

FINANCIAL STATEMENTS
For
CANADIAN FALLEN FIREFIGHTERS FOUNDATION
For year ended
DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the members of

CANADIAN FALLEN FIREFIGHTERS FOUNDATION

We have audited the accompanying financial statements of Canadian Fallen Firefighters Foundation, which comprise the statement of financial position as at December 31, 2017 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.

Auditor's 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 auditor's judgment, including the assessment of the risks 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 Foundation'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 Foundation'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.

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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 Foundation derives revenues from fundraising activities and 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, donations received, net revenues, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Fallen Firefighters Foundation as at December 31, 2017, and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
October 22, 2018.

CANADIAN FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 370,901	\$ 207,263
Guaranteed investment certificates	742,883	724,897
Accounts receivable	121,169	67,078
Government remittances receivable	25,432	18,173
Inventory - note 4	38,792	44,141
Prepaid expenses	<u>1,086</u>	<u>903</u>
	<u>\$ 1,300,263</u>	<u>\$ 1,062,455</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,801	\$ 9,553
DEFERRED CONTRIBUTIONS - note 5	<u>129,673</u>	<u>141,439</u>
	<u>146,474</u>	<u>150,992</u>
NET ASSETS		
Unrestricted	<u>1,153,789</u>	<u>911,463</u>
	<u>\$ 1,300,263</u>	<u>\$ 1,062,455</u>

Approved by the Board:

ROBERT KIRKPATRICK
 Director

BRUCE PARADIS
 Director

(See accompanying notes)

CANADIAN FALLEN FIREFIGHTERS FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
iMedia funding (formerly CBU)	\$ 150,511	\$ 95,869
Donations received:		
Receipted	34,830	17,850
Other	158,215	89,710
Funeral	2,100	-
Sponsorship	46,000	34,000
Sales of souvenirs	26,112	22,060
Scholarships	15,991	33,751
United Way	2,828	18,896
Interest	21,431	19,881
Other	<u>1,715</u>	<u>444</u>
	<u>459,733</u>	<u>332,461</u>
Expenses		
Advertising and promotion - note 4	48,331	37,681
LODD families expense	27,792	26,288
Annual ceremony	55,259	37,247
Professional fees	11,700	11,652
Executive and director	7,807	6,264
Fundraising	27	1,942
Office and general	10,112	8,846
Honorariums	15,040	14,520
Rent	13,400	13,347
Insurance	4,134	4,200
Interest and bank charges	682	702
Funerals	2,100	2,630
Camp F.A.C.E.S.	5,032	6,469
Scholarships	<u>15,991</u>	<u>33,751</u>
	<u>217,407</u>	<u>205,539</u>
Net revenues	242,326	126,922
Net assets, beginning of year	<u>911,463</u>	<u>784,541</u>
Net assets, end of year	<u>\$ 1,153,789</u>	<u>\$ 911,463</u>

(See accompanying notes)

CANADIAN FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenues	\$ 242,326	\$ 126,922
Adjustments for:		
Accounts receivable	(54,091)	4,810
Government remittances receivable	(7,259)	(7,087)
Inventory	5,349	(6,851)
Prepaid expenses	(183)	-
Accounts payable and accrued liabilities	7,248	(11,709)
Deferred contributions	<u>(11,766)</u>	<u>(28,321)</u>
	<u>181,624</u>	<u>77,764</u>
INVESTING ACTIVITIES		
Purchase of investments - net	<u>(17,986)</u>	<u>(166,090)</u>
INCREASE (DECREASE) IN CASH	163,638	(88,326)
CASH, BEGINNING OF YEAR	<u>207,263</u>	<u>295,589</u>
CASH, END OF YEAR	\$ <u>370,901</u>	\$ <u>207,263</u>

(See accompanying notes)

CANADIAN FALLEN FIREFIGHTERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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, and in the estimation of significant accrued liabilities.

Revenue recognition

Revenue from CBU 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. 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 and guaranteed investment certificates 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.

CANADIAN FALLEN FIREFIGHTERS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2017

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, 2017.

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 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 not exposed to other price risk.

Changes in 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, 2017

4. INVENTORY

The total amount of inventory recognized as an expense for the current year is \$22,688 (2016 - \$19,457) and is included in advertising and promotion expenses.

5. DEFERRED CONTRIBUTIONS

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

	2017			2016
	Scholarships	Funeral costs	Total	Total
Deferred contributions, beginning of year	\$ 62,554	\$ 78,885	\$ 141,439	\$ 169,760
Contributions received in year	6,325	-	6,325	8,060
Recognized as revenue in year	(15,991)	(2,100)	(18,091)	(36,381)
Deferred contributions, end of year	\$ 52,888	\$ 76,785	\$ 129,673	\$ 141,439

6. 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.

7. 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.