

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

September 30, 2020

Canadian Children's Optimist Foundation

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SOCIÉTÉ DE COMPTABLES PROFESSIONNELS AGRÉÉS
PARTNERSHIP OF CHARTERED PROFESSIONAL ACCOUNTANTS

JAMES M. ROWEN, CPA, CA
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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of Canadian Children's Optimist Foundation (the Foundation), which comprise the statements of financial position as at September 30, 2020 and the statements of operations and changes in net assets and cash flows for the years ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2020 and its results of operations and its cash flows for the years ended in accordance with Canadian accounting standards for not-for-profit organizations.

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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2020 and 2019, current assets as at September 30, 2020 and 2019, and net assets as at October 1 and September 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Montreal, Quebec
March 3, 2021

Rowen & Associates LLP

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, 2020

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 55,312	\$ 21,169
Accrued interest receivable	2,841	3,122
Accrued dividends receivable	3,246	3,062
Sales taxes receivable	10,206	4,651
Prepaid expenses - recognition	-	16,942
Due from Optimist International	-	6,650
	71,605	55,596
Long term assets		
Portfolio investments (note 4)	1,945,541	2,034,442
Deferred costs - scholarships (note 6)	308,440	290,495
	2,253,981	2,324,937
Intangible asset		
Organization cost (note 2)	18,708	18,708
	\$ 2,344,294	\$ 2,399,241
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 31,098	\$ 81,814
Due to Optimist International	4,268	-
	35,366	81,814
Long term liabilities		
Deferred contributions (note 5)	172,197	131,187
Scholarships payable (notes 2 & 6)	324,489	306,247
	496,686	437,434
	532,052	519,248
NET ASSETS		
Externally restricted		
- for endowment purposes - scholarships (note 7)	984,213	1,003,466
- for endowment purposes - CCC (note 7)	308,258	315,150
Unrestricted	519,771	561,377
	1,812,242	1,879,993
	\$ 2,344,294	\$ 2,399,241

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Rod McKendrick
 Rod McKendrick (Mar 29, 2021 13:46 MDT)

Director

Jean-Claude St-Onge
 Jean-Claude St-Onge (Mar 29, 2021 14:30 EDT)

Director

See accompanying notes

Canadian Children's Optimist Foundation
Statement of operations
For the year ended September 30, 2020

	2020	2019
Revenue		
Contributions from individuals	\$ 428,499	\$ 412,398
Investment income (loss) (note 3)	(24,301)	148,555
Administration fee	10,914	8,505
Other income (loss)	-	(429)
	415,112	569,029
Grants and programs		
Oratorical scholarships	29,500	45,000
Essay scholarships	22,500	25,000
C.C.D.H.H. scholarships	5,000	1,000
Program costs	65,158	64,218
Childhood cancer grant (note 5)	-	4,000
Childhood cancer grant - spread relief (note 7)	13,000	24,575
Outsourcing programs (note 5)	209,439	169,875
	344,597	333,668
Excess of revenue over grants and programs	70,515	235,361
Expenditures		
Volunteers and donors		
Donor awards and recognition	29,147	41,922
Volunteer activities	21,870	35,452
Special programs	-	829
	51,017	78,203
Fundraising and public relations		
Fundraising	27,670	21,226
International convention	1,037	20,568
	28,707	41,794
Staff and administration		
Administrative expenditures	55,967	84,229
	135,691	204,226
Excess (Deficiency) of revenue over expenditures	\$ (65,176)	\$ 31,135

See accompanying notes

Canadian Children's Optimist Foundation
Statement of changes in net assets
For the year ended September 30, 2020

Year 2020	Externally restricted for endowment purposes (Scholarships)	Externally restricted for endowment purposes (CCC)	Unrestricted	Total
Balance at beginning of year	\$ 1,003,466	\$ 315,150	\$ 561,377	\$ 1,879,993
Deficiency of revenue over expenses	(19,253)	(6,892)	(39,031)	(65,176)
Inter fund transfers	-	2,575	(2,575)	-
Transfer to deferred contribution (note 5)	-	(2,575)	-	(2,575)
Balance at end of year	\$ 984,213	\$ 308,258	\$ 519,771	\$ 1,812,242

Year 2019	Externally restricted for endowment purposes (Scholarships)	Externally restricted for endowment purposes (CCC)	Unrestricted	Total
Balance at beginning of year	\$ 996,690	\$ 339,090	\$ 548,078	\$ 1,883,858
Excess of revenue over expenses	46,776	11,060	(26,701)	31,135
Inter fund transfers	(40,000)	-	40,000	-
Transfer to deferred contribution (note 5)	-	(35,000)	-	(35,000)
Balance at end of year	\$ 1,003,466	\$ 315,150	\$ 561,377	\$ 1,879,993

See accompanying notes

Canadian Children's Optimist Foundation
Statement of cash flows
For the year ended September 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (65,176)	\$ 31,135
Adjustments for:		
Gain on sale on portfolio investments (note 3)	(8,992)	(106,473)
Unrealized loss on portfolio investments (note 3)	86,445	11,325
Transfer from CCC endowment fund to deferred contributions (note 5)	(2,575)	(35,000)
	9,702	(99,013)
Changes in non cash working capital		
Decrease (increase) in accrued interest receivable	281	(807)
Increase in dividend receivable	(184)	(323)
Decrease (increase) in sales taxes receivable	(5,555)	759
Decrease in other receivable	-	5,574
Increase (decrease) in accounts payable and accrued liabilities	(50,716)	40,306
Increase (decrease) in due from Optimist International	10,918	(20,727)
Decrease (Increase) in prepaid expenses - recognition	16,942	(15,142)
Increase (decrease) in deferred contributions	41,010	(28,548)
Decrease (increase) in deferred costs - scholarships	(17,945)	14,879
Increase (decrease) in scholarships payable	18,242	(14,217)
	12,993	(18,246)
Cash generated from (used in) operating activities	22,695	(117,259)
INVESTING ACTIVITIES		
Acquisition of investments	(505,324)	(777,088)
Proceeds on disposal of investments	516,772	861,746
Cash generated from investing activities	11,448	84,658
NET INCREASE (DECREASE) IN CASH	34,143	(32,601)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,169	53,770
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 55,312	\$ 21,169

See accompanying notes

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

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.

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, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CON'T)

Cash and cash equivalents

Cash and cash equivalents include cash in bank, 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, 2020

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

	2020	2019
Interest	\$ 10,182	\$ 9,604
Dividends	42,970	43,803
Gain on sale of portfolio investments	8,992	106,473
Unrealized loss on portfolio investments	(86,445)	(11,325)
	\$ (24,301)	\$ 148,555

Income earned on investments held for endowment purposes included above is
 \$26,145 (\$57,835 in 2019)

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

4. PORTFOLIO INVESTMENTS

	2020		2019	
	Cost	Market Value	Cost	Market Value
Fixed income				
- Canadian	\$ 377,753	\$ 386,891	\$ 481,973	\$ 487,208
- US	39,681	40,550	-	-
	417,434	427,441	481,973	487,208
Common stock				
- Canadian	362,236	413,641	426,923	554,366
- US	338,315	477,474	323,440	493,457
	700,551	891,115	750,363	1,047,823
Pooled funds				
- Canadian	583,567	618,199	391,150	408,613
- US	9,559	8,786	90,081	90,798
	593,126	626,985	481,231	499,411
	\$ 1,711,111	\$ 1,945,541	\$ 1,713,567	\$ 2,034,442

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:

	2020	2019	2018
Fair value of investments	\$ 1,945,541	\$ 2,034,442	\$ 2,023,952
Cost of investments	1,711,111	1,713,567	1,691,752
Unrealized gain on portfolio investments, end of year	\$ 234,430	\$ 320,875	\$ 332,200
Change in unrealized gain loss on portfolio investments (note 3)	\$ (86,445)	\$ (11,325)	

Corporate and government bonds bear interest at rates from 1.25% to 3.5 % (1.25% to 3.5 % in 2019) 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, club programs and childhood cancer special relief project (note 7). 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, 2020

5. DEFERRED CONTRIBUTIONS (CON'T)

2020	Childhood cancer	Club programs	Childhood cancer spread relief	September 30 2020
Balance, beginning of year	\$ 13,178	\$ 107,584	\$ 10,425	\$ 131,187
Contributions received	8,230	274,472	-	282,702
Transferred from endowment fund	-	-	2,575	2,575
Recognized as revenue during the year	-	(209,439)	(13,000)	(222,439)
Administration expenses	-	(10,914)	-	(10,914)
Prepaid expenses	-	10,011	-	10,011
Adjustment	-	(20,925)	-	(20,925)
Balance, end of year	\$ 21,408	\$ 150,789	\$ -	\$ 172,197

2019	Childhood cancer	Club programs	Childhood cancer spread relief	September 30 2019
Balance, beginning of year	\$ 2,105	\$ 157,630	\$ -	\$ 159,735
Contributions received	15,073	138,345	-	153,418
Transferred from endowment fund	-	-	35,000	35,000
Recognized as revenue during the year	(4,000)	(169,875)	(24,575)	(198,450)
Administration expenses	-	(8,505)	-	(8,505)
Prepaid expenses	-	(10,011)	-	(10,011)
Balance, end of year	\$ 13,178	\$ 107,584	\$ 10,425	\$ 131,187

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 12 years of the date of the award. The amounts payable have been discounted by 3.0% (3.0% in 2019) (average prime rate) per annum over a period up to 8 years.

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

6. SCHOLARSHIPS PAYABLE (CON'T)

	2020		2019	
	Unamortized Cost	Amortized Cost	Unamortized Cost	Amortized Cost
Scholarships payable - Optimist				
- Optimist International (OI)				
Oratorical contest	\$ 233,000	\$ 200,297	\$ 217,500	\$ 186,560
Essay	60,000	50,360	57,500	46,079
C.C.D.H.H.	51,500	46,507	59,500	52,148
	344,500	297,164	334,500	284,787
- Other				
Regional Oratorical	32,607	27,325	25,993	21,460
World Championship	-	-	-	-
	32,607	27,325	25,993	21,460
	\$ 377,107	\$ 324,489	\$ 360,493	\$ 306,247

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

Reconciliation to deferred costs - scholarship

	2020	2019
Scholarships payable	\$ 324,489	\$ 306,247
Reimbursed by Optimists International		
2017	(9,399)	(9,102)
2019	(6,650)	(6,650)
	\$ 308,440	\$ 290,495

7. 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 programs.

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

7. RESTRICTIONS ON NET ASSETS (CON'T)

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.

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 2020, 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, and no amount 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.

During 2019, the Foundation approved a new program entitled - Childhood Cancer Special Relief Project, to operate in addition to the current Childhood Cancer project. To finance this new program, \$35,000 was withdrawn from the Childhood Cancer Endowment Fund. Of this amount \$24,575 was distributed as grants.

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

8. 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.

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, 2020, assets denominated in U.S. dollars consisting of cash and investments totalled \$395,714 (\$441,537 as at September 30, 2019).

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, 2020.

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.

9. EXPENSE ALLOCATIONS

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

Canadian Children's Optimist Foundation
Notes to the financial statements
September 30, 2020

10. ECONOMIC DEPENDENCE

The Foundation is an independent organization with its own Board of Directors which are also its voting members. Honorary members may be appointed by the Board without voting rights. The Foundation receives much of its financing from the various local Optimist Clubs across Canada (approximately 600) for the various programs sponsored by these clubs.

11. NATURE OF OPERATIONS - OPTIMIST INTERNATIONAL (OI)

Optimist International (OI) an association of civic service clubs operates in various countries, including USA and Canada. The Foundation receives various services from OI such as:

- human resources
- office space and telephone installation
- technical support, mailing and courier services

in accordance with the memorandum of understanding dated March 30, 2015 between the parties. The Foundation assists in funding in Canada for scholarship, oratorical, essay and other communication contests. It also assists in the funding and development of certain international programs.

The Foundation however reimburses OI for the salaries of the administrative staff as well as the various office and communication services stated above. It does not reimburse the OI for the services of the secretary-treasurer of the Foundation.

The balances of unpaid transactions at year end are shown on the Foundation's statement of financial position as due to/from OI.

12. SUBSEQUENT EVENT

The outbreak of the Covid 19 virus was officially recognized globally as a pandemic on January 20,2020. It continues to be a major concern to many parts of the economy. The economic damage caused by the spread of this virus has been substantial to date and its future impact is still uncertain at this time.

Management is of the opinion that based on safeguards already put into place and that the investment policy is for long term holding, the impact on the market value of the portfolio is not expected to be sufficient to cause a major financial problem for the Foundation.

Management is currently unable to determine the effect on the timing and nature of certain other activities , including fund raising , in the subsequent period.

Canadian Children's Optimist Foundation
Supplementary Information on expenditures
September 30, 2020

	2020	2019
Donor awards and recognition		
Awards for donors	\$ 5,296	\$ 9,861
Postage and shipping costs	1,509	5,304
Administrative expenditures	22,342	26,757
	\$ 29,147	\$ 41,922
Volunteer activities		
Office of president	\$ 4,662	\$ 5,385
Board of Directors	3,336	13,485
Representative expenditures and seminars	2,003	3,390
Administrative expenditures	11,869	13,192
	\$ 21,870	\$ 35,452
Special programs		
Planned gift programs	\$ -	\$ 829
Fundraising		
Office supplies	\$ 797	\$ 1,547
Printing	1,430	1,368
Computer and website	9,218	6,352
Administrative expenditures	16,225	11,959
	\$ 27,670	\$ 21,226
Administrative expenditures		
General administrative expenditures	\$ 13,176	\$ 19,711
Bank charges	1,411	1,518
Exchange loss (gain)	(16,671)	6,088
Professional fees	30,780	31,815
Investment management fees	17,701	18,649
Telecommunications	-	266
Other administrative expenditures	9,570	6,182
	\$ 55,967	\$ 84,229









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Final Audit Report

2021-03-29

Created:	2021-03-29
By:	Linda Loranger (linda.loranger@ccof-foec.org)
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