

SAVE A FAMILY PLAN

FINANCIAL STATEMENTS

MARCH 31, 2017

SAVE A FAMILY PLAN
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2017

	<u>Page</u>
Index to financial statements	1
Auditors' report	2 - 3
Statement of financial position	4
Statement of revenue and expenditures - operating fund	5
Statement of changes in net assets	6
Statement of cash flows - operating fund	7
Notes to financial statements	8 - 12



Independent Auditors' Report

To the Board of Directors of
Save A Family Plan

Report on the Financial Statements

We have audited the financial statements of Save A Family Plan as at March 31, 2017 which comprise the statement of financial position as at March 31, 2017, and the statements of revenue and expenditures, 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 organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and other fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these donations and other fundraising events was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expense, assets and net assets balances.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Save A Family Plan as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hyatt Lassaline LLP

Chartered Professional Accountants, Licensed Public Accountants



2510 Ouellette Avenue, Suite 203
Windsor, Ontario

June 6, 2017

SAVE A FAMILY PLAN
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017

	Operating Fund \$	Burse Fund \$	Total 2017 \$	Total 2016 \$
ASSETS				
CURRENT ASSETS				
Cash	216,634	172,139	388,773	378,629
Investments (notes 2,5)	4,666,619	3,556,910	8,223,529	7,784,065
Interest receivable	23,244		23,244	23,479
HST receivable	13,690		13,690	16,557
Cash surrender value of life insurance	27,673		27,673	26,602
Prepaid expenses	7,781		7,781	7,781
	4,955,641	3,729,049	8,684,690	8,237,113
CAPITAL ASSETS (note 4)	32,405		32,405	31,182
	4,988,046	3,729,049	8,717,095	8,268,295
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	10,218		10,218	19,091
NET ASSETS				
Unrestricted - uncommitted	1,327,631		1,327,631	2,240,221
Unrestricted - committed (note 9)	3,617,792		3,617,792	2,086,383
	4,945,423		4,945,423	4,326,604
Invested in capital assets	32,405		32,405	31,182
Internally restricted - burse (note 6)		3,729,049	3,729,049	3,891,418
	4,977,828	3,729,049	8,706,877	8,249,204
	4,988,046	3,729,049	8,717,095	8,268,295

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director

SAVE A FAMILY PLAN**STATEMENT OF REVENUE AND EXPENDITURES - OPERATING FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
	\$	\$
REVENUES		
Donations	3,218,486	3,686,551
Interest and dividends	34,372	303,990
(Loss) Gain on disposal of investments	(243,699)	196,854
Unrealized gain (loss) on investments	903,871	(501,286)
GAC/SPED III	175,000	644,843
	4,088,030	4,330,952
EXPENDITURES		
Program		
Family Development Program, India	2,659,588	2,742,411
Community Development Programs:		
India - GAC/SPED III	113,385	724,740
India - SPED IV	100,000	
India - Special Projects	307,981	333,410
Haiti - Empowerment Project	32,607	17,317
	3,213,561	3,817,878
SAFP programs	28,608	35,833
Total program expenditures	3,242,169	3,853,711
Administrative		
Administrative overhead, GAC/SPED III		94,140
Administrative costs	289,169	208,563
Total administrative expenditures	289,169	302,703
Other		
Amortization	175	
Fundraising costs	686	837
Investment advisory fees	105,014	104,720
Loss (gain) on foreign exchange	(6,856)	22,808
Total other expenditures	99,019	128,365
	3,630,357	4,284,779
EXCESS OF REVENUE OVER EXPENDITURES	457,673	46,173

SAVE A FAMILY PLAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	Invested in Capital Assets	Restricted For Burse	Unrestricted	Total 2017	Total 2016
	\$	\$	\$	\$	\$
Balance, beginning of year	31,182	3,891,418	4,326,604	8,249,204	8,203,031
Excess of revenue over expenditures			457,673	457,673	46,173
Net change in investment in capital assets	1,223		(1,223)		
Fund transfers (note 2)		(162,369)	162,369		
Balance, end of year	32,405	3,729,049	4,945,423	8,706,877	8,249,204

SAVE A FAMILY PLAN**STATEMENT OF CASH FLOWS - OPERATING FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenditures	457,673	46,173
Non-cash items included in the determination of net earnings:		
Amortization	175	
Unrealized gain on investments	903,871	(501,286)
	<u>1,361,719</u>	<u>(455,113)</u>
Changes in non-cash working capital		
Decrease (increase) in interest receivable	235	393
Decrease (increase) in other receivables	2,867	(2,004)
Decrease (increase) in cash surrender value of life insurance policy	(1,071)	(995)
Increase (decrease) in accounts payable and accrued liabilities	(8,873)	6,492
	<u>(6,842)</u>	<u>3,886</u>
	<u>1,354,877</u>	<u>(451,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease (increase) in marketable securities (net)	(1,343,335)	500,311
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(1,398)	(31,182)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,144	17,902
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	378,629	360,727
CASH AND CASH EQUIVALENTS, END OF YEAR	388,773	378,629
Cash and cash equivalents comprised of:		
Cash in bank	388,773	378,629

SAVE A FAMILY PLAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

1. ORGANIZATION

Save A Family Plan was founded in 1965 and was incorporated in 1986 without share capital under the laws of Canada. It supports sustainable and participatory Family and Community Development Programs in India through partnership with the poor regardless of caste, creed or religious affiliation. It is a registered charity and as such is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Donations are recorded as received using the restricted fund method of accounting for contributions. Investment income is recorded when earned. Revenue from funding organizations is recognized in the period in which the corresponding costs are incurred and is subject to final determination by the funder based on actual expenditures. Any amount which may be repayable for prior year(s) will be adjusted in the future financial statements when any repayment is calculated.

Program expenditures

Program expenditures are recorded on an accrual basis for allocation to participating families or developmental projects.

Fund accounting

The financial statements of Save A Family Plan are maintained in accordance with principles of fund accounting. Accordingly, all financial transactions have been recorded and reported by the Operating Fund and the Burse Fund.

The Operating Fund accounts for program and administrative costs financed by grants, donations and all investment income.

The Burse Fund no longer receives donations as the burse plan was cancelled effective March 31, 2015. Donations received from March 31, 1996 to March 31, 2015 are held in the Burse Fund for a period of twenty years, then at the beginning of the twenty-first year the funds are transferred to the Operating Fund. Donations received prior to March 31, 1992 were retained indefinitely subject to the Board's discretion; however, commencing in the 2017 fiscal year, as per the board's decision, burse donors were informed that these funds will be used to continue to support families up to a six year period ending in fiscal 2022.

The statement of financial position reports all the assets, liabilities and fund balances of both funds. Interfund balances have been eliminated. The statement of changes in net assets reports the revenue and expenditures of each fund.

Capital disclosures

Save A Family Plan defines its capital as the amounts included in its net assets. The organization's objective when managing its capital is to safeguard the organization's ability to continue as a going concern so that it can continue to operate in accordance with its charitable purposes. A portion of the organization's capital is internally restricted for the burse fund.

SAVE A FAMILY PLAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Save A Family Plan's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Computer hardware and software	30%
Equipment	20%
Leasehold improvements	8%

Financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and 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 that are measured at fair value include: investments. Financial assets measured at amortized cost include: cash, accounts receivable, interest receivable, and HST receivable. Financial liabilities measured at amortized cost include: accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any resulting write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

The cash surrender value of life insurance is not within the scope of financial instruments under Canadian accounting standards for not-for-profit organizations. The cash surrender value of life insurance is adjusted annually for changes in the cash surrender amount and the change is recorded in the statement of income.

SAVE A FAMILY PLAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

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 term deposits with a maturity period of three months or less from the date of acquisition.

3. RISKS AND CONCENTRATIONS

The following analysis provides a measure of the company's exposure of risks and concentrations as of its year end:

Interest rate risk

Interest rate risk refers to the risk that the fair value of a financial instrument might be adversely affected by a change in interest rates. The organization is exposed to interest rate risk primarily through its investments in marketable securities. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating activities, by having an investment policy, and by using an investment advisor.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk primarily through its investments in marketable securities. In seeking to minimize other price risk, the organization has implemented an investment policy and uses an investment advisor.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to currency risk primarily through its investments in marketable securities and due to its expenditures in foreign countries such as India. In seeking to minimize currency risk, the organization monitors the foreign exchange rates, has implemented an investment policy and uses an investment advisor.

Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The organization is exposed to market risk primarily through its investments in marketable securities. In seeking to minimize market risk, the organization has implemented an investment policy and uses an investment advisor.

SAVE A FAMILY PLAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

4. CAPITAL ASSETS

The following is a summary of the capital assets and accumulated amortization.

	Cost	Accumulated	Net	Net
	\$	Amortization	2017	2016
	\$	\$	\$	\$
Computer software	4,776	4,776		
Computer hardware	20,061	18,838	1,223	
Computer software not yet in use	31,182		31,182	31,182
Leasehold improvements	29,059	29,059		
Equipment	31,785	31,785		
	116,863	84,458	32,405	31,182

5. INVESTMENTS

Investments are as follows:

	Face	Cost	Market
	value	\$	value
	\$	\$	\$
Fixed income securities maturing over the next 5 years			
as follows:			
2018	670,000	677,423	676,054
2019	1,555,730	1,579,685	1,593,648
2020	815,000	828,302	857,557
2021	255,000	259,086	267,511
2022			
Accrued interest			23,244
Equities & Equity Funds			4,805,515
	3,295,730	3,344,496	8,223,529

6. RESTRICTED BURSE FUNDS

Burse funds consist of the following:

	2017	2016
	\$	\$
Prior to 1992	1,434,329	1,434,329
Post 1992	2,294,720	2,457,089
	3,729,049	3,891,418

Realized and unrealized investment income earned on these funds totaled \$621,472 during the year (2016 - \$839,301)

SAVE A FAMILY PLAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

7. PROGRAMS

Save A Family Plan (Canada) exercises significant influence over Save A Family Plan (India) by virtue of its ability to appoint the President of the Board of Trustees of Save A Family Plan (India). Save A Family Plan (India) received payments of \$3,053,394 (2016 - \$3,800,561) from Save A Family Plan (Canada). These amounts are recorded at the exchanged amount. Save A Family Plan provided funding for sustainable grass-roots family and community based multi-sector programming including: housing, sanitation, education, income generation (entrepreneurial development), natural resource management and conservation (including drinking water systems/water wells and rainwater harvesting, watersheds, organic farming, waste management, pollution control, renewable energy/biogas and solar energy initiatives), gender equality, health and hygiene (including HIV/AIDS, TB and malaria initiatives), capacity building, good governance, human rights, child labour, disaster management and rehabilitation, and micro-credit.

8. GAC PROGRAM

Save A Family Plan had a contribution agreement with Global Affairs Canada (GAC) which expired on March 31, 2016 wherein GAC funded 75% of the direct costs of the Sustainability through Participation, Empowerment and Decentralization in India (SPED III) program and Save A Family Plan contributed 25%. During the year, Save a Family Plan received and recognized in income the \$175,000 holdback of funding upon approval of the end-of-program report.

9. COMMITTED NET ASSETS

This amount represents contributions received and not yet disbursed which are committed for program funding.