

**Canadian Children's Optimist Foundation  
Financial Statements**

**September 30, 2016**

**Canadian Children's Optimist Foundation**

**Table of Contents**

**September 30, 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-15

SOCIÉTÉ DE COMPTABLES PROFESSIONNELS AGRÉÉS  
PARTNERSHIP OF CHARTERED PROFESSIONAL ACCOUNTANTS

JAMES M. ROWEN, CPA, CA  
WENDY N. ROSCOE, CPA, CA  
LILY YUAN HU, CPA, CGA, US CPA

## **INDEPENDENT AUDITORS' REPORT**

### **To the Board of Directors of Canadian Children's Optimist Foundation**

We were engaged to audit the accompanying financial statements of Canadian Children's Optimist Foundation (the Foundation), which comprise the statement of financial position as at September 30, 2016 and September 30, 2015 and the statements of operations and changes in net assets, cash flows and supplementary information on expenditures for the years ended September 30, 2016 and September 30, 2015, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation 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.

We believe that 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 Foundation derives revenue from the general public, 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. We were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

**Qualified Opinion**

In our opinion, except for the 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 Foundation as at September 30, 2016 and September 30, 2015 and the results of its operations, changes in net assets, its cash flows and supplementary information on expenditures for the years ended September 30, 2016 and September 30, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

Montreal, Quebec  
March 2, 2017

*Rowen & Associates L.L.P.*

Rowen & Associates L.L.P.

*James M. Rowen*  
James M. Rowen, CPA Auditor, CA



**Canadian Children's Optimist Foundation**  
**Statement of Financial Position**  
**As at September 30, 2016**

	2016	2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 13,144	\$ 33,126
Accrued interest receivable	3,987	4,279
Accrued dividends receivable	2,412	2,742
Other receivables	6,000	-
Sales taxes receivable	6,343	4,443
Prepaid expenses - recognition	5,989	4,966
	<b>37,875</b>	<b>49,556</b>
<b>Long term assets</b>		
Portfolio investments (note 4)	1,943,022	1,902,500
Deferred costs - scholarships (note 6)	273,548	260,881
	<b>2,216,570</b>	<b>2,163,381</b>
<b>Capital assets (note 7)</b>	-	350
<b>Intangible asset</b>		
Organization cost (note 2)	18,708	18,708
	<b>\$ 2,273,153</b>	<b>\$ 2,231,995</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 46,318	\$ 74,044
Amounts payable to Optimist International Foundation	-	6,681
Amounts payable to Optimist International	25,330	72
	<b>71,648</b>	<b>80,797</b>
<b>Long term liabilities</b>		
Deferred contributions (note 5)	95,661	87,144
Scholarships payable (notes 2 & 6)	273,548	260,881
	<b>369,209</b>	<b>348,025</b>
	<b>440,857</b>	<b>428,822</b>
<b>NET ASSETS</b>		
<b>Externally restricted</b>		
- for endowment purposes - scholarships (note 8)	1,021,567	1,051,772
- for endowment purposes - CCC (note 8)	317,594	309,676
<b>Internally restricted-invested in capital assets</b>	-	350
<b>Unrestricted</b>	<b>493,135</b>	<b>441,375</b>
	<b>1,832,296</b>	<b>1,803,173</b>
	<b>\$ 2,273,153</b>	<b>\$ 2,231,995</b>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

 Director

 Director

See accompanying notes

**Canadian Children's Optimist Foundation**  
**Statement of operations**  
**For the year ended September 30, 2016**

	2016	2015
<b>Revenue</b>		
Contributions from individuals	\$ 318,788	\$ 369,481
Scholarship contributions	12,750	-
Investment income (note 3)	155,009	35,480
Fundraising - Gala	27,402	-
Sponsorship income	12,600	-
Administration fee	4,375	814
	<b>530,924</b>	<b>405,775</b>
<b>Grants and programmes</b>		
Oratorical scholarships	39,000	60,000
Essay scholarships	23,150	25,000
C.C.D.H.H. scholarships	14,000	9,000
Don MacDonald Scholarship Oakville	18,000	10,000
Burnaby scholarships	1,250	2,500
Programme costs	27,600	15,500
Childhood cancer grant (note 5)	25,505	33,786
Outsourcing program (note 5)	79,780	95,846
	<b>228,285</b>	<b>251,632</b>
<b>Excess of revenue over grants and programmes</b>	<b>302,639</b>	<b>154,143</b>
<b>Expenditures</b>		
Volunteers and donors		
Donor awards and recognition	23,678	27,549
Volunteer activities	60,660	65,377
Special programmes	5,992	5,510
	<b>90,330</b>	<b>98,436</b>
Fundraising and public relations		
Fundraising	47,099	25,056
International convention	15,660	11,715
	<b>62,759</b>	<b>36,771</b>
Staff and administration		
Administrative expenditures	104,423	89,724
	<b>257,512</b>	<b>224,931</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 45,127</b>	<b>\$ (70,788)</b>

See accompanying notes

**Canadian Children's Optimist Foundation**  
**Statement of changes in net assets**  
**For the year ended September 30, 2016**

Year 2016	Externally restricted for endowment purposes (Scholarships)	Externally restricted for endowment purposes (CCC)	Internally restricted invested in capital assets	Unrestricted	Total
<b>Balance at beginning of year</b>	\$ 1,051,772	\$ 309,676	\$ 350	\$ 441,375	\$ 1,803,173
Excess (deficiency) of revenue over expenses	54,795	24,385	(350)	(33,703)	45,127
Inter fund transfers	(85,000)	(463)	-	85,463	-
Transfer to deferred contributions	-	(16,004)	-	-	(16,004)
<b>Balance at end of year</b>	<b>\$ 1,021,567</b>	<b>\$ 317,594</b>	<b>\$ -</b>	<b>\$ 493,135</b>	<b>\$ 1,832,296</b>

Year 2015	Externally restricted for endowment purposes (Scholarships)	Externally restricted for endowment purposes (CCC)	Internally restricted invested in capital assets	Unrestricted	Total
<b>Balance at beginning of year</b>	\$ 1,159,864	\$ 367,695	\$ 1,749	\$ 382,194	\$ 1,911,502
Excess (deficiency) of revenue over expenses	28,276	(24,490)	(1,399)	(73,175)	(70,788)
Inter fund transfers	(136,368)	4,012	-	132,356	-
Transfer to deferred contributions	-	(37,541)	-	-	(37,541)
<b>Balance at end of year</b>	<b>\$ 1,051,772</b>	<b>\$ 309,676</b>	<b>\$ 350</b>	<b>\$ 441,375</b>	<b>\$ 1,803,173</b>

See accompanying notes

**Canadian Children's Optimist Foundation**  
**Statement of cash flows**  
**For the year ended September 30, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	\$ 45,127	\$ (70,788)
Adjustments for:		
Gain on sale on portfolio investments (note 3)	(3,791)	(44,040)
Unrealized loss (gain) on portfolio investments (note 3)	(80,661)	64,963
Amortization	350	1,399
Transfer from CCC endowment fund to deferred contributions (note 5)	(16,004)	(37,541)
	<b>(54,979)</b>	<b>(86,007)</b>
Changes in non cash working capital		
Decrease in accrued interest receivable	292	1,845
Decrease in dividend receivable	330	262
Increase in sales taxes receivable	(1,900)	(1,084)
Increase in pledge receivable	(6,000)	-
Decrease in accounts payable and accrued liabilities	(27,726)	(25,047)
Decrease in payable to Optimist International Foundation	(6,681)	(10,000)
Increase (decrease) in payable to Optimist International	25,258	(43,842)
Increase (decrease) in prepaid expenses - recognition	(1,023)	4,995
Increase in deferred contributions	8,517	23,586
	<b>(8,933)</b>	<b>(49,285)</b>
Cash used in operating activities	<b>(63,912)</b>	<b>(135,292)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments	(317,940)	(358,303)
Proceeds on disposal of investments	361,870	461,554
Cash generated from investing activities	43,930	103,251
<b>NET DECREASE IN CASH</b>	<b>(19,982)</b>	<b>(32,041)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>33,126</b>	<b>65,167</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 13,144</b>	<b>\$ 33,126</b>

See accompanying notes



**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**1. GOVERNING STATUTES AND PURPOSES OF THE ORGANIZATION**

The Foundation, incorporated under Part II of the Canada Corporation Act, receives and maintains funds to operate programs and activities for youth in Canada, to seek and accept real and personal property by gift, bequest, donation, legacy, purchase or otherwise and to hold and administer such property, in trust or otherwise, solely for the aforesaid objectives. It is a registered charity according to the Income Tax Act.

The Foundation received its Certificate of Continuance under the *Canada Not-for-profit Corporations Act*, dated October 29, 2013.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis for presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation applies the deferral method of accounting for contributions.

**Financial instruments**

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its portfolio investments at fair value, which is based on year-end quoted market prices.

The unrealized gain or loss on portfolio investments, being the difference between book value and fair value, is included in revenues in the statement of operations.

The Foundation does not enter into any derivative financial instrument arrangements for hedging or speculative purposes.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred and included in administrative expenses. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

**Cash and cash equivalents**

Cash and cash equivalents include cash in bank, bank overdraft and on deposit with broker, with a maturity of less than three months at time of purchase.

**Organization costs**

Organization costs including amounts related to the charter, change in name of the Foundation, bylaws etc. have been recorded as organization costs.

This cost is not subject to amortization but must be written down when a permanent impairment in value occurs.

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenditures are deferred and are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

Investment income, including the amount applicable to endowment purposes is recognized as revenue as earned. Interest income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Realized gains or losses on the disposal of investments are determined using the average cost method.

**Capital assets**

Capital assets are recorded at acquisition cost. When the Foundation receives contributions of capital assets, the acquisition cost is equal to the fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

**Donated services**

The Foundation benefits greatly from donated services in the form of volunteer work for various operating activities. The value of donated services is not recognized in the financial statements because of the difficulty of measurement.

**Scholarships**

Contributions for Scholarships are set up as scholarships payable when received.

Scholarship expense is recognized when the scholarships are paid, with the difference between the amount awarded and amount paid being recorded as deferred costs - scholarships on the statement of financial position.

**Amortization of capital assets**

Capital assets are amortized over their estimated useful lives on a the straight-line basis over a five-year period.

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)**

**Foreign currency translation**

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenditures in foreign currency are translated at the average rate in effect during the year, with the exception of revenue and expenditures relating to non-monetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the statement of operations for the year.

**Management 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 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. Estimates are used when accounting for amortization, administrative expenditures and scholarships payable. Actual results could differ from such estimates.

**Fair value of financial instruments**

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

*Short-term financial instruments*

The fair value of the short-term financial assets and liabilities approximates their carrying amount due to their short term maturity date.

*Investments*

The fair value of shares and bonds is equivalent to the market value based on the closing price.

*Scholarships payable*

The fair value of scholarships payable is based on discounted cash flows using interest rates for loans with similar terms and conditions.

**3. INVESTMENT INCOME**

	2016	2015
Interest	\$ 15,059	\$ 21,104
Dividends	55,498	35,299
Gain on sale of portfolio investments	3,791	44,040
Unrealized gain (loss) on portfolio investments	80,661	(64,963)
	<b>\$ 155,009</b>	<b>\$ 35,480</b>

Income earned (loss incurred) on investments held for endowment purposes included above is \$79,180 (\$24,490 in 2015)

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**4. PORTFOLIO INVESTMENTS**

	2016		2015	
	Cost	Market Value	Cost	Market Value
Fixed income				
- Canadian	\$ 383,653	\$ 395,925	\$ 358,631	\$ 369,729
Common stock				
- Canadian	515,544	644,609	570,536	668,932
- US	269,808	403,521	259,961	349,260
	<b>785,352</b>	<b>1,048,130</b>	<b>830,497</b>	<b>1,018,192</b>
Pooled funds				
- Canadian	472,579	490,403	490,780	502,691
- US	7,507	8,564	9,322	11,888
	<b>480,086</b>	<b>498,967</b>	<b>500,102</b>	<b>514,579</b>
	<b>\$1,649,091</b>	<b>\$1,943,022</b>	<b>\$1,689,230</b>	<b>\$1,902,500</b>

The Foundation determines the fair value of its investments based on published price quotations in active markets. The unrealized gain on portfolio investments recognized in the year is calculated as follows:

	2016	2015	2014
Fair value of investments	\$ 1,943,022	\$ 1,902,500	\$ 2,026,673
Cost of investments	1,649,091	1,689,230	1,748,440
Unrealized gain on portfolio investments, end of year	\$ 293,931	\$ 213,270	\$ 278,233
Change in unrealized gain (loss) on portfolio investments (note 3)	\$ 80,661	\$ (64,963)	

Corporate and government bonds bear interest at rates from 2.0% to 5.96 % (3.5% to 5.96% in 2015) and mature at various dates until 2024.

The investments have been managed by RBC Dominion Securities Inc. in accordance with agreements approved by the directors of the Foundation.

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent operating fund contributions received which are restricted for childhood cancer and club programmes. These contributions are recognized as revenue in the period the related expenditures are incurred. Change in the deferred contributions balance is as follows:

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**5. DEFERRED CONTRIBUTIONS (CON'T)**

2016	Childhood cancer	Club programmes	Scholarship	September 30 2016
Balance, beginning of year	\$ 2,765	\$ 79,879	\$ 4,500	\$ 87,144
Contributions received	6,736	90,687	17,500	114,923
Transfer from CCC endowment fund (note 8)	16,004	-	-	16,004
Recognized as revenue during the year	(25,505)	(79,780)	(12,750)	(118,035)
Administration expenses	-	(4,375)	-	(4,375)
Balance, end of year	\$ -	\$ 86,411	\$ 9,250	\$ 95,661

2015	Childhood cancer	Club programmes	Scholarship	September 30 2015
Balance, beginning of year	\$ (15,318)	\$ 78,876	\$ -	\$ 63,558
Contributions received	14,328	97,663	4,500	116,491
Transfer from CCC endowment fund (note 8)	37,541	-	-	37,541
Recognized as revenue during the year	(33,786)	(95,846)	-	(129,632)
Administration expenses	-	(814)	-	(814)
Balance, end of year	\$ 2,765	\$ 79,879	\$ 4,500	\$ 87,144

**6. SCHOLARSHIPS PAYABLE**

Scholarships are awarded to help defray the recipients' cost of higher education. These scholarships are payable to an institution of higher learning upon the enrolment of the recipient and within 8 years of the date of the award. The amounts payable have been discounted by 3.0% (3.0% in 2015) (average prime rate) per annum over a period up to 8 years.

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**6. SCHOLARSHIPS PAYABLE (CON'T)**

	2016		2015	
	Unamortized Cost	Amortized Cost	Unamortized Cost	Amortized Cost
Scholarships payable - Optimist International (OI)				
Oratorical contest	\$ 189,500	\$ 162,720	\$ 175,000	\$ 149,716
Essay	44,650	36,739	42,800	35,963
C.C.D.H.H.	55,500	49,596	63,000	56,448
	<b>289,650</b>	<b>249,055</b>	<b>280,800</b>	<b>242,127</b>
Scholarships payable - other				
Cenon 47	7,500	6,477	10,000	8,445
Oakville	10,000	8,088	10,000	8,335
Burnaby	2,500	2,033	2,500	1,974
Regional Oratorical	10,000	7,895	-	-
	<b>30,000</b>	<b>24,493</b>	<b>22,500</b>	<b>18,754</b>
	<b>\$ 319,650</b>	<b>\$ 273,548</b>	<b>\$ 303,300</b>	<b>\$ 260,881</b>

The amount applicable to the next fiscal year is not determinable.

**7. CAPITAL ASSETS**

	COST	ACCUMULATED AMORTIZATION	NET 2016	NET 2015
Computer software	\$ 6,995	\$ 6,995	\$ -	\$ 350

**8. RESTRICTIONS ON NET ASSETS**

The net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources have to be maintained permanently. Investment income earned on these funds is externally restricted for childhood cancer relief, scholarships and youth programmes.

**Endowment purposes- Scholarships**

During 2011, the Foundation received a donation of \$1 million to its endowment fund, to be restricted for specific purposes for no less than 10 years. The annual income will be used first to provide 10 scholarships of \$1,000 bestowed annually by the Optimist Club of Oakville, the balance to be transferred to the unrestricted fund of the Foundation, to be used for a scholarship for the winners of the Oratorical, Essay and Communication (for the Deaf and Hard of Hearing) contests in the Central Ontario District, followed by the Quebec Centre and other districts in Canada. The Foundation may spend the capital of the donation if necessary, to meet the annual disbursement quota under the requirements of the Income Tax Act at the end of the term.

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**8. RESTRICTIONS ON NET ASSETS (CON'T)**

During 2010 the Foundation received a donation of \$25,000 to its endowment fund, to be restricted for specific purpose for no less than 10 years. The annual income from this gift will be attributed to the payment of 2 scholarships of \$2,500 each to a Canadian student winner of the Oratorical contest from the Alberta, Montana, Saskatchewan and North Wyoming District. The Foundation may spend the capital of this gift before the end of the above term to meet the annual disbursement quota under the requirement of the Income Tax Act.

**Endowment purposes- Childhood Cancer Campaign (CCC)**

During 2012 the directors approved the establishment of a separate endowment fund for contributions restricted for Childhood Cancer Campaign purposes. In 2016, there was no amount transferred from deferred contributions (note 5) to the externally restricted purposes - Childhood Cancer Campaign under net assets section of the statement of Financial Position, whereas \$16,004 (\$37,541 in 2015) was transferred to deferred contributions (note 5) from the externally restricted purposes - Childhood Cancer Campaign under net assets section of the statement of Financial Position.

Subsequent to 2012, all contributions to Childhood Cancer Campaign are recorded in this endowment fund and the applicable funds are included in a separate investment account, designated for this purpose.

**9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS**

**Financial risk management objectives and policies**

The Foundation is exposed to various financial risks resulting from both its operating and investing activities. The Foundation's management manages financial risks.

**Financial risks**

The Foundation's main financial risk exposure and its financial risk management policies are as follows:

*Interest rate risk*

The investments in bonds bear interest at a fixed rate and the Foundation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Foundation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

**Canadian Children's Optimist Foundation**  
**Notes to the financial statements**  
**September 30, 2016**

**9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (CON'T)**

*Liquidity risk*

Liquidity risk management serves to maintain a sufficient amount of cash and investments. The Foundation establishes budget and cash estimates to attain its objectives and fulfill its obligations.

*Foreign exchange risk*

The Foundation is exposed to foreign exchange risk due to cash, investments in U.S. dollars. As at September 30, 2016, assets denominated in U.S. dollars consisting of cash and investments totalled \$314,161 (\$272,242 as at September 30, 2015).

*Credit risk*

Credit risk is the risk that a counterparty to a financial instrument fails to fulfill a commitment or obligation towards the Foundation. The carrying amount of cash and investments represents the Foundation's maximum credit risk exposure as at September 30, 2016.

Cash transactions are conducted with several reputable financial institutions, from which management believes the risk of loss is remote. The Foundation mitigates the credit risk related to its investments by ensuring that it has a diversified investment mix.

**10. EXPENSE ALLOCATIONS**

The Foundation normally charges expenses directly to the specific account except for administration expenditures which are allocated on basis of management estimates.

**11. COMMITMENT**

The Foundation entered into a contract with a computer database provider effective June 30, 2014, to convert its existing donor database to an upgraded version including related training and ongoing services for a 3 year period, at \$399 per month.



**Canadian Children's Optimist Foundation**  
**Supplementary Information on expenditures**  
**September 30, 2016**

	2016	2015
<b>Donor awards and recognition</b>		
Awards for donors	\$ 3,421	\$ 8,969
Postage and shipping costs	8,137	6,583
Administrative expenditures	12,120	11,997
	<b>\$ 23,678</b>	<b>\$ 27,549</b>
<b>Volunteer activities</b>		
Office of president	\$ 6,448	\$ 4,624
Board of Directors	27,713	24,191
Representative expenditures and seminars	12,648	22,851
Administrative expenditures	13,851	13,711
	<b>\$ 60,660</b>	<b>\$ 65,377</b>
<b>Special programmes</b>		
Planned gift program	\$ 2,529	\$ 2,082
Administrative expenditures	3,463	3,428
	<b>\$ 5,992</b>	<b>\$ 5,510</b>
<b>Fundraising</b>		
Office supplies	\$ 2,610	\$ 101
Printing	5,123	1,860
Computer and website	6,928	5,258
Administrative expenditures	16,638	17,837
Gala	15,800	-
	<b>\$ 47,099</b>	<b>\$ 25,056</b>
<b>Administrative expenditures</b>		
General administrative expenditures	\$ 35,313	\$ 35,173
Bank charges	1,218	1,403
Exchange loss (gain)	605	(11,474)
Professional fees	38,565	39,110
Investment management fees	17,838	14,518
Telecommunications	1,663	1,577
Other administrative expenditures	8,871	8,018
Amortization of capital assets	350	1,399
	<b>\$ 104,423</b>	<b>\$ 89,724</b>