Transparency International Canada Inc.

Financial Statements

December 31, 2013

Clarkson Rouble LLP
Chartered Accountants

Auditors' Report

To the members of
Transparency International Canada Inc.

Report of the Financial Statements

We have audited the accompanying financial statements of **Transparency International Canada Inc.**, which comprise the statement of financial position as at **December 31, 2013** and the statements of revenues, expenditures and surplus 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.

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 plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 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 qualified audit opinion.

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Basis for Qualified Opinion

The organization derives revenue from membership fees and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures, assets and surplus.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, which might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the membership fees and contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2013** and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
April 14, 2014

Clarkson Rouble LLP
Chartered Accountants
Licensed Public Accountants

Transparency International Canada Inc.

Statement of Financial Position

As at December 31

		2013		2012
Assets				
Current				
Cash	$	81,696	$	90,497
Accounts receivable		15,833		12,734
	$	**97,529**	**$**	**112,393**
Liabilities				
Current				
Accounts payable and accrued liabilities	$	5,828	$	11,291
Deferred income		13,156		13,156
		18,984		30,603
Surplus				
Surplus		78,545		78,784
	$	**97,529**	**$**	**112,393**

On behalf of the Board:

_______________________ Director

_______________________ Director

Transparency International Canada Inc.

Statement of Revenues, Expenditures and Surplus
Year Ended December 31

	2013	2012
Revenues		
Membership fees and contributions	$ 53,503	$ 70,303
Interest	10	-
Travel income	1,836	-
Secretariat	-	649
Symposium	38,071	33,453
Comparative assessment	-	11,500
	93,420	115,905
Expenses		
Travel	1,981	7,015
Office expense	8,585	5,329
Professional fees	742	5,473
Consulting services	71,699	70,700
Web page	2,958	4,622
Conferences	4,814	7,689
Symposium/AGM	855	3,901
Insurance	2,025	1,836
Laurence Cockcroft Seminar	-	846
Comparative assessment	-	11,500
	93,659	118,911
Excess of (expenses over revenues) revenues over expenditures	**(239)**	**(3,006)**
Surplus, beginning of year	78,784	81,790
Surplus, end of year	**$ 78,545**	**$ 78,784**

Transparency International Canada Inc.

Statement of Cash Flows
Year Ended December 31

		2013		2012
Operating activities				
Excess of (expenses over revenues) revenues over expenditures	$	(239)	$	(3,006)
Cash generated from (used for)				
Changes in non-cash working capital items				
Amounts receivable		(3,099)		(4,958)
Accounts payable and accrued liabilities		(5,463)		5,444
Deferred income		-		(11,600)
Decrease in cash		**(8,801)**		**(14,120)**
Cash, beginning of year		90,497		104,617
Cash, end of year	**$**	**81,696**	**$**	**90,497**

1. Objects and organization

The organization was incorporated on November 7, 1996 under the laws of the Government of Canada as a non-profit corporation without share capital. The organization received registered charity status on February 10, 2009. On October 7, 2013, the organization received a Certificate of Continuance under section 211 of the Canada Not-for-profit Corporations Act.

The primary objects of the organization are:

a) To encourage compliance with Canadian laws and international conventions to which Canada is a signatory, against bribery and corruption ("Canadian Anti-Corruption Laws") by educating businesses, professional organizations, governments and the public at large about Canadian Anti-Corruption Laws and the adverse impact of non-compliance therewith;

b) To develop and promote ethical standards of conduct for businesses, professional organizations, governments and the public at large to assist them in complying with Canadian Anti-Corruption Laws;

c) To conduct or commission research on issues concerning the prevention and elimination of bribery and corruption and to communicate the results therefrom to businesses, professional organizations, governments and the public at large; and

d) To assist the Canadian Government in fulfilling its obligations under international conventions to which Canada is a signatory in the prevention of and the fight against bribery and corruption.

2. Significant accounting policies

The financial statements of Transparency International Canada Inc. prepared in accordance with Canadian accounting standards for not-for-profit organizations as described below.

(a) Accrual basis of accounting

These financial statements are prepared using the accrual basis of accounting whereby revenues are recognized as they become available and expenditures are recognized as they are incurred through the receipt of goods and services.

(b) Revenue recognition

The financial statements are prepared using the deferral method of accounting for contributions under which contributions are recorded as received and pledges receivable are excluded from recorded revenues.

2. Significant accounting policies (continued)

(c) Use of estimates by management

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions. These estimates and assumptions 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 reported periods. Actual results may differ from estimates.

(d) Deferred revenue

Deferred revenue consists of amounts received prior to the completion of the services required. The revenue will be recognized in the period of completion.

3. Related party transactions

The organization had no related party transactions other than contributions from directors or their employers' organizations and reimbursement of expenses paid for by the directors. In addition, some of the director's employer organizations contributed the use of board rooms.

4. Income taxes

The organization is registered as a charitable organization under Section 149 (1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes, and may issue receipts that are eligible for a non-refundable tax credit by an individual donor and a tax deduction by a corporate donor.

5. Financial instruments

Fair value

Canadian accounting standards for not-for-profit organizations require that the Organization disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts receivable, accounts payable and accrued liabilities and deferred income on the statement of financial position approximate fair value because of the limited term of these instruments.

Credit risk

The Organization does not have a significant exposure to any individual customer. Bad debts in the past three years have been insignificant.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Organization does not currently have a significant exposure to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with financial liabilities. Cash flows from operations provides a substantial portion of the Organization's cash requirement.