

**BEAUTIFUL WORLD CANADA FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2017**



BEAUTIFUL WORLD CANADA FOUNDATION  
DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

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*To the Board of Directors of  
Beautiful World Canada Foundation,*

We have audited the accompanying financial statements of Beautiful World Canada Foundation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, and changes in net assets and cash flow for the year ended December 31, 2017 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.

### *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 controls 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beautiful World Canada Foundation as at December 31, 2017 and the results of its operations and its cash flow for the year ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

**GCSE LLP**

Toronto, Canada  
July 13, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**BEAUTIFUL WORLD CANADA FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	275,349	123,448
Prepaid expenses	4,409	1,774
	<u>279,758</u>	<u>125,222</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	5,920	2,500
Deferred contributions (note 2)	60,757	-
Due to related company (note 3)	37,968	18,984
	<u>104,645</u>	<u>21,484</u>
<b>Net assets</b>	<u>175,113</u>	<u>103,738</u>
	<u>279,758</u>	<u>125,222</u>

*(See accompanying notes to financial statements)*

On behalf of the Board:

\_\_\_\_\_  
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**BEAUTIFUL WORLD CANADA FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
	\$	\$
<b>REVENUE</b>		
Donations (note 3)	778,233	679,715
Loss on sale of marketable securities	(367)	-
	<u>777,866</u>	<u>679,715</u>
<b>EXPENSES</b>		
Operations	80,046	80,480
Fundraising events expenses	64,050	31,946
International programs expenditures	562,395	493,605
	<u>706,491</u>	<u>606,031</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>71,375</b>	<b>73,684</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>103,738</b>	<b>30,054</b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>175,113</u></b>	<b><u>103,738</u></b>

*(See accompanying notes to financial statements)*



**BEAUTIFUL WORLD CANADA FOUNDATION**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	71,375	73,684
Changes in non-cash working capital:		
Prepaid expenses	(2,635)	2,555
Accounts payable and accrued liabilities	3,420	2,500
Deferred contributions	60,757	-
	<b>61,542</b>	<b>5,055</b>
Cash provided by operating activities	<b>132,917</b>	<b>78,739</b>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Due to related company	18,984	18,984
Cash provided by financing activities	<b>18,984</b>	<b>18,984</b>
<b>NET CHANGE IN CASH</b>	<b>151,901</b>	<b>97,723</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>123,448</b>	<b>25,725</b>
<b>CASH, END OF YEAR</b>	<b>275,349</b>	<b>123,448</b>

*(See accompanying notes to financial statements)*



## DESCRIPTION OF ORGANIZATION AND INCOME TAX STATUS

Beautiful World Canada Foundation ("the Foundation") was incorporated as a not-for-profit corporation without share capital under Part II of the Canada Corporations Act on August 24, 2011. The objective of the Foundation is to fund and support education for children in the developing world. The Foundation is a registered charity as defined in the Income Tax Act and is exempt from income tax under Section 149(1)(f).

### 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### Revenue recognition

The Foundation follows the deferral method for accounting for contributions. The Foundation receives donations from other registered charities, corporate donors and private donors. Donations are also collected via a third party website. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Where related expenses have not been incurred in the year, the contributions are recorded as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

#### Measurement of financial instruments

The Foundation's financial instruments consist of cash and accounts payable and accrued liabilities. Financial instruments are initially recorded at their fair value and subsequently measured at amortized cost. The amount due to related company is also a financial instrument but is accounted for in accordance with the accounting policy set out for related party transactions.

Where there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Foundation recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up to the amount that the financial asset would have otherwise been recorded at on the reversal date.

#### Related party transactions

The Foundation initially measures monetary related party transactions and non-monetary related party transactions entered into during the normal course of operations and that have commercial substance, at the exchange amount, which is the amount agreed to by the related parties. Where the transaction is not in the normal course of operations, the exchange amount is only used when the change in ownership interest in the transferred item is substantive and there is independent evidence of the exchange amount. All other related party transactions are initially measured at the carrying amount.

BEAUTIFUL WORLD CANADA FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of 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 amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates.

2 DEFERRED CONTRIBUTIONS

	2017	2016
	\$	\$
Deferred contributions, beginning of year	-	-
Contributions received during the year	83,010	-
	<u>83,010</u>	<u>-</u>
Contributions earned during the year	22,253	-
Deferred contributions, end of year	<u>60,757</u>	<u>-</u>

3 RELATED PARTY INFORMATION

Due to related company

The amount due to related company is due to a company owned by one of the directors. The amount is non-interest bearing, unsecured and has no specific terms of repayment.

Related party transactions

During the year, the Foundation received donations in the amount of \$347,000 (2016 - \$325,000) from a related charity with common directors.

During the year, the Foundation received donations of \$nil (2016 - \$2,500) from a company owned by one of its directors. The Foundation also paid \$18,984 (2016 - \$18,984) for rent and telephone services to the same company.

The above transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.





#### 4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Foundation does not extend credit and there are no receivable balances, thus, the Foundation is not subject to credit risk.

##### **Foreign exchange risk**

The Foundation is exposed to foreign exchange risk since most of the international program expenditures are denominated in US dollar and local African currencies. Foreign exchange gains or losses are recorded when payments are made according to the funding agreements. The Foundation does not enter into any forward contracts to mitigate this risk as the exposure is minimal.

##### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with a financial instrument will fluctuate as a result of changes in market interest rates. The Foundation maintains cash in accounts at Canadian chartered banks that bear interest at nominal rates. The Foundation does not rely on the interest to fund ongoing operations. Exposure to interest rate risk is minimal.

##### **Liquidity risk**

Liquidity risk relates to the Foundation's ability to meet its obligations as they come due. The Foundation depends upon donations in order to fund its operations and meet its obligations. In the event that the Foundation requires cash to meet its obligations, a charity with common directors and a company owned by one of the directors have readily provided funds for the Foundation in the past. The Foundation does not otherwise manage liquidity risk.