# FPSC Foundation

(incorporated under the laws of Canada
as a corporation without share capital)

Financial Statements
**March 31, 2013**

July 31, 2013

## Independent Auditor's Report

**To the Members of**
**FPSC Foundation**

We have audited the accompanying financial statements of FPSC Foundation, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 audit. We conducted our audit 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.

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

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**Opinion**
In our opinion, the financial statements present fairly, in all material respects, the financial position of FPSC Foundation as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Comparative information**
Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes that FPSC Foundation adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related note disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

PricewaterhouseCoopers LLP

**Chartered Professional Accountants, Licensed Public Accountants**

# FPSC Foundation

Statement of Financial Position

| | March 31, 2013 $ | March 31, 2012 $ (Unaudited) | April 1, 2011 $ (Unaudited) |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and short-term investments (note 4) | 180,512 | 175,383 | 103,244 |
| Accounts receivable | 3,884 | 2,757 | 20,307 |
| | 184,396 | 178,140 | 123,551 |
| **Capital assets** (note 5) | 621 | 776 | 969 |
| **Intangible assets** (note 6) | 1,809 | - | - |
| | 186,826 | 178,916 | 124,520 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | - | 11,874 | 8,918 |
| **Net Assets** | | | |
| **Internally restricted invested in capital assets** | 621 | 776 | 969 |
| **Unrestricted net assets available for operations** | 186,205 | 166,266 | 114,633 |
| | 186,826 | 167,042 | 115,602 |
| | 186,826 | 178,916 | 124,520 |

**Approved by the Board of Directors**

_______________________________ Director _______________________________ Director

The accompanying notes are an integral part of these financial statements.

# FPSC Foundation

Statement of Operations

**For the year ended March 31, 2013**

| | 2013<br>$ | 2012<br>$<br>(Unaudited) |
|---|---|---|
| **Income** | | |
| Financial Planning Standards Council (note 7) | 50,000 | 50,000 |
| Receipted donations | 39,907 | 35,575 |
| Interest income | 1,331 | 1,048 |
| | 91,238 | 86,623 |
| **Expenses** | | |
| Payroll and benefits | 35,899 | - |
| Research fees | 21,695 | - |
| Audit | 5,840 | 6,452 |
| Consulting and creative | 4,892 | 25,000 |
| Bank service and credit card charges | 1,887 | 1,876 |
| Office | 827 | 1,662 |
| Amortization | 414 | 193 |
| | 71,454 | 35,183 |
| **Excess of income over expenses for the year** | 19,784 | 51,440 |

The accompanying notes are an integral part of these financial statements.

# FPSC Foundation

Statement of Changes in Net Assets

**For the year ended March 31, 2013**

| | | | 2013 |
|---|---|---|---|
| | **Internally restricted invested in capital assets $** | **Unrestricted net assets available for operations $** | **Total $** |
| **Net assets - Beginning of year** | 776 | 166,266 | 167,042 |
| Excess of income over expenses for the year | - | 19,784 | 19,784 |
| Amortization of capital assets | (155) | 155 | - |
| **Net assets - End of year** | 621 | 186,205 | 186,826 |

| | | | 2012 |
|---|---|---|---|
| | **Internally restricted invested in capital assets $** | **Unrestricted net assets available for operations $** | **Total $** (Unaudited) |
| **Net assets - Beginning of year** | 969 | 114,633 | 115,602 |
| Excess of income over expenses for the year | - | 51,440 | 51,440 |
| Amortization of capital assets | (193) | 193 | - |
| **Net assets - End of year** | 776 | 166,266 | 167,042 |

The accompanying notes are an integral part of these financial statements.

# FPSC Foundation

Statement of Cash Flows

**For the year ended March 31, 2013**

| | 2013<br>$ | 2012<br>$<br>(Unaudited) |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Excess of income over expenses for the year | 19,784 | 51,440 |
| Items not affecting cash | | |
| Amortization of capital assets | 155 | 193 |
| Amortization of intangible assets | 259 | - |
| | 20,198 | 51,633 |
| Changes in non-cash working capital balances related to operations | | |
| Accounts receivable | (1,127) | 17,550 |
| Accounts payable and accrued liabilities | (11,874) | 2,956 |
| | 7,197 | 72,139 |
| **Investing activities** | | |
| Purchase of intangible assets | (2,068) | - |
| **Increase in cash and short-term investments during the year** | 5,129 | 72,139 |
| **Cash and short-term investments - Beginning of year** | 175,383 | 103,244 |
| **Cash and short-term investments - End of year** | 180,512 | 175,383 |

The accompanying notes are an integral part of these financial statements.

## 1 Purpose of the organization

FPSC Foundation (the Foundation) was incorporated under the Canada Corporations Act on October 14, 2004 as a not-for-profit organization.

The Foundation's mandate is to develop and promote research and education on financial planning for the benefit of all Canadians.

The Foundation is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

## 2 Transition to accounting standards for not-for-profit organizations

Effective April 1, 2012, the Foundation elected to adopt Canadian accounting standards for not-for-profit organizations (Part III of The Canadian Institute of Chartered Accountants Handbook) (ASNPO), as issued by the Canadian Accounting Standards Board. Subject to certain transition elections, the accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect.

The Foundation has utilized the following transition exemption on the adoption of ASNPO:

- In accordance with the ASNPO transitional provisions, the Foundation has elected to measure its guaranteed investment certificates at fair value, with subsequent changes in fair value to be recognized in the statement of operations.

The transition from Canadian generally accepted accounting principles to ASNPO had no significant impact on the statement of financial position or the statements of operations, changes in net assets and cash flows.

## 3 Summary of significant accounting policies

### Basis of accounting

These financial statements have been prepared by management in accordance with ASNPO applied within the framework of the accounting policies summarized below.

These financial statements include the following net asset groupings:

- Unrestricted net assets available for operations - includes the cumulative net excess of operating revenues over expenses.

- Internally restricted invested in capital assets - includes funds that have been used for the purpose of purchasing capital assets, net of accumulated amortization.

**Cash and short-term investments**

Cash and short-term investments consist of cash deposits and guaranteed investment certificates with a maturity of less than one year held at a financial institution.

**Capital assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is provided at rates and bases designed to amortize the cost of capital assets over their estimated useful lives as follows:

| | |
|---|---|
| Office equipment | 20% declining balance |

**Intangible assets**

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for at rates and bases designed to amortize the cost of intangible assets over their estimated useful lives as follows:

| | |
|---|---|
| Computer software | 30% declining balance |

**Revenue recognition**

The Foundation follows the deferral method of accounting for donations.

Unrestricted donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Financial instruments**

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations.

It is management's opinion that the Foundation is not exposed to significant interest rate risk, credit risk and foreign currency risk.

**Use of estimates**

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and operating costs during the reporting period. Actual results could differ from those estimates.

## 4 Cash and short-term investments

| | 2013<br>$ | 2012<br>$<br>(Unaudited) |
|---|---|---|
| Cash balance with financial institution | 49,584 | 44,501 |
| Guaranteed investment certificate (i) | 130,928 | 130,882 |
| | 180,512 | 175,383 |

i) The guaranteed investment certificate matures on February 27, 2014 and has an interest rate of 0.8%.

## 5 Capital assets

Capital assets consist of the following:

| | | | 2013 |
|---|---|---|---|
| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$ |
| Office equipment | 1,083 | 462 | 621 |

| | | | 2012 |
|---|---|---|---|
| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$<br>(Unaudited) |
| Office equipment | 1,083 | 307 | 776 |

## 6 Intangible assets

Intangible assets consist of the following:

| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$ |
|---|---|---|---|
| Computer software | 2,068 | 259 | 1,809 |

## 7 Related party transactions

All related party transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Financial Planning Standards Council (FPSC) paid $50,000 to the Foundation as part of FPSC's pledge to make annual contributions to the Foundation totalling $250,000 over five years. There are two years remaining on this pledge as of March 31, 2013. FPSC currently controls the Foundation through its control over operations.