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**CanHave Children's Centre Inc.**  
**Financial Statements**  
**December 31, 2018**

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# **McKECHNIE & Co.**

Suite 500, 1390 Prince of Wales Drive  
Ottawa, Ontario, K2C 3N6

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## **Independent Auditor's Report**

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To the Directors of CanHave Children's Centre Inc.

### *Qualified Opinion*

We have audited the financial statements of CanHave Children's Centre Inc. (the Entity), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 Entity as at December 31, 2018 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary for donations, the excess of revenue over expense, and cash flows from operations for the years ended December 31, 2018 and December 31, 2017, current assets as at December 31, 2018 and December 31, 2107, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 Entity 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 audit 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

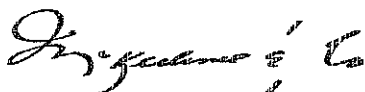
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### *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 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 Entity'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 Entity'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 Entity 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.



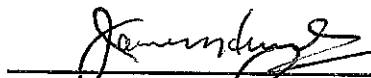
Chartered Professional Accountants, Licensed Public Accountant  
Ottawa, ON

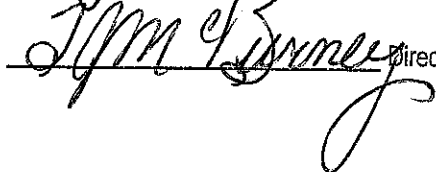
June 12, 2019

**CanHave Children's Centre Inc.**  
**Statement of Financial Position**  
**As at December 31, 2018**

	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash and investments (note 3)	\$ 31,546	\$ 25,909
Accounts receivable	2,269	1,916
Prepaid deposits	525	0
	<u>\$ 34,340</u>	<u>\$ 27,825</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,921	\$ 0
Deferred contributions (note 4)	5,218	2,599
	<u>7,139</u>	<u>2,599</u>
<b>Net Assets</b>		
Internally Restricted - Reserve (note 5)	16,070	24,070
Unrestricted	11,131	1,156
	<u>27,201</u>	<u>25,226</u>
	<u>\$ 34,340</u>	<u>\$ 27,825</u>

Approved by the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See accompanying notes to the financial statements

**CanHave Children's Centre Inc.**  
**Statement of Operations and Changes in Net Assets**  
**For the year ended December 31, 2018**

	2018	2017
<b>Revenue</b>		
Child sponsorships	\$ 18,125	\$ 11,430
General donations	42,297	21,559
Designated donations	1,275	3,250
Fundraising	2,463	3,772
Sale of note cards	695	290
Government rebates	250	355
Investment, foreign exchange and other revenue	(905)	(125)
Post-secondary scholarships	0	560
	<b>64,200</b>	<b>41,091</b>
<b>Expense</b>		
<b>School Support</b>		
Fees	51,750	46,050
Administrative	825	450
Van operating	1,275	3,750
	<b>53,850</b>	<b>50,250</b>
<b>Trade School</b>		
Operations	0	950
<b>Operating</b>		
Fundraising	2,388	543
Online service fees	1,289	647
Bank charges	214	486
Board communication and development	0	150
Advertising and promotion	0	1,100
Office and miscellaneous	730	2,107
Professional fees	1,921	1,921
Insurance	1,833	1,809
	<b>8,375</b>	<b>8,763</b>
	<b>62,225</b>	<b>59,963</b>
Excess (deficiency) of revenue over expense for the year	1,975	(18,872)
Net assets, beginning of year	25,226	44,098
<b>Net assets, end of year</b>	<b>\$ 27,201</b>	<b>\$ 25,226</b>

See accompanying notes to the financial statements

**CanHave Children's Centre Inc.**  
**Statement of Changes in Cash Flows**  
**For the year ended December 31, 2018**

	2018	2017
<b>Operating activities</b>		
Excess (deficiency) of revenue over expense for the year	\$ 1,975	\$ (18,872)
Change in non-cash working capital		
Accounts receivable	(353)	(1,221)
Prepaid deposits	(525)	0
Accounts payable and accrued liabilities	1,921	0
Deferred contributions	2,619	1,600
<b>Increase in cash during the year</b>	<b>5,637</b>	<b>(18,493)</b>
Cash and investments, beginning of year	25,909	44,402
<b>Cash and investments, end of year</b>	<b>\$ 31,546</b>	<b>\$ 25,909</b>

See accompanying notes to the financial statements

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**CanHave Children's Centre Inc.**  
**Notes to the Financial Statements**  
**December 31, 2018**

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**1. Purpose and Legal Form of the Organization**

CanHave Children's Centre Inc. was incorporated on September 5, 1995 as a not-for-profit organization under the Ontario Corporations Act and is a registered charity under the Income Tax Act.

The purpose of CanHave Children's Centre Inc. is to support the education of orphans in Uganda. This purpose is carried out in partnership with CanHave Uganda, and presently through the raising of funds to pay elementary and secondary school fees for orphans in Uganda; through the raising of funds to support capital projects to improve and expand a trade school in Uganda which is owned and operated by CanHave Uganda; and through the raising of funds to offer post-secondary scholarship support for Ugandan orphans pursuing educational opportunities.

**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

**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 reasonably assured. Investment income earned is recognized as revenue on the accrual basis.

**Cash and Cash Equivalents**

The organization's policy is to present bank balances, cash balances held at brokers and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

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**CanHave Children's Centre Inc.**  
**Notes to the Financial Statements**  
**December 31, 2018**

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**2. Significant Accounting Policies (con't)**

**Use of Estimates**

In preparing the organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

**Foreign Exchange**

The organization uses the temporal method to translate assets, liabilities, revenue and expense denominated in a foreign currency. Monetary items are adjusted to reflect the exchange rate in effect at the date of the statement of financial position. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the rate of exchange on the date they occur. Exchange gains and losses arising on these foreign currency transactions are recognized in the statement of operations.

**Financial Instrument Measurement**

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, accounts receivable and fixed income investments. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

**3. Cash and investments**

Cash and cash equivalents are comprised of cash held in bank accounts and cash held in investment accounts.

**4. Deferred Contributions**

Deferred contributions are comprised of externally restricted donations unspent at year end as follows:

Van maintenance and upkeep	-	\$ 2,974
Fish pond	-	\$ 1,600
Scholarships	-	\$ 644



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**December 31, 2018**

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**5. Internal Restrictions**

The board of directors resolved to restrict a portion of its funds as a reserve for the next annual operating budget.

The funds may not be used without the approval of the board of directors.

During the year the Board approved a transfer of \$8,000 (2017 - \$11,000) from the reserve to cover school fees.

**6. Financial Instruments**

CanHave Children's Centre Inc. is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at December 31, 2018.

**Credit risk**

The organization is exposed to credit risk with respect to its accounts receivable and investments. The accounts receivable were received subsequent to year end. The investments are invested with a large financial institution.

**Interest rate risk**

The organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the organization to a fair value risk.

