

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023, 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 15, 2023

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, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 355,653	\$ 374,785
Accounts receivable	6,724	5,619
Prepaid expenses	<u>2,500</u>	<u>15,533</u>
TOTAL ASSETS	\$ <u>364,877</u>	\$ <u>395,937</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 33,043	\$ 28,514
Source deductions payable	3,086	3,662
Deferred revenue	<u>136,112</u>	<u>127,630</u>
	172,241	159,806
LONG TERM LIABILITIES		
Canadian Emergency Business Account (CEBA) loan (Note 5)	<u>0</u>	<u>60,000</u>
TOTAL LIABILITIES	<u>172,241</u>	<u>219,806</u>
NET ASSETS		
Internally-restricted reserve fund	40,000	40,000
Unrestricted	<u>152,636</u>	<u>136,131</u>
	<u>192,636</u>	<u>176,131</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>364,877</u>	\$ <u>395,937</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 YEAR ENDED JUNE 30, 2023

	2023 365 days	2022 546 days (Note 6)
REVENUES		
AFP Global contribution	\$ 184,517	\$ 267,036
AFP Global in-kind services	75,000	112,500
AFP Canada partnerships	36,300	35,155
Canadian Leadership Retreat	24,900	7,232
Red & White Reception revenue	14,000	9,500
AFP Global third party sales	1,140	0
Program/Project funding	20,948	41,903
Travel stipend funding	13,050	3,500
Other revenue	<u>22,848</u>	<u>29,471</u>
	<u>392,703</u>	<u>506,297</u>
EXPENSES		
Administration	191,923	272,591
AFP Global staff support (in-kind)	75,000	112,500
Programs/Projects - Communications	16,368	13,517
Programs/Projects - Government relations	20,109	15,109
Canadian Leadership Retreat	23,269	520
Board meetings	3,983	257
Red & White Reception	13,871	7,344
Travel - Staff and Board	12,964	3,904
Travel - Stipends	13,050	3,500
IDEA Project	<u>5,661</u>	<u>0</u>
	<u>376,198</u>	<u>429,242</u>
NET REVENUE FOR THE YEAR	\$ <u>16,505</u>	\$ <u>77,055</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 365 days	2022 546 days (Note 6)
INTERNALLY-RESTRICTED RESERVE		
Net assets, beginning of year	\$ 40,000	\$ 25,000
Transfer from unrestricted net assets	<u>0</u>	<u>15,000</u>
Net assets, end of year	<u>\$ 40,000</u>	<u>\$ 40,000</u>
UNRESTRICTED NET ASSETS		
Net assets, beginning of year	\$ 136,131	\$ 74,076
Net revenue for the year	16,505	77,055
Transfer to internally-restricted reserve	<u>0</u>	<u>(15,000)</u>
Net assets, end of year	<u>\$ 152,636</u>	<u>\$ 136,131</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 365 days	2022 546 days (Note 6)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue for the year	\$ 16,505	\$ 77,055
Cash flows from current operating items	<u>24,363</u>	<u>80,109</u>
	<u>40,868</u>	<u>157,164</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loan payable	<u>(60,000)</u>	<u>20,000</u>
NET CHANGE IN CASH	(19,132)	177,164
CASH, beginning of year	<u>374,785</u>	<u>197,621</u>
CASH, end of year	<u>\$ 355,653</u>	<u>\$ 374,785</u>
REPRESENTED BY:		
Cash	<u>\$ 355,653</u>	<u>\$ 374,785</u>

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 YEAR ENDED JUNE 30, 2023

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, 2023:

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. ECONOMIC DEPENDENCE

The Association's largest source of revenue is contributions from AFP Global, comprising approximately 67% (June 2022: 75%) 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.

ASSOCIATION OF FUNDRAISING PROFESSIONALS CANADA

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5. COVID-19 AND OPERATIONS

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

The Organization had obtained a loan from the Government of Canada to assist with cash flows while the Organization weathered the pandemic's effects. In the current fiscal year, the loan was repaid and a \$20,000 forgivable portion was realized as per the terms of the loan.

6. CHANGE IN YEAR END

The 2022 comparatives are for a total of 546 days due to a change in year end from December to June in the 2021/2022 fiscal period. The audit was performed for an 18-month period.

7. SUBSEQUENT EVENTS

In July 2023, the Association held their 2023 Canadian Leadership retreat at the Alt Hotel St. John's. As a result of this contract, the Association paid \$50,180 plus applicable taxes.