

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

Financial Statements

August 31, 2013



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, 2013, August 31, 2012 and September 1, 2011, and the statements of operations, changes in net assets, and cash flows for the years ended August 31, 2013 and August 31, 2012, 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 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Canadian Women's Foundation
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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, 2013, August 31, 2012 and September 1, 2011, and the results of its operations and the changes in net assets and cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
December 13, 2013

Clarkson Rouble LLP
Chartered Accountants
Licensed Public Accountants



Canadian Women's Foundation
Fondation canadienne des femmes

Statement of Financial Position

August 31, 2013, with comparative figures for August 31, 2012 and September 1, 2011

| | August 31, 2013 | August 31, 2012 | September 1, 2011 |
|-----------------------------------|---------------------|---------------------|----------------------|
| Assets | | | |
| Current | | | |
| Cash | \$ 453,895 | \$ 229,891 | \$ 311,465 |
| Accounts receivable | 300,010 | 147,743 | 486,139 |
| GST/HST charity rebate receivable | 80,818 | 44,281 | 31,864 |
| Prepaid expenses | 173,410 | 68,743 | 49,208 |
| | <u>1,008,133</u> | <u>490,658</u> | <u>878,676</u> |
| Investments (Note 3) | 19,483,081 | 19,843,636 | 14,867,515 |
| Capital assets (Note 1) | <u>17,431</u> | <u>27,570</u> | <u>29,029</u> |
| | \$20,508,645 | \$20,361,864 | \$15,775,220 |

Liabilities

Current


| | | | |
|--|----------------|----------------|----------------|
| Accounts payable and accrued liabilities | \$ 48,409 | \$ 10,429 | \$ 10,003 |
| Deferred revenue (Note 4) | 564,710 | 619,350 | 848,700 |
| | <u>613,119</u> | <u>629,779</u> | <u>858,703</u> |

Net Assets

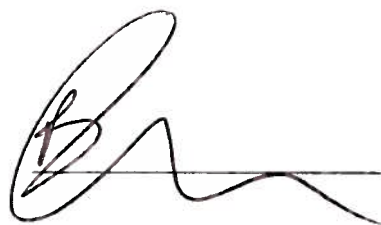
| | | | |
|-----------------------------------|---------------------|---------------------|---------------------|
| Endowment reserve (Note 5) | 19,788,913 | 19,633,730 | 14,833,133 |
| Operating reserve | <u>106,613</u> | <u>98,355</u> | <u>83,384</u> |
| | <u>19,895,526</u> | <u>19,732,085</u> | <u>14,916,517</u> |
| | \$20,508,645 | \$20,361,864 | \$15,775,220 |

On behalf of the Board:

per:



Director



Director

Canadian Women's Foundation
Fondation canadienne des femmes

Statement of Changes in Net Assets
Year Ended August 31

| | Endowment Reserve | Operating Reserve | 2013 Total | 2012 Total |
|--|------------------------------|------------------------------|-----------------------|-----------------------|
| Opening balance | \$19,633,730 | \$ 98,355 | \$19,732,085 | \$14,916,517 |
| Excess of revenue over expenses | 155,183 | 8,258 | 163,441 | 4,815,568 |
| Closing balance | \$19,788,913 | \$ 106,613 | \$19,895,526 | \$19,732,085 |

Canadian Women's Foundation
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Statement of Revenue and Expenses
Year Ended August 31

| | 2013 | 2012 |
|--|-----------------|------------------|
| Revenue (Page 14) | \$10,882,811 | \$14,528,166 |
| Net allocation to Endowment Fund | 155,183 | 4,800,597 |
| Revenue after allocation to Endowment Fund | 10,727,628 | 9,727,569 |
| Grants and charitable program expenses | | |
| Grants | | |
| Stop the Violence/Violence Prevention | 2,546,833 | 2,282,140 |
| Empower Girls/Girls' Fund | 1,504,469 | 1,294,828 |
| End Poverty/Economic Development | 1,113,106 | 1,485,291 |
| End Trafficking of Women and Girls in Canada | 202,300 | 130,500 |
| Capacity building and community development | 40,900 | 21,900 |
| Evaluation, research, skills training and program delivery | | |
| Stop the Violence/Violence Prevention | 336,806 | 635,160 |
| Empower Girls/Girls' Fund | 606,239 | 426,872 |
| End Poverty/Economic Development | 540,869 | 485,471 |
| End Trafficking of Women and Girls in Canada | 474,993 | 194,653 |
| Capacity building and community development | 111,502 | 93,382 |
| Donor Education and public awareness | 93,278 | 58,962 |
| | 7,571,295 | 7,109,159 |
| Administrative expenses | | |
| Office and general (Note 6) | 462,535 | 467,760 |
| Outside services | 64,776 | 9,658 |
| Salaries and benefits | 782,268 | 640,811 |
| Premises | 89,160 | 76,556 |
| | 1,398,739 | 1,194,785 |
| Fundraising expenses | | |
| Salaries and benefits | 1,085,886 | 819,537 |
| Printing, postage, office and event costs | 636,998 | 552,420 |
| Outside services | 26,452 | 36,697 |
| | 1,749,336 | 1,408,654 |
| Total expenses | 10,719,370 | 9,712,598 |
| Excess of revenue over expenses for the year | \$ 8,258 | \$ 14,971 |

Canadian Women's Foundation
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Statement of Cash Flows
Year Ended August 31

| | 2013 | 2012 |
|--|-------------------|--------------------|
| Cash provided by operating activities | | |
| Excess of revenue over expenses for the year including the Endowment Fund | \$ 163,441 | \$ 4,815,568 |
| Items not requiring an outlay of cash | | |
| Amortization | 12,739 | 12,341 |
| | <u>176,180</u> | <u>4,827,909</u> |
| Changes in working capital | | |
| Accounts receivable | (152,267) | 338,396 |
| Sales taxes receivable | (36,537) | (12,417) |
| Prepaid expenses | (104,667) | (19,535) |
| Accounts payable and accrued liabilities | 37,980 | 426 |
| Deferred revenue | (54,640) | (229,350) |
| | <u>(133,951)</u> | <u>4,905,429</u> |
| (Decrease) increase from operating activities | | |
| Investing activities | | |
| Investments | 360,555 | (4,886,617) |
| Additions to capital assets | (2,599) | (10,882) |
| | <u>357,956</u> | <u>(4,897,499)</u> |
| Increase (decrease) from investing operating activities | | |
| | <u>224,005</u> | <u>7,930</u> |
| Increase (decrease) in cash | | |
| Cash, beginning of year | <u>319,395</u> | <u>311,465</u> |
| Cash, end of year | <u>\$ 543,400</u> | <u>\$ 319,395</u> |

Canadian Women's Foundation

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Notes to Financial Statements

August 31, 2013

The Canadian Women's Foundation is Canada's public foundation for women and girls. We raise money and invest in community programs across Canada that are ending poverty, stopping violence against women, ending the trafficking of women and girls for the purpose of sexual exploitation, and empowering girls.

1. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook.

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

Equities, bonds and other securities held in the investment portfolio are initially and subsequently recorded at fair value, with the unrealized gain (loss) recorded in the statement of revenue and expenses. Transaction costs associated with the acquisition and disposal of investments are also expensed in the statement of revenue and expenses.

c) Allocation of expenditures

The Foundation incurs a number of general support expenditures that are common to the operation of its fundraising and charitable activities, as well as administrative. Certain expenditures benefit more than one activity and accordingly have been attributed to the relevant activity. Salary allocations are based on the percentage of the employees' time spent supporting each activity. Such allocations are reviewed annually.

d) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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
August 31, 2013

1. Significant accounting policies (continued)

e) 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.

| | 2013 | | 2012 | |
|-------------------------------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer and office equipment | \$ 90,999 | \$ 73,568 | \$ 17,431 | \$ 27,570 |

2. Adoption of Accounting Standards for Not-for-profit Organizations

Effective September 1, 2012, the Organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPO). These are the Organization's first financial statements prepared in accordance with ASNFPO and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended August 31, 2013, the comparative information for the year ended August 31, 2012 and the opening ASNFPO balance sheet at September 1, 2011 (the Organization's date of transition).

The Organization did not take any elections under the transition rules, but retrospectively applied the accounting standards for not-for-profit organizations, which resulted in the unrealized gains and losses on investments previously classified as available for sale, being reported in revenue. The opening net assets amount does not change, but the presentation of the net assets does and is reflected in that statement.

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Notes to Financial Statements
August 31, 2013

2. Adoption of Accounting Standards for Not-for-profit Organizations
(Continued)

At September 1, 2011 the Organization accounted for its investments that had previously been classified as available for sale investments, at fair value, and retrospectively recorded any gains or losses through the operating statement. At August 31, 2012

| | Carrying amount as recorded in previous financial statements | Changes in Net Assets | Opening Balance Sheet |
|-------------|---|----------------------------------|----------------------------------|
| Investments | \$ 19,843,636 | \$ - | \$ 19,843,636 |

Reconciliation of Statement of Revenue and Expenses for the year ended August 31, 2012:

| | Statement of Revenue and Expenses as previously issued | Statement of Revenue and Expenses under ASNFPO |
|-------------------------------------|---|---|
| Revenue | \$ 14,438,662 | \$ 14,438,662 |
| Unrealized gain/loss on investments | - | 89,504 |
| Revenue | 14,438,662 | 14,528,166 |
| Allocation to Endowment Fund | 4,711,093 | 4,800,597 |
| Revenue after allocation | 9,727,569 | 9,727,569 |
| Expenses | 9,712,598 | 9,712,598 |
| Excess of revenue over expenses | \$ 14,971 | \$ 14,971 |

Certain of the Organization's disclosures included in these financial statements also reflect the new disclosure requirements of ASNFPO.

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Notes to Financial Statements
August 31, 2013

3. Investments

| | 2013 | 2012 |
|-------------------------|---------------------|---------------------|
| Cash & cash equivalents | \$ 1,315,773 | \$ 9,450,024 |
| Bond portfolio | 8,037,940 | 5,483,511 |
| Equities | 10,129,368 | 4,910,101 |
| | \$19,483,081 | \$19,843,636 |

4. 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.

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Canadian Women's Foundation's Canadian Centre for Women's Economic Development | \$ - | \$ 110,000 |
| Miscellaneous | 564,710 | 509,350 |
| | \$ 564,710 | \$ 619,350 |

5. Endowment fund

| | 2013 | 2012 |
|------------------|---------------------|---------------------|
| Donor restricted | \$ 4,479,228 | \$ 4,154,747 |
| Board restricted | 15,309,685 | 15,478,983 |
| | \$19,788,913 | \$19,633,730 |

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.

Canadian Women's Foundation
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Notes to Financial Statements
August 31, 2013

5. Endowment fund (continued)

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. In 2012, the Foundation received \$3,000,000 from the estate and an additional \$500,000 was received in the current year .

6. Office and general

| | 2013 | 2012 |
|--|-------------------|-------------------|
| Meeting expenses and volunteer support | \$ 78,782 | \$ 38,090 |
| Office and general | 136,903 | 110,386 |
| Communications | 208,266 | 283,507 |
| Community relations | 23,281 | 20,265 |
| Amortization | 12,739 | 12,341 |
| Professional development | 2,564 | 3,171 |
| | \$ 462,535 | \$ 467,760 |

7. 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:

| | |
|------|---------|
| 2014 | 286,438 |
| 2015 | 300,325 |
| 2016 | 312,325 |
| 2017 | 278,077 |
| 2018 | 267,600 |
| 2019 | 90,000 |

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8. Income taxes

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

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 \$2,986,729, with special thanks to Osler Hoskin & Harcourt for pro bono legal work, NEWAD Media Inc., Pattison Outdoor Advertising, Pattison, OneStop, Clear Channel, Adapt Media and Rogers Media for media and print advertising.

The Foundation is a volunteer driven organization. During the year, management has estimated that 672 volunteers donated approximately 6,315 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 \$315,725. 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. 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 \$4,256,951 (2012 - \$8,878,710). The organization also received \$2,770,179 (2012 - \$2,278,292) from other foundations for which they did not issue tax receipts.

Canadian Women's Foundation

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Notes to Financial Statements
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11. Financial Assets and Liabilities

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 generating 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.

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 Foundation maintains a balanced portfolio 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.

Canadian Women's Foundation
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Revenue

Year Ended August 31

| | 2013 | 2012 |
|---|---------------------|---------------------|
| Revenue | | |
| Donations - corporate, corporate foundation and partnerships | \$ 2,249,445 | \$ 1,982,156 |
| Annual Campaign to End Violence | | |
| Corporate donations | 1,902,740 | 1,588,053 |
| Individual donations | 483,223 | 413,300 |
| Individual donations | 2,099,308 | 2,182,681 |
| Ann Southam bequest | 500,000 | 3,000,000 |
| Special events | 434,015 | 501,940 |
| Foundations and associations | 1,882,249 | 1,404,184 |
| Investment income | 782,017 | 389,829 |
| Unrealized investment income | 103,731 | 89,504 |
| Endowment contribution | 322,016 | 2,400,545 |
| Government grants | 63,127 | 328,673 |
| National Skills Institute Participant fees and other | 6,300 | 17,951 |
| Total revenue received in fiscal year | 10,828,171 | 14,298,816 |
| Add: prior year deferred revenue: | | |
| Canadian Women's Foundation's Canadian Centre for Women's Economic Development | 110,000 | 352,000 |
| Miscellaneous | 509,350 | 496,700 |
| Deduct: current year deferred revenue: | | |
| Canadian Women's Foundation's Canadian Centre for Women's Economic Development | - | (110,000) |
| Miscellaneous | (564,710) | (509,350) |
| Revenue | \$10,882,811 | \$14,528,166 |