

NATIONAL COUNCIL OF WOMEN OF CANADA

Financial Statements

Year Ended March 31, 2011

(Unaudited)

NATIONAL COUNCIL OF WOMEN OF CANADA

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Year Ended March 31, 2011

(Unaudited)

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THE EXCHANGE

chartered accountants LLP

REVIEW ENGAGEMENT REPORT

To the Members of National Council of Women of Canada

We have reviewed the statement of financial position of National Council of Women of Canada as at March 31, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

The Council has limited controls surrounding the recognition of revenue and receipts of payment for receivables recorded. As a result, our review procedures were unable to determine whether the completeness of revenue was plausible, and whether any adjustments were necessary to revenues, receivables, excess of revenue over expenses and net assets.

As per Note 9, based on the fact that the Council experienced a recorded misappropriation of assets during the current and prior year, it was not determinable as to whether the classification of expenses were plausible.

Based on our review, except for the effect of any adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues and the classification of expenses referred to in the preceding paragraphs, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP
Winnipeg, Manitoba
May 27, 2011

NATIONAL COUNCIL OF WOMEN OF CANADA

Statement of Financial Position

March 31, 2011

(Unaudited)

	Operating Fund	Foundation Fund	Total 2011	Total 2010
ASSETS				
Cash	\$ 282	\$ 6,935	\$ 7,217	\$ 4,600
Accounts receivable	10,969	-	10,969	4,405
Inventory <i>(Note 3)</i>	3,907	-	3,907	5,384
Prepaid expenses	5,986	-	5,986	2,705
Long term investments <i>(Notes 3, 5, 6)</i>		219,979	219,979	338,924
	\$ 21,144	\$ 226,914	\$ 248,058	\$ 356,018
LIABILITIES				
Bank loan <i>(Note 7)</i>	\$ 44,310	\$ -	\$ 44,310	\$ 61,890
Accounts payable	9,014	-	9,014	14,164
	53,324	-	53,324	76,054
NET ASSETS <i>(Note 6)</i>				
Operating Fund	(32,180)	-	(32,180)	(62,519)
Foundation Fund	-	226,914	226,914	342,483
	(32,180)	226,914	194,734	279,964
	\$ 21,144	\$ 226,914	\$ 248,058	\$ 356,018

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

NATIONAL COUNCIL OF WOMEN OF CANADA

Statement of Revenues and Expenditures

Year Ended March 31, 2011

(Unaudited)

	Operating Fund	Foundation Fund	Total	Total 2010 (Restated)
	2011	2011	2011	
REVENUES				
Annual general meeting	\$ 9,318	\$ -	\$ 9,318	\$ 11,084
Sales	2,443	-	2,443	200
Donations	2,199	-	2,199	250
Memberships	3,348	-	3,348	5,331
Other	3,845	-	3,845	-
	<u>21,153</u>	<u>-</u>	<u>21,153</u>	<u>16,865</u>
EXPENDITURES (Schedule 1)				
Administrative	56,684	-	56,684	70,062
Annual general meeting	11,197	-	11,197	8,822
Board	11,578	-	11,578	14,881
Celebrating Women	-	-	-	42,073
Education Fund	1,477	-	1,477	1,274
Other	2,728	-	2,728	6,608
	<u>83,664</u>	<u>-</u>	<u>83,664</u>	<u>143,720</u>
DEFICIENCY OF EXPENDITURES OVER REVENUES FROM OPERATIONS				
	<u>(62,511)</u>	<u>-</u>	<u>(62,511)</u>	<u>(126,855)</u>
OTHER INCOME (EXPENSES)				
Dividend income	11,302	-	11,302	13,664
Gain (loss) on disposal of investments	369	-	369	(6)
Interest income	36	-	36	-
Misappropriation of assets <i>(Note 9)</i>	(59,333)	-	(59,333)	-
Unrealized gain on valuation of investments	24,907	-	24,907	111,781
	<u>(22,719)</u>	<u>-</u>	<u>(22,719)</u>	<u>125,439</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>\$ (85,230)</u>	<u>\$ -</u>	<u>\$ (85,230)</u>	<u>\$ (1,416)</u>

NATIONAL COUNCIL OF WOMEN OF CANADA

Statement of Changes in Net Assets

Year Ended March 31, 2011

(Unaudited)

	Operating Fund	Foundation Fund	Total 2011	Total 2010
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ (62,519)	\$ 342,483	\$ 279,964	\$ 364,950
Restatement of long term investments at market value at year ended March 31, 2009 <i>(Note 6)</i>	-	-	-	(83,570)
NET ASSETS - RESTATED	(62,519)	342,483	279,964	281,380
Excess of revenues over expenditures	(85,230)	-	(85,230)	(1,416)
Interfund transfer <i>(Note 8)</i>	115,569	(115,569)	-	-
NET ASSETS - END OF YEAR	\$ (32,180)	\$ 226,914	\$ 194,734	\$ 279,964

NATIONAL COUNCIL OF WOMEN OF CANADA

Statement of Cash Flows

Year Ended March 31, 2011

(Unaudited)

	Operating Fund 2011	Foundation Fund 2011	Total 2011	Total 2010
OPERATING ACTIVITIES				
Cash receipts from customers	\$ 14,589	\$ -	\$ 14,589	\$ 24,574
Cash paid to suppliers	(87,701)	-	(87,701)	(112,735)
Misappropriation of assets	(59,333)	-	(59,333)	-
Cash flow used by operating activities	(132,445)	-	(132,445)	(88,161)
INVESTING ACTIVITIES				
Change in investments	144,221	-	144,221	18,238
Interest income	36	-	36	-
Interfund	(3,376)	3,376	-	-
Dividend income	11,302	-	11,302	13,664
Interest paid	(2,917)	-	(2,917)	(1,985)
Cash flow from investing activities	149,266	3,376	152,642	29,917
INCREASE (DECREASE) IN CASH	16,821	3,376	20,197	(58,244)
Cash (deficiency) - beginning of year	(60,849)	3,559	(57,290)	954
CASH (DEFICIENCY) - END OF YEAR	\$ (44,028)	\$ 6,935	\$ (37,093)	\$ (57,290)
CASH CONSISTS OF:				
Cash	\$ 282	\$ 6,935	\$ 7,217	\$ 4,600
Bank loan	(44,310)	-	(44,310)	(61,890)
	\$ (44,028)	\$ 6,935	\$ (37,093)	\$ (57,290)

NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

National Council of Women of Canada (the Council), is a not-for-profit organization, founded in 1893 as a federate of the International Council of Women, and was incorporated by Act of Parliament of Canada in 1914. The Council is a non-partisan federation of voluntary women's organizations working to empower all women to work towards improving the quality of life for women, families and society through a forum of member organizations and individuals.

These financial statements have been prepared on the assumption that the Council is a going concern, will continue to operate for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of operations.

The Council is not subject to income tax under provision 149(1)(d).

2. NATURE OF FUND BALANCES

Operating Fund

The Operating Fund reports the results of the general fund and administrative activities.

Foundation Fund

The Foundation Fund reflects bequests, life memberships, and memorial contributions. It is the Council's intention, as set out in its by-laws, that the principal amount of contributions be preserved.

When necessary, the membership approves, on an annual basis, the transfer of assets from the Foundation Fund to the Operating Fund, based on financial requirements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Accordingly, actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the year which they became known.

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NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

The Council has elected to apply CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation in place of CICA Handbook Sections 3862 and 3863.

The Council classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The Council's accounting policy for each category is as follows:

Assets held-for-trading

Financial instruments classified as held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in excess (deficiency) of revenue over expenses in the period during which the change occurs. Transaction costs are expensed when occurred.

In these financial statements, all investments have been classified as held-for-trading.

Available-for-sale instruments

Financial instruments classified as available-for-sale are reported at fair value at each balance sheet date, and any change in fair value is recognized in net assets in the period in which the change occurs. All transactions related to marketable securities are recorded on a settlement date basis.

In these financial statements, no assets have been classified as available-for-sale.

Held-to-maturity investments

Financial instruments classified as held-to-maturity are financial assets with fixed or determinable payments and fixed maturities that the council's board has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized cost, using the effective interest rate method. Transaction costs are included in the amount initially recognized.

In these financial statements, no assets have been classified as held-to-maturity.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction cost are expensed when incurred.

In these financial statements, accounts receivable has been classified as loans and receivables. Accounts payable has been classified as other financial liabilities.

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NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital disclosure

The Council's capital consists of Fund balances provided by operations.

The Council's objective in managing capital is to safeguard its ability to continue as a going concern, in order to carry out its mission as described in Note 1. The Council prepares a realistic budget each year, allocating expenses to revenue it expects to earn and funding it expects to receive for unrestricted operations.

There were no changes in the Council's approach to capital management during the year.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Revenue recognition

These financial statements are prepared on an accrual basis using the deferred contribution method of accounting.

Operating Fund

The Operating Fund uses the deferred contribution method of accounting. Contributions are recognized as revenue when received or receivable if the amount can be estimated and collection is reasonably assured.

Revenue from the annual general meeting, sales, donations and memberships are recognized when earned and collection is reasonably assured.

Foundation Fund

The Foundation Fund uses the deferred contribution method of accounting.

Capital assets and major renovations

Capital assets purchases and major renovations are treated as operating costs in the year in which they are incurred. Proceeds from disposal are treated as income in the year of disposal. During the year, the Council did not incur any expenditures (2010 - \$2,099) for major repair and maintenance of property.

Volunteer services donated

Certain activities of the Council are dependent on the volunteer services of supporters. Since the cost of these services cannot be reasonably estimated they are not recognized in these financial statements.

Donated goods are recorded at their fair market value if such value is discernible.

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NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The Council is currently evaluating the effect of adopting these standards on their financial statements.

The Council prepares its financial statements in accordance with Canadian GAAP as defined by Canada's Accounting Standards Board (AcSB). The AcSB has announced its intention to converge Canadian GAAP with international financial reporting standards (IFRS) over a transition period ending October 2011.

4. FINANCIAL INSTRUMENTS

Fair Value

The Council's carrying value of cash, accounts receivable, accounts payable, and bank loan approximates its fair value due to the immediate or short term maturity of these instruments.

The Council's investments are recorded at market value.

Market Risk

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

The Council has market risk with respect to its investments.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. In seeking to minimize the risks from interest rate fluctuations, the Council manages exposure through normal operating and financing activities.

The Council is exposed to interest rate risk primarily through its floating interest rate bank loan and credit facilities.

5. LONG TERM INVESTMENTS

	<u>2011</u>	<u>2010</u>
Stocks	\$ 219,979	\$ 302,591
Mutual funds	-	36,333
	<u>\$ 219,979</u>	<u>\$ 338,924</u>

The market value of investments fluctuates with changes in market rates of similar instruments. There is no significant concentration in any one issuer or industry sector and the Council invests only in actively traded securities.

NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

6. PRIOR PERIOD ADJUSTMENT

During the year ended March 31, 2011, it was noted that historical assets held for trading were recorded at cost, rather than at market value in accordance with CICA Handbook section 3855.

As a result, the opening balance of investments as at March 31, 2009 were decreased by \$83,570, with a resulting decrease in net assets of \$83,570.

Investments as at March 31, 2010 were increased by \$28,782 from the amount previously recorded. The decrease in investments from the year ended March 31, 2010 resulted in an unrealized gain on investments of \$111,781 in the statement of revenue over expenses for the year ended March 31, 2010. This unrealized gain on valuation of investments increased the net assets by \$111,782 for the year ended March 31, 2010.

7. BANK LOAN

The Council has a \$50,000 revolving line of credit, of which \$44,310 (\$61,890 in 2010) was used as at March 31, 2011. Bank advances on the credit line are payable on demand and bear interest at 0.50% over prime. The credit line is secured by the assignment of a Guaranteed Investment Certificate in the amount of \$50,000 in the name of the Council.

8. INTERFUND TRANSFERS

During the year the Council transferred \$115,569 (2009 - \$64,831) from the Foundation Fund to the Operating Fund.

NATIONAL COUNCIL OF WOMEN OF CANADA

Notes to Financial Statements

Year Ended March 31, 2011

(Unaudited)

9. MISAPPROPRIATION OF ASSETS

During the year, a misappropriation of assets was recorded in the amount of \$74,092. Of this amount, \$14,759 relates to assets misappropriated during the year ended March 31, 2010. Prior year expenses were not restated net of the misappropriation due to the fact that there was uncertainty as to which accounts were affected.

During the year a recovery relating to assets misappropriated during they year ended March 31, 2010 of \$3,590 was recovered from Scotiabank. Subsequent to year end, a recovery relating to assets misappropriated during the year ended March 31, 2011 of \$7,401 was recovered from Scotiabank. Therefore, this amount has been accrued in accounts receivable.

	2011
Misappropriation from year ended March 31, 2010	\$ 14,759
Misappropriation from year ended March 31, 2011	70,324
Scotiabank recovery received relating to misappropriation during March 31, 2010	(3,590)
Scotiabank recovery receivable relating to misappropriation during March 31, 2011	<u>(7,401)</u>
Total misappropriation of assets	74,092
Adjustment for prior year's misappropriation - not restated	<u>(14,759)</u>
Adjusted misappropriation of assets	<u>\$ 59,333</u>

10. COMMITMENTS

The Council has a long term lease with respect to its photocopier. The minimum lease payments required over the next two years are as follows:

2012	\$ 4,513
2013	<u>3,385</u>
	<u>\$ 7,898</u>

NATIONAL COUNCIL OF WOMEN OF CANADA

**Schedule of Expenditures
Year Ended March 31, 2011**

(Schedule 1)

(Unaudited)

	2011	2010
ADMINISTRATIVE		
Bank charges	\$ 2,917	\$ 1,985
Equipment	-	2,099
Equipment rentals	6,476	7,304
Insurance	6,567	3,590
Office	235	1,347
Professional fees	8,930	3,979
Rent	11,288	10,710
Salaries	17,170	29,322
Supplies	457	4,911
Telephone	2,644	4,815
	<u>\$ 56,684</u>	<u>\$ 70,062</u>
ANNUAL GENERAL MEETING		
Annual general meeting	\$ 11,197	\$ 8,822
	<u>\$ 11,197</u>	<u>\$ 8,822</u>
BOARD		
Board meetings	\$ 11,578	\$ 14,881
	<u>\$ 11,578</u>	<u>\$ 14,881</u>
CELEBRATING WOMEN		
Celebrating Women	-	42,073
	<u>-</u>	<u>42,073</u>
EDUCATION FUND		
Education Fund	\$ 1,477	\$ 1,274
	<u>\$ 1,477</u>	<u>\$ 1,274</u>
OTHER		
Bursary	\$ 1,000	\$ 1,000
International Council of Women fees	-	1,908
Provincial and local council	-	1,200
United Nations ECOSOC representative	1,728	2,500
	<u>\$ 2,728</u>	<u>\$ 6,608</u>