

WEST-ISLAND COMMUNITY SHARES
FINANCIAL STATEMENTS
MARCH 31, 2017

WEST-ISLAND COMMUNITY SHARES

FINANCIAL STATEMENTS

MARCH 31, 2017

SUMMARY

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INDEPENDENT AUDITOR'S REPORT

To the Members of
West-Island Community Shares

We have audited the accompanying financial statements of WEST-ISLAND COMMUNITY SHARES, which comprise the statement of financial position as at March 31, 2017, 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 organization, 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 organization'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 organization'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 charitable organizations, the organization derives revenue from the donations, auction and promotional activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to recorded revenues, to the excess of revenues over expenses, to the assets and the net assets.

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 WEST-ISLAND COMMUNITY SHARES as at March 31, 2017, and its results of operations and its cash flows for the then ended in accordance with Canadian accounting standards for not-for-profit organizations.

(1)



Partnership of Chartered Professional Accountants

Montreal
September 27, 2017.

⁽¹⁾ CPA auditor, CA, public accountancy permit n° A110693

WEST-ISLAND COMMUNITY SHARES
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2017

	General Operating Fund	Special Events Fund	Fundraising Activities Fund	Campaign Fund	Forever Fund	Total 2017	Total 2016
REVENUES							
Corporate sponsorships	\$ 257,000	\$ -	\$ -	\$ -	\$ -	\$ 257,000	\$ 330,168
Public donations	-	-	-	337,125	-	337,125	277,440
Activities (Appendix 1)	-	686,897	88,175	-	-	775,072	590,150
Corporate donations	-	-	-	675,772	-	675,772	779,928
Government support	-	-	-	49,100	-	49,100	53,665
Other income	209	-	-	-	-	209	921
	257,209	686,897	88,175	1,061,997	-	2,094,278	2,032,272
EXPENSES / DISTRIBUTIONS							
Distribution of donations	-	-	-	1,191,500	-	1,191,500	1,198,000
Activities (Appendix 1)	-	250,460	23,406	-	-	273,866	163,931
Fundraising expenses (Appendix 2)	344,721	-	-	-	-	344,721	356,857
Administration expenses (Appendix 3)	169,608	-	-	-	-	169,608	198,643
Charitable program salaries and fringe benefits	38,334	-	-	-	-	38,334	35,078
	552,663	250,460	23,406	1,191,500	-	2,018,029	1,952,509
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES / DISTRIBUTIONS							
	\$ (295,454)	\$ 436,437	\$ 64,769	\$ (129,503)	\$ -	\$ 76,249	\$ 79,763

The accompanying notes and additional information are an integral part of these financial statements.

WEST-ISLAND COMMUNITY SHARES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	General Operating Fund	Special Events Fund	Fundraising Activities Fund	Campaign Fund	Forever Fund	Reserve Fund	Total 2017	Total 2016
BALANCE, BEGINNING OF YEAR	\$ 822	\$ -	\$ -	\$ 680,768	\$ -	\$ 100,000	\$ 781,590	\$ 701,827
Excess (Deficiency) of revenues over expenses / distributions	(295,454)	436,437	64,769	(129,503)	-	-	76,249	79,763
Interfund transfers (Note 9)	295,000	(436,437)	(64,769)	146,206	-	60,000	-	-
BALANCE, END OF YEAR	\$ 368	\$ -	\$ -	\$ 697,471	\$ -	\$ 160,000	\$ 857,839	\$ 781,590

The accompanying notes are an integral part of these financial statements.

WEST-ISLAND COMMUNITY SHARES
 STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2017

	General Operating Fund	Special Events Fund	Fundraising Activities Fund	Campaign Fund	Forever Fund	Reserve Fund	Consolidating Balances	Total 2017	Total 2016
ASSETS									
CURRENT									
Cash	\$ 45,032	\$ -	\$ -	\$ 1,294,299	\$ -	\$ 100,000	\$ -	\$ 1,439,331	\$ 1,139,325
Term deposits, 0.5%	52,007	-	-	-	-	-	-	52,007	37,347
Accounts receivable (Note 3)	28,502	17,445	-	76,237	-	-	-	122,184	317,489
Prepaid expenses	-	15,085	-	-	-	-	-	15,085	43,640
Interfund loans, without interest	-	39,317	-	-	-	60,000	(99,317)	-	-
	125,541	71,847	-	1,370,536	-	160,000	(99,317)	1,628,607	1,537,801
CAPITAL ASSETS (Note 4)									
	6,827	-	-	-	-	-	-	6,827	7,934
	\$ 132,368	\$ 71,847	\$ -	\$ 1,370,536	\$ -	\$ 160,000	\$ (99,317)	\$ 1,635,434	\$ 1,545,735
LIABILITIES									
CURRENT									
Accounts payable (Note 5)	\$ 9,248	\$ 7,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,895	\$ 27,595
Donations to distribute	-	-	-	606,500	-	-	-	606,500	583,000
Deferred income (Note 6)	90,000	64,200	-	-	-	-	-	154,200	103,550
Interfund loans, without interest	32,752	-	-	66,565	-	-	(99,317)	-	-
	132,000	71,847	-	673,065	-	-	(99,317)	777,595	714,145
DEFERRED INCOME (Note 6)									
	132,000	71,847	-	673,065	-	-	(99,317)	777,595	50,000
	\$ 132,368	\$ 71,847	\$ -	\$ 1,370,536	\$ -	\$ 160,000	\$ (99,317)	\$ 1,635,434	\$ 1,545,735
NET ASSETS									
Unrestricted	368	-	-	-	-	-	-	368	822
Internally restricted	-	-	-	-	-	160,000	-	160,000	100,000
Externally restricted	-	-	-	697,471	-	-	-	697,471	680,768
	368	-	-	697,471	-	160,000	-	857,839	781,590
Commitments (Note 8)									

ON BEHALF OF THE BOARD OF DIRECTORS

Director _____ Director

The accompanying notes are an integral part of these financial statements.

WEST-ISLAND COMMUNITY SHARES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses / distributions	\$ 76,249	\$ 79,763
Non-cash item:		
Amortization - capital assets	2,563	2,719
Net changes in non-cash working capital items (Note 7)	236,660	49,582
	<u>315,472</u>	<u>132,064</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,456)	(2,884)
(Acquisition) Disposition of term deposits	(14,660)	30,021
	<u>(16,116)</u>	<u>27,137</u>
FINANCING ACTIVITY		
Net changes in deferred income	650	(7,412)
NET INCREASE IN CASH	300,006	151,789
CASH, BEGINNING OF YEAR	1,139,325	987,536
CASH, END OF YEAR	\$ 1,439,331	\$ 1,139,325

The accompanying notes are an integral part of these financial statements.

WEST-ISLAND COMMUNITY SHARES**NOTES TO THE FINANCIAL STATEMENTS**

MARCH 31, 2017

NOTE 1 - LEGAL FORM AND PURPOSE OF THE ORGANIZATION

The Organization is incorporated under Part III of the Companies Act (Quebec) and is registered with the tax authorities as a charity under number 870517992RR0001. Its objective is to encourage citizens to get involved in the development and maintenance of well-being of their community through fundraising campaign.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

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 reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Significant estimates made in the preparation of these financial statements include accounts receivable.

FUND ACCOUNTING

The General Operating Fund comprises activities undertaken by the Organization to cover services and administration expenses.

The Special Events Fund comprises activities organized by the Organization that took place to raise the funds necessary to cover the expenses related to the fundraising campaign, to some administrative expenses and to maintain a contingency reserve. The donation portion of tickets sold for activities is allocated to the Campaign Fund. Interfund allocations are at the discretion of the Board of Directors.

The Fundraising Activities Fund includes activities organized by West-Island Community Shares for which 100% of the net proceeds are allocated to the Campaign Fund.

The Campaign Fund includes public donations, donations made through payroll deductions, corporate matching of employee donations, corporate donations, donations from foundations and donations received from third-party fundraisers.

The Reserve Fund is created out of special events of Community Shares and serves to ensure the durability in the distribution of funds to organisations and operations of Community Shares for the years to come. Interfund transfers are determined annually by the Board of Directors. This fund is not for the purpose of current operations.

WEST-ISLAND COMMUNITY SHARES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND ACCOUNTING (continued)

The Forever Fund is an endowment fund which includes donor-planned donations. This fund was established on May 24, 2011 at the TD Private Giving Foundation. Directors have voted, by resolution of the Board of Directors, to affect dated March 31, 2011 an amount of \$ 10,000 to this fund. The contribution was made in previous year with TD Private Giving Foundation. Invested capital is the property of TD Private Giving Foundation, but West-Island Community Shares is the only recipient of the interest of the fund. West-Island Community Shares will be entitled to annual income distributed by the fund. Of these revenues, up to 15% may be withheld and paid to the administration fund in order to maintain the 100% distribution model. The balance of 85% of revenues will be paid to charitable organizations supported within twenty-four months of receipt of revenues.

REVENUE RECOGNITION

The Organization 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

DISTRIBUTIONS TO SUPPORTED ORGANIZATIONS

The distributions are recorded in statement of operations in the period in which they are granted.

CAPITAL ASSETS

Capital assets are accounted for at cost. Amortization is calculated based on their respective useful lives using the following methods and rates:

	<u>Methods</u>	<u>Rates</u>
Office furniture and equipment	Declining balance	20%
Computers	Declining balance	30%

FINANCIAL INSTRUMENTS

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and sponsorships and contributions receivable and interest receivable.

Financial liabilities measured at amortized cost include trade accounts payable, salaries payable and deferred income.

WEST-ISLAND COMMUNITY SHARES
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2017

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENT

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Temporary investments that the Organization cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

NOTE 3 - ACCOUNTS RECEIVABLE	2017		2016	
Sponsorships and contributions receivable	\$	97,805	\$	271,584
Sales tax receivable		24,194		45,657
Interest		185		248
	\$	122,184	\$	317,489

NOTE 4 - CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value 2017	Net book value 2016
Office furniture and equipment	\$ 1,886	\$ 1,601	\$ 285	\$ 356
Computers	28,772	22,230	6,542	7,578
	\$ 30,658	\$ 23,831	\$ 6,827	\$ 7,934

NOTE 5 - ACCOUNTS PAYABLE	2017		2016	
Trade accounts payable and accrued liabilities	\$	5,323	\$	27,595
Salaries payable		11,572		-
	\$	16,895	\$	27,595

WEST-ISLAND COMMUNITY SHARES
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2017

NOTE 6 - DEFERRED INCOME

	General Operating Fund	Special Events Fund	2017	2016
OPENING BALANCE	\$ 80,000	\$ 73,550	\$ 153,550	\$ 160,962
Less: revenues recognized during the year	(40,000)	(63,550)	(103,550)	(119,962)
Plus: amounts received during the year	50,000	54,200	104,200	112,550
CLOSING BALANCE	90,000	64,200	154,200	153,550
Current portion of deferred income	90,000	64,200	154,200	103,550
Long-term portion of deferred income	\$ -	\$ -	\$ -	\$ 50,000

NOTE 7 - CASH FLOWS

	2017	2016
Net changes in non-cash working capital items :		
Accounts receivable	\$ 195,305	\$ 107,679
Prepaid expenses	28,555	(16,371)
Accounts payable	(10,700)	(17,226)
Donations to distribute	23,500	(24,500)
	\$ 236,660	\$ 49,582

NOTE 8 - COMMITMENTS

The commitments of the Organization under lease agreements aggregate to \$ 25,635. The instalments over the next four years are the following :

2018	\$ 15,002
2019	\$ 7,478
2020	\$ 2,103
2021	\$ 1,052

Furthermore, the Organization is committed, from the surplus Campaign Fund to distribute additional donations dated May 31, 2017, totaling \$ 606,500 (\$ 583,000 in 2016).

WEST-ISLAND COMMUNITY SHARES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 9 - INTERFUND TRANSFERS

The Board of Directors authorized, by resolution, the transfer of \$ 436,437 from the Special Events Fund, \$ 64,769 from the Fundraising Activities Fund to the following funds: \$ 295,000 to the General Operating Fund and \$ 146,206 to the Campaign Fund and \$ 60,000 to the Reserve Fund.

NOTE 10 - ALLOCATION OF EXPENSES

All expenses are allocated directly to the project for which they were incurred, except salaries that are allocated by hours worked.

NOTE 11 - FINANCIAL INSTRUMENTS

RISK AND CONCENTRATIONS

The Organization is exposed to various risks through its financial instruments, without being exposed to concentration of risk. The following analysis provides a measure of the Organization's risk exposure as at March 31, 2017.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Organization provides credit to its partners, contributors and donators in the normal course of its operations. However the risk is minimized, since they are generally well known of the management.

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 Organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

LIQUIDITY RISK

Liquidity risk is the risk the Organization will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining a sufficient liquidity levels access to appropriate credit facilities and the ability to liquidate positions on the market. The Organization believes that its recurring financial resources are adequate to cover all its expenditures.

NOTE 12 - DONATION COMMITMENT RECEIVABLE

The Organization receives donations of employees of companies that are levied on the payroll of the latter. Participating companies have pledged for the 2016 calendar year a total of \$ 81,994 of which \$ 71,595 were received. Only the amounts received were recorded as a revenue in the period.

WEST-ISLAND COMMUNITY SHARES

APPENDIX 1 - STATEMENT OF OPERATIONS BY ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2017

	Special Events Fund	Fundraising Activities Fund	2017	2016
REVENUES				
Red and White	\$ 269,571	\$ -	\$ 269,571	\$ 274,849
Masked ball	244,225	-	244,225	-
Corporate Golf	86,695	-	86,695	94,795
West-Island Wine Show	53,992	-	53,992	85,904
Light Up our Community	22,000	-	22,000	-
Forest of Wishes	-	-	-	12,600
Community Breakfast	10,414	-	10,414	-
Colour our Community Race	-	-	-	4,957
Dream Vacation	-	88,175	88,175	117,045
	686,897	88,175	775,072	590,150
EXPENSES				
Red and White	70,557	-	70,557	60,534
Masked ball	120,925	-	120,925	-
Corporate Golf	31,082	-	31,082	32,334
West-Island Wine Show	17,482	-	17,482	28,756
Light Up our Community	6,000	-	6,000	-
Forest of Wishes	-	-	-	879
Community Breakfast	4,414	-	4,414	-
Colour our Community Race	-	-	-	1,208
Dream Vacation	-	23,406	23,406	40,220
	250,460	23,406	273,866	163,931
EXCESS OF REVENUES OVER EXPENSES	\$ 436,437	\$ 64,769	\$ 501,206	\$ 426,219

WEST-ISLAND COMMUNITY SHARES

APPENDIX 2 - FUNDRAISING EXPENSES

FOR THE YEAR ENDED MARCH 31, 2017

	General Operating Fund	
	2017	2016
EXPENSES		
Salaries and fringe benefits	\$ 277,366	\$ 260,944
Marketing and communications	25,773	41,695
Credit card fees	27,167	23,312
Translation fees	1,018	8,877
Third-party fundraising expenses	2,002	5,297
Fund distribution, donor recognition and volunteer recognition event	5,571	4,840
Travel expenses	1,190	3,885
Consultant fees	1,320	3,224
Postage	1,084	2,483
Networking fees	1,291	2,300
Planned Giving Program fees	939	-
	\$ 344,721	\$ 356,857

WEST-ISLAND COMMUNITY SHARES

APPENDIX 3 - ADMINISTRATION EXPENSES

FOR THE YEAR ENDED MARCH 31, 2017

General Operating Fund

	2017	2016
EXPENSES		
Salaries and fringe benefits	\$ 89,193	\$ 98,476
Office expenses	53,599	69,862
Professional fees	13,470	13,604
Relationship with community organizations	2,487	4,709
Insurance	4,039	3,875
Storage	2,841	2,720
Interest and bank charges	1,416	1,737
Meetings, training and conferences	-	941
Amortization - capital assets	2,563	2,719
	\$ 169,608	\$ 198,643