ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

FROUIN GROUP

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INDEPENDENT AUDITORS' REPORT

To the Members of:
The Association of Fundraising Professionals (AFP) Ottawa Chapter:

Opinion

We have audited the financial statements of Association of Fundraising Professionals (AFP) Ottawa Chapter, which comprise the statement of financial position as at December 31, 2020, 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 (AFP) Ottawa Chapter as at December 31, 2020, 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
May 26, 2021

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

AUDITED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	**$ 81,612**	$ 60,773
Short-term investments (Note 1d)	**50,000**	70,000
Accounts receivable	**6,904**	15,255
HST receivable	**3,958**	5,188
Prepaid expenses	**20,114**	17,482
TOTAL ASSETS	**$ 162,588**	$ 168,698
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 3,526**	$ 15,360
Deferred membership revenue (Note 6)	**5,807**	6,997
	9,333	22,357
NET ASSETS		
Internally-restricted	**30,000**	30,000
Unrestricted	**123,255**	116,341
	153,255	146,341
TOTAL LIABILITIES AND NET ASSETS	**$ 162,588**	$ 168,698

APPROVED ON BEHALF OF THE BOARD:

Director _____ Director _____

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

AUDITED STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
REVENUES		
Education program	**$ 2,142**	$ 4,603
Fundraising Day	**15,000**	86,542
Philanthropy and awards	**26,875**	84,115
Memberships and job postings	**35,659**	47,637
EMC	**1,138**	1,138
Enhancement	**44**	283
Chapter leadership	**768**	0
Interest	**1,796**	49
	83,422	224,367
EXPENSES		
Education program	**0**	2,768
Fundraising Day	**1,921**	52,530
Philanthropy Day and awards	**20,341**	64,758
Enhancement	**645**	1,090
Chapter leadership	**835**	3,354
Professional fees	**3,700**	3,100
Administration	**33,460**	20,459
Travel and meetings	**3,152**	10,552
Bank and VISA charges	**2,679**	4,726
Donations	**2,750**	5,766
Scholarship	**555**	1,000
Facility	**470**	21,314
Membership services	**6,000**	0
	76,508	191,417
NET REVENUE FOR THE YEAR	**$ 6,914**	$ 32,950

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

AUDITED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
UNRESTRICTED NET ASSETS		
Balance, beginning of year	**$ 116,341**	$ 83,391
Net revenue for the year	**6,914**	32,950
Balance, end of year	**$ 123,255**	$ 116,341
INTERNALLY-RESTRICTED NET ASSETS		
Balance, beginning and end of year	**$ 30,000**	$ 30,000

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

AUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue for the year	**$ 6,914**	$ 32,950
Changes in non-cash working capital:		
Accounts receivable	**9,581**	(7,420)
Prepaid expenses	**(2,632)**	(7,616)
Accounts payable	**(11,834)**	12,396
Deferred membership revenue	**(1,190)**	(8,252)
	(6,075)	(10,892)
Net cash provided by (used in) operating activities	**839**	22,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(30,000)**	(70,000)
Proceeds on maturity of investments	**50,000**	0
	20,000	(70,000)
NET CHANGE IN CASH	**20,839**	(47,942)
CASH, BEGINNING OF YEAR	**60,773**	108,715
CASH, END OF YEAR	**$ 81,612**	$ 60,773
REPRESENTED BY:		
Cash	**$ 81,612**	$ 60,773

(See accompanying Notes to Financial Statements)

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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
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 (2019 - 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, 2020

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

e) 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.

f) Contributed materials and services
Contributed materials and services are not recorded in the financial statements due to the inability to determine their fair market value.

3. COMMITMENTS

The Chapter entered into an agreement for management and event planning services with an estimated cost of $17,940 plus HST for 2021.

The Chapter entered into an agreement for communications services until July 2021 at a cost of $700 plus HST per month.

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, short-term investments, 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.

5. ALLOCATION OF EXPENSES

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

	2020	2019
Fundraising Day	**1,825**	14,157
Philanthropy Day	**10,941**	10,942
Operations	**9,113**	9,335
	$ 21,879	$ 34,434

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

6. DEFERRED REVENUE

	2020	2019
Deferred membership fees, beginning of year	**$ 6,997**	$ 6,803
Membership fees received in the year	**15,619**	19,206
Less: Amount recognized as revenue in the year	**(16,809)**	(19,012)
Deferred membership fees, end of year	**$ 5,807**	$ 6,997

7. FINANCIAL RISK MANAGEMENT POLICY

The Chapter is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2020:

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

ASSOCIATION OF FUNDRAISING PROFESSIONALS (AFP) OTTAWA CHAPTER

NOTES TO AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7. FINANCIAL RISK MANAGEMENT POLICY (continued)

Liquidity risk
The Chapter 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 Chapter'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 Chapter is exposed to currency risk as membership revenue is impacted by the currency rate.

Interest rate risk
The Chapter is exposed to interest rate risk with regard to its cash and short-term investments. Fluctuations in market rates of interest on cash and short-term investments do not have a significant impact on the Chapter’s results of operations.

8. COVID-19 AND OPERATIONS

Due to the COVID-19 pandemic which occurred in early 2020, the Chapter has had to cancel their 2020 Fundraising Day event and various PD speakers. Agreements have been put in place to apply venue and speaker expenditures towards future events.

The Chapter entered in to an agreement with the National Arts Centre for venue rental for the 2021 Fundraising Day event. Subsequent cancellation due to COVID-19 resulted in a fee of $6,750 plus HST.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current presentation.