

FINANCIAL STATEMENTS

ARTISTS FOR PEACE AND JUSTICE CANADA

December 31, 2013

Artists for Peace and Justice Canada

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INDEPENDENT AUDITOR'S REPORT

To the directors of
Artists for Peace and Justice Canada:

We have audited the accompanying financial statements of **Artists for Peace and Justice Canada**, which comprise the statements of financial position as at December 31, 2013 and the statements of operations, changes in net assets and 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 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 the 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donation revenue 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 donation revenue, excess of revenue over expenses, assets and net assets.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Artists for Peace and Justice Canada** as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
October 7, 2014

Campbell Lawless LLP
Chartered Professional Accountants
Licensed Public Accountants

Artists for Peace and Justice Canada
STATEMENT OF FINANCIAL POSITION

December 31	2013 \$	2012 \$
ASSETS		
Cash	619,819	851,756
Accounts receivable	17,062	20,757
	636,881	872,513
LIABILITIES		
Accounts payable and accrued liabilities	14,690	11,865
Deferred revenue [note 3]	<u> </u>	<u>675,129</u>
	14,690	686,994
NET ASSETS		
Unrestricted	622,191	185,519
	636,881	872,513

see accompanying notes

On behalf of the Board:

Director

Director

Artists for Peace and Justice Canada
STATEMENT OF OPERATIONS

Year ended December 31	2013 \$	2012 \$
Revenue		
Donations and fundraising event	<u>1,261,163</u>	<u>729,410</u>
Expenses		
Program	701,883	514,626
Fundraising event	62,782	72,880
Salaries and benefits	42,870	71,610
Professional fees	10,780	16,105
Bank charges and interest	4,680	7,128
Office and general	1,026	4,074
Telephone	322	2,870
Travel	<u>148</u>	<u>2,669</u>
	824,491	691,962
Excess of revenue over expenses for the year	<u>436,672</u>	<u>37,448</u>

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2013 \$	2012 \$
Balance, beginning of year	185,519	148,071
Excess of revenue over expenses for the year	436,672	37,448
Balance, end of year	<u>622,191</u>	<u>185,519</u>

see accompanying notes

Artists for Peace and Justice Canada
STATEMENT OF CASH FLOWS

Year ended December 31	2013 \$	2012 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	436,672	37,448
Changes in non-cash working capital items -		
(Increase) decrease in accounts receivable	3,695	96,145
Increase (decrease) in accounts payable and accrued liabilities	2,825	(14,659)
Increase (decrease) in deferred revenue	<u>(675,129)</u>	<u>(147,850)</u>
Net cash generated through operating activities	(231,937)	(28,916)
Proceeds from (repayment of) loan payable	<u> </u>	<u>(100,000)</u>
Net change in cash during the year	(231,937)	(128,916)
Cash, beginning of year	851,756	980,672
Cash, end of year	619,819	851,756

see accompanying notes

Artists for Peace and Justice Canada

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. PURPOSES OF THE ORGANIZATION

The purposes of Artists for Peace and Justice Canada (the "organization") are:

- To relieve poverty in Haiti by advancing education and providing equipment, teacher salaries, and physical improvements to local institutions serving those in need.
- To advance education by providing financial assistance to students in Haiti who are in need.
- To promote public health in Haiti by providing medical equipment to be used in treating the general public.
- To do all such other things as are incidental and ancillary to the attainment of the foregoing objects.
- To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to qualified donees as defined in subsection 149.1(1) of the *Income Tax Act* (Canada).

The organization was incorporated on March 23, 2011 under the Canada Corporations Act as a corporation without share capital. Under the provisions of the Income Tax Act (Canada) [the "Act"], the organization is classified as a registered charity as defined in paragraph 149(1)(f) of the Act and, therefore, is exempt from income taxes providing that it complies with donation and certain other requirements as specified by the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The organization follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributed materials and services

Contributed materials are recorded at their indicated fair value at the date of contribution only if the fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute their time to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and liabilities at amortized cost.

Artists for Peace and Justice Canada
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

The organization has no financial assets or liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Use of estimates

The preparation of the 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 revenues and expenses during the reporting period. Actual results could differ from the estimates.

3. DEFERRED REVENUE

Deferred revenue represents the amount of donations that have been received prior to year-end but the related revenue has not been recognized since the expenditures have not been incurred for their intended purpose prior to year-end. Deferred revenue consists of donations restricted for the Haiti project, pursuant to an agreement signed with APJ USA.

4. FINANCIAL INSTRUMENT RISK EXPOSURE

The organization is exposed to credit risk and liquidity risk through its financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligations. The organization's financial assets that are exposed to credit risk consist primarily of cash and accounts receivable. Cash is on deposit with a Canadian chartered bank. The organization closely monitors its accounts receivable. It is the opinion of management that the credit risk exposure to the organization is low and is not material.

Artists for Peace and Justice Canada
NOTES TO FINANCIAL STATEMENTS

December 31, 2013

4. FINANCIAL INSTRUMENT RISK EXPOSURE (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in funding its obligations as they come due. The organization is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities. The organization expects to meet its liquidity requirements by preparing and monitoring forecasts of cash flows from operations and holding liquid assets.