

KIDS ALIVE INTERNATIONAL - CANADA

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Members of
Kids Alive International - Canada

We have audited the accompanying financial statements of **Kids Alive International - Canada**, which comprise the statement of financial position as at December 31, 2015, and the statements of revenue and expenditure, 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.

Auditors' 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Kids Alive International - Canada** as at December 31, 2015, 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.



Cambridge, Ontario
May 26, 2016

CHARTERED ACCOUNTANTS, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

**STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Fund \$	Restricted Fund \$	2015 \$	2014 \$
Revenue				
Donations	144,759	1,018,368	1,163,127	882,504
Grants and foundation	35,800	15,038	50,838	94,000
Interest income	192	10,300	10,492	3,843
	180,751	1,043,706	1,224,457	980,347
Expenditures of Designated Funds				
Overseas project support	1,000	472,205	473,205	415,876
Missionary support and expenses		165,559	165,559	183,167
Short term team expenses		83,305	83,305	67,050
Fundraising (note 8)	4,714		4,714	28,562
	5,714	721,069	726,783	694,655
Head Office Expenditures				
Administrative remuneration	176,792	27,943	204,735	226,046
Employment expenses	13,314	5,274	18,588	20,304
Office and administrative	30,621		30,621	26,792
Other field and travel	15,728		15,728	4,834
Head office rent	10,560		10,560	12,770
Bank charges	10,620		10,620	12,023
Professional fees and insurance	15,180		15,180	11,642
Other	2,492	284	2,776	4,182
Amortization	1,883		1,883	2,142
	277,190	33,501	310,691	320,735
	282,904	754,570	1,037,474	1,015,390
Income (loss) before undernoted item	(102,153)	289,136	186,983	(35,043)
Other income				
Unrealized gain (loss) on investments	1,544	(16,550)	(15,006)	2,953
Excess (deficiency) of revenue over expenditures for year	(100,609)	272,586	171,977	(32,090)

**STATEMENT OF FUND BALANCES
YEAR ENDED DECEMBER 31, 2015**

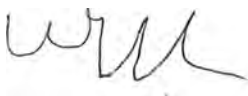
	Unrestricted Fund \$	Restricted Fund \$	2015 \$	2014 \$
Balance (deficit), beginning of year	(142,704)	531,553	388,849	420,939
Excess (deficiency) of revenue over expenditures for year	(100,609)	272,586	171,977	(32,090)
Interfund transfers (note 7)	182,114	(182,114)		
Balance (deficit), end of year (note 6)	(61,199)	622,025	560,826	388,849

**FINANCIAL POSITION
DECEMBER 31, 2015**

	2015 \$	2014 \$
ASSETS		
Cash	206,608	134,717
Short-term investments	361,403	245,838
Accounts receivable	18,869	13,275
Prepaid expenses	732	609
Current assets	587,612	394,439
Capital assets (note 3)	6,292	6,631
	593,904	401,070
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	33,078	12,221
Current liabilities	33,078	12,221
FUND BALANCES		
Unrestricted fund balance (note 6)	(61,199)	(142,704)
Restricted fund balance (note 6)	622,025	531,553
	593,904	401,070



Director



Director

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

	2015 \$	2014 \$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenditures for year	171,977	(32,090)
Item not involving cash:		
Amortization	1,883	2,142
	173,860	(29,948)
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(5,594)	(4)
Prepaid expenses	(123)	1,014
Accounts payable and accrued liabilities	20,857	2,166
	189,000	(26,772)
Cash flows from investment activities:		
Decrease (increase) in short-term investments	(115,565)	7,869
Net additions to capital assets	(1,544)	(749)
	(117,109)	7,120
Net increase (decrease) in cash	71,891	(19,652)
Cash, beginning of year	134,717	154,369
Cash, end of year	206,608	134,717

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2015**

1. Nature of Business

Kids Alive International - Canada was incorporated without share capital by letters patent dated November 4, 1997 under the Canada Business Corporations Act and has its head office in Cambridge, Ontario, Canada. The Organization has been continued under the Canada Not-for-Profit Corporations Act.

Kids Alive International - Canada reflects the love of Christ by rescuing suffering children-in-crisis in developing nations, nurturing them with quality holistic care in a family environment and introducing them to the transforming power of Jesus Christ so they are enabled to instill hope in others and grow to a leadership position in their community. The Organization is distinctive from other charities by encouraging donors to be personally engaged with children under the Organization's care.

As Kids Alive International - Canada is a registered charity under the Income Tax Act, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Kids Alive International - Canada, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The unrestricted fund balance represents the portion of the expendable funds available for operating costs of the Organization.

The restricted fund balance represents resources contributed to the Organization which have been allocated for specific mission project costs to be incurred in future periods.

(b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the unrestricted fund.

(c) Capital assets

The Organization amortizes capital assets using the declining-balance method at annual rates which will amortize the assets over their estimated useful lives:

Furniture and equipment	20%
Computer hardware and software	30%

EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2015

2. Summary of Significant Accounting Policies (Continued)

(d) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(e) Financial instruments

Investments are shown on the statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the statement of operations. All other financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

	2015	2014
	\$	\$
3. Capital Assets		
Cost		
Furniture and equipment	13,193	12,461
Computer hardware and software	20,830	20,018
	34,023	32,479
Accumulated amortization		
Furniture and equipment	10,120	9,443
Computer hardware and software	17,611	16,405
	27,731	25,848
Net Book Value	6,292	6,631

4. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2015

5. Lease Arrangement

The Organization leases offices at 55 Fleming Dr., Cambridge, Ontario under a month to month lease at a monthly cost of approximately \$1,000 including rent and utilities.

	2015	2014
	\$	\$
6. Fund Balances		
Restricted funds: projects		
Zambia project funds	74,217	63,072
Haiti project funds	34,053	44,304
Peru project funds	48,918	48,724
Other project funds	155,097	45,646
	312,285	201,746
Restricted funds: other		
Missionary support funds	65,690	85,342
Scholarship funds	240,935	244,924
Administrative support funds	3,115	(459)
	309,740	329,807
Total restricted funds	622,025	531,553
Total unrestricted funds (deficit)	(61,199)	(142,704)
Total fund balances	560,826	388,849

7. Interfund Transfers

During the year, \$135,666 (\$123,781 in 2014) was transferred from the Restricted Funds to the Unrestricted Fund as payment of interfund administration fees. In addition, the Board approved net transfers of \$(46,148) (\$3,242 in 2014) be transferred to (from) the Restricted Funds from (to) the Unrestricted Fund in the year.

8. Details of Fundraising Expenditures

Fundraising costs	1,713	25,395
Promotional/advertising costs	3,001	3,167
Total fundraising costs	4,714	28,562

9. Bank Debt

The Organization has a line of credit with a limit of \$30,000 with interest at prime plus 2% per annum, of which there was none outstanding at year end and which is secured by a general security agreement.

**EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2015**

10. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

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 entity is exposed to credit risk with respect to its accounts receivable.

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. The entity is mainly exposed to currency 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. A portion of the Organization's cash balance is subject to foreign exchange fluctuations. As at December 31, 2015, cash of \$73 (\$53 in 2014) originated in US dollars and was converted into Canadian dollars at the year-end rate of exchange.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The entity is exposed to other price risk through its investments.