

**FINANCIAL STATEMENTS**

For

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**

For year ended

**SEPTEMBER 30, 2014**

**DRAFT**  
For Discussion Purposes Only

## **INDEPENDENT AUDITOR'S REPORT**

To the directors of

### **CENTRE FOR INQUIRY/ LE CENTRE POUR L'ENQUETE**

We have audited the accompanying financial statements of Centre For Inquiry/Le Centre Pour L'Enquete, which comprise the statement of financial position as at September 30, 2014 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 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.

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

*Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives part of its revenue from memberships, donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 membership, donation and fundraising revenues, net expenses over revenues and net assets for the year ended September 30, 2014, assets as at September 30, 2014, and net assets as at September 30, 2013 and September 30, 2014. The audit opinion on the financial statements for the year ended September 30, 2013 were also modified because of the possible effects of this limitation in scope.

*Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations, memberships, and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2014 and the results of its operations and the changes in net assets and cash flows for the year ended September 30, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

*Other Matter*

The financial statements of Centre For Inquiry for the year ended September 30, 2013, were audited by another auditor who expressed a qualified opinion on those statements on May 22, 2014. The qualification related to an inability to verify completeness of revenues from donations, memberships, and fundraising.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
**Date to be determined.**

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**

*(Incorporated under the laws of Canada)*

**STATEMENT OF FINANCIAL POSITION**

**SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u> (Note 4)
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 34,101	\$ 83,078
Accounts receivable	6,514	6,286
Prepaid expenses	<u>2,726</u>	<u>2,934</u>
	43,341	92,298
<b>CAPITAL ASSETS (note 5)</b>	<u>5,794</u>	<u>8,032</u>
	<u>\$ 49,135</u>	<u>\$ 100,330</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	<u>\$ 21,095</u>	<u>\$ 57,192</u>
<b>NET ASSETS</b>		
Unrestricted	<u>28,040</u>	<u>43,138</u>
	<u>\$ 49,135</u>	<u>\$ 100,330</u>

Approved on behalf of the Board:

..... Director

..... Director

(See accompanying notes)

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u> (Note 4)
Net assets, beginning of year	\$ 43,138	\$ 118,068
Net expenses over revenues	<u>(15,098)</u>	<u>(74,930)</u>
Net assets, end of year	<u>\$ 28,040</u>	<u>\$ 43,138</u>

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For Discussion Purposes Only

(See accompanying notes)

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**

**STATEMENT OF OPERATIONS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u> (Note 4)
<b>Revenue</b>		
Contributions:		
Contributions from Centre for Inquiry Transitional	\$ 2,389	\$ 16,973
General public donations (Note 6)	114,376	184,493
Membership dues	26,856	47,061
Events	<u>16,290</u>	<u>15,195</u>
	<u>159,911</u>	<u>263,722</u>
<b>Expenses</b>		
Wages and benefits	52,436	51,148
Consulting fees (Note 4)	24,850	94,795
Occupancy	23,420	22,723
Office and general	20,751	7,524
Travel	13,087	17,701
Events	7,768	42,161
Books	7,435	1,338
Professional fees (Note 4)	5,873	17,001
Bank charges	5,770	2,532
Advertising and promotion	4,082	65,916
Insurance	3,117	1,880
Telephone	2,579	4,879
Amortization of capital assets	2,238	3,763
Meals and Entertainment	610	-
Miscellaneous	583	5,291
Utilities	410	-
	<u>175,009</u>	<u>338,652</u>
<b>Net expenses over revenues for the year</b>	<u>\$ (15,098)</u>	<u>\$ (74,930)</u>

(See accompanying notes)

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net expenses over revenues	\$ (15,098)	\$ (74,930)
Items not requiring an outlay of cash:		
Amortization of capital assets	<u>2,238</u>	<u>3,763</u>
	(12,860)	(71,167)
Increase (decrease) resulting from a change in:		
Accounts receivable	(228)	(1,450)
Prepaid expenses	208	120
Accounts payable and accrued liabilities	<u>(36,097)</u>	<u>44,933</u>
<b>Cash flows from operating activities</b>	<u>(48,977)</u>	<u>(27,564)</u>
<b>DECREASE IN CASH FOR THE YEAR</b>	(48,977)	(27,564)
<b>CASH, BEGINNING OF YEAR</b>	<u>83,078</u>	<u>110,642</u>
<b>CASH, END OF YEAR</b>	<u>\$ 34,101</u>	<u>\$ 83,078</u>

(See accompanying notes)

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**1. NATURE OF ORGANIZATION**

Centre For Inquiry/Le Centre Pour L'Enquete ("Centre") educates and provides training to the public in the application of skeptical, secular, rational, and humanistic enquiry through conferences, symposia, lectures, published works and the maintenance of a library and meeting facilities.

The Centre was incorporated on September 20, 2007 without share capital under the Canada Corporations Act. The Centre became registered as a charitable organization on April 7, 2009 and has been granted tax-exempt status as a registered charity under the Canadian Income Tax Act. The organization was continued by incorporation under Part II of the Canada Corporations Act on July 2, 2013.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The accounting policies of the company are in accordance with Canadian accounting standards for not-for-profit organizations.

*Revenue recognition*

Revenues are accounted for using the deferral method for contributions wherein unrestricted contributions are recognized as revenue when received or receivable and externally restricted contributions are deferred and recognized as revenue in the period in which the related expenditures are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the statement of financial position.

Membership fees are considered contributions. Membership fees are recognized in the year when an individual member has paid the necessary fees.

Event fees are recognized as revenue in the year the event is held.

*Contributions materials and services*

During the year, volunteers contributed many hours to assist the Centre in carrying out its activities. Because of the difficulty in determining the fair value of such services and any materials received, contributed materials and services are not recognized in these financial statements. Monetary donations are recorded as received.

*Capital assets*

Capital assets are stated at cost and are being amortized using the following method at the following rates:

Furniture and equipment	- 20% declining balance
Computer equipment	- 55% declining balance



**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED SEPTEMBER 30, 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Financial instruments*

The Centre initially measures its financial assets and liabilities at fair value. The Centre subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*Use of estimates*

The preparation of the Centre's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements relate to certain accrued liabilities and the estimated useful lives of capital assets.

**3. FINANCIAL INSTRUMENTS**

The Centre is exposed to and manages various financial risks resulting from its operations and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes or hedging purposes.

The Centre's financial risk exposure and its financial risk management policies are as follows:

*Credit risk*

The Centre's maximum exposure to credit risk is the sum of the carrying value of its cash and accounts receivable. The Centre's cash is deposited with a Canadian chartered bank and as a result, management believes the risk of loss of this item to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and accordingly, management believes all amounts receivable will be collected and has determined that a provision for bad debts is not required.

*Liquidity risk*

Liquidity risk is the risk that the Centre cannot meet a demand for cash or fund its obligations as they become due. The organization meets its liquidity requirements by having management regularly review the cash balance on hand to ensure it has funds necessary to fulfil its obligations.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Centre's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED SEPTEMBER 30, 2014**

**3. FINANCIAL INSTRUMENTS - Cont'd.**

*Market risk - Cont'd.*

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Centre did not have any interest bearing financial instruments at September 30, 2014 and therefore exposure to interest rate risk is limited.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Centre is not exposed to other price risk.

*Changes in risk*

There has been no significant changes in the Centre's risk exposures from the prior year.

**4. RESTATEMENT AND RECLASSIFICATION OF COMPARATIVE FIGURES**

The Organization has determined that certain expenses that were originally recorded in 2014 actually related to 2013. The 2013 figures have been restated accordingly and the effects of this restatement on the comparative figures are outlined below:

	<u>Previously Reported</u>		<u>Adjustments</u>		<u>Restated Amounts</u>
<b>Statement of Financial Position</b>					
Accounts payable and accrued liabilities \$	36,735	\$	20,457	\$	57,192
Net assets, end of year	63,595		(20,457)		43,138
<b>Statement of Operations</b>					
Professional fees	15,501		1,500		17,001
Consulting fees	75,838		18,957		94,795
Excess of expenses over revenue	(54,473)		(20,457)		(74,930)

**CENTRE FOR INQUIRY/  
LE CENTRE POUR L'ENQUETE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED SEPTEMBER 30, 2014**

**5. CAPITAL ASSETS**

	2014			2013
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Furniture and equipment	\$ 13,703	\$ (8,722)	\$ 4,981	\$ 6,226
Computer equipment	<u>8,491</u>	<u>(7,678)</u>	<u>813</u>	<u>1,806</u>
	<u>\$ 22,194</u>	<u>\$ (16,400)</u>	<u>\$ 5,794</u>	<u>\$ 8,032</u>

**6. ECONOMIC DEPENDENCE**

The Centre receives a donation from a private foundation each year. This amount represented 44% (2013 - 29%) of the Centre's revenues.

**7. COMMITMENTS**

The Organization has a long-term lease, with respect to its premises, which expires September 30, 2017. The minimum lease payments are as follows:

2015	\$ 30,316
2016	30,316
2017	27,790

**8. COMPARATIVE FIGURES**

Comparative figures have been audited by another auditor comparative figures have also been reclassified where necessary to conform to the presentation adopted in the current year.