

**WATERLOO PUBLIC INTEREST
RESEARCH GROUP
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012**

WATERLOO PUBLIC INTEREST RESEARCH GROUP
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YEAR ENDED AUGUST 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Members of Waterloo Public Interest Research Group

We have audited the accompanying financial statements of Waterloo Public Interest Research Group, which comprise the statement of financial position as at August 31, 2012 and the statements of revenues and expenditures, changes in net assets and cash flow 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Waterloo Public Interest Research Group derives revenue from programming fees and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Waterloo Public Interest Research Group. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2012, current assets and net assets as at September 1, 2011 and August 31, 2012

Qualified Opinion

(continues)

*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 Waterloo Public Interest Research Group as at August 31, 2012 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Waterloo Public Interest Research Group adopted Canadian accounting standards for not-for-profit organizations on September 1, 2011 with a transition date of September 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at August 31, 2011 and September 1, 2010 and the statements of revenues and expenditures, changes in net assets and cash flow for the year ended August 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Kitchener, Ontario
March 20, 2013

Moore, McDermott & Partners LLP
Chartered Accountants
Licensed Public Accountants

WATERLOO PUBLIC INTEREST RESEARCH GROUP
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2012

| | 2012 | 2011 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 263,739 | \$ 259,324 |
| Term deposits | 76,734 | 75,959 |
| Accounts receivable | - | 5,501 |
| Prepaid expenses | 698 | 679 |
| | 341,171 | 341,463 |
| CAPITAL ASSETS (Note 5) (Page 9) | 2,451 | 3,350 |
| | \$ 343,622 | \$ 344,813 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 60,341 | \$ 16,591 |
| Government remittances payable | 3,781 | 190 |
| | 64,122 | 16,781 |
| NET ASSETS | | |
| INVESTED IN CAPITAL ASSETS FUND (Page 4) | 2,451 | 3,350 |
| UNRESTRICTED FUND (Page 4) | 277,049 | 324,682 |
| | 279,500 | 328,032 |
| | \$ 343,622 | \$ 344,813 |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

WATERLOO PUBLIC INTEREST RESEARCH GROUP
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2012

| | Invested in capital assets Fund | Unrestricted Fund | 2012 | 2011 |
|---------------------------------------|---------------------------------------|----------------------|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 3,350 | \$ 324,682 | \$ 328,032 | \$ 270,441 |
| Deficiency of revenues over expenses | (899) | (47,633) | (48,532) | 57,591 |
| NET ASSETS - END OF YEAR | \$ 2,451 | \$ 277,049 | \$ 279,500 | \$ 328,032 |

**WATERLOO PUBLIC INTEREST RESEARCH GROUP
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED AUGUST 31, 2012**

| | Budget 2012 | 2012 | 2011 |
|---|--------------------|--------------------|------------------|
| REVENUES | | | |
| Membership fees - students | \$ 235,000 | \$ 236,842 | \$ 231,238 |
| Programming | 10,650 | 11,069 | 10,006 |
| Human resources development grant | - | 5,455 | 5,501 |
| Interest income | 2,000 | 1,168 | 1,862 |
| Membership fees - community | 200 | 100 | 85 |
| | <u>247,850</u> | <u>254,634</u> | <u>248,692</u> |
| EXPENSES | | | |
| Salaries and wages | 156,300 | 159,227 | 115,772 |
| Projects | 46,600 | 47,716 | 18,793 |
| Networking | 31,600 | 29,031 | 7,888 |
| Programming | 13,100 | 16,335 | 11,226 |
| Office | 19,100 | 10,684 | 12,916 |
| Human resource development | 8,500 | 10,584 | 4,942 |
| Rental | 8,000 | 7,346 | 7,170 |
| Professional fees | 2,600 | 5,689 | 3,476 |
| Library | 4,200 | 5,090 | 441 |
| Action groups | 5,500 | 4,676 | 2,408 |
| Insurance | 2,600 | 2,774 | 2,914 |
| Bookkeeping | 1,700 | 1,593 | 1,678 |
| Interest and bank charges | 600 | 1,522 | 230 |
| Amortization | 1,500 | 899 | 1,247 |
| | <u>301,900</u> | <u>303,166</u> | <u>191,101</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR YEAR | <u>\$ (54,050)</u> | <u>\$ (48,532)</u> | <u>\$ 57,591</u> |

WATERLOO PUBLIC INTEREST RESEARCH GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2012

| | 2012 | 2011 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses for year (Page 5) | \$ (48,532) | \$ 57,591 |
| Item not affecting cash: | | |
| Amortization of capital assets | 899 | 1,247 |
| | <u>(47,633)</u> | <u>58,838</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 5,501 | 435 |
| Accounts payable and accrued liabilities | 43,750 | 7,294 |
| Prepaid expenses | (19) | 197 |
| Government remittances payable (recoverable) | 3,591 | 190 |
| | <u>52,823</u> | <u>8,116</u> |
| INCREASE IN CASH FLOWS | 5,190 | 66,954 |
| CASH - beginning of year | <u>335,283</u> | <u>268,329</u> |
| CASH - end of year | <u>\$ 340,473</u> | <u>\$ 335,283</u> |
| CASH CONSISTS OF: | | |
| Cash | \$ 263,739 | \$ 259,324 |
| Term deposits | <u>76,734</u> | <u>75,959</u> |
| | <u>\$ 340,473</u> | <u>\$ 335,283</u> |

WATERLOO PUBLIC INTEREST RESEARCH GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

1. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR -PROFIT ORGANIZATIONS

During the year the Organization adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of ASPE had no impact on changes in net assets as at September 1, 2010 or revenues and expenditures or cash flow for the year ended August 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

a) The balance sheet at September 1, 2010 has no restatements.

| | <i>September 1</i> 2010 |
|--|-----------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash | \$ 192,252 |
| Term deposit | 76,077 |
| Accounts receivable | 5,936 |
| Prepaid expenses | 876 |
| | 275,141 |
| CAPITAL ASSETS | 4,597 |
| | \$ 279,738 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 9,297 |
| NET ASSETS | |
| Invested in capital assets | 4,597 |
| Unrestricted | 265,844 |
| | 270,441 |
| | \$ 279,738 |

2. DESCRIPTION OF BUSINESS

Waterloo Public Interest Research Group (the "organization") is incorporated under the Business Corporations Act of Ontario as a non-for-profit organization without share capital. The organization's principal business activity is to engage in charitable research and other non-profit activities to advance the welfare of the community. Pursuant to paragraph 149(1)(1) of the Income Tax Act, the organization is exempt from income tax activities.

WATERLOO PUBLIC INTEREST RESEARCH GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Membership fees are recognized when received from the University of Waterloo.

Other revenue is recognized upon receipt or when collection is reasonably certain.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

| | |
|------------------------|------|
| Computer equipment | 30% |
| Computer software | 100% |
| Furniture and fixtures | 20% |

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. TERM DEPOSIT

| | 2012 | 2011 |
|--|-----------|-----------|
| Non-redeemable term deposit bearing interest at 1.55% per annum, maturing November 3, 2012 | \$ 76,734 | \$ 75,959 |

WATERLOO PUBLIC INTEREST RESEARCH GROUP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

5. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2012 Net book value | 2011 Net book value |
|------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment | \$ 8,945 | \$ 7,340 | \$ 1,605 | \$ 2,293 |
| Computer software | 7,111 | 7,111 | - | - |
| Furniture and fixtures | 8,986 | 8,140 | 846 | 1,057 |
| | <u>\$ 25,042</u> | <u>\$ 22,591</u> | <u>\$ 2,451</u> | <u>\$ 3,350</u> |

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2012.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk primarily through its term deposit as described in Note 4.

7. ECONOMIC DEPENDENCE

The organization is dependent upon membership fees received from the University of Waterloo, \$236,842 - 2012 (\$231,238 - 2011), to carry out its programs. At the date of this report management has no reason to believe that this financial support will not continue.