

**FINANCIAL STATEMENTS**  
**For**  
**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**  
**For year ended**  
**DECEMBER 31, 2019**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION***Qualified Opinion*

We have audited the financial statements of Canadian Fallen Firefighters Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2019, and the statement of operations and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Canadian Fallen Firefighters Foundation as at December 31, 2019 and the results of its operations, the changes in its net assets 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 charitable donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, net revenues and cash flows for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018 and net assets as at January 1, 2018 and 2019 and December 31, 2018 and 2019. The audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

The Foundation's inventory is held in different locations across the country and due to logistical constraints we were unable to observe the counting of physical inventories recorded in the financial statements at December 31, 2019. We were unable to satisfy ourselves concerning the inventory quantities, which are stated in the statement of financial position at \$23,977, by alternate means. Consequently, we were unable to determine whether any adjustments might have been necessary in respect of recorded inventories as at December 31, 2019 and of the related impact on the Foundation's statement of operations, statement of changes in net assets and its statement of cash flows from operations for the year ended December 31, 2019.

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 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 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 related 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.

### *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.



Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
September 14, 2020.

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 434,489	\$ 455,789
Guaranteed investment certificates - note 4	1,185,764	907,833
Marketable securities - note 5	-	51,179
Accounts receivable	98,874	128,623
Government remittances receivable	13,543	9,944
Inventory - note 6	23,977	38,691
Prepaid expenses	<u>33,897</u>	<u>1,548</u>
	1,790,544	1,593,607
 <b>TANGIBLE CAPITAL ASSETS - note 9</b>	 <u>3,834</u>	 <u>-</u>
	<b><u>\$ 1,794,378</u></b>	<b><u>\$ 1,593,607</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 26,794	\$ 18,269
 <b>DEFERRED CONTRIBUTIONS - note 7</b>	 <u>137,620</u>	 <u>165,058</u>
	164,414	183,327
 <b>NET ASSETS</b>		
Unrestricted	<u>1,629,964</u>	<u>1,410,280</u>
	<b><u>\$ 1,794,378</u></b>	<b><u>\$ 1,593,607</u></b>

Approved by the Board:

DAVID SHEEN  
 ..... Director

BRUCE PARADIS  
 ..... Director

(See accompanying notes)

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Donations received:		
Receipted	\$ 8,171	\$ 24,349
Other	187,072	192,032
iMedia funding (formerly CBU)	114,586	157,464
Sponsorship	42,635	29,744
Interest	31,373	19,601
Scholarships - note 7	28,645	16,882
Sales of souvenirs	25,552	26,132
Other	12,228	8,490
United Way	2,080	4,035
Funeral - note 7	<u>2,000</u>	<u>2,000</u>
	<u>454,342</u>	<u>480,729</u>
<b>Expenses</b>		
Annual ceremony	62,516	60,337
Advertising and promotion - note 6	43,320	40,601
LODD families expense	32,222	24,856
Scholarships	28,645	16,882
Honorariums	16,080	15,560
Rent	15,302	13,209
Professional fees	15,207	16,395
Executive and director	8,105	13,671
Office and general	6,457	7,520
Insurance	4,985	4,560
Camp F.A.C.E.S.	2,829	4,714
Funerals	2,000	2,000
Interest and bank charges	427	566
Amortization	426	-
Fundraising	<u>89</u>	<u>299</u>
	<u>238,610</u>	<u>221,170</u>
<b>Net revenues before income from marketable securities</b>	215,732	259,559
<b>Unrealized loss on marketable securities</b>	-	(3,068)
<b>Realized gain on marketable securities</b>	<u>3,952</u>	<u>-</u>
<b>Net revenues</b>	219,684	256,491
<b>Net assets, beginning of year</b>	<u>1,410,280</u>	<u>1,153,789</u>
<b>Net assets, end of year</b>	<u>\$ 1,629,964</u>	<u>\$ 1,410,280</u>

(See accompanying notes)

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS PROVIDED FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenues	\$ 215,732	\$ 259,559
Adjustments for:		
Amortization	426	-
Gain on sale of marketable securities	3,952	-
Unrealized loss on marketable securities	<u>-</u>	<u>(3,068)</u>
	220,110	256,491
Changes in non-cash working capital:		
Accounts receivable	29,749	(7,454)
Government remittances receivable	(3,599)	15,488
Inventory	14,714	101
Prepaid expenses	(32,349)	(462)
Accounts payable and accrued liabilities	8,525	1,468
Deferred contributions	<u>(27,438)</u>	<u>35,385</u>
	<u>209,712</u>	<u>301,017</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(4,260)	-
Purchase of guaranteed investment certificates	(277,931)	(164,950)
Purchase of marketable securities	-	(51,179)
Proceeds from sale of marketable securities	<u>51,179</u>	<u>-</u>
	<u>(231,012)</u>	<u>(216,129)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(21,300)	84,888
<b>CASH, BEGINNING OF YEAR</b>	<u>455,789</u>	<u>370,901</u>
<b>CASH, END OF YEAR</b>	<u>\$ 434,489</u>	<u>\$ 455,789</u>

(See accompanying notes)

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**1. NATURE OF OPERATIONS**

The Canadian Fallen Firefighters Foundation ("Foundation") is incorporated under the provisions of *The Canada Corporations Act*, has continued under the Canada Not-for-profit Corporations Act and is a registered charity. The Foundation's principal purpose is to plan, direct and manage an annual Fallen Firefighters Memorial Service; to provide financial assistance to families of fallen firefighters for transportation and lodging during the annual memorial service; to provide support to families through education bursaries and scholarships and other avenues of financial assistance (funeral expenses and Camp F.A.C.E.S.); and to otherwise recognize firefighters who die in the line of duty.

The Foundation maintains its head office in Ottawa, Ontario.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

***Use of estimates***

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 amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Management makes accounting estimates in the determination of potentially uncollectible accounts receivable, when determining the valuation of inventory, when estimating the useful life of equipment and in the estimation of significant accrued liabilities.

***Revenue recognition***

Revenue from iMedia advertising contracts is recognized over the term of the contract. Revenue from donations and sponsorships is recognized upon receipt and revenue from investments is recognized as earned. Investment income is recognized as revenue in the period that it is earned. The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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 collectability is reasonably assured.

Revenue from souvenir sales are recognized once the goods are sold.

***Financial instruments***

Cash, guaranteed investment certificates and marketable securities are measured at fair value at the financial statement date.

All other financial instruments are measured at cost or amortized cost at the financial statement date.

***Inventories***

Inventory of souvenirs and merchandise are valued at lower of cost and net realizable value with cost determined substantially on a first-in, first-out basis.

***Tangible capital assets***

Tangible capital assets is stated at acquisition cost. Amortization is provided at the following methods and annual rates:

Equipment	- 20% declining balance
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**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

**3. FINANCIAL INSTRUMENTS**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2019.

The Foundation does not use derivative financial instruments to manage its risk.

***Credit risk***

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of the carrying value of its cash, guaranteed investment certificates and its accounts receivable. The Foundation's cash and guaranteed investment certificates are held with a registered Canadian credit union and as a result management believes the risk of loss on this item to be remote. The Foundation manages its credit risk of its accounts receivable by reviewing accounts receivable aging monthly and following up on outstanding amounts. The Foundation believes that all accounts receivable at year end will be collected.

***Liquidity risk***

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or meet its financial obligations when they become due. The Foundation manages its liquidity requirements by preparing and monitoring forecasts of cash flow from operations, anticipating investing and financing activities, and holding assets that can readily be converted into cash.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Foundation's financial instruments are denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, the Foundation does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Foundation manages its interest rate risk exposure through its investments in guaranteed investment certificates which provides fixed rates of interest. As such, the Foundation's exposure to interest rate risk is minimal.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Foundation is no longer exposed to other price risk as it has disposed of its marketable securities.

***Changes in risk***

With the exception of a decrease in other price risk, there have been no significant changes in the Foundation's risk exposures from the prior year.



**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2019**

**4. GUARANTEED INVESTMENT CERTIFICATES**

Guaranteed investment certificates consist of the following:

	<u>2019</u>	<u>2018</u>
Comtech Fire Credit Union - 1.82%, matures January 2020	\$ 110,523	\$ 108,547
Comtech Fire Credit Union - 1.82%, matures January 2020	82,892	81,411
Comtech Fire Credit Union - 2.00%, matures January 2020	81,580	79,980
Comtech Fire Credit Union - 2.00%, matures July 2020	167,698	164,410
Comtech Fire Credit Union - 2.00%, matures July 2020	83,849	82,205
Comtech Fire Credit Union - 2.00%, matures July 2020	80,994	79,406
Comtech Fire Credit Union - 2.75%, matures September 2021	81,932	79,667
Comtech Fire Credit Union - 2.75%, matures October 2021	81,741	79,487
Comtech Fire Credit Union - 3.05%, matures May 2023	157,378	152,720
Comtech Fire Credit Union - 3.54%, matures March 2024	<u>257,177</u>	<u>-</u>
	<u>\$ 1,185,764</u>	<u>\$ 907,833</u>

**5. MARKETABLE SECURITIES**

Marketable securities consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Market value</u>	<u>Book value</u>	<u>Market value</u>	<u>Book value</u>
Cash	\$ -	\$ -	\$ 404	\$ 404
Canadian National Railway	-	-	26,289	30,176
Rogers Communications Inc.	<u>-</u>	<u>-</u>	<u>24,486</u>	<u>23,667</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,179</u>	<u>\$ 54,247</u>

**6. INVENTORY**

The total amount of inventory recognized as an expense for the current year is \$27,024 (2018 - \$25,659) and is included in advertising and promotion expenses.

**7. DEFERRED CONTRIBUTIONS**

Deferred contributions represent funds that have been received for specific purposes, as follows:

	<u>2019</u>			<u>2018</u>
	<u>Scholarships</u>	<u>Funeral costs</u>	<u>Total</u>	<u>Total</u>
Deferred contributions, beginning of year	\$ 90,274	\$ 74,785	\$ 165,058	\$ 129,673
Contributions received in year	1,825	-	1,825	54,267
Interest earned in year	-	1,382	1,382	-
Recognized as revenue in year	<u>(28,645)</u>	<u>(2,000)</u>	<u>(30,645)</u>	<u>(18,882)</u>
Deferred contributions, end of year	<u>\$ 63,454</u>	<u>\$ 74,167</u>	<u>\$ 137,620</u>	<u>\$ 165,058</u>

**CANADIAN FALLEN FIREFIGHTERS FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

**8. VOLUNTEER HOURS**

The work of the Foundation is dependent upon the voluntary services of its directors, management and members. These services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, the value of these donated services are not recognized in the financial statements.

**9. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

Equipment	\$ 4,260
Accumulated amortization	<u>426</u>
	<u>\$ 3,834</u>

**10. COMMITMENTS**

The Foundation rents a storage locker on a month to month basis; the rental rate is reviewed periodically, and effective November 1, 2017 is \$159 per month. The Foundation also rents office space on a month to month basis for \$900 per month.