

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022

Independent Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Members of:
Association of Fundraising Professionals Canada

Opinion

We have audited the financial statements of Association of Fundraising Professionals Canada, which comprise the statement of financial position as at June 30, 2022, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Association of Fundraising Professionals Canada as at June 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frouin Group Professional Corporation
Ottawa Ontario
December 7, 2022

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


ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	2022	2020
	546 days (Note 7)	December 31
ASSETS		
CURRENT ASSETS		
Cash	\$ 374,785	\$ 197,621
Accounts receivable	5,619	2,845
Prepaid expenses	<u>15,533</u>	<u>7,636</u>
TOTAL ASSETS	\$ <u>395,937</u>	\$ <u>208,102</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 28,514	\$ 5,245
Source deductions payable	3,662	3,026
Deferred revenue	<u>127,630</u>	<u>60,755</u>
	159,806	69,026
LONG TERM LIABILITIES		
Canadian Emergency Business Account (CEBA) loan (Note 6)	<u>60,000</u>	<u>40,000</u>
TOTAL LIABILITIES	<u>219,806</u>	<u>109,026</u>
NET ASSETS		
Internally-restricted reserve fund	40,000	25,000
Unrestricted	<u>136,131</u>	<u>74,076</u>
	<u>176,131</u>	<u>99,076</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>395,937</u>	\$ <u>208,102</u>

APPROVED ON BEHALF OF THE BOARD:

Director 

Director 

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF REVENUE AND EXPENSES

FOR THE PERIOD ENDED JUNE 30, 2022

	2022	2020
	546 days (Note 7)	365
days		
REVENUES		
AFP Global contribution	\$ 267,036	\$ 108,250
AFP Global in-kind services	112,500	75,000
AFP Canada partnerships	35,155	21,490
Canadian Leadership Retreat	7,232	6,500
Government relations	0	500
Red & White Reception revenue	9,500	4,000
Program/Project funding	41,903	26,455
Travel stipend funding	3,500	0
Other revenue	<u>29,471</u>	<u>25,609</u>
	<u>506,297</u>	<u>267,804</u>
EXPENSES		
Administration	272,591	133,221
AFP Global staff support (in-kind)	112,500	75,000
Programs/Projects - Communications	13,517	4,478
Programs/Projects - Government relations	15,109	2,210
Canadian Leadership Retreat	520	809
Board meetings	257	0
Red & White Reception	7,344	118
Travel - Staff and Board	3,904	6,768
Travel - Stipends	<u>3,500</u>	<u>0</u>
	<u>429,242</u>	<u>222,604</u>
NET REVENUE FOR THE YEAR	\$ <u>77,055</u>	\$ <u>45,200</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD ENDED JUNE 30, 2022

	2022 546 days (Note 7)	2020 365 days
INTERNALLY-RESTRICTED RESERVE		
Net assets, beginning of year	\$ 25,000	\$ 25,000
Transfer from unrestricted net assets	<u>15,000</u>	<u>0</u>
Net assets, end of year	<u>\$ 40,000</u>	<u>\$ 25,000</u>
UNRESTRICTED NET ASSETS		
Net assets, beginning of year	\$ 74,076	\$ 28,876
Net revenue for the year	77,055	45,200
Transfer to internally-restricted reserve	<u>(15,000)</u>	<u>0</u>
Net assets, end of year	<u>\$ 136,131</u>	<u>\$ 74,076</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2022

	2022 546 days (Note 7)	2020 365 days
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue for the year	\$ 77,055	\$ 45,200
Cash flows from current operating items	<u>80,109</u>	<u>51,633</u>
	<u>157,164</u>	<u>96,833</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loan payable	<u>20,000</u>	<u>40,000</u>
NET CHANGE IN CASH	177,164	136,833
CASH, beginning of year	<u>197,621</u>	<u>60,788</u>
CASH, end of year	<u>\$ 374,785</u>	<u>\$ 197,621</u>
REPRESENTED BY:		
Cash	<u>\$ 374,785</u>	<u>\$ 197,621</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2022

1. ORGANIZATION

The Association of Fundraising Professionals (AFP) Canada was incorporated as a not-for-profit organization on May 17, 2017 under the Canada Not For Profit Corporations Act, and as such is not subject to income taxes. Their first year of operations was 2018.

The Association of Fundraising Professionals (AFP) Canada is an affiliate of Association of Fundraising Professionals.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a. Capital assets

In accordance with Section 4433: Tangible Capital Assets Held by Not-For-Profit Organizations in Part III of the CPA Handbook, since average revenues are below \$500,000, capital assets are recorded as expenses in the year they are acquired. During the year there were no capital assets expensed to operations.

b. Revenue recognition

The organization 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.

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. Financial instruments

The financial assets and financial liabilities are recorded at fair market value.

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Internally-Restricted Reserve Fund

These funds are held in reserve for potential future operational expenses of AFP Canada. They are intended to be used in years of a revenue shortfall unless otherwise specified by the Board of Directors of AFP Canada. These funds can be accessed by management only with the express authorization of the Board of Directors of AFP Canada.

3. FINANCIAL RISK MANAGEMENT POLICY

The Association of Fundraising Professionals (AFP) Canada is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at June 30, 2022:

a) Currency risk

The Organization's functional currency is the Canadian dollar. The Organization does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

b) Liquidity risk

The Organization 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.

c) Interest rate risk

The Organization is exposed to interest rate risk with regards to its cash. The Organization has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations. Therefore, this risk does not have a significant impact.

4. COMMITMENTS

The Association has committed to a contract with Hotel Bonaventure Montréal for accommodations and meals relating to its 2022 retreat that was held in July 2022.

The Association has committed to a contract with Alt Hotel St. John's for accommodations relating to its 2023 retreat that will be held in July 2023. As a result of this contract, the Association will be required to pay a minimum commitment of \$21,398 plus applicable taxes.

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2022

5. ECONOMIC DEPENDENCE

The Association's largest source of revenue is contributions from AFP Global, comprising approximately 75% (December 2020 - 72%) of total revenues. Should contributions from AFP Global not continue and a replacement not be found, activities of the Association could not continue at the same level of operations.

6. COVID-19 AND OPERATIONS

In response to the effects of the COVID-19 pandemic and related health and safety measures, the Organization has adopted its operations through expense reduction and seeking government assistance.

The 2020 in-person conference was postponed and will now be held in July 2022, A 2020 virtual conference was held instead. Additionally, the 2021 conference was also held virtually.

The Organization had obtained a loan from the Government of Canada to assist with cash flows while the Organization weathered the pandemic's effects. If repaid by December 31, 2023, \$20,000 of the loan will be forgiven. Subsequent to the 2022 fiscal year end, the loan was repaid.

7. CHANGE IN YEAR END

In 2021, the Organization changed its fiscal year end from December to June. The 2022 audit encompasses an 18 month period (546 days) from January 1, 2021 to June 30, 2022. The comparative numbers are as at December 31, 2020 and comprise of 12 months (365 days).