

**Canadian Women's Foundation
Fondation canadienne des femmes**

Financial Statements

August 31, 2018



Independent Auditors' Report

To the Members of
Canadian Women's Foundation
Fondation canadienne des femmes

Report on the Financial Statements

We have audited the accompanying financial statements of **Canadian Women's Foundation** **Fondation canadienne des femmes** which comprise the statement of financial position as at **August 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 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.

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Fondation canadienne des femmes**

**Independent Auditor's Report
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Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2018 and 2017, current assets as at August 31, 2018 and 2017, and net assets as at September 1 and August 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended August 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, these financial statements present fairly, in all material respects, the financial position of **Canadian Women's Foundation Fondation canadienne des femmes** as at **August 31, 2018** and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

**Mississauga, Ontario
January 8, 2019**

**Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants**



Canadian Women's Foundation
Fondation canadienne des femmes

Statement of Financial Position
As at August 31

	2018	2017
Assets		
Current		
Cash	\$ 121,284	\$ 819,784
Accounts receivable	292,801	234,164
GST/HST charity rebate receivable	57,806	63,319
Prepaid expenses	162,760	106,143
	<u>634,651</u>	<u>1,223,410</u>
Investments (Note 2)	19,590,078	18,999,103
Property, plant and equipment (Note 3)	7,214	9,042
	<u>\$20,231,943</u>	<u>\$20,231,555</u>

Liabilities

Current		
Bank indebtedness (Note 4)	\$ 395,000	\$ -
Accounts payable and accrued liabilities	557,430	98,781
Deferred revenue and contributions (Note 5)	293,297	706,565
	<u>1,245,727</u>	<u>805,346</u>

Fund Balances


Endowment fund	225,031	221,883
Restricted fund	4,866,771	5,228,999
Internally restricted fund	13,804,253	13,885,813
Unrestricted fund	90,161	89,514
	<u>18,986,216</u>	<u>19,426,209</u>
	<u>\$20,231,943</u>	<u>\$20,231,555</u>

See accompanying notes to financial statements

On behalf of the Board:



 Director



 Director

**Canadian Women's Foundation
Fondation canadienne des femmes**

**Statement of Changes in Fund Balances
Year Ended August 31**

	Endowment Fund	Restricted Fund	Internally Restricted Fund	Unrestricted Fund	2018 Total
Fund balance, beginning of year	\$ 221,883	\$ 5,228,999	\$ 13,885,813	\$ 89,514	\$ 19,426,209
Excess (deficiency) of revenue over expenses	3,148	-	356,212	(799,353)	(439,993)
Interfund transfers for the year	-	-	(800,000)	800,000	-
Transfer for 10 year restriction on gifts expiring during year	-	(362,228)	362,228	-	-
Fund balance, end of year	\$ 225,031	\$ 4,866,771	\$ 13,804,253	\$ 90,161	\$ 18,986,216

	Endowment Fund	Restricted Fund	Internally Restricted Fund	Unrestricted Fund	2017 Total
Fund balance, beginning of year	\$ 218,407	\$ 5,446,849	\$ 14,997,543	\$ 89,654	\$ 20,752,453
Excess (deficiency) of revenue over expenses	3,476	-	(394,580)	(935,140)	(1,326,244)
Interfund transfers for the year	-	-	(935,000)	935,000	-
Transfer for 10 year restriction on gifts expiring during year	-	(217,850)	217,850	-	-
Fund balance, end of year	\$ 221,883	\$ 5,228,999	\$ 13,885,813	\$ 89,514	\$ 19,426,209

See accompanying notes to financial statements

**Canadian Women's Foundation
Fondation canadienne des femmes**

**Statement of Operations
Year Ended August 31**

	Endowment Fund	Restricted Fund	Internally Restricted Fund	Unrestricted Fund	2018 Total	2017 Total
Revenue (Page 16)	\$ 3,148	\$ -	\$ 356,212	\$ 6,348,055	\$ 6,707,415	\$ 5,452,774
Grants and charitable program expenses						
<i>Grants</i>						
Violence Prevention	-	-	-	975,134	975,134	1,411,503
Girls' Fund	-	-	-	770,760	770,760	815,756
Economic Development	-	-	-	393,075	393,075	82,446
Anti-Trafficking	-	-	-	381,046	381,046	396,104
Capacity building and policy change	-	-	-	20,000	20,000	-
Donor education and public awareness	-	-	-	25,500	25,500	15,070
<i>Evaluation, research, capacity building and program delivery</i>						
Violence Prevention	-	-	-	865,263	865,263	682,834
Girls' Fund	-	-	-	167,912	167,912	279,254
Economic Development	-	-	-	162,818	162,818	146,952
Anti-Trafficking	-	-	-	208,128	208,128	221,102
Donor Education and public awareness	-	-	-	76,028	76,028	64,966
Capacity building and policy change	-	-	-	216,766	216,766	23,790
	-	-	-	4,262,430	4,262,430	4,139,777
Administrative expenses						
Office and general (Note 6)	-	-	-	342,992	342,992	270,688
Purchased services	-	-	-	46,257	46,257	66,983
Salaries and benefits	-	-	-	907,012	907,012	823,240
Premises	-	-	-	106,721	106,721	97,438
	-	-	-	1,402,982	1,402,982	1,258,349
Fundraising expenses						
Direct fundraising	-	-	-	330,288	330,288	278,798
Office and general	-	-	-	97,716	97,716	74,974
Purchased services	-	-	-	-	-	23,425
Salaries and benefits	-	-	-	947,271	947,271	906,257
Premises	-	-	-	106,721	106,721	97,438
	-	-	-	1,481,996	1,481,996	1,380,892
Total expenses	-	-	-	7,147,408	7,147,408	6,779,018
Excess (deficiency) of revenue over expenses for the year	\$ 3,148	\$ -	\$ 356,212	\$ (799,353)	\$ (439,993)	\$ (1,326,244)

See accompanying notes to financial statements

Canadian Women's Foundation
Fondation canadienne des femmes

Statement of Cash Flows
Year Ended August 31

	2018	2017
Cash provided by operating activities		
Deficiency of revenue over expenses	\$ (439,993)	\$ (1,326,244)
Items not requiring an outlay of cash		
Amortization	6,962	6,704
	(433,031)	(1,319,540)
Changes in working capital		
Accounts receivable	(58,637)	94,270
Sales taxes receivable	5,513	10,699
Prepaid expenses	(56,617)	(41,655)
Accounts payable and accrued liabilities	458,649	52,644
Deferred revenue	(413,268)	324,525
Decrease from operating activities	(497,391)	(879,057)
Financing activity		
Loans payable	395,000	-
Increase from financing activity	395,000	-
Investing activities		
Investments	(590,975)	1,606,880
Additions to capital assets	(5,134)	-
(Decrease) increase from investing activities	(596,109)	1,606,880
(Decrease) increase in cash	(698,500)	727,823
Cash, beginning of year	819,784	91,961
Cash, end of year	\$ 121,284	\$ 819,784

See accompanying notes to financial statements

Canadian Women's Foundation

Fondation canadienne des femmes

Notes to Financial Statements

August 31, 2018

Canadian Women's Foundation fondation canadienne des femmes ("Foundation"), was incorporated without share capital under the laws of Canada in 1989 and is registered with the Canada Revenue Agency as a charitable organization and is exempt from income taxes under Section 149 of the Income Tax Act. The organization is Canada's public foundation for women and girls. It raises money and invests in community programs across Canada that are ending poverty, stopping violence against women, ending the trafficking of women and girls for the purpose of sexual exploitation, and empowering girls.

1. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

a) Fund accounting

For financial reporting purposes, the accounts of the Foundation have been classified into the following funds:

Endowment fund

The Endowment fund consists of gifts received from donors which cannot be used in perpetuity. While income generated from the funds is immediately available to the Foundation, the principal amount cannot be used. The income generated from this fund is recognized in the Unrestricted fund.

Restricted fund

This Restricted fund consists of gifts received with a 10 year non-use restriction which have not expired as at August 31, 2018. In the year of the 10 year expiration of the restricted gift, the amounts are transferred to the Internally Restricted Fund by the Board. Income generated from this fund is immediately available to the Foundation and recorded in the Unrestricted fund.

Internally restricted fund

This Board restricted fund results from general bequests, in memorial donations, and amounts transferred by the Board in prior years from Restricted Fund because the 10 year holding restriction from the date the gifts were originally received expired. The Board nominated to restrict the use of this principal for an undefined period in order to build the Foundation's capital. This fund also includes the annual unrealized investment gains and losses for the year and amounts deemed by the Board necessary for the capital preservation of the organization. Income generated from this fund is immediately available to the Foundation and recorded in the Unrestricted fund.

Canadian Women's Foundation

Fondation canadienne des femmes

Notes to Financial Statements
August 31, 2018

1. Significant accounting policies (continued)

a) Fund accounting (continued)

Unrestricted fund

The Unrestricted fund accounts for the Foundation's programs, grants, advocacy, research, fundraising and administration activities

b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents held in investment portfolio accounts have been included with investments as the purpose of this cash is for investment rather than meeting short term cash commitments.

c) Revenue recognition

The Foundation follows the restricted method of accounting for endowments and 10-year non-use restricted gifts. Endowments and time restricted contributions are recognized as revenue in the year they are received. When a restricted contribution is received for which there is not a restricted fund established, the contribution will be deferred in the Unrestricted fund and recognized as revenue in the year in which the related expenses are incurred. Charitable donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on an accrual basis. Realized investment income is included in the Unrestricted Fund. Changes in fair value of investments subsequently measured at fair value are included in investment income in the statement of revenue and expenses in the Internally Restricted Fund.

Special events revenue is recognized on completion of the event.

d) Property, plant and equipment

Property, plant and equipment is recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

- Computer and office equipment - 20% straight line.

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. There were no impairment indicators in 2018.

Canadian Women's Foundation

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Notes to Financial Statements
August 31, 2018

1. Significant accounting policies (continued)

e) Financial instruments

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for long term investments, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include long term investments. The portion of long term investments in equity instruments that are quoted in an active market are measured at fair value. The Foundation has elected to carry bonds and other securities held in the investment portfolio at fair value.

The Foundation does not have any financial liabilities measured at fair value and has not elected to recognize any financial liabilities at fair value.

Transaction costs

The Foundation recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

f) Prepaid expenses

Prepaid expenses consists primarily of deposits, last month's rent deposits, future event deposits and prepaid insurance.

g) Allocation of expenditures

The Foundation incurs a number of general support expenditures that are common to the operation of its fundraising and charitable activities, as well as administrative. Certain expenditures benefit more than one activity and accordingly have been attributed to the relevant activity. Salary allocations are based on the percentage of the employees' time spent supporting each activity. Such allocations are reviewed annually.

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Notes to Financial Statements
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1. Significant accounting policies (continued)

h) Contributed material and services

Donated materials and capital assets are recognized in the accounts when the fair market value of the materials is readily determinable and has been received by the organization.

Volunteers contribute many hours per year to assist the Canadian Women's Foundation in carrying out its mandate. Contributed services are not recognized in the financial statements.

i) Measurement uncertainty

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimated life of capital assets, valuation of accounts receivable, and valuation of accrued liabilities are the most significant items that involve use of estimates.

j) Foreign currency transactions

Monetary assets and liabilities of the Foundation, which are denominated in foreign currencies are translated at year end exchange rates. Revenue and expenses are translated throughout the year at the prevailing exchange rate on the date of the transaction. The resulting gains and losses are recorded in the statement of revenue and expenses.

2. Investments

Investments are held in portfolio accounts with TD Wealth Private Investment Counsel and C.A Delaney Capital Management LTD. The investments are classified at fair value and comprised of the following:

	2018	2017
Cash & cash equivalents	\$ 835,122	\$ 979,610
Bond portfolio	8,490,983	8,218,559
Equities		
Canadian	5,746,549	5,746,526
Foreign - US and others	4,517,424	4,054,408
	\$19,590,078	\$18,999,103

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Notes to Financial Statements
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2. Investments (continued)

Investment income is comprised of:

	2018	2017
Interest and dividends	\$ 542,275	\$ 597,414
Realized capital gains	511,475	480,898
Less: Investment management fees	(175,180)	(175,671)
Investment income, net of management fees (page 16)	878,570	902,641
Unrealized capital gains (losses) (page 16)	356,212	(394,580)
	\$ 1,234,782	\$ 508,061

3. Property, plant and equipment

Property, plant and equipment consist of the following:

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer and office equipment	\$ 125,716	\$ 118,502	\$ 7,214	\$ 9,042

4. Bank loan

During the prior year the Foundation obtained a credit facility of \$1,500,000 and secured by a General Hypothecation of Stocks and Bonds with power of attorney on a portfolio of marketable securities held at TD Wealth - Private Investment Counsel, and a Control Agreement between The Foundation, TD Commercial Banking and TD Wealth. The facility bears interest at prime plus 0.5% per annum. As at August 31, 2018 the outstanding balance related to the credit facility was \$395,000 (2017 - \$Nil). The credit facility amount outstanding is due on demand.

Canadian Women's Foundation
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5. Deferred revenue and contributions

Deferred revenue represents funds received in respect of future periods. This is primarily composed of funds received for events to be held after August 31, and funding collected in advance but designated and intended for specific program expenses.

	2018	2017
Deferred program contributions	\$ 117,325	\$ 314,214
Deferred government grant	41,347	248,476
Deferred events revenue	134,625	143,875
	<u>\$ 293,297</u>	<u>\$ 706,565</u>

6. Office and general

	2018	2017
Meeting expenses and volunteer support	\$ 60,922	\$ 41,834
Office and general	113,458	89,187
Communications	143,263	123,608
Community relations	9,290	8,867
Amortization	6,962	6,704
Professional development	9,097	488
	<u>\$ 342,992</u>	<u>\$ 270,688</u>

7. Lease commitments

The Foundation's total obligations, under operating leases for equipment and for the occupied premises inclusive of estimated realty taxes and other operating charges, are as follows:

2019	\$ 103,087
2020	13,087
2021	13,087
2022	13,087
2023	8,625
	<u>\$ 150,973</u>

Canadian Women's Foundation

Fondation canadienne des femmes

Notes to Financial Statements
August 31, 2018

8. Donations in kind

The Foundation derives a significant benefit from its supporters. During the year, individuals, businesses and corporations contribute in-kind services and gifts. Since these services are not normally purchased by the Foundation and due to the difficulty in determining their fair market value, the value of these services and gifts is not recognized in these financial statements except for those gifts for which charitable receipts were issued.

The Foundation gratefully acknowledges the contribution from all supporters for their in-kind donations valued at \$822,651 with special thanks to Havas Worldwide Canada, Rogers Media, Corus Entertainment, Variety Magazine, OUTFRONT Media, CBC, enRoute Magazine and Avenue Magazine for media and print advertising, Osler Hoskin & Harcourt LLP for pro bono legal work.

The Foundation is a volunteer driven organization. During the year, management has estimated that 184 volunteers donated approximately 2,289 hours of time. This volunteer time is not recorded in the financial statements.

9. Donations and funds received

The Foundation receives donations and funding from various sources and in its capacity as a registered public foundation issues donation receipts. During the year, the foundation issued donation receipts in the amount of \$1,389,676 (2017 - \$1,556,531). The organization also received \$570,743 (2017 - \$897,075) from other foundations for which tax receipts are not required.

10. Financial instruments risk exposure

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 the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The Foundation has not had issues with these collections over the past several years. The allowance for doubtful accounts is \$Nil (2017 - \$Nil).

Canadian Women's Foundation

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Notes to Financial Statements
August 31, 2018

10. Financial instruments risk exposure (continued)

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable. The Foundation expects to meet these obligations as they come due through sufficient cash flow from operations. The Foundation has not had issues with meeting obligations in previous years.

There has been no change in risk assessment from the prior period.

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 comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's exposure arises from holdings of foreign currency denominated investments. As at August 31, 2018, 23% (2017 - 21%) of the investments are invested in non-Canadian equities. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. The Foundation does not hedge its foreign currency risk on these equity investments. The philosophy of the Foundation is that since the portfolio is managed such that individual equities are held for the long term and equities are held in multiple currencies, residual foreign exchange risk is considered acceptable in the long term without the need for a hedging strategy to be implemented. There has been no change in risk assessment from the prior period.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. The exposure of Canadian Women's Foundation to interest rate risk arises from its interest bearing investments. The organization has no interest bearing liabilities. The primary objective of Canadian Women's Foundation with respect to its investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving satisfactory investment return. As such, the Foundation maintains a balanced portfolio which mitigates some exposure to interest rate risk.

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Notes to Financial Statements
August 31, 2018

10. Financial instruments risk exposure (continued)

Other price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Foundation is exposed to other price risk through a portion of its long term investments. The investment policy for funds provides for an asset mix and the risk and volatility of investment returns are mitigated through diversification.

**Canadian Women's Foundation
Fondation canadienne des femmes**

Revenue

Year Ended August 31

	Endowment Fund	Restricted Fund	Internally Restricted Fund	Unrestricted Fund	2018 Total	2017 Total
Revenue						
Donations - corporate, corporate foundation and partnerships	\$ -	\$ -	-	\$ 2,922,062	\$ 2,922,062	\$ 2,737,594
Individual donations	3,148	-	-	934,021	937,169	848,810
Special events	-	-	-	448,686	448,686	542,243
Foundations and associations	-	-	-	302,320	302,320	673,468
Investment income, net of management fees	-	-	-	878,570	878,570	902,641
Unrealized investment income (loss)	-	-	356,212	-	356,212	(394,580)
Government grants	-	-	-	449,128	449,128	467,123
Total revenue received in fiscal year	3,148	-	356,212	5,934,787	6,294,147	5,777,299
Add: prior year deferred revenue	-	-	-	706,565	706,565	382,040
Deduct: current year deferred revenue	-	-	-	(293,297)	(293,297)	(706,565)
Revenue	\$ 3,148	\$ -	\$ 356,212	\$ 6,348,055	\$ 6,707,415	\$ 5,452,774

See accompanying notes to financial statements