

Global Call for Climate Action

Financial Statements December 31, 2014

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Independent Auditor's Report

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To the Directors of
Global Call for Climate Action

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We have audited the accompanying financial statements of Global Call for Climate Action, which comprise the statement of financial position as at December 31, 2014 and the statements of operations and 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.

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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Call for Climate Action as at December 31, 2014 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.

Raymond Chabot Grant Thornton LLP¹

Montréal
March 11, 2015

¹ CPA auditor, CA public accountancy permit no. A115879

Global Call for Climate Action Operations and Net Assets

Year ended December 31, 2014

(In U.S. dollars)

	<u>2014</u>	<u>2013</u>
	\$	\$
Revenues		
Operating grants	2,138,879	1,890,418
Other	660	1,401
	<u>2,139,539</u>	<u>1,891,819</u>
Expenses		
Secretariat operations	338,256	343,848
Strategic campaign coordination	205,236	229,801
Communications	1,183,456	919,564
Global campaign	412,591	398,606
	<u>2,139,539</u>	<u>1,891,819</u>
Excess of revenues over expenses and net assets, end of year	<u>—</u>	<u>—</u>

The accompanying notes are an integral part of the financial statements.

Global Call for Climate Action

Cash Flows

Year ended December 31, 2014

(In U.S. dollars)

	<u>2014</u>	<u>2013</u>
	\$	\$
OPERATING ACTIVITIES		
Non-cash items		
Gain on disposal of computer equipment		(395)
Amortization of computer equipment	664	664
Net change in working capital items	<u>(112,897)</u>	<u>(403,849)</u>
Cash flows from operating activities	<u>(112,233)</u>	<u>(403,580)</u>
INVESTING ACTIVITIES		
Term deposits	4,875	4,433
Disposal of computer equipment		395
Cash flows from investing activities	<u>4,875</u>	<u>4,828</u>
Net decrease in cash and cash equivalents	(107,358)	(398,752)
Cash and cash equivalents, beginning of year	<u>198,515</u>	<u>597,267</u>
Cash and cash equivalents, end of year	<u><u>91,157</u></u>	<u><u>198,515</u></u>
CASH AND CASH EQUIVALENTS		
Cash	91,157	98,515
Term deposits		100,000
	<u><u>91,157</u></u>	<u><u>198,515</u></u>

The accompanying notes are an integral part of the financial statements.

Global Call for Climate Action

Financial Position

December 31, 2014

(In U.S. dollars)

	<u>2014</u>	<u>2013</u>
	\$	\$
ASSETS		
Current		
Cash	91,157	98,515
Term deposits	55,894	160,769
Prepaid expenses	2,167	535
Other accounts receivable	15,033	2,833
	<u>164,251</u>	<u>262,652</u>
Long-term		
Computer equipment (Note 3)	553	1,217
	<u>164,804</u>	<u>263,869</u>
LIABILITIES AND NET ASSETS		
Current		
Trade payables and other operating liabilities (Note 5)	43,833	49,600
Deferred contributions (Note 6)	120,971	214,269
	<u>164,804</u>	<u>263,869</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Executive Director

Treasurer

Global Call for Climate Action

Notes to Financial Statements

December 31, 2014

(In U.S. dollars)

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is incorporated under Part III of the Companies Act (Québec) for the purpose of promoting international cooperation between non-government organizations during international climate negotiations. It is a not-for-profit organization under the Income Tax Act.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at cost or amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at cost or amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at cost or amortized cost is recognized in operations in the year the reversal occurs.

Global Call for Climate Action

Notes to Financial Statements

December 31, 2014

(In U.S. dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. 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 reported as direct increases in net assets.

Unrestricted interest income is recognized when it is earned. Interest income is calculated based on the number of days the investment was held during the year.

Cash and cash equivalents

The Organization's policy is to present in cash and cash equivalents bank balances and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Computer equipment

Computer equipment is amortized over its estimated useful life according to the straight-line method over a three-year period.

When the Organization recognizes that the computer equipment no longer has any long-term service potential, the excess of the net carrying amount of the computer equipment over its residual value is recognized as an expense in the statement of operations.

Foreign currency translation

The Organization uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the date of the statement of financial position. Revenue and expenses are translated at the average rate for the period, with the exception of the amortization of assets translated at the historical exchange rates which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in the operations for the year.

3 - COMPUTER EQUIPMENT

	<u>2014</u>		<u>2013</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Computer equipment	<u>1,991</u>	<u>1,438</u>	<u>1,217</u>

Global Call for Climate Action

Notes to Financial Statements

December 31, 2014

(In U.S. dollars)

4 - CREDIT FACILITY

The Organization has a credit facility in the form of credit cards for an authorized amount of C\$65,000 (C\$35,000 as at December 31, 2013) bearing interest at a flat rate of 19% and renewable annually. As at December 31, 2014, term deposits of \$55,894 (\$60,769 as at December 31, 2013) have been deposited as collateral to cover available current credit facility.

5 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade payables	10,090	25,396
Salaries payable	30,829	22,754
Other	2,914	1,450
	<u>43,833</u>	<u>49,600</u>

6 - DEFERRED CONTRIBUTIONS

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance, beginning of year	214,269	648,335
Amount received relating to the following year	2,045,545	1,456,352
Amount recognized in operations	<u>(2,138,843)</u>	<u>(1,890,418)</u>
Balance, end of year	<u>120,971</u>	<u>214,269</u>

7 - RELATED PARTY TRANSACTIONS

During the year, the Organization received an amount of \$1,253,489 (\$850,000 in 2013) for its general operations from an organization of which a board member and an officer are board members. As at December 31, 2014, an amount of \$1,314,079 (1,272,762 in 2013) is recognized in the statement of operations as contributions.

These transactions were carried out at the exchange amount, which is the value established and accepted by the parties.

8 - FINANCIAL INSTRUMENTS

Financial risks

The Organization's main financial risk exposure is detailed as follows.

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade payables and grants receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Global Call for Climate Action

Notes to Financial Statements

December 31, 2014

(In U.S. dollars)

8 - FINANCIAL INSTRUMENTS (Continued)

The credit risk regarding cash and term deposits is considered to be negligible because the counterparty is a reputable bank with an investment grade external credit rating.

Market risk

The Organization's financial instruments expose it to market risk, in particular foreign exchange risk and interest rate risk, resulting from both its operating and its investing activities:

– Foreign exchange risk:

The Organization is exposed to foreign exchange risk due to cash, term deposits, other accounts receivable and trade payables and other operating liabilities denominated in foreign currencies. As at December 31, 2014, cash and term deposits denominated in Canadian dollars totalled respectively \$44,277 and \$65,000 (\$23,063 and \$65,000 in 2013);

– Interest rate risk:

The term deposits bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Carrying amount of financial assets by category

The Organization's financial assets, totalling \$162,084 (\$262,117 as at December 31, 2013), have all been classified as financial assets measured at amortized cost.

Guaranteed financial liabilities

As at December 31, 2014, the total carrying amount of guaranteed financial liabilities is \$43,100.

9 - COMMITMENT

The Organization has entered into a lease agreement which calls for lease payments of \$3,685 for the rental of office space. The lease expires on September 30, 2015.

Global Call for Climate Action Schedules

Year ended December 31, 2014

(In U.S. dollars)

(Unaudited)

	<u>2014</u>	<u>2013</u>
	\$	\$
SECRETARIAT OPERATIONS		
Staff salary and benefits	151,330	149,916
Consultant services	5,663	18,844
Travel, commission and equipment	25,305	41,700
Board meetings	14,670	12,504
Staff meetings	21,413	12,551
Office operations	117,684	104,107
Foreign exchange loss	2,191	4,226
	<u>338,256</u>	<u>343,848</u>
STRATEGIC CAMPAIGN COORDINATION		
Consultant services	169,653	162,473
Strategic campaign actions	30,216	64,155
Events	5,367	3,173
	<u>205,236</u>	<u>229,801</u>
COMMUNICATIONS		
Consultant services	812,710	743,059
Travel, commission and equipment	52,167	32,451
Digital strategy	163,471	71,600
Outreach – other mobilization	85,776	50,292
Marketing and communication	65,847	27,432
Foreign exchange loss (gain)	3,485	(5,270)
	<u>1,183,456</u>	<u>919,564</u>
GLOBAL CAMPAIGN		
Consultant services	350,196	354,675
Travel, commission and equipment	56,481	47,034
Foreign exchange loss (gain)	5,914	(3,103)
	<u>412,591</u>	<u>398,606</u>