CREDIT SCORING AND RISK STRATEGY ASSOCIATION

FINANCIAL STATEMENTS

JULY 31, 2015

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Edward Charow, CPA
255 Oriole Parkway
Toronto, Ontario
M5P 2H2
tel: (416) 818-8462
fax: (416) 932-8484

-INDEPENDENT AUDITOR'S REPORT-

To the members of
CREDIT SCORING AND RISK STRATEGY ASSOCIATION

I have audited the accompanying financial statements of Credit Scoring And Risk Strategy Association, which comprise the statement of financial position as at July 31, 2015 and the statements of operations and 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.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Credit Scoring And Risk Strategy Association as at July 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edward Charow

Edward Charow, CPA, CA, LPA
CPA auditor, CA (Quebec)

Toronto, Ontario
September 27, 2016

CREDIT SCORING AND RISK STRATEGY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JULY 31, 2015

	Note	2015	2014
ASSETS			
CURRENT			
Cash		$ 58,367	$ 153,480
Term deposit		100,000	-
Accounts receivable	3	2,825	5,085
Deposits	7	15,950	12,000
		$ 177,142	$ 170,565
LIABILITIES			
CURRENT			
Accounts payable	4	$ 16,923	$ 17,224
Deferred sponsorship fees	5	2,500	7,500
		19,423	24,724
NET ASSETS			
UNRESTRICTED		157,719	145,841
		$ 177,142	$ 170,565

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes.

CREDIT SCORING AND RISK STRATEGY ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED JULY 31, 2015

	2015	2014
REVENUES		
Membership fees	$ 16,200	$ 18,300
Sponsorship fees	42,500	24,000
Conference fees	145,827	151,338
Seminar fees	-	3,288
Session fees	1,500	1,300
Interest income	-	388
	206,027	198,614
EXPENSES		
Audit	2,700	2,700
Bank and credit card charges	7,640	9,127
Conference	139,094	122,883
Donations and sponsorship fees	3,000	2,000
Gifts	-	538
Meetings - Board of Directors	2,463	2,261
Meetings	29,935	16,138
Office, stationery and general	681	248
Rental of meeting rooms	6,800	6,950
Seminars	-	1,875
Website	1,836	4,443
	194,149	169,163
EXCESS OF REVENUES OVER EXPENSES	11,878	29,451
NET ASSETS, beginning of year	145,841	116,390
NET ASSETS, end of year	$ 157,719	$ 145,841

See accompanying notes.

CREDIT SCORING AND RISK STRATEGY ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED JULY 31, 2015

	2015	2014
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 11,878	$ 29,451
Changes in non-cash balances related to operations		
Accounts receivable	2,260	(565)
Deposits	(3,950)	(8,500)
Accounts payable	(301)	7,294
Deferred sponsorship fees	(5,000)	4,500
	4,887	32,180
INVESTING ACTIVITIES		
Purchase of term deposits	(100,000)	(175,000)
Proceeds on redemption of term deposits	-	175,000
	(100,000)	-
FINANCING ACTIVITIES	-	-
INCREASE (DECREASE) IN CASH	(95,113)	32,180
CASH, beginning of year	153,480	121,300
CASH, end of year	$ 58,367	$ 153,480

See accompanying notes.

CREDIT SCORING AND RISK STRATEGY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2015

1. PURPOSE OF THE ORGANIZATION

   Credit Scoring and Risk Strategy Association (the organization) is incorporated under the Laws of Ontario as a not-for-profit organization. The organization's goals are as follows:

   (a) To bring together individuals, involved in the predictive modelling and credit risk management industry, in an open and non-competitive environment and,

   (b) To provide an opportunity to share information in the interests of advancing the industry and enhancing individual capabilities.

2. SIGNIFICANT ACCOUNTING POLICIES

   Basis of accounting

   The organization has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO are part of Canadian generally accepted accounting principles.

   ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the organization and applied in these financial statements.

   Revenue recognition

   The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

   Property, plant and equipment

   Property, plant and equipment are fully expensed in the year of purchase.

   Contributed services

   The organization is primarily a volunteer organization. Unfortunately, because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements, and the reader must interpret the financial statements with this in mind.

Financial instruments

Measurement of financial instruments
The organization initially measures its financial assets and financial liabilities at fair value when the organization becomes a party to the contractual provisions of the financial instruments.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and sales tax payable.

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs
The organization's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make certain estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities at the report date.

Assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates.

The main item for which a significant estimate is made consists of having to realize on the cancellation penalties on the contractual obligations as disclosed in note 7. Management believes the probability of having to realize on these penalties is remote. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. ACCOUNTS RECEIVABLE

	2015	2014
Conference sponsorship fees	$ -	$ 5,085
Sponsorship fees	2,825	-
	$ 2,825	$ 5,085

4. ACCOUNTS PAYABLE

	2015	2014
Trade	$ -	$ 9,215
Accrued audit fees	5,400	5,400
Sales tax	11,523	2,609
	$ 16,923	$ 17,224

5. DEFERRED SPONSORSHIP FEES

Deferred sponsorship fees relates to unrestricted fees received in the current year that is related to the subsequent year. Changes in the deferred contributions balance is as follows:

	2015	2014
Beginning balance	$ 7,500	$ 3,000
Sponsorship fees received related to the following year	2,500	7,500
Amounts recognized as revenue in the year	(7,500)	(3,000)
Ending balance	$ 2,500	$ 7,500

6. FINANCIAL INSTRUMENTS

Risks and concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at July 31, 2015.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments come due and maintains adequate cash reserves (including term deposits) to repay creditors.

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 organization's exposure to concentrations of credit risk is limited. The organization's financial instruments that are exposed to credit risk consist primarily of cash, term deposit and accounts receivable.

The organization's cash and term deposit are with a high credit quality financial institution. At times, the balance may be in excess of CDIC insurance limits. Accounts receivable are primarily from organizations that are high credit quality institutions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. The interest rate risk is not considered significant.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

7. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The organization signed agreements for the June 2016 and June 2017 conference facilities and accommodations. The agreements are for the approximate amount of $75,000 and $97,000 respectively, including accommodation costs to be assumed by attendees. The agreements provide for certain cancellation and minimum number penalties. These agreements also call for deposits to be paid on account up to the dates of the conferences. During the year, deposits in the amount of $10,000 were paid for the June 2016 conference. Subsequent to year end, the June 2016 conference was held and the balance paid and a deposit of $1,000 was paid for the June 2017 conference.

The organization signed agreements for the ten meeting rooms and facilities required between September 2015 to March 2017. The agreements are each for the approximate amount of $4,500, totalling $45,000 including room rental, food and beverage, equipment rentals and applicable sales tax. Deposits in the amount of $5,950 were paid during the year, and deposits in the amount of $7,100 were paid subsequent to year end. Subsequent to year end, seven of the meetings were held and the balance paid.