

Transparency International Canada Inc.

Financial Statements

December 31, 2005



Auditors' Report

To the Board of Directors of
Transparency International Canada Inc.

We have audited the statement of financial position of **Transparency International Canada Inc.** as at **December 31, 2005** and the statement of revenue, expenditures and surplus - Operating Fund and the statement of revenue, expenditures and fund balance - Nigeria Fund for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, **Transparency International Canada Inc.** 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 verifying the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues over expenditures, assets and surplus.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves as to 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, 2005** and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Ontario
March 1, 2006

Clarkson Rouble LLP

Clarkson Rouble LLP
Chartered Accountants

Transparency International Canada Inc.

Statement of Financial Position

As at December 31

Assets	2005			2004		
	Operating Fund	Nigeria Fund	Total	Operating Fund	Nigeria Fund	Total
Cash	\$ 10,920	\$ 2	\$10,922	\$ 16,802	\$ 2	\$16,804
Term deposits and accrued interest	37,395	-	37,395	25,132	-	25,132
Due from Nigeria Fund	2,362	-	-	-	-	-
Due from Operating Fund	-	-	-	-	3,785	-
	\$ 50,677	\$ 2	\$48,317	\$ 41,934	\$ 3,787	\$41,936

Liabilities and Surplus

Accounts payable and accrued liabilities	\$ 11,888	\$ -	\$11,888	\$ 15,499	\$ -	\$15,499
Due to Operating Fund	-	2,362	-	-	-	-
Due to Nigeria Fund	-	-	-	3,785	-	-
	11,888	2,362	11,888	19,284	-	15,499
Surplus (deficit)	38,789	(2,360)	36,429	22,650	3,787	26,437
	\$ 50,677	\$ 2	\$48,317	\$ 41,934	\$ 3,787	\$41,936

See accompanying notes to financial statements

On behalf of the Board:

Director

Director

Transparency International Canada Inc.

Statement of Revenue, Expenditures and Surplus - Operating Fund Year Ended December 31

	2005	2004
Revenue		
Membership fees and contributions	\$ 52,844	\$ 42,135
CIDA contribution (Note 3a)	33,000	34,000
Infrastructure Canada - Survey (Note 4)	15,000	-
CIDA contribution - OAS Summit (Note 3c)	10,000	-
Business dinner sponsorship	1,750	-
Conferences	2,058	1,485
Interest	843	290
	<u>115,495</u>	<u>77,910</u>
Expenditures		
Travel	2,106	7,593
Office expense	10,406	8,784
Professional fees	2,065	2,512
National Coordinator and secretarial	58,292	50,508
Web page	867	957
Conferences	5,448	2,018
Business Leaders' dinner	1,865	-
Governance Survey (Note 4)	2,461	2,479
OAS Summit	11,326	-
Symposium/AGM	4,520	1,883
	<u>99,356</u>	<u>76,734</u>
Excess of revenues over expenditures	16,139	1,176
Surplus, beginning of year	22,650	21,474
Surplus, end of year	\$ 38,789	\$ 22,650

See accompanying notes to financial statements

Transparency International Canada Inc.

Statement of Revenue, Expenditures and Fund Balance - Nigeria Fund Year Ended December 31

	2005	2004
Revenue		
CIDA contribution	\$ -	\$ 5,000
Other contributions	-	10,000
Interest	-	85
	-	15,085
Expenditures		
Nigerian Conference	6,147	43,572
National Coordinator and secretarial	-	8,628
	6,147	52,200
Deficit of revenues over expenditures	(6,147)	(37,115)
Fund balance, beginning of year	3,787	40,902
Fund balance, end of year	\$ (2,360)	\$ 3,787

See accompanying notes to financial statements

Transparency International Canada Inc.

Notes to Financial Statements

December 31, 2005

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 primary objects of the corporation are:

- a) To inform the business community, the government and the general public of the effects of corruption in the international marketplace.
- b) To provide support and resources for public and private sector initiatives to prevent corrupt business practices.

2. Significant accounting policies

a) 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) Fund accounting

Contributions and expenses related to the delivery of services are reported in the operating fund.

Contributions and expenses related to the conference held in Nigeria are reported in the Nigeria Fund. Phase one of the conference was held in May 2004. The initial part of Phase two was held in July 2005. There is an expectation that future revenue contributions could be received to cover all Phase two costs.

c) 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.

Transparency International Canada Inc.

Notes to Financial Statements

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3. Commitments to Transparency International Canada Inc.

a) **CIDA**

Commencing in 2004, the organization was awarded a \$100,000 grant from the Canadian International Development Agency to assist in the organization's objectives. Payments on the grant have been and will be received as follows:

2004	\$ 34,000
2005	33,000
2006	33,000
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	\$ 100,000

b) **Pledges**

At December 31, 2005, the organization has received a pledge of \$20,000 from a company to assist in Phase 2 of the Nigeria project, if, as and when that occurs.

c) An additional \$2,000 is anticipated from CIDA for the OAS Summit costs.

4. Governance survey

Costs for this survey have been and are expected to be incurred in the 2003 - 2006 time period.

5. Statement of changes in net assets and cash flow

No statement of changes in net assets and cash flow is presented since it would not provide any additional information

6. 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.

Transparency International Canada Inc.

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7. Income taxes

The organization is a non-profit organization and is, therefore, exempt from income taxes per Section 149 (1)(l) of the *Income Tax Act*. The organization is not a registered charity.

8. Comparative figures

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

9. Financial instruments

Fair value

Canadian generally accounting principles require that the Company 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 term deposits and accounts payable on the statement of financial position approximate fair value because of the limited term of these instruments.