

Financial Statements of  
**Give Kids A Chance Charity Inc.**  
Year ended December 31, 2016

## 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.

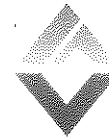
In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded 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, 2016** 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, 2016** 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 23, 2017  
Regina, Saskatchewan, Canada

**VIRTUS GROUP LLP**  
Chartered Professional Accountants

Statement of Financial Position

December 31, 2016 with comparative figures for 2015

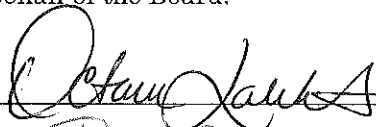

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 1,255,247	\$ 2,102,970
Short term investments (Note 4)	345,091	391,396
Accounts receivable	18,552	43,567
Inventory	16,330	16,406
Prepaid expenses	417	408
	<u>1,635,638</u>	<u>2,554,747</u>
Long term assets:		
Long term investments (Note 4)	32,533	-
Investment in Sport Legacy Fund (Note 4)	2,399,678	1,325,484
	<u>\$ 4,067,849</u>	<u>\$ 3,880,231</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 51,231	\$ 14,333
	<u>51,231</u>	<u>14,333</u>
Net assets:		
Restricted net assets	3,962,536	3,817,185
Unrestricted net assets	54,082	48,713
	<u>4,016,618</u>	<u>3,865,898</u>
	<u>\$ 4,067,849</u>	<u>\$ 3,880,231</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, 2016 with comparative figures for 2015

	2016	2015
Revenue:		
Donations (receipted)	\$ 202,937	\$ 334,412
Fundraising and unreceipted donations	1,110,025	1,183,523
Project grants	739,544	633,243
Interest	14,257	16,681
Operating grants	1,785,571	1,327,232
Sponsorship	158,500	226,550
	<u>4,010,834</u>	<u>3,721,641</u>
Expenses:		
Administration expenses:		
Bank and credit card fees	7,022	8,049
Conference	1,526	21,993
Contract services	204,594	189,719
GST expense	5,109	4,844
Insurance	3,411	3,410
Marketing	45,602	23,237
National affiliation fees KidSport	1,000	1,000
Office and committee expenses	27,011	24,839
Postage	7,470	7,973
Printing	6,945	6,202
Professional fees	3,748	4,250
Travel	14,066	13,565
	<u>327,504</u>	<u>309,081</u>
Program expenses:		
Creative Kids grants distributed	1,063,638	640,922
Dreambrokers program	227,500	230,500
Feeding programs	-	50,000
Jumpstart after school program	91,319	-
KidSport grants distributed	1,680,242	1,393,125
Northern community school coordinator program	133,700	47,700
	<u>3,196,399</u>	<u>2,362,247</u>
Fundraising expenses:		
Contract services and staffing	61,800	60,000
Projects	273,513	278,279
Travel	898	1,629
	<u>336,211</u>	<u>339,908</u>
Total Expenses	<u>3,860,114</u>	<u>3,011,236</u>
Excess of revenue over expenses	\$ 150,720	\$ 710,405

See accompanying notes to financial statements.

**Statement of Changes in Net Assets**

Year ended December 31, 2016 with comparative figures for 2015

	Creative Kids	KidSport	Unrestricted	2016	2015
Net assets, beginning of year	\$ 713,432	\$ 3,103,753	\$ 48,713	\$ 3,865,898	\$ 3,155,493
Excess (deficiency) of revenue over expenses	(713,432)	858,783	5,369	150,720	710,405
Net assets, end of year	\$ -	\$ 3,962,536	\$ 54,082	\$ 4,016,618	\$ 3,865,898

**Statement of Cash Flows**

Year ended December 31, 2016 with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses for the year	\$ 150,720	\$ 710,405
Items not affected by cash:		
Net change in non-cash working capital items:		
Accounts receivable	25,015	11,947
Inventory	76	3,881
Prepaid expenses	(9)	(12)
Accounts payable	36,898	(12,374)
Deferred grant revenue	-	(100,000)
	212,700	613,847
Investing activities:		
Short term investment purchases	(345,091)	(391,396)
Short term investment redemptions	391,396	259,242
Long term investment purchases	(1,106,727)	(541,895)
Long term investment redemptions	-	31,045
	(1,060,423)	(643,004)
(Decrease) in cash during the year	(847,723)	(29,157)
Cash, beginning of year	2,102,970	2,132,127
Cash, end of year	\$ 1,255,247	\$ 2,102,970

See accompanying notes to the financial statements.

## Notes to the Financial Statements

December 31, 2016 with comparative figures for 2015

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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. 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, 2016 with comparative figures for 2015

### 3. Inventory

Inventory consists entirely of promotional materials.

### 4. Investments

Short term investments consist of:		2016	2015
Royal Bank Cashable GIC due January 26, 2016	0.75%	-	5,218
Royal Bank Cashable GIC due February 15, 2016	1.10%	-	100,000
Royal Bank Cashable GIC due February 20, 2016	0.75%	-	4,653
Royal Bank Cashable GIC due March 14, 2016	1.20%	-	200,000
Royal Bank Cashable GIC due March 22, 2016	0.65%	-	20,819
Royal Bank Cashable GIC due June 13, 2016	0.65%	-	8,246
Royal Bank Cashable GIC due August 25, 2016	0.50%	-	20,792
Unity Credit Union Harvest Term Deposit #001 due October 16, 2016	2.75%	-	6,333
Unity Credit Union Harvest Term Deposit #002 due October 16, 2016	2.75%	-	25,333
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	-
		\$ 345,091	\$ 391,396

Long term investments consist of:		2016	2015
Unity Credit Union Harvest Term Deposit #001 due October 16, 2021	1.10%	6,507	-
Unity Credit Union Harvest Term Deposit #002 due October 16, 2021	1.10%	26,027	-
		\$ 32,533	\$ -

	2016	2015
Sport Legacy Fund	\$2,399,678	\$ 1,325,484

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 2016, the Corporation received \$1,716,575 (2015 - \$1,188,496) 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, 2016 with comparative figures for 2015

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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. 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, 2016 with comparative figures for 2015

	2016	2015
<b>Revenue:</b>		
Donations (receipted)	\$ 160,922	\$ 220,802
Fundraising and unreceipted donations	1,039,163	915,586
Project grants	287,025	305,043
Interest	11,013	12,100
Operating grants	1,571,572	1,057,778
Sponsorship	119,200	121,050
	<b>3,188,895</b>	<b>2,632,359</b>
<b>Expenses:</b>		
<b>Administration expenses:</b>		
Bank and credit card fees	5,000	5,128
Conference	1,526	21,993
Contract services	204,594	189,719
GST expense	4,919	4,764
Insurance	3,411	3,410
Marketing	41,995	23,237
Office and committee expenses	26,350	22,519
National affiliation fees	1,000	1,000
Postage	7,394	7,915
Printing	4,456	4,618
Professional fees	1,874	1,680
Travel	14,066	13,565
<b>Program expenses:</b>		
Grants distributed	1,679,457	1,391,581
<b>Fundraising expenses:</b>		
Contract services and staffing	61,800	60,000
Projects	271,372	254,909
Travel	898	1,629
	<b>2,330,112</b>	<b>2,007,667</b>
<b>Excess/(deficiency) of revenue over expenses</b>	<b>\$ 858,783</b>	<b>\$ 624,692</b>

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, 2016 with comparative figures for 2015

	2016	2015
Revenue:		
Donations (receipted)	\$ 42,015	\$ 113,610
Fundraising and unreceipted donations	67,783	263,313
Interest	2,421	3,661
Operating grants	203,450	260,000
Sponsorship	39,300	105,500
	<u>354,969</u>	<u>746,084</u>
Expenses:		
Administration expenses:		
Bank and credit card fees	1,960	2,880
Office and committee expenses	662	2,320
Professional fees	-	880
Program expenses:		
Grants distributed	1,063,638	640,922
Fundraising expenses:		
Projects	2,141	23,371
	<u>1,068,401</u>	<u>670,373</u>
Excess/(deficiency) of revenue over expenses	\$ (713,432)	\$ 75,711

See accompanying notes to financial statements.