

FINANCIAL STATEMENTS
For
CANADIAN FALLEN FIREFIGHTERS FOUNDATION
For year ended
DECEMBER 31, 2015

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, 2015 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, 2015 and 2014, current assets as at December 31, 2015 and 2014 and net assets as at January 1 and December 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 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, 2015, 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 12, 2016.

CANADIAN FALLEN FIREFIGHTERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 295,589	\$ 341,445
Guaranteed investment certificates	558,807	400,000
Accounts receivable	71,888	28,253
Government remittances receivable	11,086	9,506
Inventory	37,290	25,247
Prepaid expenses	<u>903</u>	<u>903</u>
	\$ 975,563	\$ 805,354
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 21,262	\$ 18,346
DEFERRED CONTRIBUTIONS - note 4	<u>169,760</u>	<u>180,893</u>
	<u>191,022</u>	<u>199,239</u>
NET ASSETS		
Unrestricted net assets	<u>784,541</u>	<u>606,115</u>
	\$ 975,563	\$ 805,354

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, 2015

	<u>2015</u>	<u>2014</u>
Revenues		
CBU funding	\$ 154,260	\$ 155,695
Department of Canadian Heritage	765	366
Donations received:		
Received	36,635	48,718
Other	104,486	78,164
Sponsorship	25,000	40,500
Sales of souvenirs	33,726	33,890
United Way	12,842	7,273
Interest	12,581	2,617
Other	<u>583</u>	<u>1,109</u>
	<u>380,878</u>	<u>368,332</u>
Expenses		
Memorial development and maintenance	-	5,140
Advertising and promotion	43,854	5,846
LODD families expense	35,143	18,064
Annual ceremony	33,287	55,256
Professional fees	20,516	22,729
Executive and director	22,997	17,282
Fundraising	5,520	1,940
Office and general	9,315	12,309
Honorariums	14,000	13,000
Rent	12,797	12,722
Insurance	4,132	4,850
Interest and bank charges	<u>891</u>	<u>937</u>
	<u>202,452</u>	<u>170,075</u>
Net revenues	178,426	198,257
Net assets, beginning of year	<u>606,115</u>	<u>407,858</u>
Net assets, end of year	<u>\$ 784,541</u>	<u>\$ 606,115</u>

(See accompanying notes)

CANADIAN FALLEN FIREFIGHTERS FOUNDATION

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
CASH FLOWS PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenues	\$ 178,426	\$ 198,257
Adjustments for:		
Accounts receivable	(43,635)	1,472
Government remittances receivable	(1,580)	2,639
Inventory	(12,043)	(8,993)
Prepaid expenses	-	776
Accounts payable and accrued liabilities	2,916	7,664
Deferred contributions	<u>(11,133)</u>	<u>(11,918)</u>
	<u>112,951</u>	<u>189,897</u>
INVESTING ACTIVITIES		
Purchase of investments	<u>(158,807)</u>	<u>(400,000)</u>
DECREASE IN CASH	(45,856)	(210,103)
CASH, BEGINNING OF YEAR	<u>341,445</u>	<u>551,548</u>
CASH, END OF YEAR	<u>\$ 295,589</u>	<u>\$ 341,445</u>

(See accompanying notes)

CANADIAN FALLEN FIREFIGHTERS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 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 when determining the valuation of inventory, in the determination of potentially uncollectible accounts receivable, 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, 2015

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, 2015.

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 Canadian chartered bank 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 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, 2015

4. DEFERRED CONTRIBUTIONS

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

	2015			2014
	<u>Scholarships</u>	<u>Funeral costs</u>	<u>Total</u>	<u>Total</u>
Deferred contributions, beginning of year	\$ 99,378	\$ 81,515	\$ 180,893	\$ 192,811
Contributions received in year	-	-	-	-
Interest earned in year	-	-	-	-
Recognized as revenue in year	(11,133)	-	(11,133)	(11,918)
Deferred contributions, end of year	\$ 88,245	\$ 81,515	\$ 169,760	\$ 180,893

Funds deferred for scholarships are maintained in a separate bank account with the interest earned on this account being retained for the same purpose.

5. 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.

6. COMMITMENTS

The Foundation rents a storage locker for \$1,440 per year. The contract ended in March 31, 2012 and is continuing on a month to month basis. The Foundation also rents office space on a month to month basis for \$900 per month.