

**COMMONWEALTH ASSOCIATION FOR PUBLIC
ADMINISTRATION AND MANAGEMENT**

FINANCIAL STATEMENTS

December 31, 2017

COMMONWEALTH ASSOCIATION FOR PUBLIC ADMINISTRATION AND MANAGEMENT

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To The Members of
Commonwealth Association for Public Administration and Management

We have audited the accompanying financial statements of Commonwealth Association for Public Administration and Management, which comprise the statement of financial position as at December 31, 2017, and the statements of financial activities and 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.

Auditors' 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 auditors' 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 auditors 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 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.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Commonwealth Association for Public Administration and Management as at December 31, 2017, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Commonwealth Association for Public Administration and Management for the year ended December 31, 2016 were audited by CKDM LLP of Cornwall, Ontario, prior to its merger with MNP LLP. CKDM LLP expressed an unmodified opinion on those statements dated April 28, 2017.

MNP LLP

Cornwall, Ontario
June 20, 2018

Chartered Professional Accountants
Licensed Public Accountants



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**COMMONWEALTH ASSOCIATION FOR PUBLIC
ADMINISTRATION AND MANAGEMENT**

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 311,598	\$ 686,417
Investments (Note 2)	154,257	154,174
Accounts receivable	6,194	1,124
	\$ 472,049	\$ 841,715
LIABILITIES		
CURRENT		
Accounts payable	\$ 12,514	\$ 30,851
Deferred revenue (Note 3)	66,561	132,184
	79,075	163,035
NET ASSETS		
UNRESTRICTED NET ASSETS	392,974	678,680
	\$ 472,049	\$ 841,715

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

_____ Date

See Accompanying Notes

**COMMONWEALTH ASSOCIATION FOR PUBLIC
ADMINISTRATION AND MANAGEMENT**

**STATEMENT OF FINANCIAL ACTIVITIES AND
CHANGES IN NET ASSETS**

For the year ended December 31, 2017

	2017	2016
REVENUE		
Institutional memberships	\$ 199,508	\$ 333,244
Individual memberships	11,206	25,159
Conference income	-	560,838
Innovation award income	-	36,664
	210,714	955,905
OTHER REVENUE		
Contributed rent	60,000	60,000
Interest income	1,573	3,362
Other income	-	132
Foreign exchange (loss) gain	(15,640)	3,813
	45,933	67,307
TOTAL REVENUE	256,647	1,023,212
EXPENDITURES		
Salaries and benefits	293,980	217,236
Rent	60,000	60,000
Computer services and internet	14,263	22,951
Travel	20,487	71,190
Legal and audit	14,248	13,751
Interest and bank charges	3,316	13,750
Office and supplies	6,587	21,200
Promotion	-	8,455
Dues, subscriptions and journal costs	1,389	2,332
Project costs	-	107,328
Subcontractors	128,083	182,791
	542,353	720,984
NET (DEFICIT) SURPLUS FOR THE YEAR	(285,706)	302,228
UNRESTRICTED NET ASSETS, beginning of year	678,680	376,452
UNRESTRICTED NET ASSETS, end of year	\$ 392,974	\$ 678,680

See Accompanying Notes

**COMMONWEALTH ASSOCIATION FOR PUBLIC
ADMINISTRATION AND MANAGEMENT**

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
CASH (USED IN) FROM OPERATING ACTIVITIES		
Net (deficit) surplus for the year	\$ (285,706)	\$ 302,228
Item not affecting cash		
Unrealized foreign exchange gain	(43,622)	(159,580)
Changes in non-cash working capital balances		
Accounts receivable	(4,333)	9,608
Prepaid expenses	-	910
Accounts payable	(18,337)	3,881
Deferred revenue	(65,623)	27,161
	(417,621)	184,208
CASH USED IN INVESTING ACTIVITIES		
Net change in short-term investments	(83)	(6,298)
	42,885	159,580
UNREALIZED FOREIGN EXCHANGE GAIN ON CASH		
	(374,819)	337,490
(DECREASE) INCREASE IN CASH		
CASH, beginning of period	686,417	348,927
CASH, end of period	\$ 311,598	\$ 686,417
REPRESENTED BY:		
Cash	\$ 311,598	\$ 686,417

See Accompanying Notes

**COMMONWEALTH ASSOCIATION FOR PUBLIC
ADMINISTRATION AND MANAGEMENT**

OPERATIONS BY PROJECT

Schedule 1

For the year ended December 31, 2017

	CAPAM ADMIN	BIENNIAL CONFERENCES	INNOVATIONS AWARDS	TOTAL 2017
REVENUE				
Institutional membership	\$ 199,508	\$ -	\$ -	\$ 199,508
Individual membership	11,206	-	-	11,206
	210,714	-	-	210,714
OTHER REVENUE				
Contributed rent	60,000	-	-	60,000
Interest income	1,573	-	-	1,573
Foreign exchange loss	(15,640)	-	-	(15,640)
	45,933	-	-	45,933
TOTAL REVENUE	256,647	-	-	256,647
EXPENDITURES				
Salaries and benefits	293,980	-	-	293,980
Rent	60,000	-	-	60,000
Computer services and internet	14,263	-	-	14,263
Travel	20,487	-	-	20,487
Legal and audit	14,248	-	-	14,248
Interest and bank charges	3,316	-	-	3,316
Office and supplies	6,587	-	-	6,587
Promotion	-	-	-	-
Dues, subscriptions and journal costs	1,389	-	-	1,389
Subcontractors	128,083	-	-	128,083
TOTAL EXPENDITURES	542,353	-	-	542,353
NET DEFICIT FOR THE YEAR	(285,706)	-	-	(285,706)
UNRESTRICTED NET ASSETS,				
beginning of year	678,680	-	-	678,680
UNRESTRICTED NET ASSETS,				
end of year	\$ 392,974	\$ -	\$ -	\$ 392,974

See Accompanying Notes

COMMONWEALTH ASSOCIATION FOR PUBLIC ADMINISTRATION AND MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

PURPOSE

The purpose of Commonwealth Association for Public Administration and Management (CAPAM) is to enhance Commonwealth co-operation in order to improve managerial competence and organizational excellence in government. It is incorporated under the Canada Not-For-Profit Corporations Act, without share capital, as a not-for-profit organization and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting standards for not-for-profit organizations and include using the following significant accounting policies:

(a) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. A significant item subject to such estimates and assumptions includes the valuation of allowances for doubtful accounts receivable. Actual results could differ from those estimates.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions.

- (i) Restricted grants and program funding, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and project funding, if any, are recognized when received.
- (ii) Membership fees are included in revenue on a pro-rata basis over the fiscal period to which the fee applies. The unearned portion of fees for subsequent fiscal periods are shown as deferred revenue on the statement of financial position.
- (iii) Conference fees are recognized when the corresponding event is held and collection is reasonably assured.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash on deposit.

(d) Short-term investments

Short-term investments consist of guaranteed investment certificates and are recorded at fair market value.

COMMONWEALTH ASSOCIATION FOR PUBLIC ADMINISTRATION AND MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Deferred revenue

Grants and other amounts received for a specified purpose are recognized as revenue in the year in which the related expenses are incurred.

(f) Donated services

CAPAM receives assistance in the form of contributed materials and services. During the current and prior year, the Office of the Chief Secretary to the Government of Malaysia, the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and Sarawak State Government contributed meals and facilities for the Biennial Conference. No attempt has been made to record the value of contributed material and services in these financial statements, except for \$60,000 (2016 - \$60,000) which is stated at fair value for a gift of free rent provided by the Government of Canada to CAPAM's head office which also includes the use of furniture and equipment.

2. SHORT-TERM INVESTMENTS

At December 31, 2017, short-term investments included guaranteed investment certificates of \$137,696 maturing April 2019, earning interest at 1.00% in Year 1, 1.10% in Year 2 and 2.55% in Year 3 and \$16,560 maturing in November 2018, earning interest at 0.90%.

3. DEFERRED REVENUE

Changes in deferred membership revenues are as follows:

	Institutional Membership Fees	Individual Membership Fees	2017	2016
Balance, beginning of year	\$ 123,135	\$ 9,048	\$ 132,184	\$ 105,023
Funds received	59,199	7,361	66,560	132,183
Revenue recognized during the year	(123,135)	(9,048)	(132,183)	(105,022)
Balance, end of year	\$ 59,199	\$ 7,361	\$ 66,561	\$ 132,184

4. OPERATING FACILITY

CAPAM has a demand operating facility available with a maximum limit of \$110,000 of which \$Nil was used as at December 31, 2017 (2016 - \$Nil). The demand operating facility bears interest at prime plus 1.5% and is secured by \$110,000 of guaranteed investment certificates held at the same institution.

COMMONWEALTH ASSOCIATION FOR PUBLIC ADMINISTRATION AND MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 99% (2016 - 94%) of the company's revenues are transacted in foreign currencies. Consequently, some assets are exposed to foreign exchange fluctuations. The following assets were transacted in U.S. dollars and have been converted to Canadian dollars at the year end exchange rate of 1.2519 (2016 - 1.342).

The Canadian dollar equivalents are as follows:

	2017	2016
Cash	\$ 213,131	\$ 625,508
Accounts Receivable	\$ 3,662	\$ -

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. The organization meets its liquidity requirements by preparing and monitoring detailed forecast of cash flows from operations and holding assets that can be readily converted into cash, and has access to an operating facility to meet operational needs.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from memberships. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. Management believes concentrations of credit risk with respect to amounts receivable is limited due to the nature of the receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's interest-bearing assets include investments.

The organization's investments have fixed interest rates. Consequently the exposure to fluctuations in future cash flows, with respect to these investments, as a result of changes in market interest rates, is limited.