

**International Fiscal Association
(Canadian Branch)**

Financial Statements
For the year ended December 31, 2012

International Fiscal Association (Canadian Branch)
Financial Statements
For the year ended December 31, 2012

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Independent Auditors' Report

To the Members of the
International Fiscal Association (Canadian Branch)

Report on the Financial Statements

We have audited the accompanying financial statements of the International Fiscal Association (Canadian Branch), which comprise the statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations and fund balances and cash flows for the years 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.

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 the International Fiscal Association (Canadian Branch) as at December 31, 2012, December 31, 2011, and January 1, 2011 and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow SEO LLP

Chartered Accountants
Licensed Public Accountants

Kingston, Ontario
May 7, 2013

International Fiscal Association (Canadian Branch) Statement of Financial Position

December 31	2012			(Note 1) 2011			(Note 1) January 1, 2011
	General Fund	Research Fund	Total	General Fund	Research Fund	Total	Total
Assets							
Current							
Cash	\$ 38,814	\$ -	\$ 38,814	\$ 81,025	\$ -	\$ 81,025	\$ 58,748
Temporary investments (Note 2)	1,253,011	698,392	1,951,403	1,251,959	721,997	1,973,956	2,002,002
Accounts receivable	33,222	-	33,222	34,310	-	34,310	47,320
Prepaid expenses	22,354	-	22,354	10,859	-	10,859	21,089
	\$ 1,347,401	\$ 698,392	\$ 2,045,793	\$ 1,378,153	\$ 721,997	\$ 2,100,150	\$ 2,129,159
Liabilities and Fund Balances							
Current							
Accounts payable and accrued liabilities (Note 3)	\$ 21,106	\$ -	\$ 21,106	\$ 6,840	\$ -	\$ 6,840	\$ 41,399
Deferred revenue	51,465	-	51,465	61,455	-	61,455	96,414
	72,571	-	72,571	68,295	-	68,295	137,813
Fund balances							
Unrestricted	1,274,830	-	1,274,830	1,309,858	-	1,309,858	1,262,311
Internally restricted	-	698,392	698,392	-	721,997	721,997	729,035
	1,274,830	698,392	1,973,222	1,309,858	721,997	2,031,855	1,991,346
	\$ 1,347,401	\$ 698,392	\$ 2,045,793	\$ 1,378,153	\$ 721,997	\$ 2,100,150	\$ 2,129,159

On behalf of the Board:

_____ President

_____ Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**International Fiscal Association (Canadian Branch)
Statement of Operations and Fund Balances**

For the year ended December 31

	General Fund		Research Fund	
	2012	(Note 1) 2011	2012	(Note 1) 2011
Membership				
Memberships	\$ 129,570	\$ 128,239	\$ -	\$ -
Membership to Central IFA	<u>(63,960)</u>	<u>(55,032)</u>	-	-
	\$ 65,610	\$ 73,207		
Seminar				
Revenue	111,063	126,666	-	-
Expenditures	<u>(103,138)</u>	<u>(106,886)</u>	-	-
	7,925	19,780		
Lectureship				
Revenue	42,598	43,422	-	-
Expenditures	<u>(71,745)</u>	<u>(38,253)</u>	-	-
	(29,147)	5,169		
Other revenue				
Investment income	15,375	13,785	8,957	7,962
Other	<u>650</u>	<u>695</u>	-	-
	16,025	14,480		
Expenditures (Schedule 1)	<u>95,441</u>	<u>65,089</u>	<u>32,562</u>	<u>15,000</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	(35,028)	47,547	(23,605)	(7,038)
Fund balance, beginning of year	<u>1,309,858</u>	<u>1,262,311</u>	<u>721,997</u>	<u>729,035</u>
Fund balance, end of year	\$ 1,274,830	\$ 1,309,858	\$ 698,392	\$ 721,997

**International Fiscal Association (Canadian Branch)
Statement of Cash Flows**

For the year ended December 31	General Fund		Research Fund	
	2012	(Note 1) 2011	2012	(Note 1) 2011
Cash flows from operating activities				
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (35,028)	\$ 47,547	\$ (23,605)	\$ (7,038)
Changes in non-cash working capital balances				
Accounts receivable	1,088	13,010	-	-
Prepaid expenses	(11,495)	10,230	-	-
Accounts payable and accrued liabilities	14,266	(4,559)	-	(30,000)
Deferred revenue	(9,990)	(34,959)	-	-
	(41,159)	31,269	(23,605)	(37,038)
Cash flows from investing activities				
Net decrease (increase) in temporary investments	(1,052)	(8,992)	23,605	37,038
Increase in cash and cash equivalents, during the year	(42,211)	22,277	-	-
Cash and cash equivalents, beginning of year	81,025	58,748	-	-
Cash and cash equivalents, end of year	\$ 38,814	\$ 81,025	\$ -	\$ -
Represented by:				
Cash - General Fund	\$ 38,814	\$ 81,025	\$ -	\$ -

International Fiscal Association (Canadian Branch) Summary of Significant Accounting Policies

December 31, 2012

Nature of Business	The International Fiscal Association (Canadian Branch) (the "association"), incorporated under Part III of the Quebec Companies Act, operates as a non-profit organization specializing in the study of international tax laws.
Basis of Accounting	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Fair Values	The fair values used in these financial statements have been determined at market prices quoted by investment brokers.
Fund Accounting	The association follows the restricted fund method of accounting for contributions.
General Fund	The General Fund was established to fund general activities of the association.
Research Fund	The Research Fund was established to make contributions towards and to fund research projects in international taxation. These funds are available for unrestricted purposes with the approval of the Board of Directors.
Income Taxes	The association is a non-profit organization and is exempt from income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act.
Revenue Recognition	Membership fees are recognized in the fiscal year to which they pertain. Seminar and lecture fees are recognized in the year of the event.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of 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 management's best estimates as additional information becomes available in the future. Estimates have been made by management within these financial statements primarily in relation to accounts receivable, prepaid expenses and accounts payable and accrued liabilities. These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

International Fiscal Association (Canadian Branch) Summary of Significant Accounting Policies

December 31, 2012

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

International Fiscal Association (Canadian Branch)

Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations

Effective January 1, 2011, the association adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for not-for-profit organizations (ASNPO). These are the association's first financial statements prepared in accordance with ASNPO and the transitional provisions of Section 1500, First-time Adoption have been applied. Section 1500 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information for the year ended December 31, 2011 and the opening ASNPO statement of financial position at January 1, 2011 (the association's date of transition).

The association issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by CICA Handbook - Accounting for XFI (Accounting XFI). The adoption of ASNPO results in no adjustments to the previously reported assets, liabilities, equity, net income and cash flows of the association.

In addition to the elective exemptions noted below with respect to the statement of financial position at the date of transition and the comparative statements of operations and fund balances and cash flows, the association has elected to use other elective exemptions permissible under Section 1500 - First-time Adoption. The association elected to:

- Not retrospectively apply Section 1582, Business Combinations for business acquisitions prior to the date of transition. Accordingly, there is no adjustment to the assets or liabilities acquired in a previous combination except for those that do not qualify as an asset or liability under ASNPO. Applying this elective exemption has resulted in no change to assets and liabilities at the date of transition.
- Not retrospectively apply Section 3840, Related Party Transactions for related party transactions that occurred prior to the date of transition. Accordingly, there is no adjustment to the assets or liabilities recognized in a previous related party transaction. Applying this elective exemption has resulted in no change to assets, liabilities and equity accounts at the date of transition.
- Not retrospectively apply Section 3856, Financial Instruments for non-derivative financial instruments if the financial asset or financial liability has been derecognized prior to the date of transition. Accordingly, there is no adjustment to the assets or liabilities recognized in a previous transaction involving non-derivative financial instruments that do not exist at the date of transition. Applying this elective exemption has resulted in no change to assets, liabilities and equity accounts at the date of transition.

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations (continued)

The effect to the opening statement of financial position as at January 1, 2011 of adopting ASNPO retrospectively is as follows:

	Accounting XFI	Transition	ASNPO
Assets			
Current			
Cash	\$ 58,748	\$ -	\$ 58,748
Temporary investments	2,002,002	-	2,002,002
Accounts receivable	47,320	-	47,320
Prepaid expense	21,089	-	21,089
	<u>\$ 2,129,159</u>	<u>\$ -</u>	<u>\$ 2,129,159</u>
Liabilities and Fund Balances			
Current			
Accounts payable and accrued liabilities	\$ 41,399	\$ -	\$ 41,399
Deferred revenue	96,414	-	96,414
	<u>137,813</u>	<u>-</u>	<u>137,813</u>
Fund Balances			
Unrestricted	1,262,311	-	1,262,311
Internally restricted	729,035	-	729,035
	<u>1,991,346</u>	<u>-</u>	<u>1,991,346</u>
	<u>\$ 2,129,159</u>	<u>\$ -</u>	<u>\$ 2,129,159</u>

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations (continued)

The effect to the statement of financial position as at December 31, 2011 of adopting ASNPO retrospectively is as follows:

	Accounting XFI	Transition	ASNPO
Assets			
Current			
Cash	\$ 81,025	\$ -	\$ 81,025
Temporary investments	1,973,956	-	1,973,956
Accounts receivable	34,310	-	34,310
Prepaid expenses	10,859	-	10,859
	<u>\$ 2,100,150</u>	<u>\$ -</u>	<u>\$ 2,100,150</u>
Liabilities and Fund Balances			
Current			
Accounts payable and accrued liabilities	\$ 6,840	\$ -	\$ 6,840
Deferred revenue	61,455	-	61,455
	<u>68,295</u>	<u>-</u>	<u>68,295</u>
Fund Balances			
Unrestricted	1,309,858	-	1,309,858
Internally restricted	721,997	-	721,997
	<u>2,031,855</u>	<u>-</u>	<u>2,031,855</u>
	<u>\$ 2,100,150</u>	<u>\$ -</u>	<u>\$ 2,100,150</u>

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations (continued)

The effect of adopting ASNPO retrospectively to the statement of operations for the year ended December 31, 2011 previously reported in accordance with CICA Handbook - Accounting for XFI is as follows:

	Accounting XFI	Transition	ASNPO
Revenue			
Membership, net	\$ 73,207	\$ -	\$ 73,207
Seminar, net	19,780	-	19,780
Lectureship, net	5,169	-	5,169
Investment income	21,747	-	21,747
Other revenue	695	-	695
	120,598	-	120,598
Expenditures			
Audit fees	4,950	-	4,950
Bank charges	4,690	-	4,690
Donations	15,000	-	15,000
Insurance	6,219	-	6,219
Meetings	2,713	-	2,713
Member support	6,693	-	6,693
Printing, postage & administration	3,434	-	3,434
Secretarial fees	35,640	-	35,640
Website expenses	750	-	750
	80,089	-	80,089
Excess of revenues over expenditures for the year	\$ 40,509	\$ -	\$ 40,509

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations (continued)

The effect of adopting ASNPO retrospectively to the opening fund balance as at January 1, 2011 previously reported in accordance with CICA Handbook - Accounting for XFI is as follows:

Fund balance as at January 1, 2011, under Accounting XFI	\$	1,991,346
Adjustments		-
Fund balance as at January 1, 2011, under ASNPO	\$	1,991,346

The effect of adopting ASNPO retrospectively to the statement of Changes in Fund Balance for the year ended December 31, 2011 previously reported in accordance with CICA Handbook - Accounting for XFI is as follows:

	Accounting XFI	Transition	ASNPO
Fund balance as at January 1, 2011	\$ 1,991,346	\$ -	\$ 1,991,346
Excess of revenues over expenditures for the year	40,509	-	40,509
Fund balance as at December 31, 2011	\$ 2,031,855	\$ -	\$ 2,031,855

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

1. Adoption of Accounting Standards for Not-for-Profit Organizations (continued)

The effect of adopting ASNPO retrospectively to the statement of cash flows for the year ended December 31, 2011 previously reported in accordance with CICA Handbook - Accounting XFI is as follows:

	Accounting XFI	Transition	ASNPO
Cash flows from operating activities			
Excess of revenues over expenditures for the year	\$ 40,509	\$ -	\$ 40,509
Changes in non-cash working capital balances			
Accounts receivable	13,010	-	13,010
Prepaid expenses	10,230	-	10,230
Accounts payable and accrued liabilities	(34,559)	-	(34,559)
Deferred revenue	(34,959)	-	(34,959)
	<u>(5,769)</u>	<u>-</u>	<u>(5,769)</u>
Cash flows from investing activities			
Purchase of temporary investments	28,046	-	28,046
	<u>28,046</u>	<u>-</u>	<u>28,046</u>
Increase in cash and cash equivalents during the year	\$ 22,277	\$ -	\$ 22,277

2. Temporary Investments

	2012	2011
Mutual fund and GIC's	<u>\$ 1,951,403</u>	<u>\$ 1,973,956</u>
General Fund	1,253,011	1,251,959
Research Fund	698,392	721,997
	<u>\$ 1,951,403</u>	<u>\$ 1,973,956</u>

International Fiscal Association (Canadian Branch) Notes to Financial Statements

December 31, 2012

3. Accounts Payable and Accrued Liabilities

	2012	2011
Accounts payable and accrued liabilities	\$ 13,846	\$ 1,062
HST/QST payable	2,060	828
Accruals	5,200	4,950
	\$ 21,106	\$ 6,840

4. Membership

The geographic breakdown of the membership of the association is as follows:

	2012	2011
Ontario	352	332
Quebec	158	151
British Columbia	74	72
Alberta	73	61
Other countries	10	13
Maritimes	6	6
Manitoba	2	2
Saskatchewan	2	1
Yukon	1	1
	678	639

5. Financial Instruments

Market and interest rate risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of investments changes with market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of investments.

International Fiscal Association (Canadian Branch)
Schedule 1 - General and Research Funds Expenditures

For the year ended December 31

	General Fund		Research Fund	
	2012	2011	2012	2011
Audit fees	\$ 5,200	\$ 4,950	\$ -	\$ -
Bank charges	3,624	4,690	-	-
Congress	737	-	-	-
Contributions to CTF	-	-	15,000	-
Donations	-	-	8,000	15,000
Insurance	3,616	6,219	-	-
Meetings	7,676	2,713	-	-
Member support	12,286	6,693	-	-
Printing, postage & administration	5,827	3,434	-	-
Research projects	-	-	9,562	-
Secretarial fees	39,730	35,640	-	-
Website expenses	11,390	750	-	-
Webinar expenses	5,355	-	-	-
Total expenditures	\$ 95,441	\$ 65,089	\$ 32,562	\$ 15,000