

Financial Statements of

**Give Kids A Chance Charity Inc.**

Year ended December 31, 2012

## 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.



General Manager



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, 2012** and **December 31, 2011** and the statements of operations and changes in net assets and cash flows for the years 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.

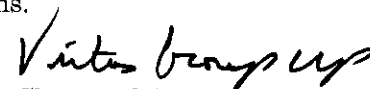
#### *Basis for Qualified Opinion*

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 the Corporation as at **December 31, 2012** and **December 31, 2011** and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

April 30, 2013  
Regina, Saskatchewan, Canada

  
Chartered Accountants

# Give Kids A Chance Charity Inc.

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## Statement of Financial Position

December 31, 2012 with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 1,267,542	\$ 1,059,883
Short term investments (Note 4)	264,165	393,772
Accounts receivable	38,484	49,304
Inventory	25,208	23,228
Prepaid expenses	379	50,193
	<u>1,595,778</u>	<u>1,576,380</u>
Long term assets:		
Long term investments (Note 4)	30,134	29,834
	<u>\$ 1,625,912</u>	<u>\$ 1,606,214</u>

## Liabilities and Net Assets

### Current liabilities:

Accounts payable	\$ 21,032	\$ 47,242
Deferred grant revenue	3,972	53,972
	<u>25,004</u>	<u>101,214</u>

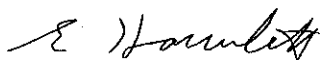
### Net assets:

Restricted net assets	1,576,103	1,487,602
Unrestricted net assets	24,805	17,398
	<u>1,600,908</u>	<u>1,505,000</u>

\$ 1,625,912    \$ 1,606,214

See accompanying notes to 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, 2012 with comparative figures for 2011

	2012	2011
Revenue:		
Anonymous donor revenue	\$ 214,038	\$ 136,500
Donations (receipted)	339,077	162,439
Donations (unreceipted)	375,943	326,030
Fundraising	683,705	605,605
Project grants	75,635	38,771
Interest	11,574	11,551
Operating grants	646,176	490,779
Sponsorship	221,524	54,814
	<u>2,567,672</u>	<u>1,826,489</u>
Expenses:		
Administration expenses:		
Conference	17,587	19,034
Contract services	77,109	68,150
GST expense	4,800	4,349
Insurance	3,410	3,350
Marketing	24,391	50,637
Office and committee expenses	49,927	38,437
Other	4,968	2,000
Postage	5,444	5,820
Printing	9,914	6,115
Professional fees	4,038	3,755
Travel	7,347	1,124
Program expenses:		
Community school coordinator	118,500	-
Creative Kids grants distributed	325,052	191,691
Dreambrokers	113,635	105,743
Feeding programs	24,000	20,028
KidSport grants distributed	1,218,026	1,077,476
Fundraising expenses:		
Contract services and staffing	84,622	127,359
Projects	370,056	266,136
Travel	8,938	9,623
	<u>2,471,764</u>	<u>2,000,827</u>
Excess (deficiency) of revenue over expenses	\$ 95,908	\$ (174,338)

See accompanying notes to financial statements.

## Statement of Changes in Net Assets

Year ended December 31, 2012 with comparative figures for 2011

	Creative Kids	KidSport	Unrestricted	2012	2011
Net assets, beginning of year	\$ 72,164	\$ 1,415,438	\$ 17,398	\$ 1,505,000	\$ 1,679,338
Excess (deficiency) of revenue over expenses	108,780	(20,279)	7,407	95,908	(174,338)
Net assets, end of year	\$ 180,944	\$ 1,395,159	\$ 24,805	\$ 1,600,908	\$ 1,505,000

## Statement of Cash Flows

Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses for the year	\$ 95,908	\$ (174,338)
Items not affected by cash:		
Net change in non-cash working capital items:		
Accounts receivable	10,820	28,527
Inventory	(1,980)	(10,839)
Prepaid expenses	49,814	(29)
Accounts payable	(26,210)	(17,800)
Deferred grant revenue	(50,000)	3,972
	78,352	(170,507)
Investing activities:		
Short term investments	129,607	33,265
Long term investments	(300)	(29,834)
	129,307	3,431
Increase (decrease) in cash during the year	207,659	(167,076)
Cash, beginning of year	1,059,883	1,226,959
Cash, end of year	\$ 1,267,542	\$ 1,059,883

See accompanying notes to the financial statements.

## Notes to the Financial Statements

December 31, 2012 with comparative figures for 2011

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### 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.

#### *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.

# Give Kids A Chance Charity Inc.

## Notes to the Financial Statements

December 31, 2012 with comparative figures for 2011

### 3. Inventory

Inventory consists entirely of promotional materials.

### 4. Investments

Short term investments consist of:		2012	2011
Royal Bank Cashable GIC due January 24, 2012	1.20%	\$ -	\$ 5,000
Royal Bank Cashable GIC due January 26, 2012	1.25%	-	5,000
Royal Bank Cashable GIC due February 20, 2012	0.85%	-	4,496
Royal Bank Cashable GIC due March 14, 2012	1.25%	-	200,000
Royal Bank Cashable GIC due March 22, 2012	0.85%	-	20,116
Royal Bank Cashable GIC due June 15, 2012	0.40%	-	5,030
Diamond North Credit Union Cashable GIC due July 16, 2012	0.95%	-	4,000
Royal Bank Cashable GIC due August 25, 2012	0.75%	-	20,130
Royal Bank Cashable GIC due September 8, 2012	0.75%	-	130,000
Royal Bank Cashable GIC due January 26, 2013	0.90%	5,063	-
Royal Bank Cashable GIC due February 20, 2013	1.00%	4,534	-
Royal Bank Cashable GIC due March 14, 2013	0.90%	200,000	-
Royal Bank Cashable GIC due March 22, 2013	1.00%	20,287	-
Royal Bank Cashable GIC due June 13, 2013	1.00%	10,000	-
Diamond North Credit Union GIC due July 16, 2013	2.00%	4,000	-
Royal Bank Cashable GIC due August 25, 2013	0.90%	20,281	-
		<u>\$ 264,165</u>	<u>\$ 393,772</u>
Long term investments consist of:		2012	2011
Unity Credit Union Harvest Term Deposit #001 due October 16, 2016	1.35%	\$ 6,027	\$ 5,967
Unity Credit Union Harvest Term Deposit #002 due October 16, 2016	1.35%	24,107	23,867
		<u>\$ 30,134</u>	<u>\$ 29,834</u>

### 5. Related Party Transactions

In 2012 the Corporation received \$495,039 (2011 - \$500,181) in grants from Sask Sport Inc.

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, 2012 with comparative figures for 2011

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### 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. Adoption of Canadian Accounting Standards For Not-for-Profit Organizations

Effective January 1, 2012 the Corporation adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These are the Corporation's first financial statements prepared in accordance with these accounting standards and the transitional provisions of Section 1501 First time adoption by not-for-profit organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012 and the comparative information presented in these financial statements for December 31, 2011. The Corporation issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the pre-changeover standards of the CICA Handbook - Accounting. The adoption of ASNPO had no impact on the previously reported assets, liabilities and net assets of the Corporation and accordingly, no adjustments have been recorded in the comparative statement of financial position and the statements of operations and net assets. In addition, as no changes were required, an opening statement of financial position at January 1, 2011, the Corporation's date of transition, has not been presented.

### 9. 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, 2012 with comparative figures for 2011

	2012	2011
Revenue:		
Anonymous donor revenue	\$ 33,538	\$ 49,500
Donations (receipted)	248,243	152,120
Donations (unreceipted)	331,223	226,266
Fundraising revenue	670,648	602,184
Interest	10,056	9,090
Operating grants	480,000	480,000
Sponsorship	86,524	34,814
	<u>1,860,232</u>	<u>1,553,974</u>
Expenses:		
Administration expenses:		
Conference	17,587	19,034
Contract services	77,109	68,150
GST expense	4,733	4,303
Insurance	3,410	3,350
Marketing	22,857	50,637
Office and committee expenses	48,780	36,263
Other	4,968	2,000
Postage	5,315	5,682
Printing	8,682	6,001
Professional fees	1,601	1,573
Travel	7,347	1,125
Program expenses:		
Grants distributed	1,218,026	1,077,476
Fundraising expenses:		
Contract services and staffing	84,622	127,359
Projects	366,536	265,200
Travel	8,938	9,623
	<u>1,880,511</u>	<u>1,677,776</u>
(Deficiency) of revenue over expenses	<u>\$ (20,279)</u>	<u>\$ (123,802)</u>

See accompanying notes to financial statements.

# Give Kids A Chance Charity Inc.

## Schedule of Creative Kids Saskatchewan Operations

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Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
<b>Revenue:</b>		
Donations (receipted)	\$ 90,834	\$ 10,319
Donations (unreceipted)	43,442	99,607
Fundraising revenue	13,058	3,421
Interest	1,389	1,599
Operating grants	157,136	2,598
Sponsorship	135,000	20,000
	<u>440,859</u>	<u>137,544</u>
<b>Expenses:</b>		
Administration expenses:		
Marketing	1,534	-
Office and committee expenses	1,147	1,876
Professional fees	826	598
Program expenses:		
Grants distributed	325,052	191,691
Fundraising expenses:		
Projects	3,520	935
	<u>332,079</u>	<u>195,100</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 108,780</b>	<b>\$ (57,556)</b>

See accompanying notes to financial statements.

# Give Kids A Chance Charity Inc.

## Schedule of Dreambroker Project

Year ended December 31, 2012 with comparative figures for year ended December 31, 2011

	Give Kids a Chance						Total Give	Provincial Partner			Total Provincial Partner	
	Give Kids a Chance Charity Regina Activities	Give Kids a Chance Charity Prince Albert Activities	Give Kids a Chance Charity Prince Albert Activities	Provincial Partner Regina Activities	Provincial Partner Saskatchewan Activities	Provincial Partner Prince Albert Activities		Provincial Partner Saskatchewan Activities	Provincial Partner Prince Albert Activities	Provincial Partner Prince Albert Activities		
<b>Revenue:</b>												
Anonymous donor revenue	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Creative Kids donations	14,681	26,373	1,791	42,845	-	85,690	-	-	-	-	-	85,690
KidSport donations	50,827	43,125	16,986	110,938	-	211,876	-	-	-	-	-	211,876
Project grants	-	25,000	-	25,000	-	50,000	25,000	-	-	-	25,000	75,000
Community Initiatives Fund	-	27,000	-	27,000	-	54,000	-	-	-	-	-	54,000
Urban Aboriginal Strategy	-	11,635	-	11,635	-	23,270	131,955	147,641	40,245	319,841	331,476	651,316
Other project grants	115,508	133,133	18,777	267,418	156,955	631,781	147,641	40,245	344,841	612,259	344,841	954,040
	14,681	26,373	1,791	42,845	-	85,690	-	-	-	-	-	85,690
<b>Expenses:</b>												
Program expenses												
Creative Kids grants	14,681	26,373	1,791	42,845	-	85,690	-	-	-	-	-	85,690
Dreambrokers	-	-	-	-	-	-	-	-	-	-	-	-
Evaluation	-	-	-	-	1,757	1,757	360	165	2,282	2,282	2,282	4,419
Meetings	-	-	-	-	4,368	4,368	4,520	4,012	12,900	12,900	12,900	19,115
Other	-	-	-	-	-	-	117,235	30,564	243,172	320,172	320,172	268,826
Salaries & benefits	50,000	27,000	-	77,000	95,373	172,373	19,970	2,881	73,732	110,367	110,367	71,097
School program support	-	36,635	-	36,635	50,881	87,516	2,247	1,101	4,270	4,270	4,270	4,445
School program support	-	-	-	-	922	922	3,309	1,522	8,485	8,485	8,485	4,202
Training & recruitment	-	-	-	-	3,654	3,654	147,641	40,245	344,841	458,476	458,476	409,275
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	50,000	63,635	-	113,635	156,955	324,225	147,641	40,245	344,841	458,476	458,476	409,275
KidSport grants	50,827	43,125	16,986	110,938	-	211,876	-	-	-	-	-	211,876
	115,508	133,133	18,777	267,418	156,955	631,781	147,641	40,245	344,841	612,259	344,841	954,040
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.