

Audited Financial Statements of

CANADIAN GLOBAL AFFAIRS INSTITUTE

Years ended December 31, 2017 and 2016

CANADIAN GLOBAL AFFAIRS INSTITUTE

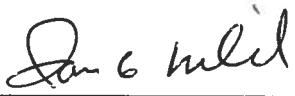
Statements of Financial Position

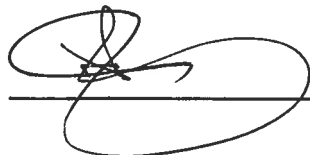
December 31, 2017 and December 31, 2016

	2017	2016
Assets		
Current Assets:		
Cash	\$ -	\$ 332,691
Accounts receivable	45,862	37,996
Prepays	25,196	3,659
	71,058	374,346
Capital assets (note 3)	-	183
	\$ 71,058	\$ 374,529
Liabilities & Net Assets (Deficiency)		
Current Liabilities:		
Cheques issued in excess of cash on hand	1,890	-
Accounts payable and accrued liabilities (note 2)	104,627	86,241
Deferred revenue (note 4)	117,500	129,800
	224,017	216,041
Net assets	(152,959)	158,488
	\$ 71,058	\$ 374,529

See accompanying notes to financial statements

On behalf of the Board:





Director

Director

CANADIAN GLOBAL AFFAIRS INSTITUTE

Statements of Operations

Years ended December 31, 2017 and 2016

	2017	2016
Revenues:		
Donations (note 2)	\$ 491,190	\$ 396,174
Events	125,000	106,855
Grants and project funding (note 2)	251,600	242,417
Interest	338	853
	<u>868,128</u>	<u>746,299</u>
Expenses:		
Projects	267,668	450,955
Project support services (notes 2, 5)	654,136	297,844
Fundraising (notes 2, 5)	167,180	76,698
General & administration (notes 2, 5)	90,408	66,369
Amortization	183	46
	<u>1,179,575</u>	<u>891,912</u>
Deficiency of revenues over expenses	\$ (311,447)	\$ (145,613)

See accompanying notes to financial statements

CANADIAN GLOBAL AFFAIRS INSTITUTE

Statements of Changes in Net Assets (Deficiency)

Years ended December 31, 2017 and 2016

	2017		2016	
Balance, beginning of year	\$	158,488	\$	304,101
Deficiency of revenues over expenses		(311,447)		(145,613)
Balance, end of year	\$	(152,959)	\$	158,488

See accompanying notes to financial statements

CANADIAN GLOBAL AFFAIRS INSTITUTE

Statements of Cash Flows

Years ended December 31, 2017 and 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (311,447)	\$ (145,613)
Add (deduct) items not affecting cash:		
Amortization	183	46
	(311,264)	(145,567)
Net change in non-cash working capital:		
Accounts receivable	(7,866)	35,041
Prepays	(21,537)	(337)
Accounts payable	18,386	42,996
Deferred revenue	(12,300)	95,033
	(23,317)	172,733
Cash (used in) provided by operating activities	(334,581)	27,166
Increase in cash	(334,581)	27,166
Cash, beginning of year	332,691	305,525
Cash (cheques issued in excess of cash on hand), end of year	\$ (1,890)	\$ 332,691

See accompanying notes to financial statements

CANADIAN GLOBAL AFFAIRS INSTITUTE

Notes to Financial Statements

December 31, 2017 and 2016

Organization

The Canadian Global Affairs Institute (the "Institute") was incorporated under the Canada Corporations Act and obtained status from the Canadian Charities directorate as a registered charity under the Income Tax Act on August 3, 2001. The Institute was continued under the Canada Not-for-profit Corporations Act on August 8, 2014. The Institute is exempt from income taxes. The Institute is dedicated to enhancing Canada's role in the world by helping to stimulate awareness and debate amongst Canadians about their nation's defence and foreign policies and the instruments that serve them.

1. Significant Accounting Policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook.

(a) Revenue recognition:

The Institute follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related restricted purpose expenses are incurred. Contributions receivable will be recorded if the amount to be received can be reasonably estimated and the collection is reasonably assured.

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.

The Institute reports revenues and expenses at their gross amounts in the statement of operations when it is the principal in the transactions involved. The Institute acted as the principal in all of its 2017 and 2016 transactions and therefore, all revenues and expenses are reported at their gross amounts.

(b) Capital assets:

Capital assets are recorded at cost and amortized over the useful life of the assets. Furniture and equipment are amortized on a declining balance basis at 20%. Computer equipment is amortized on a straight-line basis over 3 years.

(c) Use of estimates:

The preparation of the 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items include valuation of accounts receivable, completeness of accrued

CANADIAN GLOBAL AFFAIRS INSTITUTE
Notes to Financial Statements
December 31, 2017 and 2016

1. Significant Accounting Policies (continued):

(c) Use of estimates (continued):

liabilities and the allocation of expenses. Actual results could differ from those estimates.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Institute has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are any indicators of impairment. If there is an indicator of impairment, the Institute determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial assets or the amount the Institute expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

2. Related party transactions:

During the year ended December 31, 2017, the Institute recognized donations and revenue in the amount of \$457,485 (2016 - \$251,050) from Directors, Members, companies controlled by Members, and a company in which a Director was a member of the executive team. At the year ended December 31, 2017, the Institute had receivables in the amount of \$nil (2016 - nil) from these related parties.

During the year ended December 31, 2017, the Institute paid administrative and consulting fees of \$162,150 (2016 - \$140,532) to companies owned by management, a company controlled by a Member and a company of which a Member is a shareholder. At the year ended December 31, 2017, the Institute had payables in the amount of \$54,925 (2016 - \$2,886) owing to these related parties.

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Notes to Financial Statements
December 31, 2017 and 2016

2. Related party transactions (continued):

All related party transactions are provided in the normal course of business and recorded at the exchange amount being the amount agreed to by the parties.

3. Capital assets:

December 31, 2017		Cost	Accumulated amortization		Net book value
Furniture and equipment	\$	3,887	\$ 3,887	\$	-
Total	\$	3,887	\$ 3,887	\$	-

December 31, 2016		Cost	Accumulated amortization		Net book value
Furniture and equipment	\$	3,887	\$ 3,704	\$	183
Total	\$	3,887	\$ 3,704	\$	183

4. Deferred revenue:

Deferred revenue relates to prepayment of speakers series' tickets and sponsorships for dinners and events taking place in the following year.

5. Allocated expenses:

General support expenses are allocated to project expenses, fundraising expenses and general and administrative expenses. Salary and contract expenses are allocated based on budgeted hours and actual hours. Professional expenses are allocated based on historical resource utilization. General and administrative expenses are also allocated based on historical resource utilization.

CANADIAN GLOBAL AFFAIRS INSTITUTE
Notes to Financial Statements
December 31, 2017 and 2016

5. Allocated expenses (continued):

December 31, 2017	Salary and contract expense	Professional expense	Other general support expense	Total
Project expenses	\$ 386,371	\$ 122,147	\$ 146,842	\$ 655,360
Fundraising	101,340	36,910	29,163	167,413
General & administrative	38,679	30,472	21,425	90,576
Total	\$ 526,390	\$ 189,529	\$ 197,430	\$ 913,349

December 31, 2016	Salary and contract expense	Professional expense	Other general support expense	Total
Project expenses	\$ 157,726	\$ 102,886	\$ 37,232	\$ 297,844
Fundraising	37,445	30,031	9,222	76,698
General & administrative	31,919	27,865	6,585	66,369
Total	\$ 227,090	\$ 160,782	\$ 53,039	\$ 440,911

6. Financial risk and concentration of risk:

(a) Credit risk:

The Institute is exposed to credit risk on its accounts receivable from its clients and its cash held at banks. The Institute assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The Institute only deals with highly reputable financial institutions.

(b) Interest rate risk:

The Institute is not exposed to significant interest rate risk.

(c) Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations on a timely basis or at a reasonable cost. The Institute prepares annual budgets to ensure its obligations are met.