

Financial Statements of
Give Kids A Chance Charity Inc.

Year ended December 31, 2017

Management's Responsibility for Financial Reporting

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting policies and making objective judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements lies with the Board of Directors. An Audit Committee of Directors is appointed by the Board to review financial statements in detail with management and report to the Board of Directors prior to the approval of the financial statements for publication.

Independent auditors examine the financial statements and meet with both the Audit Committee and management to review their findings. The independent auditors' report follows. The independent auditors have full and free access to the Audit Committee to discuss their findings regarding the integrity of the Corporation's financial reporting and the adequacy of the system of internal controls.



Chief Executive Officer



Chief Financial Officer





INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying financial statements of **Give Kids A Chance Charity Inc.** which comprise the statement of financial position as at **December 31, 2017** 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.

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 risk 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 Corporation'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 Corporation'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, the Corporation derives a portion of its revenue in the form of cash donations, 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 Corporation and we are not able to determine whether any adjustments might be necessary to revenues, assets or net assets.

Qualified Opinion

In our opinion, except for the effects of the circumstances described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Give Kids A Chance Charity Inc.** as at **December 31, 2017** and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

March 22, 2018
Regina, Saskatchewan, Canada

VIRTUS GROUP LLP
Chartered Professional Accountants

Give Kids A Chance Charity Inc.

Statement of Financial Position

December 31, 2017 with comparative figures for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 970,618	\$ 1,255,247
Short term investments (Note 4)	240,324	345,092
Accounts receivable	20,197	18,552
Inventory	13,301	16,330
Prepaid expenses	425	416
	<u>1,244,865</u>	<u>1,635,637</u>
Long term assets:		
Long term investments (Note 4)	32,892	32,534
Investment in Sport Legacy Fund (Note 4)	3,554,147	2,399,678
	<u>\$ 4,831,904</u>	<u>\$ 4,067,849</u>

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 14,933	\$ 51,231
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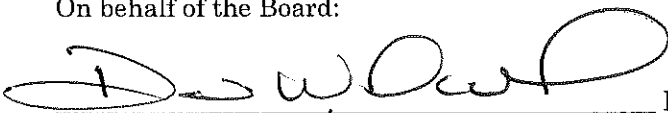
Net assets:

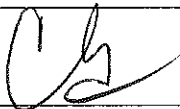
Restricted net assets	4,762,132	3,962,536
Unrestricted net assets	54,839	54,082
	<u>4,816,971</u>	<u>4,016,618</u>

\$ 4,831,904 \$ 4,067,849

See accompanying notes to the financial statements.

On behalf of the Board:

 Director

 Director

Give Kids A Chance Charity Inc.

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Statement of Operations

Year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Revenue:		
Donations (receipted)	\$ 119,498	\$ 202,937
Fundraising and unreceipted donations	910,737	1,037,729
Project grants	670,032	739,544
Interest	161,707	86,553
Operating grants	1,591,218	1,785,571
Sponsorship	139,600	158,500
	<u>3,592,792</u>	<u>4,010,834</u>
Expenses:		
Administration expenses:		
Bank and credit card fees	4,505	7,022
Conference	2,240	1,526
Contract services	220,332	204,594
GST expense	10,140	5,109
Insurance	3,410	3,411
Marketing	34,440	45,602
National affiliation fees KidSport	1,000	1,000
Office and committee expenses	31,912	27,011
Postage	4,643	7,470
Printing	7,639	6,945
Professional fees	5,194	3,748
Travel	12,718	14,066
	<u>338,173</u>	<u>327,504</u>
Program expenses:		
Creative Kids grants distributed	-	1,063,638
Dreambrokers program	307,272	227,500
Jumpstart after school program	3,500	91,319
KidSport grants distributed	1,682,530	1,680,242
Northern community school coordinator program	112,600	133,700
	<u>2,105,902</u>	<u>3,196,399</u>
Fundraising expenses:		
Contract services and staffing	60,000	61,800
Projects	287,630	273,513
Travel	734	898
	<u>348,364</u>	<u>336,211</u>
Total expenses	<u>2,792,439</u>	<u>3,860,114</u>
Excess of revenue over expenses	<u>\$ 800,353</u>	<u>\$ 150,720</u>

See accompanying notes to the financial statements.

Statement of Changes in Net Assets

Year ended December 31, 2017 with comparative figures for 2016

		Creative Kids	KidSport	Unrestricted	2017	2016
Net assets, beginning of year	\$	-	\$ 3,962,536	\$ 54,082	\$ 4,016,618	\$ 3,865,898
Excess of revenue over expenses		-	799,596	757	800,353	150,720
Net assets, end of year	\$	-	\$ 4,762,132	\$ 54,839	\$ 4,816,971	\$ 4,016,618

Statement of Cash Flows

Year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 800,353	\$ 150,720
Items not affected by cash:		
Net change in non-cash working capital items:		
Accounts receivable	(1,645)	25,015
Inventory	3,029	75
Prepaid expenses	(9)	(9)
Accounts payable	(36,298)	36,898
	765,430	212,699
Investing activities:		
Short term investment purchases	(240,324)	(345,091)
Short term investment redemptions	345,092	391,396
Long term investment purchases	(1,187,361)	(1,106,727)
Long term investment redemptions	32,534	-
	(1,050,059)	(1,060,422)
(Decrease) in cash during the year	(284,629)	(847,723)
Cash, beginning of year	1,255,247	2,102,970
Cash, end of year	\$ 970,618	\$ 1,255,247

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2017 with comparative figures for 2016

1. Nature of Operations

Sask Sport Inc. has incorporated Give Kids A Chance Charity Inc. (The Corporation), a volunteer non-profit corporation with charitable status as a private foundation, in order to operate its charitable programs.

2. Summary of Significant Accounting Policies

Restricted net assets:

The Corporation has internally restricted the net assets for each of the KidSport and Creative Kids programs. These funds are for the exclusive use of these programs.

Income taxes:

The Corporation is incorporated under the *Non-profit Corporations Act of Saskatchewan*. Under present legislation no income taxes are payable on reported income of the Corporation.

Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Restricted contributions 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.

Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific identification method.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations 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 expenses during the reporting period. Accounts receivable are stated after evaluation of their collectibility and appropriate allowance for doubtful accounts is provided where considered necessary. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial instruments - recognition and measurement:

Financial assets and financial liabilities are recorded on the statement of financial position when the Corporation becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in the subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is an amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair value of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses. When there is an indication of impairment the carrying amount of financial assets measured at amortized cost may be reduced. Such impairments can be subsequently reversed if the value improves.

Notes to the Financial Statements

December 31, 2017 with comparative figures for 2016

3. Inventory

Inventory consists entirely of promotional materials.

4. Investments

Short term investments:		2017	2016
Royal Bank Cashable GIC due January 26, 2017	0.65%	\$ -	\$ 5,258
Royal Bank Cashable GIC due February 15, 2017	0.90%	-	100,000
Royal Bank Cashable GIC due February 20, 2017	0.50%	-	4,683
Royal Bank Cashable GIC due March 14, 2017	0.65%	-	200,000
Royal Bank Cashable GIC due March 22, 2017	0.50%	-	20,955
Royal Bank Cashable GIC due June 13, 2017	0.50%	-	3,300
Royal Bank Cashable GIC due August 25, 2017	0.50%	-	10,896
Royal Bank Cashable GIC due January 26, 2018	0.65%	5,292	-
Royal Bank Cashable GIC due February 20, 2018	0.50%	4,706	-
Royal Bank Cashable GIC due March 14, 2018	0.55%	200,000	-
Royal Bank Cashable GIC due March 22, 2018	0.50%	21,059	-
Royal Bank Cashable GIC due June 13, 2018	0.50%	3,316	-
Royal Bank Cashable GIC due August 25, 2018	0.50%	5,951	-
		\$ 240,324	\$ 345,092

Long term investments:		2017	2016
Unity Credit Union Harvest Term Deposit #001 due October 16, 2021	1.30%	\$ 6,578	\$ 6,507
Unity Credit Union Harvest Term Deposit #002 due October 16, 2021	1.30%	26,314	26,027
		\$ 32,892	\$ 32,534

	2017	2016
Sport Legacy Fund	\$ 3,554,147	\$ 2,399,678

The Sport Legacy Fund is a fundraising program established by Sask Sport Inc. for future sustainability of sport programs in Saskatchewan. The Fund is segregated by participating organization. The Fund offers 5% annual growth on fund balances and organizations that contribute are required to leave the original amount of contributions in the Legacy Fund for a minimum of 5 years in order to qualify. A draw down of the funds is made by application and subject to the approval of Sask Sport Inc.

5. Related Party Transactions

In 2017 the Corporation received \$1,734,422 (2016 - \$1,716,575) in grants from Sask Sport Inc. and paid \$220,332 (2016 - \$204,594) to Sask Sport Inc. for contract services in administering the programs of the Corporation.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Notes to the Financial Statements

December 31, 2017 with comparative figures for 2016

6. Financial Instruments and Risks

Fair Value:

The recorded value of short term investments, accounts receivable and payable approximate fair value for short term items.

Credit and interest rate risk:

The Corporation is not subject to significant credit or interest rate risk.

7. Economic Dependence

Give Kids A Chance Charity Inc. currently receives significant revenue in grants from Sask Sport Inc. and is therefore dependent upon the continuance of these grants to maintain operations at their current level.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Give Kids A Chance Charity Inc.

Schedule of KidSport™ Saskatchewan Operations

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Year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Revenue:		
Donations (receipted)	\$ 119,498	\$ 160,922
Fundraising and unreceipted donations	1,063,227	1,039,163
Project grants	246,661	287,025
Interest	8,460	11,013
Operating grants	1,583,956	1,571,572
Sponsorship	139,600	119,200
	<u>3,161,402</u>	<u>3,188,895</u>
Expenses:		
Administration expenses:		
Bank and credit card fees	4,488	5,000
Conference	2,240	1,526
Contract services	220,332	204,594
GST expense	9,972	4,919
Insurance	3,410	3,411
Marketing	33,528	41,995
Office and committee expenses	31,912	26,350
National affiliation fees	1,000	1,000
Postage	4,609	7,394
Printing	4,107	4,456
Professional fees	2,597	1,874
Travel	12,718	14,066
Program expenses:		
Grants distributed	1,682,529	1,679,457
Fundraising expenses:		
Contract services and staffing	60,000	61,800
Projects	287,630	271,372
Travel	734	898
	<u>2,361,806</u>	<u>2,330,112</u>
Excess of revenue over expenses	<u>\$ 799,596</u>	<u>\$ 858,783</u>

See accompanying notes to the financial statements.

Give Kids A Chance Charity Inc.

Schedule of Creative Kids Saskatchewan Operations

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Year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Revenue:		
Donations (receipted)	\$ -	\$ 42,015
Fundraising and unreceipted donations	-	67,783
Interest	-	2,421
Operating grants	-	203,450
Sponsorship	-	39,300
	-	<u>354,969</u>
Expenses:		
Administration expenses:		
Bank and credit card fees	-	1,960
Office and committee expenses	-	662
Program expenses:		
Grants distributed	-	1,063,638
Fundraising expenses:		
Projects	-	2,141
	-	<u>1,068,401</u>
Excess / (deficiency) of revenue over expenses	\$ -	\$ (713,432)

See accompanying notes to the financial statements.