

CANADIAN POLITICAL SCIENCE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

DRAFT FOR REVIEW PURPOSES



INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Political Science Association

Report on the Financial Statements

We have audited the accompanying financial statements of the Canadian Political Science Association, which comprise the statement of financial position as at December 31, 2015, 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.

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 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 AUDITORS' REPORT

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

The Association derives revenue from royalties, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of such revenue was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to royalty revenue, net revenue and cash flows from operations for the years ended December 31, 2015 and December 31, 2014, current assets and net assets as at December 31, 2015 and December 31, 2014. Our opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Political Science Association as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,

CANADIAN POLITICAL SCIENCE ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

ASSETS		2015	2014
CURRENT			
Cash		\$ 278,512	\$ 207,860
Short-term deposits		107,392	106,102
Accounts receivable		118,445	145,707
Prepaid expenses		<u>8,756</u>	<u>9,384</u>
		513,105	469,053
CAPITAL (note 4)		<u>8,676</u>	<u>11,676</u>
		<u><u>\$ 521,781</u></u>	<u><u>\$ 480,729</u></u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 43,683	\$ 60,995
Deferred revenue		82,340	78,740
Life memberships		<u>329</u>	<u>329</u>
		126,352	140,064
NET ASSETS (DEFICIT)			
OPERATING FUND			
- Unrestricted		373,323	313,420
- Invested in capital assets		8,676	11,676
DEVELOPMENT FUND (note 5)			
- Restricted		13,430	17,070
- Unrestricted		<u>-</u>	<u>(1,501)</u>
		<u>395,429</u>	<u>340,665</u>
		<u><u>\$ 521,781</u></u>	<u><u>\$ 480,729</u></u>

Approved on behalf of the Board of Directors:

Director

Director

CANADIAN POLITICAL SCIENCE ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING FUND		
UNRESTRICTED		
Balance - beginning of year	\$ 313,420	\$ 267,839
Net revenue for the year	54,764	39,262
Allocation from (to) Net Assets Invested in Capital Assets	3,000	(3,704)
Transfer from Development Fund - Unrestricted	<u>2,139</u>	<u>10,023</u>
	<u>59,903</u>	<u>45,581</u>
Balance - end of year	\$ <u><u>373,323</u></u>	\$ <u><u>313,420</u></u>
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 11,676	\$ 7,972
Purchase of capital assets	-	6,386
Amortization	<u>(3,000)</u>	<u>(2,682)</u>
Allocation from (to) unrestricted	<u>(3,000)</u>	<u>3,704</u>
Balance - end of year	\$ <u><u>8,676</u></u>	\$ <u><u>11,676</u></u>
DEVELOPMENT FUND		
RESTRICTED		
Balance - beginning of year	\$ 17,070	\$ 20,566
Transfer to Development Fund - Unrestricted (note 5)	<u>(3,640)</u>	<u>(3,496)</u>
Balance - end of year	\$ <u><u>13,430</u></u>	\$ <u><u>17,070</u></u>
UNRESTRICTED		
Balance - beginning of year	\$(1,501)	\$ 5,026
Transfer from Development Fund - Restricted	3,640	3,496
Transfer to Operating Fund - Unrestricted (note 5)	<u>(2,139)</u>	<u>(10,023)</u>
	<u>1,501</u>	<u>(6,527)</u>
Balance - end of year	\$ <u><u>-</u></u>	\$ <u><u>(1,501)</u></u>

CANADIAN POLITICAL SCIENCE ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Membership fees	\$ 152,380	\$ 147,018
Publication royalties	117,398	99,261
Annual conference	80,784	53,599
Management and administration fees	33,820	31,829
Grants	31,000	31,000
Donations	7,032	4,045
CJPS - mailing fees	3,120	3,420
Interest and other revenue	<u>7,621</u>	<u>3,331</u>
	433,155	373,503
EXPENSES		
Administration and overhead	41,564	49,059
Board and committees	20,249	18,835
Conference	56,846	26,794
CJPS - mailing costs	3,318	2,801
Electronic communications	10,080	12,482
Fees to other organizations	33,913	32,816
Payroll	131,271	117,442
Prizes	2,257	2,425
Publications	62,121	57,519
Travel grant	<u>16,772</u>	<u>14,068</u>
	<u>378,391</u>	<u>334,241</u>
NET REVENUE FOR THE YEAR	<u><u>\$ 54,764</u></u>	<u><u>\$ 39,262</u></u>

CANADIAN POLITICAL SCIENCE ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the year	\$ 54,764	\$ 39,262
Item not requiring an outlay of cash		
- amortization	<u>3,000</u>	<u>2,682</u>
	57,764	41,944
Changes in non-cash working capital		
- accounts receivable	27,262	(21,403)
- prepaid expenses	628	6,330
- accounts payable and accrued liabilities	(17,312)	12,247
- deferred revenue	<u>3,600</u>	<u>22,555</u>
	71,942	61,673
INVESTING ACTIVITIES		
Purchase of capital assets	-	(6,386)
Change in short-term deposits	<u>(1,290)</u>	<u>363</u>
	<u>(1,290)</u>	<u>(6,023)</u>
CHANGE IN CASH DURING THE YEAR	70,652	55,650
Cash - beginning of year	<u>207,860</u>	<u>152,210</u>
CASH - END OF YEAR	<u><u>\$ 278,512</u></u>	<u><u>\$ 207,860</u></u>

CANADIAN POLITICAL SCIENCE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. ORGANIZATION

The Canadian Political Science Association, a not-for-profit organization, began its activities in 1912 and was incorporated under the Canada Corporations Act in 1971. During the 2015 fiscal year, the Association received certification of continuance under the Canada Not-for-Profit Corporations Act. The objectives of the Association are to encourage and develop political science and its relationship with other disciplines. Membership is open to all individuals who are interested in the objectives of the Association.

The Association is exempt from income tax and is a registered charity under paragraph 149(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue Recognition

The Association respects the following policies pertaining to revenue recognition:

- i) Membership fees are recognized as revenue in the year membership relates to. If membership fees are billed in advance, for a subsequent year, this membership revenue is deferred.
- ii) Conference revenue is recognized in the year that the conference is presented.
- iii) Publication royalties relate to the *Canadian Journal of Political Science*, which is produced by an outsourced publisher, and are recognized in the period they are earned.
- iv) The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grant revenue is recognized during the same period as the related expense is incurred.
- v) Other revenue and CJPS mailing fees revenue are recorded when the services are performed.

CANADIAN POLITICAL SCIENCE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Controlled and Related Entities

The Canadian Political Science Association administers two programmes, the Ontario Legislature Internship Programme and the Parliamentary Internship Programme. The Association appoints the Directors of the programmes and participates on several of the programmes' committees. These programmes have a fiscal year end of June 30 and share in the Association's not-for-profit and charitable status.

Neither the Parliamentary Internship Programme nor the Ontario Legislature Internship Programme have been consolidated in the financial statements of the Canadian Political Science Association. Financial statements of the programmes are available on request. Summaries of financial information of these unconsolidated entities follow in note 6.

(c) Financial Instruments

The Association's financial instruments consist of cash, short-term deposits, accounts receivable and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Association subsequently measures its financial instruments as follows:

Cash, accounts receivable and accounts payable and accrued liabilities are subsequently measured at amortized cost.

Short-term deposits are subsequently measured at fair value. Changes in fair value are recognized in net revenue.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue. A previously recognized write-down can be reversed to the extent of the improvement.

(d) Capital Assets and Amortization

Capital assets are stated at cost, net of accumulated amortization. Amortization is provided on the straight line basis over five years.

CANADIAN POLITICAL SCIENCE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(e) Volunteer Services

The Association receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expense has been included in these financial statements.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue as appropriate in the year they become known.

3. FINANCIAL RISKS AND CONCENTRATION OF RISK

It is the Board of Directors' opinion that the Association is not exposed to significant interest rate, liquidity, market, currency or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2014.

4. CAPITAL ASSETS

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 14,337	\$ 6,792	\$ 7,545	\$ 10,092
Office equipment	<u>2,264</u>	<u>1,133</u>	<u>1,131</u>	<u>1,584</u>
	<u>\$ 16,601</u>	<u>\$ 7,925</u>	<u>\$ 8,676</u>	<u>\$ 11,676</u>

Amortization for 2015 was \$3,000 (2014 - \$2,682) and is included in administration and overhead.

CANADIAN POLITICAL SCIENCE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. DEVELOPMENT FUND

The Development Fund was established on December 31, 2009 by the CPSA Board of Directors to advance political science in Canada. Its purpose is to support workshops, conferences, publications, prize competitions and similar activities. The Fund consists of donations, previously held by the CPSA Trust Fund, which are required to be held for a ten year period. After such time, the donations are available to be used for development activities. The Fund is administered by the CPSA Board of Directors. Individuals can support the Development Fund by contributing to the annual campaign, donating shares of royalties and making bequests from their estate. During the year, restrictions on \$3,640 (2014 - \$3,496) of donations had expired and these donations were transferred to the Development Fund - Unrestricted.

During the year, the Board approved a transfer of \$2,739 (2014 - \$10,023) from the Development Fund - Unrestricted to the Operating Fund - Unrestricted. This amount represents the cost of travel grants provided, less donations received by the Association in the current year, not to exceed amounts available in the Development Fund - Unrestricted.

6. CONTROLLED AND RELATED ENTITIES

PARLIAMENTARY INTERNSHIP PROGRAMME

Financial Position as at June 30, 2015

	<u>2015</u>	<u>2014</u>
Total assets	\$ <u>290,373</u>	\$ <u>229,606</u>
Total liabilities	\$ 59,957	\$ 9,968
Total net assets	<u>230,416</u>	<u>219,638</u>
	<u>\$ 290,373</u>	<u>\$ 229,606</u>

Results of Operations for the year ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Total revenue	\$ 463,045	\$ 415,578
Total expenses	<u>452,267</u>	<u>388,860</u>
Net revenue for the year	<u>\$ 10,778</u>	<u>\$ 26,718</u>

CANADIAN POLITICAL SCIENCE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. CONTROLLED AND RELATED ENTITIES (Cont'd.)

ONTARIO LEGISLATURE INTERNSHIP PROGRAMME
Financial Position as at June 30, 2015

	<u>2015</u>	<u>2014</u>
Total assets	\$ <u>216,261</u>	\$ <u>204,644</u>
Total liabilities	\$ <u>37,884</u>	\$ <u>16,172</u>
Total net assets	<u>178,377</u>	<u>188,472</u>
	\$ <u>216,261</u>	\$ <u>204,644</u>

Results of Operations for the year ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Total revenue	\$ <u>371,163</u>	\$ <u>382,687</u>
Total expenses	<u>381,258</u>	<u>354,216</u>
Net revenue (expenses) for the year	\$(<u>10,095</u>)	\$ <u>28,471</u>

The Association received \$7,500 (2014 - \$6,000) from the Parliamentary Internship Programme and \$6,000 (2014 - \$6,000) from the Ontario Legislature Internship Programme for administration services. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related entities.

CANADIAN POLITICAL SCIENCE ASSOCIATION
CANADIAN JOURNAL OF POLITICAL SCIENCE
SCHEDULE OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Grants - Social Sciences and Humanities		
Research Council of Canada	\$ 30,000	\$ 30,000
Publication royalties	<u>117,398</u>	<u>99,261</u>
	147,398	129,261
EXPENSES		
Editorial Team Allocation	20,000	20,000
Administration	2,346	2,145
CPSA administration	<u>20,320</u>	<u>19,829</u>
	<u>42,666</u>	<u>41,974</u>
NET REVENUE BEFORE ALLOCATION	104,732	87,287
Less: SQSP share of the <i>CJPS</i> net revenue	19,455	15,545
Less: CPSA share of the <i>CJPS</i> net revenue	<u>85,277</u>	<u>71,742</u>
NET REVENUE FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>

CJPS net revenue allocated to SQSP (2015 - \$19,455, 2014 - \$15,545) is included in publication expense.