficking of Women and Girls in Canada	130,500	-
Capacity building and community development	21,900	36,700
Evaluation, research, skills training and program delivery		
Stop the Violence/Violence Prevention	635,160	465,724
Empower Girls/Girls' Fund	426,872	317,655
End Poverty/Economic Development	485,471	426,309
End Trafficking of Women and Girls in Canada	194,653	-
Capacity building and community development	93,382	80,456
Donor Education and public awareness	58,962	77,466
	7,109,159	4,936,092
Administrative expenses		
Office and general (Note 7)	467,760	170,275
Outside services	9,658	19,622
Salaries and benefits	640,811	447,415
Premises	76,556	99,588
	1,194,785	736,900
Fundraising expenses		
Salaries and benefits	819,537	598,573
Printing, postage, office and event costs	552,420	332,905
Outside services	36,697	98,592
	1,408,654	1,030,070
Total expenses	9,712,598	6,703,062
Excess of revenue over expenses for the year	\$ 14,971	\$ 18,012

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Statement of Cash Flows
Year Ended August 31

	2012	2011
Cash provided by operating activities		
Excess of revenue over expenses for the year including the Endowment Fund	\$ 4,726,064	\$13,105,369
Items not requiring an outlay of cash		
Amortization	12,341	9,006
	<u>4,738,405</u>	<u>13,114,375</u>
Changes in working capital		
Accounts receivable	338,396	(300,007)
Sales taxes receivable	(12,417)	(6,690)
Prepaid expenses	(19,535)	(5,563)
Accounts payable and accrued liabilities	426	(78,872)
Deferred revenue	(229,350)	506,000
	<u>4,815,925</u>	<u>13,229,243</u>
Increase from operating activities		
Investing activities		
Investments	(4,886,617)	(13,120,063)
Additions to capital assets	(10,882)	(14,262)
	<u>(4,897,499)</u>	<u>(13,134,325)</u>
Decrease from investing operating activities		
(Decrease) increase in cash	(81,574)	94,918
Cash, beginning of year	311,465	216,547
Cash, end of year	\$ 229,891	\$ 311,465

Canadian Women's Foundation

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Notes to Financial Statements

August 31, 2012

1. Canadian Women's Foundation

The Canadian Women's Foundation is Canada's national public foundation dedicated to improving the lives of women and girls. Canadian Women's Foundation raises money to fund, research and share the best approaches to ending violence against women (Stop the Violence/Violence Prevention), moving low-income women out of poverty (End Poverty/Economic Development), empowering girls with confidence, courage and critical thinking skills (Empower Girls/Girls' Fund) and ending human trafficking of women and girls for the purpose of sexual exploitation in Canada (End Trafficking of Women and Girls in Canada). The Foundation has a special focus on building a community of women helping other women.

2. Significant accounting policies

a) Revenue recognition

The Foundation 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Investments

Securities held in the investment portfolio are designated as available-for-sale financial assets and are carried at fair market value as it is not management's primary objective to generate trading profits from short-term fluctuations in price or to hold the investments to maturity. Fair values are determined by reference to public price quotations in an active market at year end. Investment income comprises of interest from cash, interest on fixed investments, reinvestment of distributions of index pooled funds and realized gains and losses on sale of the investments. Revenue is recorded on an accrual basis. Unrealized gains and losses on available for sale financial assets are included directly in net assets, until the assets are disposed of.

c) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to Financial Statements
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2. Significant accounting policies (continued)

d) Equipment

Equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

- Computer and office equipment - 20% straight line.

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer and office equipment	\$ 88,399	\$ 60,829	\$ 27,570	\$ 29,029

3. Financial Instruments

Financial instruments are classified into one of the following five categories; held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined by the Canadian Women's Foundation when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The financial instruments of the Canadian Women's Foundation are classified and measured as follows:

- i) **Held for trading:** Financial instruments classified as held for trading are carried at fair value on the statement of financial position with changes in fair value being reported on the statement of operations. Any financial asset or liability whose fair value can be readily measured may be classified as held for trading. Cash and Bank have been classified as held for trading.
- ii) **Loans and receivables:** Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs. Accounts receivable have been classified as loans and receivables.
- iii) **Available for sale:** Available for sale assets are recognized at fair value. Changes in the fair value are recorded in the statement of net assets until realized, at which time they are recorded in the statement of operations. Investments have been classified as available for sale.

Canadian Women's Foundation

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Notes to Financial Statements
August 31, 2012

3. Financial Instruments (continued)

- iv) **Other financial liabilities:** Other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost with gains and losses recognized in the statement of operation in the period in which the gain or loss occurs. Accounts payable and accrued liabilities have been classified as other financial liabilities.

Fair value of financial instruments

The organization has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

Risk Management

The primary risks that affect the foundation are set out below. The list does not cover all risks to the foundation. This audit does not include assessments to assure that the strategy of management to mitigate the risks is sufficient to eliminate the risks below.

- a) **Cash flow risk:** Canadian Women's Foundation is exposed to cash flow risk resulting from the possibility that future cash flows associated with monetary financial instruments will fluctuate in amount. The organization's cash includes amount deposited with financial institutions that earn interest at market rates. Canadian Women's Foundation manages its exposure to cash flow risk by maximizing interest income earned on excess funds while minimizing the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have significant impact on Canadian Women's Foundation results of operations.
- b) **Credit risk:** The company's cash and cash equivalents are held in accounts at one of the major Canadian chartered banks. Management perceives the credit risk to be low. Management believes that credit risk with respect to accounts receivable is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The organization has not had issues with these collections over the past several years.
- c) **Interest rate risk:** Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The exposure of Canadian Women's Foundation to interest rate risk arises from its interest bearing investments. The organization has no interest bearing liabilities.

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Notes to Financial Statements
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3. Financial Instruments (continued)

The primary objective of Canadian Women's Foundation with respect to its investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving satisfactory investment return. As such, the majority of funds are invested in fixed income money market funds and bond portfolios. The remaining funds are invested in both Canadian and global equity investments which mitigates some exposure to interest rate risk.

- d) **Market Risk:** Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The investment policy for funds provides for an asset mix and the risk and volatility of investment returns are mitigated through diversification.

4. Investments

	2012	2011
Money Market Fund	\$ 9,450,024	\$ 5,887,608
Bond portfolio	5,483,511	4,781,160
Equities	4,910,101	4,198,747
	\$19,843,636	\$14,867,515

5. Deferred revenue

Deferred revenue represents funds received in respect of future periods. This is primarily composed of funds received for events to be held after August 31, and multi-year funding and donations collected in advance but designated and intended to meet future expenses.

	2012	2011
Canadian Women's Foundation's Canadian Centre for Women's Economic Development	\$ 110,000	\$ 352,000
Miscellaneous	509,350	496,700
	\$ 619,350	\$ 848,700

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6. Endowment fund

	2012	2011
Donor restricted	\$ 4,154,747	\$ 1,811,059
Board restricted	15,478,983	13,022,074
	\$19,633,730	\$14,833,133

Donor restricted funds are 10 year gifts received from donors. While income generated from the funds is immediately available to the Foundation, the principal amount cannot be used within 10 years of its receipt.

The Board restricted endowment fund results from general bequests, in memorial donations, and funds moved from Donor restricted to Board restricted because the 10 year restrictions when these gifts were originally made have now been completed. The Board nominated to restrict the use of this principal for an undefined period in order to build the Foundation's capital or endowment. The Board restriction of these funds was in keeping with the wish of the donors or families of the deceased. Income generated from the Board restricted funds is immediately available to the Foundation. During 2011, the Foundation received \$12,400,000, which is most of the funds from an extraordinary bequest from Ann Southam. During the current year, the Foundation received an additional \$3,000,000 from the estate.

7. Office and general

	2012	2011
Meeting expenses and volunteer support	\$ 38,090	\$ 34,576
Office and general	110,386	31,829
Communications	283,507	81,688
Community relations	20,265	12,319
Amortization	12,341	9,006
Professional development	3,171	857
	\$ 467,760	\$ 170,275

8. Income taxes

The organization is a registered public foundation and as such is exempt from income tax.

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9. Donations in kind

The organization derives a significant benefit from its supporters. During the year, individuals, businesses and corporations contribute in-kind services and gifts. Since these services are not normally purchased by the organization and due to the difficulty in determining their fair market value, the value of these services and gifts is not recognized in these financial statements except for those gifts for which charitable receipts were issued.

The Foundation gratefully acknowledges the contribution from all supporters for their in-kind donations valued at \$3,065,044, with special thanks to Osler Hoskin & Harcourt for pro bono legal work, DDB Canada for creative development and production of awareness campaign, NEWAD Media Inc., Pattison Outdoor Advertising and Rogers Media for media and print advertising.

The Foundation is a volunteer driven organization. During the year, management has estimated that 673 volunteers donated approximately 8,737 hours of time. As a group, the Foundation's volunteers are highly skilled. Using a conservative hourly rate of \$50 per hour, the estimated value of volunteer time during the year is approximately \$436,825. The Foundation depends on and is guided by our volunteers' skills, experience and commitment. This volunteer time is not recorded in the financial statements.

10. Lease commitments

The Foundation's total obligations, under operating leases for equipment and for the occupied premises inclusive of estimated realty taxes and other operating charges, are as follows:

2013	184,389
2014	96,360
2015	41,961
2016	29,169
2017	5,295

11. Donations and funds received

The organization receives donations and funding from various sources and in its capacity as a registered public foundation issues donation receipts. During the year, the foundation issued donation receipts in the amount of \$8,878,710 (2011 - \$15,947,202). The organization also received \$2,278,292 (2011 - \$1,875,273) from other foundations for which they did not issue tax receipts.

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Revenue
Year Ended August 31

	2012	2011
Revenue		
Donations - corporate, corporate foundation and partnerships	\$ 1,982,156	\$ 1,964,970
Shelter from the Storm Campaign		
Corporate donations	1,588,053	1,490,925
Individual donations	413,300	242,268
Individual donations	2,182,681	1,964,341
Ann Southam bequest	3,000,000	12,400,000
Special events	501,940	531,638
Foundations and associations	1,404,184	899,283
Investment income	389,829	65,852
Donations in kind	-	5,028
Endowment contribution	2,400,545	571,866
Government grants	328,673	167,000
National Skills Institute Participant fees and other	17,951	11,260
Total revenue received in fiscal year	14,209,312	20,314,431
Add: prior year deferred revenue:		
Canadian Women's Foundation's Canadian Centre for Women's Economic Development	352,000	200,000
Miscellaneous	496,700	142,700
Deduct: current year deferred revenue:		
Canadian Women's Foundation's Canadian Centre for Women's Economic Development	(110,000)	(352,000)
Miscellaneous	(509,350)	(496,700)
Revenue	\$14,438,662	\$19,808,431