

KIDS KOTTAGE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Allen & Associates
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
KIDS KOTTAGE FOUNDATION

We have audited the accompanying financial statements of **Kids Kottage Foundation**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in fund balances 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 entity'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 entity'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 charitable organizations, the Foundation derives revenue from donations, pledges, gifts, bequests and other contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to accounting for amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenditures, assets, and surplus.

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 **Kids Kottage Foundation** as at March 31, 2018, and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Allen & Associates

Edmonton, Alberta
June 12, 2018

Chartered Accountants

KIDS KOTTAGE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018

	Kids Kottage Fund	Equipment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenue			
Province of Alberta operating grant	\$ 778,704	\$ -	\$ 778,704
Fundraising and donations - net (note 8)	293,576	-	293,576
Other government grants (note 2)	100,000	-	100,000
Amortization of deferred capital contributions	-	53,218	53,218
Investment income	17,253	-	17,253
Income from endowment fund (note 3)	12,890	-	12,890
	<u>1,202,423</u>	<u>53,218</u>	<u>1,255,641</u>
 Kids Kottage site expenses			
Wages and benefits	1,059,197	-	1,059,197
Amortization	-	58,960	58,960
Program costs	50,919	-	50,919
Office	17,758	-	17,758
Program advertising	15,117	-	15,117
Repairs and maintenance	10,796	-	10,796
Staff training, education and recruitment	9,421	-	9,421
Insurance	9,338	-	9,338
Telephone	7,629	-	7,629
Travel	3,173	-	3,173
Volunteer training and expenses	2,110	-	2,110
	<u>1,185,458</u>	<u>58,960</u>	<u>1,244,418</u>
 Income before administration expenses	 <u>16,965</u>	 <u>(5,742)</u>	 <u>11,223</u>
 Administration expenses			
Wages and benefits	73,663	-	73,663
Professional fees	26,928	-	26,928
Equipment rental and repairs	17,339	-	17,339
Amortization	-	9,937	9,937
Office	7,238	-	7,238
Telephone	4,251	-	4,251
Insurance	2,873	-	2,873
Bank charges	2,834	-	2,834
Janitorial	1,943	-	1,943
Staff training, education and recruitment	1,714	-	1,714
	<u>138,783</u>	<u>9,937</u>	<u>148,720</u>
 Deficiency of revenue over expenses	 <u>\$ (121,818)</u>	 <u>\$ (15,679)</u>	 <u>\$ (137,497)</u>

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KIDS KOTTAGE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

	Kids Kottage Fund	Equipment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenue			
Province of Alberta operating grant	\$ 778,704	\$ -	\$ 778,704
Fundraising and donations - net (note 8)	413,445	-	413,445
Investment income	19,331	-	19,331
Amortization of deferred capital contributions	-	21,563	21,563
Income from endowment fund (note 3)	12,243	-	12,243
	<u>1,223,723</u>	<u>21,563</u>	<u>1,245,286</u>
 Kids Kottage site expenses			
Wages and benefits	1,008,667	-	1,008,667
Program costs	68,696	-	68,696
Program advertising	21,491	-	21,491
Staff training, education and recruitment	17,896	-	17,896
Office	16,051	-	16,051
Amortization	-	14,218	14,218
Repairs and maintenance	11,100	-	11,100
Insurance	10,115	-	10,115
Telephone	7,845	-	7,845
Special programs - net (note 9)	5,000	-	5,000
Volunteer training and expenses	3,140	-	3,140
Travel	2,959	-	2,959
	<u>1,172,960</u>	<u>14,218</u>	<u>1,187,178</u>
 Income before administration expenses	<u>50,763</u>	<u>7,345</u>	<u>58,108</u>
 Administration expenses			
Wages and benefits	94,272	-	94,272
Professional fees	26,200	-	26,200
Equipment rental and repairs	16,329	-	16,329
Amortization	-	12,129	12,129
Office	6,578	-	6,578
Telephone	4,171	-	4,171
Insurance	3,112	-	3,112
Bank charges	2,272	-	2,272
Janitorial	1,887	-	1,887
Staff training, education and recruitment	536	-	536
	<u>155,357</u>	<u>12,129</u>	<u>167,486</u>
 Deficiency of revenue over expenses	<u>\$ (104,594)</u>	<u>\$ (4,784)</u>	<u>\$ (109,378)</u>

KIDS KOTTAGE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	Kids Kottage Fund	Equipment Fund	Total
Net assets, beginning of the year	\$ 1,112,097	\$ 8,773	\$ 1,120,870
Deficiency of revenue over expenses	(121,818)	(15,679)	(137,497)
Interfund transfers (note 5)	(14,055)	14,055	-
Net assets, end of the year	<u>\$ 976,224</u>	<u>\$ 7,149</u>	<u>\$ 983,373</u>

KIDS KOTTAGE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	Kids Kottage Fund	Equipment Fund	Total
Net assets, beginning of the year	\$ 1,221,590	\$ 8,658	\$ 1,230,248
Deficiency of revenue over expenses	(104,594)	(4,784)	(109,378)
Interfund transfers (note 5)	(4,899)	4,899	-
Net assets, end of the year	<u>\$ 1,112,097</u>	<u>\$ 8,773</u>	<u>\$ 1,120,870</u>

KIDS KOTTAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

	Kids Kottage Fund	Equipment Fund	Total
ASSETS			
Current Assets			
Cash (note 11)	\$ 340,955	\$ -	\$ 340,955
Accounts receivable (note 4)	263	-	263
Endowment fund income receivable (note 3)	12,890	-	12,890
GST recoverable	4,998	-	4,998
Prepaid expenses	10,364	-	10,364
	369,470	-	369,470
Investments (note 15)	742,594	-	742,594
Equipment (note 5)	-	14,209	14,209
	\$ 1,112,064	\$ 14,209	\$ 1,126,273
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 93,933	\$ -	\$ 93,933
Government remittances payable	840	-	840
Deferred contributions (note 7)	41,067	-	41,067
	135,840	-	135,840
Deferred Capital Contributions (note 5)	-	7,060	7,060
	135,840	7,060	142,900
Net Assets			
Unrestricted	972,418	-	972,418
Restricted cash (note 11)	3,806	-	3,806
Invested in equipment	-	7,149	7,149
	976,224	7,149	983,373
Approved by the Board	976,224	7,149	983,373
	\$ 1,112,064	\$ 14,209	\$ 1,126,273

KIDS KOTTAGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	<u>Kids Kottage Fund</u>	<u>Equipment Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash (note 11)	\$ 176,847	\$ 34,534	\$ 211,381
Accounts receivable (note 4)	32,577	-	32,577
Endowment fund income receivable (note 3)	12,243	-	12,243
GST recoverable	5,404	-	5,404
Prepaid expenses	19,138	-	19,138
	<hr/>	<hr/>	<hr/>
Total current assets	246,209	34,534	280,743
Investments (note 15)	1,012,924	-	1,012,924
Equipment (note 5)	-	36,773	36,773
	<hr/>	<hr/>	<hr/>
	\$ 1,259,133	\$ 71,307	\$ 1,330,440
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 98,438	\$ -	\$ 98,438
Government remittances payable	720	-	720
Deferred revenue	650	-	650
Deferred contributions (note 7)	47,228	34,534	81,762
	<hr/>	<hr/>	<hr/>
Total current liabilities	147,036	34,534	181,570
Deferred Capital Contributions (note 5)	-	28,000	28,000
	<hr/>	<hr/>	<hr/>
Total liabilities	147,036	62,534	209,570
	<hr/>	<hr/>	<hr/>
Net Assets			
Unrestricted	1,064,756	-	1,064,756
Restricted cash (note 11)	47,341	-	47,341
Invested in equipment	-	8,773	8,773
	<hr/>	<hr/>	<hr/>
	1,112,097	8,773	1,120,870
	<hr/>	<hr/>	<hr/>
	\$ 1,259,133	\$ 71,307	\$ 1,330,440
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KIDS KOTTAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
Cash provided by (used in) operating activities		
Deficiency of revenue over expenditures	\$ (137,497)	\$ (109,378)
Items not affecting cash		
Amortization of equipment	68,897	26,347
Amortization of capital contributions	(53,218)	(21,563)
Investment income	(17,253)	(19,331)
Transfers from deferred contributions	(29,217)	(18,323)
	(168,288)	(142,248)
Interest received	17,088	19,199
Deferred contributions received	20,800	52,254
Net change in non-cash working capital (note 12)	35,812	(39,193)
	(94,588)	(109,988)
Investing activities		
Proceeds on maturity of GICs	369,108	413,399
Purchase of GICs	(98,614)	(427,314)
Purchase of equipment	(46,332)	(24,113)
	224,162	(38,028)
Increase (decrease) in cash	129,574	(148,016)
Cash, beginning of the year	211,381	359,397
Cash, end of the year	\$ 340,955	\$ 211,381
Cash is composed of:		
Unrestricted cash in bank and broker accounts	\$ 162,252	\$ 10,072
Restricted cash in bank	3,806	47,341
Investment savings accounts	174,897	153,968
	\$ 340,955	\$ 211,381

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KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

1. Significant Accounting Policies

The Kids Kottage Foundation is a not-for-profit organization working to promote the health and well-being of Canadian children and their families.

The Foundation receives an operating grant from the Province of Alberta to cover approximately 80% of the wages and benefits for client care staff. All other costs are funded through extensive community fundraising efforts. The current funding agreement with the Province expires March 31, 2019.

The Foundation is incorporated under the Alberta Societies Act and is a registered charity under the Income Tax Act. As such, the Foundation is exempt from income taxes.

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund Accounting

Revenue and expenses related to the operation of the Kids Kottage, along with related fundraising and administrative activities, are reported in the Kids Kottage Fund.

The Equipment Fund reports assets, liabilities, revenues and expenses related to the Foundation's equipment.

(b) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Event revenue is recognized at the time the event is held. Investment income is recognized in the year it is earned. Endowment fund income is recognized on an annual basis as described in note 3.

(c) Cash

The Foundation defines cash as funds held in bank and broker accounts and readily convertible investments such as investment savings accounts and money market funds. As described in note 11, the proceeds of casinos and lotteries are maintained in separate accounts and may be used only for approved purposes.

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

1. **Significant Accounting Policies** - continued

(d) Equipment

Equipment is recorded at cost and amortized on a straight line basis over its estimated useful life. The estimated useful lives for the major classes of equipment are as follows:

Computer equipment	2 years
Computer database software	5 years
Kottage equipment	5 years
Office equipment	5 years
Leasehold improvements	5 years

(e) Deferred Capital Contributions

Capital contributions received are deferred and amortized into revenue in the equipment fund over the amortization period of the related assets.

(f) Financial Assets And Liabilities

Unless otherwise disclosed, the Foundation measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

(g) Contributed Materials And Services

The Foundation could not fulfill its mandate without generous donations of supplies by a number of benefactors and, especially, the many hours of work provided by volunteers. In particular, during the current year, the Foundation's offices were renovated and refurnished with materials and labour donated by Source Office Furnishings and Home Depot. In addition, the Province of Alberta provides program and office facilities for a nominal rent. It is not possible to determine the monetary value of all of these contributions. Therefore, they are not recognized in these financial statements.

(h) Use Of Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The estimates which are most significant to these financial statements are:

- (i) Collectability of accounts receivable.
- (ii) Useful life of equipment.
- (iii) Valuation of accrued liabilities.

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

1. Significant Accounting Policies - continued

(i) Allocation Of Expenses

The Foundation operates three general programs - client services (site expenses), fundraising and administration. The costs of each program includes all costs directly related to that program, such as wages and benefits, training, premises, and supplies. In addition, the Foundation incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The Foundation allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Corporate governance and general management expenses are not allocated; other general support expenses are allocated on the following bases:

- (i) Administration and support staff wages and benefits - proportionately based on the standard hours each position is expected to devote to client service, fundraising and general management.
- (ii) Other support costs (advertising, telephone, office) - where possible, costs are charged directly to the program that incurs them. Costs that cannot be specifically allocated are split evenly between the programs to which they relate.

2. Other Government Grants

During the year, the Foundation received a one-time grant from the City of Edmonton in the amount of \$100,000 to support the Foundation's Crisis Nursery program.

3. Kids Kottage Endowment Fund

The Foundation has entered into an agreement with the Edmonton Community Foundation and the family of the late Lilly Schmidt to create a permanent endowment fund, known as the "Kids Kottage Fund", to support the building of strong families and ensure the safe-keeping and well-being of all children during times of family crisis. The Kids Kottage Fund was established with a \$300,000 contribution from the Estate of Lilly Schmidt and can accept donations from the general public. The fund is administered by the Edmonton Community Foundation and, under the terms of the agreement, 4% of the value of the fund at December 31 each year is available for disbursement. The Kids Kottage Foundation is entitled to receive the entire disbursement as long as it remains a registered charity and continues to carry out the aims of the fund. The disbursement for the year ended December 31, 2017 was \$12,890 (2016 - \$12,243). This payment is recognized as revenue as soon as the amount can be determined and collection is reasonably assured.

The value of the fund at December 31, 2017 was \$322,254. However, since the Kids Kottage Foundation has no control over the management, investing or disbursing of the endowment fund, it is not included in net assets.

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

4. Accounts Receivable

	2018	2017
Expense recoveries	\$ 263	\$ 569
Government assistance receivable	-	15,203
Event sponsorships, tickets and auction proceeds	-	10,205
Pledges included in fundraising revenue	-	6,600
	\$ 263	\$ 32,577

5. Equipment

March 31, 2018			
	Cost	Accumulated Amortization	Net Book Value
Kottage equipment	\$ 24,442	\$ 18,748	\$ 5,694
Leasehold improvements	60,394	56,841	3,553
Office equipment	5,393	2,360	3,033
Computer equipment and software	52,276	50,347	1,929
	\$ 142,505	\$ 128,296	\$ 14,209

March 31, 2018			
<u>Deferred Capital Contributions</u>	Capital Contributions	Accumulated Amortization	Deferred Capital Contributions
Kottage equipment	\$ 21,532	\$ 15,837	\$ 5,695
Leasehold improvements	53,732	53,732	-
Office equipment	2,483	1,118	1,365
Computer equipment and software	58,696	58,696	-
	\$ 136,443	\$ 129,383	\$ 7,060

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

5. **Equipment** - continued

	March 31, 2017		
	Cost	Accumulated Amortization	Net Book Value
Kottage equipment	\$ 22,814	\$ 17,060	\$ 5,754
Leasehold improvements	60,394	54,612	5,782
Office equipment	3,520	1,489	2,031
Computer equipment and software	65,820	42,614	23,206
	\$ 152,548	\$ 115,775	\$ 36,773

	March 31, 2017		
Deferred Capital Contributions	Capital Contributions	Accumulated Amortization	Deferred Capital Contributions
Kottage equipment	\$ 19,903	\$ 14,149	\$ 5,754
Leasehold improvements	53,732	52,835	897
Office equipment	2,484	621	1,863
Computer equipment and software	28,046	8,560	19,486
	\$ 104,165	\$ 76,165	\$ 28,000

Funding Of Equipment Purchases

	2018	2017
Cost of additions	\$ 46,332	\$ 24,113
Prior year capital contributions applied	(32,277)	(696)
Capital contributions received	-	(52,254)
Excess contributions deferred for future purchases	-	33,736
	\$ 14,055	\$ 4,899

In the previous year, the Foundation received a grant of \$45,000 to fund development of a client database. The total cost of the database was \$56,375 and the work was completed in the current year. However, it was determined that the database in its final form was not suitable for the intended purpose. Accordingly, the cost of the database and the related capital contribution have been written off.

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

6. Line Of Credit

The Foundation's bank provides overdraft protection on its bank accounts to a maximum of \$65,000, secured by a general security agreement and a GIC with a carrying value of \$86,478. Overdraft interest is charged at the bank prime rate plus 1.0%. At March 31, 2018, no accounts were overdrawn.

7. Deferred Contributions

Deferred contributions are externally restricted contributions to specific programs or for specific purposes which have not yet been expended in accordance with the donors' instructions.

8. Fundraising And Donations

	2018	2017
Donations and proceeds of fundraising activities	\$ 719,149	\$ 870,470
Less capital contributions (note 5)	-	(52,254)
Allocated from deferred revenue	650	23,765
	719,799	841,981
 <u>Fundraising Expenses</u>		
Direct cost of fundraising events	142,804	159,928
Fundraising wages and benefits	213,658	200,120
Fundraising administration	69,761	68,488
	426,223	428,536
Net contribution to program costs	\$ 293,576	\$ 413,445

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

9. Special Programs

Under a memorandum of understanding, the Foundation has outsourced its FASD Respite Care Program to the Elves Special Needs Society. This program provides respite to parents of children with FASD. Most of the funding for the program is received from the Edmonton and Area Fetal Alcohol Network Society and designated community donations.

The Basic Shelf is a program operated by the Foundation to teach parents to cook and shop for food on a limited budget. Funding is provided by donors who have chosen to support this specific program.

	March 31, 2018		
	FASD Respite Care	Basic Shelf	Total
Special Program Revenue			
Grants received	\$ 111,936	\$ -	\$ 111,936
Donations received	-	16,300	16,300
Special program revenue received during the year	111,936	16,300	128,236
Allocation from deferred contributions	-	6,160	6,160
Special program revenue	111,936	22,460	134,396
Special Program Expenditures			
Donation to Elves Special Needs Society	111,936	-	111,936
Program operating costs	-	22,460	22,460
Total special program expenditures	111,936	22,460	134,396
Net contribution to special programs by the Kids Kottage Foundation	\$ -	\$ -	\$ -

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

9. **Special Programs** - continued

	March 31, 2017		
	FASD Respite Care	Basic Shelf	Total
Special Program Revenue			
Grants received	\$ 111,936	\$ -	\$ 111,936
Donations received	-	10,000	10,000
Special program revenue received during the year	111,936	10,000	121,936
Allocation from deferred contributions	5,000	13,323	18,323
Special program revenue	116,936	23,323	140,259
Special Program Expenditures			
Donation to Elves Special Needs Society	121,936	-	121,936
Program operating costs	-	23,323	23,323
Total special program expenditures	121,936	23,323	145,259
Net contribution to special programs by the Kids Kottage Foundation	\$ (5,000)	\$ -	\$ (5,000)

10. **Commitments**

The Foundation has entered into lease agreements for office equipment which expire March 31, 2019 and March 31, 2020. The minimum payments required under these agreements for the next two years, and in aggregate, are:

2019	\$ 5,383
2020	2,486
	\$ 7,869

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

11. Restricted Cash

From time to time, the Foundation receives proceeds from casinos and raffles carried out under the authority of the Alberta Gaming & Liquor Commission. These funds must be maintained in separate bank accounts and may only be used for the following approved purposes:

- (a) Telephone costs (up to 10% of the funds).
- (b) Program related equipment.
- (c) Grant funding costs.
- (d) Promotional activities.
- (e) Resource materials and supplies.
- (f) Special program support/development (parent support group, outreach program, client transportation, family camp, crisis nursery program).
- (g) Wages, salaries, fees for service and honorariums for family support workers and team leaders.
- (h) Youth development programs (crisis nursery, outreach program).

12. Net Change In Non-Cash Working Capital

	2018	2017
Decrease (increase) in:		
Accounts receivable	\$ 32,314	\$ 3,263
Endowment fund income receivable	(647)	(66)
GST recoverable	406	3,581
Prepaid expenses	8,774	23,389
Increase (decrease) in:		
Accounts payable	(4,505)	(46,315)
Government remittances payable	120	720
Deferred revenue	(650)	(23,765)
	\$ 35,812	\$ (39,193)

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

13. Expense Allocation

Fundraising Expenses

Direct fundraising expenses are not allocated to other programs.

General Support Expenses

General support expenses have been allocated as follows:

	2018			
	Site Expenses	Fundraising Expenses	Administration Expenses	Total
Wages and benefits	\$ 50,893	\$ 80,001	\$ 73,663	\$ 204,557
Advertising	15,117	26,832	247	42,196
Office	7,677	21,301	23,352	52,330
Insurance	9,338	2,155	2,873	14,366
Telephone	-	5,158	4,251	9,409
	\$ 83,025	\$ 135,447	\$ 104,386	\$ 322,858

	2017			
	Site Expenses	Fundraising Expenses	Administration Expenses	Total
Wages and benefits	\$ 45,430	\$ 71,870	\$ 68,140	\$ 185,440
Advertising	21,782	29,822	-	51,604
Office	9,007	18,417	21,775	49,199
Insurance	10,115	2,334	3,112	15,561
Telephone	-	4,754	4,170	8,924
	\$ 86,334	\$ 127,197	\$ 97,197	\$ 310,728

14. Comparative Figures

Certain of the comparative figures presented for 2017 have been reclassified where necessary to conform to the presentation adopted for 2018.

KIDS KOTTAGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

15. Financial Risks And Concentrations Of Risk

The Foundation's financial assets and liabilities are exposed to certain risks. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant liquidity, credit, interest rate, currency or market risks. The Foundation's risk exposure has not changed significantly from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations on a timely basis or at a reasonable cost.

The Foundation's cash requirements are met by government funding and community fundraising. Unexpended funds are invested in GICs and high interest savings accounts until they are required.

As explained in note 1, the Foundation's operations are funded by the Province of Alberta, supplemented by community fundraising. The Foundation's ability to continue operating is dependant upon maintaining both sources of funding. Should provincial funding be significantly reduced, the Foundation would need to find an alternate source of stable funding. Similarly, a significant reduction in the proceeds from community fundraising would force the Foundation to seek additional government or other institutional funding. The Foundation has sufficient reserves to enable it to continue operating temporarily while searching for alternative funding sources.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss.

Operating cash is held at a major Canadian chartered bank, GICs are held by a variety of Canadian banks and trust companies. Cash held for investment purposes is deposited with the Foundation's broker and the investment savings accounts are held by Canadian trust companies. The Foundation is exposed to risk to the extent that these deposits exceed the amounts guaranteed by the Canada Deposit Insurance Corporation and the Canadian Investor Protection Fund.

The Foundation's policy is not to record accounts receivable unless collection is reasonably assured.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate instruments subject the Foundation to a fair value risk, floating-rate instruments subject the Foundation to a cash flow risk.

The Foundation's investments consist of GICs with fixed interest rates. The GICs have maturity dates between July 2018 and March 2020 and bear interest at effective rates between 1.7% and 2.3% per annum. The Foundation's policy is to reinvest GICs as they mature unless the funds are required for operations.