

LEADNOW SOCIETY

**Financial Statements
December 31, 2015**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEADNOW SOCIETY

We have audited the accompanying financial statements of LeadNow Society, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in 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.

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 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenues from donations and other unreceptable activities, 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 Society and we were unable to determine whether any adjustments might be necessary to excess (deficiency) of revenues over expenditures, cash flows, current assets and net assets.

Qualified Opinion

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 LeadNow Society at December 31, 2015, 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.



Chartered Professional Accountants

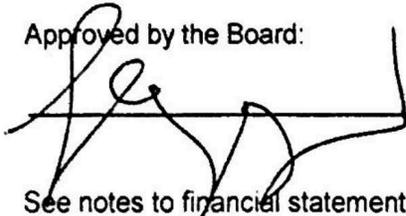
Vancouver, British Columbia
June 27, 2016

LEADNOW SOCIETY
Statement of Financial Position
December 31

	2015	2014
Assets		
Current		
Cash	\$ 246,275	\$ 224,925
Prepaid expenses	22,162	11,605
Accounts receivable	0	3,899
	268,437	240,429
Capital Assets (note 4)	5,589	2,760
	\$ 274,026	\$ 243,189
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 154,055	\$ 62,670
Net Assets		
Invested in Capital Assets	5,589	2,760
Unrestricted	114,382	177,759
	119,971	180,519
	\$ 274,026	\$ 243,189

Commitments (note 6)

Approved by the Board:

 Director
 See notes to financial statements.

 Director

LEADNOW SOCIETY
Statement of Operations
Year Ended December 31

	2015	2014
Revenues		
Donations (note 7)	\$ 1,375,422	\$ 764,005
Major donations (note 7)	209,857	135,640
Grants	85,000	189,678
Interest	1,635	1,539
Rental	780	3,899
	1,672,694	1,094,761
Expenditures		
Wages and benefits/contractors	957,177	681,339
Research and engagement	281,078	15,995
Marketing	157,375	86,215
Travel	92,174	57,579
Financial transaction charges	53,225	30,427
Consulting	51,307	14,203
Rent	46,693	31,004
Professional fees	39,942	29,515
Licenses and subscriptions	31,030	52,774
Office	12,920	11,393
Insurance	7,432	4,855
Telecommunications	5,493	6,269
Retreat	0	3,756
FIPA Legal Support	0	98,963
Amortization	1,759	1,780
	1,737,605	1,126,067
Deficiency of Revenues over Expenditures Before Other Items	(64,911)	(31,306)
Other Items		
Realized foreign exchange gain	4,363	0
Unrealized foreign exchange gain	0	10,486
Write-off of capital assets	0	(2,166)
	4,363	8,320
Deficiency of Revenues over Expenditures	\$ (60,548)	\$ (22,986)

LEADNOW SOCIETY
Statement of Changes in Net Assets
Year Ended December 31

	Unrestricted		Invested in Capital Assets		2015		2014	
Balance, Beginning of Year	\$	177,759	\$	2,760	\$	180,519	\$	203,505
Deficiency of revenues over expenditures for year		(60,548)		0		(60,548)		(22,986)
Capital asset purchases		(4,588)		4,588		0		0
Amortization of capital assets		1,759		(1,759)		0		0
		(63,377)		2,829		(60,548)		(22,986)
Balance, End of Year	\$	114,382	\$	5,589	\$	119,971	\$	180,519

LEADNOW SOCIETY
Statement of Cash Flows
Year Ended December 31

	2015	2014
Operating Activities		
Deficiency of revenues over expenditures	\$ (60,548)	\$ (22,986)
Items not involving cash		
Amortization	1,759	1,780
Write-off of capital assets	0	2,166
	(58,789)	(19,040)
Changes in non-cash working capital		
Prepaid expenses	(10,557)	1,756
Accounts receivable	3,899	(3,899)
Accounts payable and accrued liabilities	91,385	44,439
Loan payable	0	(5,000)
Deferred revenue	0	(28,653)
	84,727	8,643
Cash Provided by (Used in) Operating Activities	25,938	(10,397)
Investing Activity		
Purchase of capital assets	(4,588)	(3,040)
Inflow (Outflow) of Cash	21,350	(13,437)
Cash, Beginning of Year	224,925	238,362
Cash, End of Year	\$ 246,275	\$ 224,925

LEADNOW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

1. NATURE OF OPERATIONS

LeadNow Society (the "Society") is a not-for-profit organization, incorporated on November 6, 2010 under the *Canada Corporations Act*, and is exempt from income taxes under the *Income Tax Act* section 149(1)(l). Effective August 22, 2014, the Society has transitioned from the *Canada Corporations Act* to the *Canada Not-for-Profit Corporations Act*. The purpose of the Society is to organize campaigns to raise awareness among Canadians in respect of various political issues.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Revenue recognition

- (i) The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Until recognized as revenue, such amounts are shown as deferred revenue, a liability on the statement of financial position. 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.
- (ii) Revenues from rent and interest are recognized as earned.
- (iii) Revenues from consulting services are recognized when the services have been performed.

(b) Contributions in kind

Volunteers contribute time to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributed goods are recorded when the fair market value is reasonably determinable, and when the goods would otherwise normally be purchased and paid for by the Society.

(c) Amortization

Capital assets are recorded at cost and amortized using the following methods and annual rates:

Computer equipment	- 3 years	straight-line
Furniture and equipment	- 20%	declining-balance

Additions during the year are amortized at one-half the annual rates.

LEADNOW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in deficiency of revenues over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in deficiency of revenues over expenditures provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into deficiency of revenues over expenditures on a straight-line basis over the term of the instrument. All other transaction costs are recognized in deficiency of revenues over expenditures in the period incurred.

(e) Use of estimates

The preparation of financial statements in conformity with ASNPO 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 revenues and expenditures during the reporting period. Estimates include rates of amortization and accrued liabilities. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(f) Foreign currency transactions

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date; and
- (ii) Revenues and expenditures (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange prevailing at the time of the transaction.

Gains and losses arising from the translation of foreign currency are included in deficiency of revenues over expenditures for the year.

3. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Cash flow from operations provides satisfactory resources to meet the Society's cash requirements. Additional requirements are met with funds in the Society's reserves.

LEADNOW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

3. FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is exposed to credit risk with respect to its cash. The Society has mitigated this risk by holding its cash with major financial institutions.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Society is not exposed to significant interest rate risk.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at December 31, 2015, the Society holds US cash at its Canadian dollar equivalent of \$6 (2014 - \$75,983).

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2015	2014
Computer equipment	\$ 7,334	\$ 3,617	\$ 3,717	\$ 962
Furniture and equipment	3,377	1,505	1,872	1,798
	\$ 10,711	\$ 5,122	\$ 5,589	\$ 2,760

5. DEFERRED REVENUE

	2015	2014
Balance, beginning of year	\$ 0	\$ 28,653
Amounts received during the year	0	177,803
Amounts recognized as revenue	0	(206,456)
Balance, end of year	\$ 0	\$ 0

LEADNOW SOCIETY
Notes to Financial Statements
Year Ended December 31, 2015

6. COMMITMENTS

The Society is committed to a lease agreement for premises in Vancouver. Total lease commitments over the next three years are as follows:

2016	\$	11,856
2017		11,856
2018		3,952
	\$	27,664

7. DONATION REVENUE

The Society reports donation revenue based on the amount received. Major donations represent donations greater than \$1,000 each, and amounts less than \$1,000 are reported separately.

8. LINE OF CREDIT

The Society has an authorized line of credit of \$40,000, which may be outstanding from time to time, bearing interest at Vancity prime plus 2%. At December 31, 2015 there was no balance outstanding.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from the financial statements previously presented to conform to the current presentation.