

**INNERCHANGE FOUNDATION**  
**FINANCIAL STATEMENTS**

**December 31, 2014**

**INNERCHANGE FOUNDATION**

**December 31, 2014**

**Contents**

	<u>Page</u>
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Operations and Changes in Net Assets	2
Statement of Cash Flows	3
Notes to the Financial Statements	4

## Independent Auditors' Report

To the Members of InnerChange Foundation:

We have audited the accompanying financial statements of INNERCHANGE FOUNDATION, which comprise the statement of financial position as at December 31, 2014 and the statements of operations and changes in net assets and of 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.

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, these financial statements present fairly, in all material respects, the financial position of INNERCHANGE FOUNDATION as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Fairhall Zhang & Associates Ltd.*

Burnaby, BC  
June 02, 2015

Fairhall Zhang & Associates Ltd.  
Certified General Accountants

**INNERCHANGE FOUNDATION**  
**Statement of Financial Position**  
**As At December 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash - Note: (c)	\$ 37,563	\$ 136,248
GST recoverable	2,781	17,670
Prepaid expenses	<u>2,137</u>	<u>93</u>
	<b><u>\$ 42,481</u></b>	<b><u>\$ 154,011</u></b>
<b>Liabilities &amp; Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ <u>13,731</u>	\$ <u>11,684</u>
	<u>13,731</u>	<u>11,684</u>
<b>Net Assets</b>		
<b>Unrestricted Net Assets</b>	<u>28,750</u>	<u>142,327</u>
	<b><u>\$ 42,481</u></b>	<b><u>\$ 154,011</u></b>

**Approved on Behalf of the Board:**

\_\_\_\_\_ Director

The attached notes are an integral part hereof

**INNERCHANGE FOUNDATION**  
**Statement of Operations and Changes in Net Assets**  
**For The Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Donations - Note: (d)	\$ 239,348	\$ 516,657
Interest income	<u>72</u>	<u>147</u>
	<u>239,420</u>	<u>516,804</u>
<b>Expenditures</b>		
Bank charges	116	7
Consulting fees	105,425	99,505
Food & beverages	-	453
Insurance	876	913
Office expenses	205	268
Professional fees	4,100	3,500
Research	231,864	527,613
Sales tax expense	6,555	3,721
Sub-contracts and material	1,688	11,430
Travel	1,882	134
Website	<u>286</u>	<u>257</u>
	<u>352,997</u>	<u>647,801</u>
<b>Excess Expenditures Over Revenue</b>	<b>(113,577)</b>	<b>(130,997)</b>
Net Assets, beginning of year	<u>142,327</u>	<u>273,324</u>
<b>Net Assets, end of year</b>	<b><u>\$ 28,750</u></b>	<b><u>\$ 142,327</u></b>

The attached notes are an integral part hereof

**INNERCHANGE FOUNDATION**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>CASH POSITION</u></b>		
Cash and short term deposits	\$ 37,563	\$ 136,248
 <u>Net Cash Position</u>		
Net Cash Position - beginning of year	136,248	244,461
Net Cash Position - end of year	<u>37,563</u>	<u>136,248</u>
 Decrease In Cash Position	 <u>\$ (98,685)</u>	 <u>\$ (108,213)</u>
 <b><u>CASH FLOWS</u></b>		
<b>Cash Flow From Operating Activities</b>		
Excess expenditures over revenues	\$ <u>(113,577)</u>	\$ <u>(130,997)</u>
Changes In Non-Cash Working Capital:		
Contributions receivable	-	21,407
GST recoverable	14,889	(3,973)
Prepaid expenses	(2,044)	63
Accounts payable and accrued charges	<u>2,047</u>	<u>5,287</u>
<b>Cash Used By Operating Activities</b>	<u>(98,685)</u>	<u>(108,213)</u>
 <b>Cash Provided By Financing Activities</b>	 <u>-</u>	 <u>-</u>
 <b>Cash Provided By Investing Activities</b>	 <u>-</u>	 <u>-</u>
 <b>Net Decrease In Cash &amp; Cash Equivalents</b>	 <u>\$ (98,685)</u>	 <u>\$ (108,213)</u>

The attached notes are an integral part hereof

**INNERCHANGE FOUNDATION**  
**Notes to the Financial Statements**  
**December 31, 2014**

**1 Purposes of the Foundation**

The Foundation was founded to explicitly foster the use of evidence in creating more treatment options for addicted people with the goals of both public health and public order. It was incorporated under the Society Act of British Columbia on March 6, 2007 and is a registered charity under the Income Tax Act.

**2 Significant Accounting Policies**

(a) Basis of accounting

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(b) Fund accounting

The Foundation follows the deferred contribution method of accounting for contributions. Externally-restricted contributions, when received, are deferred and recognized in revenues in the period in which the related expenses are incurred.

(c) Cash and cash equivalents

Cash equivalents, when held, are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

(d) Revenue recognition

Contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, and accounts payable and accruals. The fair values of these financial instruments approximate their carrying value because of their short terms to maturity.

**3. Name Change**

In September 2010, the organization officially changed its name from "Innerchange Charitable Society" to "Innerchange Foundation".

**4. Financial Instruments**

The Foundation monitors and manages its risks arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk. The Foundation is not exposed to these risks in any significant way.

**5. Comparative Figures**

Certain prior year's figures have been reclassified for comparative purposes to conform with current year presentation.