

FINANCIAL STATEMENTS
For
THE OTTAWA ROTARY HOME FOUNDATION
For year ended
MARCH 31, 2017

THE OTTAWA ROTARY HOME FOUNDATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of

THE OTTAWA ROTARY HOME FOUNDATION

We have audited the accompanying financial statements of The Ottawa Rotary Home Foundation which comprise the statement of financial position as at March 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 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.

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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 similar organizations, the Foundation derives revenues from donations and fundraising activities, 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 and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows for the years ended March 31, 2017 and 2016, current assets as at March 31, 2017 and 2016 and net assets as at April 1, 2017 and 2016 and March 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended March 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 The Ottawa Rotary Home Foundation as at March 31, 2017 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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
May 17, 2017.

THE OTTAWA ROTARY HOME FOUNDATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 83,067	\$ 89,377
Short-term investments (note 6)	104,136	103,647
Government remittances receivable	1,174	4,174
Prepaid expenses	<u>4,624</u>	<u>5,569</u>
	<u>\$ 193,001</u>	<u>\$ 202,767</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,679	\$ 6,650
Due to The Ottawa Rotary Home (note 7)	6,502	7,085
Deferred revenue (note 8)	<u>100</u>	<u>4,287</u>
	<u>15,281</u>	<u>18,022</u>
NET ASSETS		
Externally restricted contributions (note 9)	18,828	47,037
Unrestricted	<u>158,892</u>	<u>137,708</u>
	<u>177,720</u>	<u>184,745</u>
	<u>\$ 193,001</u>	<u>\$ 202,767</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2017

	2017			2016
	Unrestricted	Externally Restricted - Contributions	Total	Total
Revenues				
Donations	\$ 105,750	\$ 60,874	\$ 166,624	\$ 163,091
Events (note 4)	97,867	-	97,867	97,360
Nevada (note 5)	14,974	-	14,974	22,685
Investment income	489	-	489	719
Donations in-kind	6,371	-	6,371	-
	<u>225,451</u>	<u>60,874</u>	<u>286,325</u>	<u>283,855</u>
Expenses				
Administrative	18,629	-	18,629	19,491
Fundraising activities	46,517	-	46,517	60,514
Events (note 4)	29,623	-	29,623	30,308
Nevada (note 5)	11,257	-	11,257	10,972
Insurance	2,154	-	2,154	2,080
Professional fees	7,204	-	7,204	7,300
Office	13,677	-	13,677	11,383
Interest and bank charges	3,581	-	3,581	3,210
	<u>132,642</u>	<u>-</u>	<u>132,642</u>	<u>145,258</u>
Operating income available for distribution	92,809	60,874	153,683	138,597
Contributions to The Ottawa Rotary Home	<u>(71,625)</u>	<u>(89,083)</u>	<u>(160,708)</u>	<u>(151,558)</u>
Excess of revenues over expenses (expenses over revenues)	21,184	(28,209)	(7,025)	(12,961)
Net assets, beginning of year	<u>137,708</u>	<u>47,037</u>	<u>184,745</u>	<u>197,706</u>
Net assets, end of year	<u>\$ 158,892</u>	<u>\$ 18,828</u>	<u>\$ 177,720</u>	<u>\$ 184,745</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (7,025)	\$ (12,961)
Changes in level of:		
Government remittances receivable	3,000	(581)
Prepaid expenses	945	(542)
Accounts payable and accrued liabilities	2,029	(628)
Deferred revenue	<u>(4,187)</u>	<u>(1,475)</u>
	<u>(5,238)</u>	<u>(16,187)</u>
INVESTING ACTIVITIES		
Purchase of investments	(104,136)	(103,647)
Proceeds from maturity of investments	<u>103,647</u>	<u>108,300</u>
	<u>(489)</u>	<u>4,653</u>
FINANCING ACTIVITIES		
Change in amounts due to The Ottawa Rotary Home	<u>(583)</u>	<u>(2,079)</u>
DECREASE IN CASH	(6,310)	(13,613)
CASH, BEGINNING OF YEAR	<u>89,377</u>	<u>102,990</u>
CASH, END OF YEAR	<u>\$ 83,067</u>	<u>\$ 89,377</u>

(See accompanying notes)

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

1. NATURE OF OPERATIONS

The Foundation was incorporated by letters of patent under the provisions of Part II of the Canada Corporations Act on March 28, 1995 and is qualified for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act effective from April 18, 1995. The Foundation received a certificate of continuance under the provisions of the Canada Not-for-profit Corporations Act on April 1, 2014. The primary purpose of the Foundation is to undertake fundraising activities to provide financial support and assistance to The Ottawa Rotary Home and other registered charitable organizations in Canada that provide services and programs for physically disabled children and adults or promote the welfare of such children and adults in any way.

The Ottawa Rotary Home is a separately registered charity with the objective to operate Respite Care and adult residential programs. The results of the The Ottawa Rotary Home are not consolidated with the results of The Ottawa Rotary Home Foundation.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions, events, Nevada, investment and other revenues are recognized as revenue of the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted by donors for the purchase of capital assets or wish list items are recognized as revenue of the Externally restricted contributions fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

Assets, liabilities, revenues and expenditures relating to service delivery and administration are reported in the unrestricted fund.

Assets, liabilities, revenues and expenditures restricted for the purchase of capital assets, specific projects and wish list items are reported in the externally restricted contributions fund.

Measurement of financial instruments

Cash and investments are measured at fair value at the date of the statement of financial position.

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

Donated materials and services

Donated materials and services are not recognized in the financial statements unless the fair value is determinable.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

The estimated amount of accrued liabilities is the most significant item where estimates are used.

Allocation of general support expenses

The Foundation allocates personnel costs to fundraising and administrative expenses based on the approximate amount of hours spent on each function.

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 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 March 31, 2017.

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

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 is the carrying value of its cash and investments. The Foundation's cash and short-term investments are deposited and invested with a Canadian chartered bank and as a result management believes the risk of loss on those items to be remote.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they become due. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily 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 refers to 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 all denominated in Canadian dollars and the Foundation transacts primarily in Canadian dollars. As a result, management 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 investment 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.

At March 31, 2017 all of the Foundation's investments were in guaranteed investment certificates and as such the Foundation is not exposed to other price risk.

Changes in risk

There were no changes in the Foundation's risk exposures from the prior year.

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2017

4. EVENTS REVENUE - NET

The Foundation organizes events for which revenue and expenses are:

	<u>2017</u>	<u>2016</u>
Revenue		
Golf-A-Thon	\$ 79,943	\$ 76,052
Whiskey & Wine event	14,116	11,908
Third Party Fundraising and other	<u>3,808</u>	<u>9,400</u>
	<u>\$ 97,867</u>	<u>\$ 97,360</u>
Expenses		
Golf-A-Thon	\$ 23,042	\$ 22,742
Whiskey & Wine event	6,101	6,723
Third Party Fundraising and other	<u>480</u>	<u>843</u>
	<u>\$ 29,623</u>	<u>\$ 30,308</u>
Net revenue		
Golf-A-Thon	\$ 56,901	\$ 53,310
Whiskey & Wine event	8,015	5,185
Third Party Fundraising and other	<u>3,328</u>	<u>8,557</u>
	<u>\$ 68,244</u>	<u>\$ 67,052</u>

5. NEVADA REVENUE - NET

The Foundation has a licence to sell lottery tickets for which revenue and expenses are:

	<u>2017</u>	<u>2016</u>
Revenue	\$ 14,974	\$ 22,685
Expenses	<u>11,257</u>	<u>10,972</u>
	<u>\$ 3,717</u>	<u>\$ 11,713</u>

6. SHORT-TERM INVESTMENTS

	<u>2017</u>			<u>2016</u>		
	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>
TD Canada Trust - GIC, 0.3%, due 8/29/17 (2016- 0.7%, due 8/27/16)	\$ 103,954	\$ 182	\$ 104,136	\$ 103,227	\$ 420	\$ 103,647

Investments are managed by the Treasurer in consultation with the Board of Directors. The Foundation limits its investment to guaranteed investment certificates to ensure the capital is preserved.

At March 31, 2017 all of the Foundation's investments were held in guaranteed investment certificates.

7. CONTRIBUTIONS TO THE OTTAWA ROTARY HOME

The amount owing to the Ottawa Rotary Home are non-interest bearing and payable on demand.

During the year, the Foundation donated \$160,708 (2016 - \$151,558) to the Ottawa Rotary Home.

These transactions are recorded at their exchange amounts which is the amount agreed upon by both parties.

THE OTTAWA ROTARY HOME FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2017

8. DEFERRED REVENUE

Deferred revenue represents donations for the June 2017 Golf-A-Thon. The amount will be recognized once the event takes place.

9. EXTERNALLY RESTRICTED CONTRIBUTIONS FUND

Contributions received in the year, which are restricted for specific projects, as specified by the donor or by the terms of the grant, as well as wish list items are recognized into the externally restricted contributions fund. During the year, \$60,874 (2016 - \$17,359) in donations were received for and \$89,083 (2016 - \$742) was spent on capital purchases and other wish list items.

Of the externally restricted amounts received during the year, \$50,000 was in the form of a grant from the Ontario Trillium Foundation. The full amount of this grant was contributed to the Home which it used towards the construction of a playground at the Home's Leitrim Campus.