

FRIENDS OF WE CARE INC.
Financial Statements
Year Ended December 31, 2013

FRIENDS OF WE CARE INC.
Index to Financial Statements
Year Ended December 31, 2013

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operating Revenues, Expenditures and Distributions	4
Statement of Operating Fund Balance	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9



INDEPENDENT AUDITOR'S REPORT

To the Members of Friends of We Care Inc.

We have audited the accompanying financial statements of Friends of We Care Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of operating revenues, expenditures and distributions, operating fund balance 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 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.

(continues)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Friends of We Care Inc. derives revenue from fundraising activities 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 Friends of We Care Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2013, current assets and net assets as at January 1, 2013 and December 31, 2013

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Friends of We Care Inc. as at December 31, 2013 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.

Newmarket, Ontario
February 20, 2014

Chaggares & Bonhomme
Chartered Accountants
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

FRIENDS OF WE CARE INC.
Statement of Financial Position
December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 43,711	\$ 44,627
Accounts receivable <i>(Note 5)</i>	39,099	60,515
Prepaid expenses	155	1,249
	\$ 82,965	\$ 106,391
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 4)</i>	\$ 40,559	\$ 35,958
DEFERRED CONTRIBUTIONS <i>(Note 6)</i>	43,405	39,207
	83,964	75,165
NET ASSETS		
Operating fund	(999)	31,226
	\$ 82,965	\$ 106,391

ON BEHALF OF THE BOARD

_____ *Treasurer*

_____ *Executive-Director*

See notes to financial statements

FRIENDS OF WE CARE INC.
Statement of Operating Revenues, Expenditures and Distributions
Year Ended December 31, 2013

	2013	2012
REVENUES		
Fundraising events, memberships and donations	\$ 1,333,111	\$ 1,253,634
Event tickets	753,014	732,453
Interest and sundry income	3,260	2,111
	2,089,385	1,988,198
EVENT EXPENSES	666,404	658,513
EXCESS OF REVENUE OVER DIRECT EXPENSES	1,422,981	1,329,685
EXPENSES		
Accounting fees	7,770	6,250
Advertising and promotion	10,992	10,203
Bad debts	-	50
Bank and credit card charges	30,166	23,807
Consulting fees	-	4,500
Insurance	3,339	3,376
Legal fees	-	200
Meals and entertainment	274	136
Office	20,179	17,275
Professional fees	1,445	-
Rental	19,341	19,064
Salaries and wages	237,961	230,797
Supplies	7,838	2,035
Telephone	6,070	5,914
Travel	18,770	10,301
Utilities	3,063	2,858
Volunteer recognition	1,333	509
	368,541	337,275
EXCESS OF REVENUES OVER EXPENSES BEFORE DISTRIBUTIONS	1,054,440	992,410
DISTRIBUTIONS		
DISTRIBUTED TO EASTER SEALS SOCIETIES (Note 7)	1,086,665	1,012,046
GENERAL DONATIONS	-	1,000
	1,086,665	1,013,046
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (32,225)	\$ (20,636)

See notes to financial statements

FRIENDS OF WE CARE INC.
Statement of Operating Fund Balance
Year Ended December 31, 2013

	2013	2012
FUND BALANCE - BEGINNING OF YEAR	\$ 31,226	\$ 51,862
Deficiency of revenues over expenses	(32,225)	(20,636)
FUND BALANCE - END OF YEAR	\$ (999)	\$ 31,226

See notes to financial statements

FRIENDS OF WE CARE INC.
Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Deficiency of net operating revenue over distributions	\$ (32,225)	\$ (20,636)
Changes in non-cash working capital:		
Accounts receivable	21,416	36,294
Accounts payable and accrued liabilities	4,601	(1,546)
Deferred income	4,198	13,914
Due to Friends of We Care Foundation	-	(50,000)
Prepaid expenses	1,094	456
	31,309	(882)
DECREASE IN CASH FLOW	(916)	(21,518)
Cash - beginning of year	44,627	66,145
CASH - END OF YEAR	\$ 43,711	\$ 44,627

See notes to financial statements

FRIENDS OF WE CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

Income taxes

The Organization is exempt from income tax per section 149 (1) (l) of the Canadian Income Tax Act.

Revenue recognition

Friends of We Care Inc. follows the deferral method of accounting for contributions.

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.

Unrestricted investment income is recognized as revenue when earned.

Event tickets sales are recognized as revenue when the events are held.

Membership sales are recognized as revenue once the membership period has begun and payment has been received.

Operating Fund

The operating fund is charged with expenditures related to fund-raising activities including the annual Gala Ball, the Bowling events and the Calendar program. These expenditures are financed by revenue from these activities, as well as by donations and other fund-raising activities.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. DESCRIPTION OF BUSINESS

Friends of We Care Inc. (the "organization") is incorporated under the Business Corporations Act of Ontario. The organization was incorporated as a not-for-profit corporation on November 16, 1990 to sponsor and encourage promotional and other activities in the food service industry and among its suppliers, distributors, operators and customers for the purpose of raising money for charitable works and organizations. The Organization is exempt from income tax according to section 149 (1)(l) of the Canadian Income Tax Act.

FRIENDS OF WE CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2013.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization has instituted an overdue account collection procedure that has increased receivable turnover. The organization also has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, deferred revenues and accounts payable. The organization generates adequate monthly cash flow to ensure they can repay current liabilities which minimizes the concentration of liquidity risk.

4. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2013
Payroll Liabilities	9,018

5. ACCOUNTS RECEIVABLE

Included in the Accounts Receivable balance is a government HST receivable in the amount of \$430.

6. DEFERRED CONTRIBUTIONS

Deferred contributions consists of deferred event ticket and sponsorship sales in the amount of \$43,405 (\$39,207 - 2012) received in 2013 for use in 2014.

**FRIENDS OF WE CARE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

7. EASTER SEALS DISTRIBUTIONS

Included in the 2013 Friends of We Care distributions are in kind donations of \$37,317 (\$67,340 - 2012) as well as cash donations of \$1,048,846 (\$942,880 - 2012).

	2013	2012
Amounts donated through Friends of We Care Foundation	1,086,665	1,012,046
