

Financial Statements of
Give Kids A Chance Charity Inc.

Year ended December 31, 2013

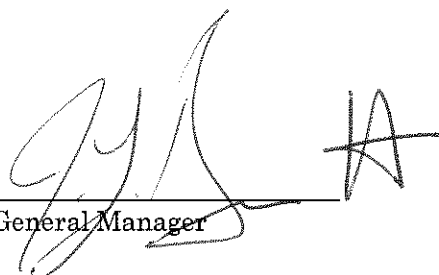
Management's Responsibility for Financial Reporting

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.

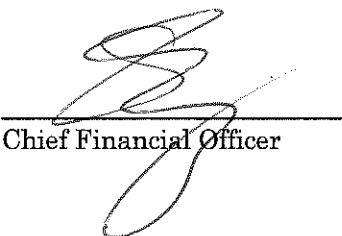
In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded 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, 2013** 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 the Corporation as at **December 31, 2013** 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.

May 20, 2014
Regina, Saskatchewan, Canada

Virtus Group LLP
Chartered Accountants

Give Kids A Chance Charity Inc.

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Statement of Financial Position

December 31, 2013 with comparative figures for 2012

	2013	2012
Assets		
Current assets:		
Cash	\$ 1,727,817	\$ 1,267,542
Short term investments (Note 4)	360,741	264,165
Accounts receivable	88,745	38,484
Inventory	26,886	25,208
Prepaid expenses	396	379
	<u>2,204,585</u>	<u>1,595,778</u>
Long term assets:		
Long term investments (Note 4)	30,541	30,134
	<u>\$ 2,235,126</u>	<u>\$ 1,625,912</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 21,130	\$ 21,032
Deferred grant revenue	-	3,972
	<u>21,130</u>	<u>25,004</u>
Net assets:		
Restricted net assets	2,182,819	1,576,103
Unrestricted net assets	31,177	24,805
	<u>2,213,996</u>	<u>1,600,908</u>
	<u>\$ 2,235,126</u>	<u>\$ 1,625,912</u>

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, 2013 with comparative figures for 2012

	2013	2012
Revenue:		
Anonymous donor revenue	\$ 110,000	\$ 214,038
Donations (receipted)	498,310	339,077
Donations (unreceipted)	377,417	375,943
Fundraising	769,256	683,705
Project grants	394,430	75,635
Interest	11,339	11,574
Operating grants	1,352,664	646,176
Sponsorship	23,000	221,524
	<u>3,536,416</u>	<u>2,567,672</u>
Expenses:		
Administration expenses:		
Conference	1,741	17,587
Contract services	158,115	77,109
GST expense	6,466	4,800
Insurance	3,410	3,410
Marketing	28,863	24,391
Office and committee expenses	40,427	49,927
Other	2,123	4,968
Postage	7,583	5,444
Printing	8,241	9,914
Professional fees	4,090	4,038
Travel	15,382	7,347
Program expenses:		
Community school coordinator	90,000	118,500
Creative Kids grants distributed	382,624	325,052
Dreambrokers	313,407	113,635
Feeding programs	3,023	24,000
KidSport grants distributed	1,398,022	1,218,026
Fundraising expenses:		
Contract services and staffing	51,500	84,622
Projects	407,422	370,056
Travel	889	8,938
	<u>2,923,328</u>	<u>2,471,764</u>
Excess of revenue over expenses	<u>\$ 613,088</u>	<u>\$ 95,908</u>

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended December 31, 2013 with comparative figures for 2012

	Creative Kids	KidSport	Unrestricted	2013	2012
Net assets, beginning of year	\$ 180,944	\$ 1,395,159	\$ 24,805	\$ 1,600,908	\$ 1,505,000
Excess of revenue over expenses	198,028	408,688	6,372	613,088	95,908
Net assets, end of year	\$ 378,972	\$ 1,803,847	\$ 31,177	\$ 2,213,996	\$ 1,600,908

Statement of Cash Flows

Year ended December 31, 2013 with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 613,088	\$ 95,908
Items not affected by cash:		
Net change in non-cash working capital items:		
Accounts receivable	(50,261)	10,820
Inventory	(1,678)	(1,980)
Prepaid expenses	(17)	49,814
Accounts payable	98	(26,210)
Deferred grant revenue	(3,972)	(50,000)
	557,258	78,352
Investing activities:		
Short term investment purchases	(360,741)	(264,165)
Short term investment redemptions	264,165	393,772
Long term investment purchases	(407)	(300)
	(96,983)	129,307
Increase in cash during the year	460,275	207,659
Cash, beginning of year	1,267,542	1,059,883
Cash, end of year	\$ 1,727,817	\$ 1,267,542

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2013 with comparative figures for 2012

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.

Notes to the Financial Statements

December 31, 2013 with comparative figures for 2012

3. Inventory

Inventory consists entirely of promotional materials.

4. Investments

Short term investments consist of:

		2013	2012
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
Royal Bank Cashable GIC due January 16, 2014	0.35%	300,000	-
Royal Bank Cashable GIC due January 26, 2014	1.10%	5,108	-
Royal Bank Cashable GIC due February 20, 2014	0.80%	4,579	-
Royal Bank Cashable GIC due March 22, 2014	0.80%	20,490	-
Royal Bank Cashable GIC due June 13, 2014	0.80%	10,100	-
Royal Bank Cashable GIC due August 25, 2014	0.80%	20,464	-
		\$ 360,741	\$ 264,165

Long term investments consist of:

		2013	2012
Unity Credit Union Harvest Term Deposit #001 due October 16, 2016	1.35%	\$ 6,108	\$ 6,027
Unity Credit Union Harvest Term Deposit #002 due October 16, 2016	1.35%	24,432	24,107
		\$ 30,541	\$ 30,134

Notes to the Financial Statements

December 31, 2013 with comparative figures for 2012

5. Related Party Transactions

In 2013 the Corporation received \$1,087,774 (2012 - \$495,039) 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.

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, 2013 with comparative figures for 2012

	2013	2012
Revenue:		
Anonymous donor revenue	\$ 20,000	\$ 33,538
Donations (receipted)	253,191	248,243
Donations (unreceipted)	352,123	331,223
Fundraising revenue	714,335	670,648
Project grants	78,000	-
Interest	9,184	10,056
Operating grants	1,054,367	480,000
Sponsorship	13,000	86,524
	2,494,200	1,860,232
Expenses:		
Administration expenses:		
Conference	1,741	17,587
Contract services	158,115	77,109
GST expense	6,335	4,733
Insurance	3,410	3,410
Marketing	26,139	22,857
Office and committee expenses	36,769	48,780
Other	2,123	4,968
Postage	7,491	5,315
Printing	6,410	8,682
Professional fees	1,617	1,601
Travel	15,382	7,347
Program expenses:		
Grants distributed	1,398,022	1,218,026
Fundraising expenses:		
Contract services and staffing	51,500	84,622
Projects	369,569	366,536
Travel	889	8,938
	2,085,512	1,880,511
Excess (deficiency) of revenue over expenses	\$ 408,688	\$ (20,279)

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, 2013 with comparative figures for 2012

	2013	2012
Revenue:		
Donations (received)	\$ 244,369	\$ 90,834
Donations (unreceived)	24,241	43,442
Fundraising revenue	54,923	13,058
Interest	1,534	1,389
Operating grants	288,522	157,136
Sponsorship	10,000	135,000
	<u>623,589</u>	<u>440,859</u>
Expenses:		
Administration expenses:		
Marketing	673	1,534
Office and committee expenses	3,564	1,147
Professional fees	847	826
Program expenses:		
Grants distributed	382,624	325,052
Fundraising expenses:		
Projects	37,853	3,520
	<u>425,561</u>	<u>332,079</u>
Excess of revenue over expenses	<u>\$ 198,028</u>	<u>\$ 108,780</u>

See accompanying notes to financial statements.