

**CANADIAN FOUNDATION FOR
SPIRITUAL CARE**

Financial Statements

December 31, 2012

CANADIAN FOUNDATION FOR SPIRITUAL CARE

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Independent Auditor's Report

To the Board of Directors of Canadian Foundation for Spiritual Care

We have audited the accompanying financial statements of **Canadian Foundation for Spiritual Care**, which comprise the statement of financial position as at **December 31, 2012**, and the statements of operations and changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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 foundation'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 foundation'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.

Independent Auditor's Report, continued

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

Canadian Foundation for Spiritual Care derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2012 and the results of its 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.

Comparative Information

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that Canadian Foundation for Spiritual Care adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures.



Halifax, Nova Scotia
March 22, 2013

Chartered Accountants

CANADIAN FOUNDATION FOR SPIRITUAL CARE

Statement of Financial Position As at December 31, 2012

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current			
Cash	\$ 2,261	\$ 10,065	\$ 30,999
Accounts receivable	<u>36</u>	<u>-</u>	<u>-</u>
	2,297	10,065	30,999
Investments (Note 4)	127,431	107,325	78,268
Equipment (Note 5)	<u>219</u>	<u>274</u>	<u>342</u>
	<u>\$ 129,947</u>	<u>\$ 117,664</u>	<u>\$ 109,609</u>
Liability			
Current			
Accounts payable	\$ 1,000	\$ 1,001	\$ 719
Net Assets			
Unrestricted net assets	<u>128,947</u>	<u>116,663</u>	<u>108,890</u>
	<u>\$ 129,947</u>	<u>\$ 117,664</u>	<u>\$ 109,609</u>

Approved on behalf of the board

_____ Member

_____ Member

(The accompanying notes are an integral part of these financial statements)

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CANADIAN FOUNDATION FOR SPIRITUAL CARE

Statement of Operations and Changes in Net Assets For the year ended December 31, 2012

	2012	2011
Revenues		
Contribution Revenue	\$ 10,435	\$ 12,874
Dividend income	4,496	4,031
Interest income	485	298
Miscellaneous income	-	183
	<u>15,416</u>	<u>17,386</u>
Expenditures		
Bursaries	3,000	3,000
Research grants	3,000	3,000
Office supplies	1,620	-
Professional fees	1,569	1,029
Investment fees	1,318	1,279
Entertainment of guests	143	266
Interest and bank charges	127	56
Conference calls	102	81
Amortization	55	68
Government dues	30	30
	<u>10,964</u>	<u>8,809</u>
Excess of revenues over expenditures from operations	<u>4,452</u>	<u>8,577</u>
Other income (expense)		
Gain on disposal of investments	2,100	3,218
Unrealized gain on write up to market of investments	5,732	(4,022)
	<u>7,832</u>	<u>(804)</u>
Excess of revenues over expenditures	12,284	7,773
Unrestricted net assets, beginning of year	<u>116,663</u>	<u>108,890</u>
Unrestricted net assets, end of year	<u>\$ 128,947</u>	<u>\$ 116,663</u>

(The accompanying notes are an integral part of these financial statements)

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CANADIAN FOUNDATION FOR SPIRITUAL CARE

Statement of Cash Flows For the year ended December 31, 2012

	2012	2011
Cash flows from (used in) operating activities		
Excess of revenues over expenditures	\$ 12,284	\$ 7,773
Adjustments for		
Amortization	55	68
Gain on disposal of investments	(2,100)	(3,218)
Unrealized (gain) loss on investments	<u>(5,732)</u>	<u>4,022</u>
	<u>4,507</u>	<u>8,645</u>
 Change in non-cash working capital items		
Accounts receivable	(36)	-
Accounts payable	<u>(2)</u>	<u>281</u>
	<u>(38)</u>	<u>281</u>
	<u>4,469</u>	<u>8,926</u>
 Cash flows from (used in) investing activities		
Purchase of investments	(67,899)	(46,374)
Proceeds on sale of investments	<u>55,626</u>	<u>16,514</u>
	<u>(12,273)</u>	<u>(29,860)</u>
 Decrease in cash	(7,804)	(20,934)
 Cash, beginning of year	<u>10,065</u>	<u>30,999</u>
 Cash, end of year	<u><u>\$ 2,261</u></u>	<u><u>\$ 10,065</u></u>
 Represented by:		
Cash	\$ 807	\$ 5,964
Investment cash account	<u>1,454</u>	<u>4,101</u>
	<u><u>\$ 2,261</u></u>	<u><u>\$ 10,065</u></u>
 Other information		
Interest paid	\$ 128	\$ 56
Investment income received	485	297
Dividends received	<u>4,496</u>	<u>4,031</u>

(The accompanying notes are an integral part of these financial statements)

CANADIAN FOUNDATION FOR SPIRITUAL CARE

Notes to the Financial Statements For the year ended December 31, 2012

1. Nature of operations

Canadian Foundation for Spiritual Care was created for the purpose of promoting the advancement of pastoral practice and education in Canada by fostering research and enhancing training and service possibilities. The foundation was incorporated on January 1, 2003 as a charitable foundation and is exempt from tax under the provisions of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized as follows.

(a) Revenue recognition

The foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Interest and dividend income on investments is recognized as earned. Realized gains or losses on investments are recognized when the individual investments are sold. Any increases or decreases in market value of remaining investments on hand at year-end are recognized as unrealized gains or losses, and included as part of investment income for the year.

(b) Equipment

Equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Equipment	20% Declining balance
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One-half the normal amortization amount is recorded in the year of acquisition.

(c) Investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are recognized in net assets.

CANADIAN FOUNDATION FOR SPIRITUAL CARE

Notes to the Financial Statements For the year ended December 31, 2012

3. Impact of the change in the basis of accounting

The foundation has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

4. Investments

	<u>Cost</u>	<u>2012 Market</u>	<u>Cost</u>	<u>2011 Market</u>
Power Financial Corp - 275 shares	\$ 7,568	\$ 7,491	\$ 7,568	\$ 7,023
Rogers Communications Inc. - 165 shares	-	-	5,608	6,476
BMO InvestorLine Account	6,000	6,000	-	-
TransCanada Corp - 225 shares	7,281	10,580	7,281	10,020
Royal Bank of Canada - 350 shares	-	-	19,544	18,193
TD Bank - 120 shares	8,773	10,050	20,105	20,980
BRP Finance ULC - 6.132% - 11/30/2016	7,539	7,707	7,539	7,679
Bank of Nova Scotia - common	10,734	11,492	-	-
Bank of Nova Scotia - 5% - Non-cumulative 5 years	7,869	7,449	7,869	7,743
Manulife Financial Corp. - 5.6% - Non-cumulative 5 year	6,723	6,570	6,723	6,548
Northland Power Inc. - 5.25%	7,768	7,665	7,768	7,647
Thompson Reuters Corporation - 200 shares	-	-	7,642	5,446
AT&T Inc. - 300 shares	8,505	10,032	8,833	9,570
Barrick Gold Corp - 160 shares	6,235	5,571	-	-
Crombie Real Estate Trust - 625 shares	8,981	9,225	-	-
Finning International Inc. - 260 shares	6,386	6,388	-	-
General Electric Co - 470 shares	9,168	9,786	-	-
General Mills Inc - 285 shares	11,323	11,425	-	-
	<u>\$ 120,853</u>	<u>\$ 127,431</u>	<u>\$ 106,480</u>	<u>\$ 107,325</u>

Investments consist of equity investments and GIC's and are valued at market value.

CANADIAN FOUNDATION FOR SPIRITUAL CARE

Notes to the Financial Statements For the year ended December 31, 2012

5. Equipment

	<u>December 31,</u> <u>2012</u>			<u>December 31,</u> <u>2011</u>	<u>January 1,</u> <u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	<u>\$ 475</u>	<u>\$ 256</u>	<u>\$ 219</u>	<u>\$ 274</u>	<u>\$ 342</u>

6. Capital management

The foundation's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate. It achieves this objective by day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its annual operating and capital budgets. When necessary, the entity takes appropriate action to reduce expenditures or curtail programs when actual revenues do not meet its budget and alternate sources of revenue cannot be found.

7. Financial instruments and credit risk

The foundation's financial instruments consist of cash, equity investments and GIC's, accounts payable and accrued liabilities.

Due to their short term nature, all other financial instruments are considered to be carried at amounts which approximate their fair value.

The foundation does not enter into hedging activities and does not engage in derivative transactions.

The foundation is not exposed to any credit risk.