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Financial Statements

(Unaudited)

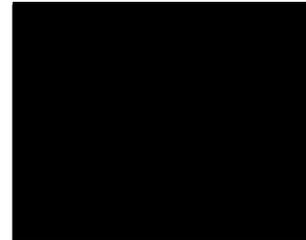
Dreams Take Flight

December 31, 2016

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Review Engagement Report



To the Board of Directors of
Dreams Take Flight

We have reviewed the statement of financial position of Dreams Take Flight as at December 31, 2016 and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

, Canada
June 27, 2017



Chartered Professional Accountants



Dreams Take Flight Statement of Operations

(Unaudited)

Year ended December 31

	2016	2015
Revenues		
Fundraising	\$ 1,207,963	\$ 996,521
Donations	959,030	1,020,607
Casino revenue	81,384	-
Other revenue	50,827	179,353
GST recovery	45,461	-
Interest income	31,862	45,443
Merchandise revenue	5,288	1,700
	<u>2,381,815</u>	<u>2,243,624</u>
Expenditures		
Day of Flight Project	1,474,641	1,100,880
Fundraising	463,506	358,137
Administration	138,550	96,902
Other	57,478	97,969
Merchandise	13,261	3,732
Interest and bank charges	12,611	3,966
Amortization	4,897	6,893
Management fees	-	1,130
	<u>2,164,944</u>	<u>1,669,609</u>
Excess of revenues over expenditures for the year	<u>\$ 216,871</u>	<u>\$ 574,015</u>

See accompanying notes to the financial statements.

Dreams Take Flight Statement of Changes in Net Assets

(Unaudited)

Year ended December 31

	Invested in capital assets	Unrestricted	Total 2016	Total 2015
Balance, beginning of year	\$ 15,185	\$ 4,028,055	\$ 4,043,240	\$ 3,469,225
Excess (deficiency) of revenues over expenditures	<u>(4,897)</u>	<u>221,768</u>	<u>216,871</u>	<u>574,015</u>
Balance, end of year	<u>\$ 10,288</u>	<u>\$ 4,249,823</u>	<u>\$ 4,260,111</u>	<u>\$ 4,043,240</u>

Dreams Take Flight Statement of Financial Position

(Unaudited)
December 31

2016

2015

Assets

Current

Cash and cash equivalents	\$ 2,396,834	\$ 1,981,904
Short-term investments	1,605,590	2,001,114
Accounts receivable	125,752	32,908
Prepaid expenses	10,473	17,233
Other current assets	18,241	38,394

4,156,890 4,071,553

Investments

102,826 -

Capital assets (Note 3)

10,288 15,185

113,114 15,185

\$ 4,270,004 \$ 4,086,738

Liabilities

Current

Accounts payable and accrued liabilities	\$ 9,893	\$ 43,498
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Net assets

Invested in capital assets 10,288 15,185

Unrestricted 4,249,823 4,028,055

4,260,111 4,043,240

\$ 4,270,004 \$ 4,086,738

On behalf of the Board of Directors

_____ Director

_____ Director

Dreams Take Flight Statement of Cash Flows

(Unaudited)

Year ended December 31

2016

2015

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 216,871	\$ 574,015
Item not affecting cash		
Amortization	<u>4,897</u>	<u>6,893</u>
	221,768	580,908
Change in non-cash working capital items		
Accounts receivable	(92,844)	878
Prepaid expenses	6,760	3,898
Other current assets	20,153	(29,085)
Accounts payable and accrued liabilities	<u>(33,605)</u>	<u>(92,518)</u>
	122,232	464,081

Investing

Net decrease (increase) in investments	292,698	(102,406)
Purchase of capital assets	<u>-</u>	<u>(1,478)</u>
	292,698	(103,884)

Increase in cash 414,930 360,197

Cash

Beginning of year	<u>1,981,904</u>	<u>1,621,707</u>
End of year	<u>\$ 2,396,834</u>	<u>\$ 1,981,904</u>

Dreams Take Flight

Notes to the Financial Statements

(Unaudited)
December 31, 2016

1. Nature of operations

Dreams Take Flight (the "Foundation") is a not-for-profit charitable organization registered with Canada Revenue Agency and is exempt from income taxes. The Foundation is dedicated to enhancing the quality of life of physically, mentally and socially challenged children.

2. Summary of significant accounting policies

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Cash and cash equivalents

Cash includes balances with banks and short-term deposits with original maturities of three months or less.

Investments

Short-term investments include temporary investments that do not qualify as cash and mature within one year of the balance sheet date. Long-term investments include temporary investments that mature more than one year from the balance sheet date.

Capital assets

Purchased capital assets are initially recorded at cost. Donated capital assets are initially recorded at their estimated fair value on the donation date. Amortization is provided over the estimated useful life of the asset at the following annual rates:

Furniture and fixtures	20% Straight-line
Computer equipment	50% Straight-line

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Dreams Take Flight

Notes to the Financial Statements

(Unaudited)
December 31, 2016

2. Summary of significant accounting policies (continued)

Contributed services

The Foundation benefits from donated use of aircraft on the day of flight from [REDACTED]. The contribution of the use of aircraft has not been included in the Statement of Operations.

Donated materials and services are recorded at fair value when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Foundation.

The Foundation is dependent upon the services provided by its volunteers. Volunteers contributed numerous hours in carrying out the activities of the Foundation. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

In preparing the Foundation's financial statements in conformity with ASNPO, 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 the reported amounts of revenues and expenditures during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Financial instruments

a) Measurement

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

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

b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the Statement of Operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the Statement of Operations up to the amount of the previously recognized impairment.

Dreams Take Flight

Notes to the Financial Statements

(Unaudited)
December 31, 2016

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 51,477	\$ 44,289	\$ 7,188	\$ 8,984
Computer equipment	<u>33,874</u>	<u>30,774</u>	<u>3,100</u>	<u>6,201</u>
	<u>\$ 85,351</u>	<u>\$ 75,063</u>	<u>\$ 10,288</u>	<u>\$ 15,185</u>

4. Financial instruments

Credit risk

Credit risk is the risk that a financial loss could arise from a counterparty not being able to meet its obligations. The Foundation's financial assets that are exposed to credit risk consist of accounts receivable. The Foundation performs regular assessments on the collectability of its accounts receivable.

The credit risk associated with the Foundation's cash and cash equivalents and investments is managed by holding its funds with reputable financial institutions.

5. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

The financial statements of Dreams Take Flight for the year ended December 31, 2015, were audited by another accountant who expressed a qualified opinion on those financial statements dated October 17, 2016.
