

I CAN FOR KIDS FOUNDATION

Financial Statements

Year Ended December 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of I Can for Kids Foundation

Qualified Opinion

We have audited the financial statements of I Can for Kids Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

(continues)


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
March 7, 2020


Chartered Professional Accountants

I CAN FOR KIDS FOUNDATION
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 254,400	\$ 245,203
Accounts receivable	30,629	87
Goods and services tax recoverable	425	367
Prepaid expenses	15,000	-
	300,454	245,657
EQUIPMENT <i>(Note 4)</i>	5,586	6,822
	\$ 306,040	\$ 252,479
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 5,000	\$ 5,000
Deferred revenue <i>(Note 5)</i>	7,214	7,420
	12,214	12,420
DEFERRED CONTRIBUTIONS RELATING TO EQUIPMENT <i>(Note 6)</i>	5,586	6,822
	17,800	19,242
 NET ASSETS - UNRESTRICTED		
General Operating	153,096	49,310
Summer Food Program	135,144	183,927
	288,240	233,237
	\$ 306,040	\$ 252,479

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

I CAN FOR KIDS FOUNDATION

Statement of Operations

Year Ended December 31, 2019

	General Operating 2019	Summer Food Program 2019	Total 2019	General Operating 2018	Summer Food Program 2018	Total 2018
REVENUE						
Gifts in kind <i>(Note 7)</i>	\$ -	\$ 170,336	\$ 170,336	\$ 20,800	\$ 161,383	\$ 182,183
Donations	161,302	69,283	230,585	67,687	99,828	167,515
Grants	-	51,441	51,441	-	131,403	131,403
Sponsorship	-	25,000	25,000	-	25,000	25,000
	<hr/> 161,302	<hr/> 316,060	<hr/> 477,362	<hr/> 88,487	<hr/> 417,614	<hr/> 506,101
EXPENSES						
Administrative						
Amortization	-	1,236	1,236	-	758	758
Insurance	1,154	95	1,249	799	225	1,024
Marketing and communications	15,145	273	15,418	1,888	784	2,672
Marketing and communications - in kind	-	94,414	94,414	20,800	91,450	112,250
Non-prift organizational expense	1,134	-	1,134	205	-	205
Office supplies	2,099	106	2,205	2,547	-	2,547
Professional fees	5,125	-	5,125	12,562	-	12,562
Rent - in kind	-	24,000	24,000	-	20,000	20,000
Salaries and wages	26,665	44,000	70,665	21,014	14,300	35,314
Service fees	2,707	-	2,707	681	-	681
Stewardship	2,042	804	2,846	3,643	874	4,517
Travel and parking	1,445	2,101	3,546	2,505	2,679	5,184
	<hr/> 57,516	<hr/> 167,029	<hr/> 224,545	<hr/> 66,644	<hr/> 131,070	<hr/> 197,714
Charitable program						
Community outreach	-	922	922	-	1,134	1,134
Contracted services	-	6,306	6,306	-	-	-
Food and supplies	-	132,731	132,731	-	95,073	95,073
Food and supplies - in kind	-	51,936	51,936	-	49,933	49,933
Vehicle	-	5,056	5,056	-	4,716	4,716
Warehouse	-	863	863	-	1,685	1,685
	<hr/> -	<hr/> 197,814	<hr/> 197,814	<hr/> -	<hr/> 152,541	<hr/> 152,541
	<hr/> 57,516	<hr/> 364,843	<hr/> 422,359	<hr/> 66,644	<hr/> 283,611	<hr/> 350,255
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<hr/> \$ 103,786	<hr/> \$ (48,783)	<hr/> \$ 55,003	<hr/> \$ 21,843	<hr/> \$ 134,003	<hr/> \$ 155,846

I CAN FOR KIDS FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2019

	General Operating 2019	Summer Food Program 2019	Total 2019	General Operating 2018	Summer Food Program 2018	Total 2018
NET ASSETS - BEGINNING OF YEAR	\$ 49,310	\$ 183,927	\$ 233,237	\$ 27,467	\$ 49,924	\$ 77,391
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	103,786	(48,783)	55,003	21,843	134,003	155,846
NET ASSETS - END OF YEAR	\$ 153,096	\$ 135,144	\$ 288,240	\$ 49,310	\$ 183,927	\$ 233,237

I CAN FOR KIDS FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash received from contributors	\$ 255,584	\$ 145,645
Cash received from grants	50,000	193,515
Cash paid for expenses	<u>(296,387)</u>	<u>(168,736)</u>
Cash flow from operating activities	<u>9,197</u>	170,424
INVESTING ACTIVITY		
Cash reinvested in equipment	<u>-</u>	<u>(7,580)</u>
INCREASE IN CASH FLOW	9,197	162,844
Cash - beginning of year	<u>245,203</u>	<u>82,359</u>
CASH - END OF YEAR	<u>\$ 254,400</u>	<u>\$ 245,203</u>

I CAN FOR KIDS FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2019

1. DESCRIPTION OF OPERATIONS

I Can for Kids Foundation (the Foundation) is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. The Foundation is a registered charitable organization and is exempt from income taxes under the Income Tax Act.

The Foundation operates to provide meals to low income children in the summer months when school nutrition programs are not operating. The continued operations of the Foundation are dependent on the on-going financial and other support of its donors, grantors and sponsors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Measurement

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

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 operations.

Transaction costs

The Foundation recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash and cash equivalents

Cash consists of funds held on deposit with financial institutions.

(continues)

I CAN FOR KIDS FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Equipment	20%	declining balance method
-----------	-----	--------------------------

Equipment acquired during the year but not placed into use is not amortized until they are placed into use.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which includes grants and donations. Restricted contributions, including grants received to fund future capital acquisitions, are recognized as revenue in the year in which the related expenses are incurred. Any amounts received but not utilized are classified as deferred contributions. 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.

Revenues from gifts in kind and sponsorship are recognized when the services are provided.

Contributed services

The Foundation records the fair market value of contributed goods and services only in the circumstances where the fair market value is reasonably determinable and where the goods and services would otherwise be purchased by the Foundation.

Volunteers contribute many hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services of the volunteers are not recognized in these financial statements.

3. FINANCIAL INSTRUMENTS

The entity is exposed to various risks through its financial instruments. The following analysis provides information about the entity's risk exposure and concentration as of December 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from contributors. The Foundation has mitigated this risk by only scaling operations in relation to cash on hand. The Foundation only initiates programming once the required funding has been secured.

I CAN FOR KIDS FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2019

4. EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value
Equipment	\$ 7,580	\$ 1,994	\$ 5,586
	Cost	Accumulated amortization	2018 Net book value
Equipment	\$ 7,580	\$ 758	\$ 6,822

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received for which the specific expenditures have not been incurred. The amounts will be recognized as revenue when the specific expenditures are incurred

	2019	2018
<u>Kinsmen Club</u>		
Opening balance	\$ 7,420	\$ -
Funds received	-	15,000
Less: authorized expenditures	(206)	(7,580)
	7,214	7,420
	\$ 7,214	\$ 7,420

6. DEFERRED CONTRIBUTIONS RELATING TO EQUIPMENT

	2019	2018
Opening balance	\$ 6,822	\$ -
Equipment purchased	-	7,580
Amount recognized as donation revenue	(1,236)	(758)
	\$ 5,586	\$ 6,822

7. IN-KIND DONATIONS

During the year, the Foundation received donated materials and services with a value of \$170,336 (2018-\$182,183). The materials and services related primarily to marketing, communications, materials and supplies and rent.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.