

Financial Statements

The Winnifred Stewart Foundation

March 31, 2018

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Independent Auditor's Report

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To the Directors of
The Winnifred Stewart Foundation

We have audited the accompanying financial statements of The Winnifred Stewart Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2018 and the statements of operations, 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 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 not-for-profit organizations, the Foundation derives revenue from donations from the public, 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 donation revenues, deficiency of revenues over expenditures and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017 and net assets as at April 1, 2017 and 2016 and March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 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 the Winnifred Stewart Foundation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada

May 23, 2018



Chartered Professional Accountants

The Winnifred Stewart Foundation

Statement of Operations

Year Ended March 31

2018

2017

Revenues		
Donations and fundraising activities (Note 10)	\$ 1,125,570	\$ 1,324,674
Casino income	<u>2,402</u>	<u>-</u>
	<u>1,127,972</u>	<u>1,324,674</u>
Expenditures		
Donations and fundraising activities (Note 10)	650,101	856,978
Salaries and benefits	231,275	148,179
Professional fees	52,294	29,545
Amortization of vehicles	24,520	24,520
Office	22,306	29,838
Public relations and marketing	19,435	36,497
Casino costs	2,402	-
Capital campaign	-	29,847
Interest on obligations under capital leases	<u>-</u>	<u>1,336</u>
	<u>1,002,333</u>	<u>1,156,740</u>
Excess of revenues over expenditures before other items	<u>125,639</u>	<u>167,934</u>
Other items		
Investment income (Note 8)	43,027	172,486
Funding provided to the Winnifred Stewart Association for the Mentally Handicapped (Note 7)	<u>(184,000)</u>	<u>(100,000)</u>
	<u>(140,973)</u>	<u>72,486</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (15,334)</u>	<u>\$ 240,420</u>

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation
Statement of Changes in Net Assets

Year Ended March 31

2018

2017

Balance, beginning of year	\$ 1,579,325	\$ 1,338,905
(Deficiency) excess of revenues over expenditures	<u>(15,334)</u>	<u>240,420</u>
Balance, end of year	<u>\$ 1,563,991</u>	<u>\$ 1,579,325</u>

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation
Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$ 276,983	\$ 43,771
Accounts receivable	12,113	8,803
Inventory	<u>53,710</u>	<u>56,395</u>
	342,806	108,969

Vehicles (Note 3)	18,647	43,167
Investments (Note 4)	<u>2,044,678</u>	<u>2,120,720</u>
	<u>\$ 2,406,131</u>	<u>\$ 2,272,856</u>

Liabilities

Current


Accounts payable and accruals	\$ 33,571	\$ 13,146
Deferred operating contributions (Note 5)	75,925	-
Due to the Winnifred Stewart Association for the Mentally Handicapped (Note 7)	<u>561,258</u>	<u>504,442</u>
	670,754	517,588


Deferred capital contributions (Note 6)	<u>171,386</u>	<u>175,943</u>
	<u>842,140</u>	<u>693,531</u>

Net Assets

Unrestricted	<u>1,563,991</u>	<u>1,579,325</u>
	<u>\$ 2,406,131</u>	<u>\$ 2,272,856</u>

On behalf of the Board


 _____ Director


 _____ Director

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation

Statement of Cash Flows

Year Ended March 31

2018

2017

Increase (decrease) in cash

Operating

(Deficiency) excess of revenues over expenditures \$ (15,334) \$ 240,420

Items not affecting cash:

Amortization of vehicles	24,520	24,520
Amortization of deferred capital contributions (Note 6)	(9,000)	(11,222)
Fair market value adjustment (Note 8)	27,954	(109,193)
	<u>28,140</u>	<u>144,525</u>

Changes in non-cash operating working capital:

Accounts receivable	(3,310)	(2,829)
Prepaid expenses	-	22,798
Inventory	2,685	5,313
Accounts payable and accruals	20,425	(694)
Deferred operating contributions	75,925	(115,275)
	<u>123,865</u>	<u>53,838</u>

Financing

Due to the Winnifred Stewart Association for the Mentally Handicapped	56,816	(23,555)
Repayment of obligations under capital leases	-	(31,077)
Capital contributions received (Note 6)	4,443	43,687
	<u>61,259</u>	<u>(10,945)</u>

Investing

Purchase of investments	(1,031,319)	(1,310,001)
Proceeds on disposal of investments	1,079,407	1,261,796
	<u>48,088</u>	<u>(48,205)</u>

Increase (decrease) in cash 233,212 (5,312)

Cash

Beginning of year	<u>43,771</u>	<u>49,083</u>
End of year	<u>\$ 276,983</u>	<u>\$ 43,771</u>

Non-cash transaction:

For the year ended March 31, 2017, a vehicle with a fair value of \$45,000 was donated to the Foundation.

See accompanying notes to the financial statements.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

1. Purpose of the Foundation

The Winnifred Stewart Foundation ("the Foundation") is incorporated under the Alberta Societies Act. The Foundation was organized to establish, receive, administer and distribute funds or other property of value for the benefit and advancement of the interests of the Winnifred Stewart Association for the Mentally Handicapped and individuals with a developmental disability in the Province of Alberta.

The Foundation is a registered charity and is not subject to income taxes.

2. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of estimates and measurement uncertainty

In preparing the Foundation's financial statements in conformity with ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Revenue recognition

The Foundation 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. Restricted contributions received for the purchase of property and equipment that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the property and equipment.

Revenues from fundraising activities are recognized on delivery which is when cash is collected from supporters.

Investments

Interest income is recognized when earned, dividend income when received and realized gains and losses on investments on the actual settlement date. Investments are recorded at market value. Changes in the quoted market price are recognized in the statement of operations.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is based on actual original purchase price of inventory. Net realizable value is defined as the estimated selling price less estimated selling costs.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (cont'd)

Donated services

The work of the Foundation is dependent on voluntary services of individuals. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Donated services are recorded at fair value when the fair value can be reasonably estimated and when the services are normally purchased by the Foundation.

Financial instruments

Initial measurement:

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Foundation measures its financial assets and liabilities at amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash, accounts receivable, accounts payable and accruals and Due to Winnifred Stewart Association for the Mentally Handicapped. The carrying value of financial instruments approximates their fair value due to their short-term nature, unless otherwise noted.

For financial assets measured at amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Vehicles

Vehicles owned by the Foundation are recorded at cost and amortized on a straight-line basis over five years which is the estimated useful life.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

3. Vehicles

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Vehicles	\$ 120,660	\$ 102,013	\$ 18,647	\$ 43,167

In the prior year, the Foundation settled the outstanding capital lease obligation of \$31,685. At the end of the lease term, the Foundation paid \$29,828 to buy out the vehicles. These assets were then transferred at book value to vehicles and will be amortized over their remaining useful life.

4. Investments

Investments consist of the following:

	<u>Cost</u>	<u>2018 Market</u>	<u>2017 Market</u>
Short term deposits	\$ 15,946	\$ 15,946	\$ 19,970
Common stocks and equivalents	905,462	1,149,179	1,170,340
Fixed income securities	884,581	879,553	930,410
	<u>\$ 1,805,898</u>	<u>\$ 2,044,678</u>	<u>\$ 2,120,720</u>

5. Deferred operating contributions

Deferred operating contributions represent contributions that have been received to fund operating activities in future periods and have not been spent as of year-end.

	<u>2018</u>	<u>2017</u>
Deferred contributions, beginning of year	\$ -	\$ 115,275
Revenue recognized during the year	(2,402)	(115,275)
Contributions received during the year	<u>78,327</u>	<u>-</u>
Deferred contributions, end of year	<u>\$ 75,925</u>	<u>\$ -</u>

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

6. Deferred capital contributions

Deferred capital contributions represent externally restricted contributions received that are restricted for the purchase of property and equipment. Included in this balance are funds of \$153,385 (2017 - \$148,942) which are expected to be transferred to the Winnifred Stewart Association for the Mentally Handicapped for future capital projects.

	<u>2018</u>	<u>2017</u>
Deferred capital contributions, beginning of year	\$ 175,943	\$ 143,478
Contributions received during the year	4,443	43,687
Amortized to beverage recycle revenue	<u>(9,000)</u>	<u>(11,222)</u>
Deferred capital contributions, end of year	<u>\$ 171,386</u>	<u>\$ 175,943</u>

7. Transactions with the Winnifred Stewart Association for the Mentally Handicapped

In accordance with a Transfer, Agency and Trust Agreement with the Winnifred Stewart Association for the Mentally Handicapped ("the Association"), effective April 1, 2002, the Association is responsible, as agent, for administering certain fund development activities of the Foundation, and the Foundation funds certain operating and capital expenditures of the Association. The following transactions occurred during the years ending March 31:

	<u>2018</u>	<u>2017</u>
Total funding provided to the Association:		
Operating grant	<u>\$ 184,000</u>	<u>\$ 100,000</u>

As at year end, \$561,258 (2017 - \$504,442) remains payable to the Association.

8. Investment income

Investment income for the years ending March 31 consists of the following:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 43,091	\$ 37,030
Interest earned	29,653	31,107
Interest paid	(1,763)	(4,844)
Fair market value adjustment	<u>(27,954)</u>	<u>109,193</u>
	<u>\$ 43,027</u>	<u>\$ 172,486</u>

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

9. Financial instrument risks

The Foundation's main financial instrument risk exposure is detailed as follows:

Financial instrument risks

The Foundation has established an investment policy with maximum asset mix ranges of 0% to 20% for cash and marketable securities, 30% to 60% for fixed income securities (bonds) and 40% to 70% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income securities and equity investments. Equity investments are limited to issuers listed on major national exchanges. Investments in fixed income securities must have a minimum credit rating of BBB or higher and the allowable investment in corporate bonds is limited to a maximum of 40% of the portfolio. The investment policy is reviewed annually.

Interest rate 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. The Foundation is subject to interest rate risk on its marketable securities and fixed income investments. The Foundation manages the interest rate risk by restricting both the type and term of the securities eligible for investment. It is management's opinion that the Foundation is not exposed to significant interest rate risk arising from financial instruments.

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. The Foundation is subject to market risk on its equity investments. The Foundation mitigates market risk through asset class diversification and quality constraints. As a result, it is management's opinion that the Foundation is not exposed to significant market risk arising from financial instruments.

Liquidity risk

Liquidity risk arises from the possibility that the Foundation might encounter difficulty in settling its debts or meeting its obligations related to financial liabilities. It is management's opinion that the Foundation is not exposed to significant liquidity risk arising from financial instruments.

The Winnifred Stewart Foundation

Notes to the Financial Statements

March 31, 2018

10. Additional fundraising program information

	<u>Gross</u> <u>Revenue</u>	<u>Expense</u>	<u>Net</u> <u>2018</u>	<u>Net</u> <u>2017</u>
Garbage bags and Christmas wrap	\$ 204,147	\$ 107,008	\$ 97,139	\$ 44,432
Beverage recycle	782,788	501,244	281,544	274,839
Gala fundraising	-	-	-	36,536
Donations	<u>138,635</u>	<u>41,849</u>	<u>96,786</u>	<u>111,889</u>
	<u>\$ 1,125,570</u>	<u>\$ 650,101</u>	<u>\$ 475,469</u>	<u>\$ 467,696</u>

Included in beverage recycle gross revenues are donations of \$65,828 (2017 - \$65,496) received during the year to support the beverage recycle program.

Included in donations gross revenue are donations of \$11,145 (2017 - \$12,230) received during the year to support the beverage recycle program.

Included in donations gross revenue are donations of \$49,772 (2017 - \$53,464) received during the year to support the garbage bags and Christmas wrap program.

No gala fundraising revenues or expenses were recognized in the 2018 fiscal year as the Gala took place in the 2017 fiscal year.