UNITED FOSTER PARENTS OF CANADA CORPORATION

FINANCIAL STATEMENTS

January 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
UNITED FOSTER PARENTS OF CANADA CORPORATION

We have audited the accompanying financial statements of **UNITED FOSTER PARENTS OF CANADA CORPORATION**, which comprise the statement of financial position as at January 31, 2017, and the statements of operations and 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.

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 Corporation'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 Corporation'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 **UNITED FOSTER PARENTS OF CANADA CORPORATION** as at January 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Belleville, Ontario
May 15, 2017

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UNITED FOSTER PARENTS OF CANADA CORPORATION

(Incorporated without share capital under the laws of Canada)

STATEMENT OF FINANCIAL POSITION

JANUARY 31, 2017

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 94,671	$ 306,595
Accounts receivable	41,033	48,352
Prepaid expenses	323,610	136,853
	459,314	491,800
INVESTMENTS - note 4	735,890	776,995
TANGIBLE CAPITAL ASSETS - note 5	4,478	7,691
INTANGIBLE CAPITAL ASSETS - note 6	1,775	2,485
	$ 1,201,457	$ 1,278,971

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 11,610	$ 21,894
Government remittances payable	16,481	2,379
	28,091	24,273
NET ASSETS		
Invested in capital assets - internally restricted	6,253	10,176
Unrestricted	1,167,113	1,244,522
	1,173,366	1,254,698
	$ 1,201,457	$ 1,278,971

Approved by the Board

______ Director

______ Director

16 May 2017

(See accompanying notes)

UNITED FOSTER PARENTS OF CANADA CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED JANUARY 31, 2017

	2017	2016
REVENUE		
Contributions	$ 208,959	$ 221,761
Interest and miscellaneous	22,156	17,728
	231,115	239,489
EXPENSES		
Amortization of tangible capital assets	3,213	4,263
Amortization of intangible capital assets	710	710
General and administrative	251,748	102,929
Defence fees	47,986	127,388
Travel, hotels and child care	23,512	26,948
	327,169	262,238
Deficiency of revenue over expenses before other item	(96,054)	(22,749)
Other income (expense)		
Fair market value adjustment of investments	14,722	(12,591)
DEFICIENCY OF REVENUE OVER EXPENSES	(81,332)	(35,340)
NET ASSETS, beginning of year	1,254,698	1,290,038
NET ASSETS, end of year	$ 1,173,366	$ 1,254,698

(See accompanying notes)

UNITED FOSTER PARENTS OF CANADA CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JANUARY 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ (81,332)	$ (35,340)
Adjustments for:		
Amortization of tangible capital assets	3,213	4,263
Amortization of intangible capital assets	710	710
Fair market value adjustment of investments	(14,722)	12,591
	(92,131)	(17,776)
Changes in non-cash working capital components:		
Accounts receivable	7,319	(4,291)
Prepaid expenses	(186,757)	(59,723)
Accounts payable and accrued liabilities	(10,284)	(653)
Government remittances payable	14,102	(24,218)
	(267,751)	(106,661)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(174,510)	(112,982)
Proceeds from redemption of investments	222,575	90,226
Purchase of tangible capital assets	-	(3,625)
(Increase) decrease in accrued interest	7,762	(12,950)
	55,827	(39,331)
DECREASE IN CASH	(211,924)	(145,992)
CASH, beginning of year	306,595	452,587
CASH, end of year	$ 94,671	$ 306,595

(See accompanying notes)

UNITED FOSTER PARENTS OF CANADA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 2017

1. PURPOSE AND LEGAL FORM OF THE ORGANIZATION

The Corporation promotes high standards of foster parenting and provides assistance to associations of foster parents in communities across Canada in carrying out their objectives. In addition, the Corporation assists in providing funds to members to defend themselves against legal claims made against them or their family members.

United Foster Parents of Canada Corporation, incorporated under the Canada Corporations Act, is a not-for-profit organization within the meaning of the Canadian Income Tax Act and as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Investments

The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments are expensed as incurred.

Revenue recognition

The Corporation 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as it is earned.

Tangible capital assets

Tangible capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Furniture and equipment	5 years
Leasehold improvements	5 years
Computer equipment	5 years

Intangible capital assets

Intangible capital assets are stated at cost. Amortization is provided on a straight-line basis over over the estimated useful life of five years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Corporation initially measures its financial assets and liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation measures all its financial assets and financial liabilities at amortized cost except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations in the period incurred. Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

The fair value of the equity instruments is the closing price obtained from the applicable exchange at the date of the Statement of Financial Position.

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 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. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets and intangible capital assets, the amount of accounts receivable and accruing liabilities. Actual results could differ from those estimates.

Contributed services

Directors volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Corporation cannot meet its commitments when they become due. Liquidity risk also includes the risk of the Corporation not being able to liquidate assets in a timely manner. The Corporation's management manages this risk by reviewing expected cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted in cash.

Credit risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Corporation could incur a financial loss.

Accounts receivable: The Corporation reduces its exposure to credit risk by seeking as members socially and financially responsible organizations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

The Corporation's investments are denominated in Canadian dollars and therefore currency risk exposure is minimal.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments and future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing assets.

The Corporation manages interest rate risk exposure by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

3. FINANCIAL INSTRUMENTS (continued)

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Corporation manages other price risk by investing in low risk investments and is exposed to price risk on its equity investments.

Change in risk

The Corporation's risk exposure changed during the year due to other price risk on its equity investments.

4. INVESTMENTS

Investments consist of the following:

	2017		2016	
	Cost	Fair Market Value	Cost	Fair Market Value
Guaranteed Investment Certificates:				
Scotiabank				
-3.54% non-redeemable, maturing September 7, 2016	$ -	$ -	$ 62,257	$ 62,257
-0.90% non-redeemable, maturing December 15, 2016	-	-	10,319	10,319
-0.85% non-redeemable, maturing December 15, 2017	10,412	10,412	-	-
Homequity Bank -2.45% non-redeemable, maturing December 18, 2017	70,000	70,000	70,000	70,000
Home Trust -2.25% non-redeemable, maturing December 19, 2016	-	-	75,000	75,000
ICICI Bank Canada -2.45% non-redeemable, maturing December 18, 2017	70,276	70,276	70,276	70,276
Manulife Bank 2.20% non-redeemable, maturing December 19, 2016	-	-	75,000	75,000

4. INVESTMENTS (continued)

HSBC Bank Canada -2.25% non-redeemable, maturing May 7, 2018	83,063	83,063	83,063	83,063
Bank of Nova Scotia -2.85% non-redeemable, maturing September 11, 2018	50,662	50,662	50,662	50,662
Concentra Financial -2.5% non-redeemable, maturing December 19, 2019	72,828	72,828	72,828	72,828
Hollis Canadian Bank -2.32% non-redeemable, maturing December 19, 2018	72,828	72,828	72,828	72,828
ZAG Bank				
-2.25% non-redeemable, maturing February 23, 2021	85,100	85,100	-	-
-2.00% non-redeemable, maturing September 8, 2021	74,144	74,144	-	-
Accrued interest	36,929	36,929	44,690	44,690
Equity Investments				
Powershares Canadian Dividend Index Class	104,853	109,648	102,663	90,072
	$ 731,095	$ 735,890	$ 789,586	$ 776,995

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2017			2016
	Cost	Accumulated amortization	Net	Net
Equipment and Furniture	$ 12,297	$ 12,240	$ 57	$ 288
Leasehold improvements	392	273	119	197
Computer equipment	15,704	11,402	4,302	7,206
	$ 28,393	$ 23,915	$ 4,478	$ 7,691

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets consists of the following:

	2017			2016
	Cost	Accumulated amortization	Net	Net
Website	$ 2,840	$ 1,065	$ 1,775	$ 2,485

7. DISSOLUTION

Funds held upon dissolution shall be distributed to one or more qualified donees as defined under the provisions of the Income Tax Act or registered charitable organizations in Canada that have, as at least one of their objectives, the education of youth.

8. COMMITMENTS

The Corporation has a commitment under an operating lease for office space.

The minimum payments under the lease are as follows:

2018	$ 6,102
2019	3,560
	$ 9,662