

Financial Statements of

**THE CITIZENS' FOUNDATION,  
CANADA**

Years ended December 31, 2012 and 2011



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## INDEPENDENT AUDITORS' REPORT

To the Members of The Citizens' Foundation, Canada

We have audited the accompanying financial statements of The Citizens' Foundation, Canada, which comprise the balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations and changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many not-for-profit organizations, The Citizens' Foundation, Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of The Citizens' Foundation, Canada.

Therefore, we were not able to determine whether, as at December 31, 2012, December 31, 2011, and January 1, 2011 and for the years ended December 31, 2012 and December 31, 2011, any adjustments might be necessary to donations and excess (deficiency) of revenue over expenses reported in the statements of operations and changes in net assets, excess (deficiency) of revenue over expenses reported in the statements of cash flows and current assets and unrestricted net assets reported in the balance sheets.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Citizens' Foundation, Canada as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

February 13, 2013  
Toronto, Canada

# THE CITIZENS' FOUNDATION, CANADA

## Balance Sheets

December 31, 2012, December 31, 2011 and January 1, 2011


	December 31, 2012	December 31, 2011	January 1, 2011
<b>Assets</b>			
Current assets:			
Cash	\$ 228,660	\$ 13,837	\$ 37,744
Prepaid expenses	8,780	8,771	7,797
	<u>\$ 237,440</u>	<u>\$ 22,608</u>	<u>\$ 45,541</u>

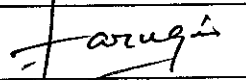
## Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities (note 4)	\$ 11,380	\$ 22,108	\$ 11,500
Deferred contributions:			
Individuals	78,103	-	-
Corporate	17,602	-	-
	<u>107,085</u>	<u>22,108</u>	<u>11,500</u>
Net assets:			
Unrestricted	130,355	500	34,041
Commitments (note 3)			
	<u>\$ 237,440</u>	<u>\$ 22,608</u>	<u>\$ 45,541</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# THE CITIZENS' FOUNDATION, CANADA

## Statements of Operations and Changes in Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Donations:		
Individuals	\$ 594,812	\$ 530,272
Corporate	686,216	453,263
Gala ticket sales	34,865	50,571
Other	3,154	1,739
	<u>1,319,047</u>	<u>1,035,845</u>
Expenses:		
Funds transferred to Pakistan	1,096,102	973,317
Gala	50,001	58,363
Professional fees	12,995	14,497
Other	27,836	22,210
Advertising	1,189	—
Bank and interest charges	1,069	999
	<u>1,189,192</u>	<u>1,069,386</u>
Excess (deficiency) of revenue over expenses	129,855	(33,541)
Net assets, beginning of year	500	34,041
Net assets, end of year	<u>\$ 130,355</u>	<u>\$ 500</u>

See accompanying notes to financial statements.

# THE CITIZENS' FOUNDATION, CANADA

## Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 129,855	\$ (33,541)
Change in non-cash operating working capital:		
Prepaid expenses	(9)	(974)
Accounts payable and accrued liabilities	(10,728)	10,608
Deferred contributions	95,705	—
Increase (decrease) in cash	214,823	(23,907)
Cash, beginning of year	13,837	37,744
Cash, end of year	\$ 228,660	\$ 13,837

See accompanying notes to financial statements.

# THE CITIZENS' FOUNDATION, CANADA

Notes to Financial Statements

Years ended December 31, 2012 and 2011

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The Citizens' Foundation, Canada (the "Foundation") was incorporated in Canada without share capital under the Canada Corporations Act. It is a registered charity under the provisions of Section 149(1) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from all cross sections of society for the building of primary and secondary schools, as well as for operating them. These donations are made by organizations, institutions and individuals.

The Foundation signed an agency agreement with The Citizens' Foundation, Pakistan ("TCFP") on January 20, 2009, which was subsequently updated on June 30, 2011. Under the terms of the agreement, TCFP will operate schools in Pakistan on behalf of the Foundation.

On January 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook. These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011, and all comparative information provided has been presented by applying not-for-profit standards.

There are no adjustments to net assets as at January 1, 2011 or deficiency of revenue over expenses for the year ended December 31, 2011 as a result of the transition to not-for-profit standards.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook.

### (a) Revenue recognition:

The Foundation follows the deferral method of accounting. 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.

# THE CITIZENS' FOUNDATION, CANADA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Non-equity instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry non-equity investments 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 using the straight-line method.

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 if 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.

### (c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future, actual results could differ from those estimates.



# THE CITIZENS' FOUNDATION, CANADA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## **2. Donated goods and services:**

The Foundation does not record the value of donated goods and services in these financial statements.

## **3. Commitments:**

The Foundation operates 47 schools and directs and controls the activities of the schools through an agency agreement with TCFP. The Foundation is required to provide funding for the operation of the 47 schools to TCFP under the agency agreement. The Foundation has the right to withdraw or withhold funds or other resources at its discretion, should there be any deviation or variation in the proposed operation of the schools. The agency agreement will remain in force until termination by either party.

## **4. Accounts payable and accrued liabilities:**

There are no remittances payable to the government as at December 31, 2012 (December 31, 2011 - nil; January 1, 2011 - nil).