

THE NATIONAL CHAPTER OF CANADA IODE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE NATIONAL CHAPTER OF CANADA IODE

We have audited the accompanying financial statements of The National Chapter of Canada IODE, which comprise the balance sheet as at December 31, 2015 and the statements of revenues, expenses and fund balances 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.

Basis for Qualified Opinion

In common with many similar organizations, the Organization has receipts from chapters for fees, contributions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts reported by chapters or otherwise recorded in the accounts of the Organization and we are not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses for the year ended December 31, 2015, assets and fund balances as at December 31, 2015 and 2014. This caused us to qualify our audit opinion on the final financial statements as at and for the year ended December 31, 2014.

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 The National Chapter of Canada IODE as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Canada Not-for-Profit Corporations Act, we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Toronto, Ontario
April 6, 2016

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

THE NATIONAL CHAPTER OF CANADA IODE

BALANCE SHEET

AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash and short term deposit	\$ 57,853	\$ 110,913
Cash at broker	6,343	19,424
Interest receivable	14,841	8,817
Receivable from chapters	914	1,928
GST/PST rebate	16,734	9,762
	96,685	150,844
Investments (note 2)		
Trust asset (note 3)	93,905	111,926
Other	2,184,086	2,256,689
	2,277,991	2,368,615
	2,374,676	2,519,459
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	14,420	30,821
Accounts payable to the Municipal Chapter of Toronto (note 3)	2,975	4,618
Scholarships payable	52,500	30,000
	69,895	65,439
Trust liability to the Municipal Chapter of Toronto (note 3)	93,905	111,926
	163,800	177,365
FUND BALANCES		
National Chapter designated funds	1,359,055	1,393,790
Board of Directors designated funds	669,752	706,438
General fund	(149,502)	(90,095)
Endowment fund	331,571	331,961
	2,210,876	2,342,094
	\$ 2,374,676	\$ 2,519,459

Approved by the Board of Directors:

_____, President _____, Treasurer

THE NATIONAL CHAPTER OF CANADA IODE
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCES
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Revenues		
Fees from chapters	\$ 93,218	\$ 99,120
Contributions from chapters (excluding endowment contributions shown below)	50,212	47,813
Investment income	66,894	73,382
Realized gains on sale of investments	53,097	59,623
Calendar sales	2,486	2,165
Donations - other	13,547	40,694
Badges and supplies	1,880	2,341
Annual meeting	27,995	21,708
Insurance (chapter assessment)	11,689	12,395
Other income	527	1,077
	321,545	360,318
Expenses		
Scholarships and awards	178,585	157,544
Salaries and benefits	60,479	48,025
Calendar printing and shipping	794	619
Rent	45,778	43,815
Magazine printing and distribution (" <i>Echoes</i> ")	13,065	13,718
Annual meeting	24,951	22,837
Travel	5,225	6,485
Badges and supplies	3,966	2,391
Office	1,670	3,639
Membership promotion	1,295	910
Insurance (general liability)	15,186	15,531
Postage and printing	6,744	11,874
Professional services	14,677	14,186
Telephone	6,373	5,086
Equipment expense	8,442	9,528
Fund expenditures	14,391	9,886
	401,621	366,074
Deficiency of revenues over expenses before the following	(80,076)	(5,756)
Unrealized gains (losses) on investments	(53,752)	55,104
Excess (deficiency) of revenues over expenses for the year	(133,828)	49,348
Fund balances - at beginning of year	2,342,094	2,290,701
Endowment fund contributions	2,610	2,045
Fund balances - at end of year	\$ 2,210,876	\$ 2,342,094

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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash flows from operating activities		
Cash receipts from chapters	\$ 144,444	\$ 145,788
Investment income	60,870	73,111
Other revenues	58,124	80,380
Cash paid to scholarships	(52,500)	(90,000)
Cash paid to contributions and awards	(103,585)	(82,544)
Cash paid to employees and suppliers	(248,052)	(191,299)
	<u>(140,699)</u>	<u>(64,564)</u>
Cash flows from investing activities		
Endowment contributions	2,610	2,045
Purchase of investments	(2,502,185)	(3,435,091)
Proceeds of sale of investments	2,594,515	3,542,644
Principal repaid out of trust assets	(25,000)	(10,000)
Payment to Municipal Chapter of Toronto	4,618	-
	<u>74,558</u>	<u>99,598</u>
Increase (decrease) in cash during the year	<u>(66,141)</u>	<u>35,034</u>
Cash and cash equivalents - at beginning of year	<u>130,337</u>	<u>95,303</u>
Cash and cash equivalents - at end of year	<u><u>64,196</u></u>	<u><u>130,337</u></u>
Cash and cash equivalents consist of:		
Cash and short term deposit	57,853	110,913
Cash at broker	6,343	19,424
	<u>\$ 64,196</u>	<u>\$ 130,337</u>

THE NATIONAL CHAPTER OF CANADA IODE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Imperial Order Daughters of the Empire ("IODE" or "Organization") is a Canadian women's organization founded in 1900, incorporated by a special act of the Parliament of Canada in 1917, continued in 1968 and continued in 2013 under the Canada Not-for-Profit Corporations Act as a non-share capital corporation. It is a registered charitable organization under the Income Tax Act (Canada).

Approximately 2,590 members are organized in 142 provincial, municipal and primary chapters. Overall administration and control is exercised by The National Chapter of Canada IODE.

IODE undertakes an extensive variety of charitable and philanthropic projects every year. These include both financial assistance (including a doctoral scholarship program) and contributions of time and effort to students and educational institutions, hospitals, the under-privileged and those in need.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Presentation

The financial statements include only the accounts of The National Chapter of Canada IODE and thus exclude the assets, liabilities, revenues and expenses of all provincial, municipal and primary chapters (*see note 6*).

Fund Accounting

The Organization maintains a general fund, various designated funds and an endowment fund. The balance sheet, statement of revenues, expenses and fund balances and statement of cash flows include all of these funds on a combined basis. An analysis of the individual fund balances and the changes during the year is set out in the Schedule of Changes in Fund Balances.

Financial Assets and Liabilities

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in the Statement of Revenues, Expenses and Fund Balances.

Financial assets and liabilities measured at amortized cost include cash and short term deposit, cash at broker, interest receivable, receivable from chapters, accounts payable and accrued liabilities, accounts payable to the Municipal Chapter of Toronto and scholarships payable.

Cash and Cash Equivalents

Cash and cash equivalents include cash in the bank, cash at broker and short term deposits with a maturity date of less than one year.

Investments

Investments are recorded at fair value. The quoted market price at the balance sheet date is used to estimate the fair value of the investments.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

The Organization's equipment is immaterial in amount and expensed in the year of purchase. Equipment purchased during the year totalled \$565 (\$NIL - 2014).

Trust Assets and Liability

The trust assets for the Municipal Chapter of Toronto are held by the Organization as part of the Organization's investments (see note 2 for details). Investment income and capital gains or losses are allocated proportionately, based on the capital balance, on an annual basis. Effective January 1, 2014, investment income is accumulated. Prior to January 1, 2014, the investment income was paid out annually. Capital gains and losses are added/deducted to the balance of the trust assets.

The Municipal Chapter of Toronto disbanded in 2014. With the exception of the trust assets, all other assets were transferred to the jurisdiction chapter, the Provincial Chapter of Ontario.

Revenue Recognition

Fees from chapters are determined by the Board of Directors and are recognized as revenue in the fiscal year in which they are due.

Contributions from chapters are determined by the individual chapters and are recognized as revenue when received or receivable.

All other income is recognized as revenue when services are provided or when earned.

Contributed Services

Volunteers contribute significant time in carrying out the Organization's activities. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas of estimation where management has made difficult, complex or subjective judgements, often as a result of matters that are uncertain, include, among others, provisions for doubtful accounts receivable and other assets and liabilities valuations. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. INVESTMENTS

Details of investments (including the trust assets of the Municipal Chapter of Toronto) are as follows:

<i>Quantity</i>	<i>2015</i>	<i>2014</i>
98,000 Northland Power Inc, 5.0%, maturing 2019	\$ 101,185	\$ -
39,000 Canada Housing Trust, 1.2%, maturing 2020	39,041	-
48,000 Boralex Inc, 4.5%, maturing 2020	48,720	-
182,000 Royal Bank of Canada, 1.968%, maturing 2022	178,444	-
517,000 Telus Corporation, 2.35%, maturing 2022	504,354	-
216,000 Manufacturers Life Ins Co, 2.1%, maturing 2025	213,634	-
365,000 Royal Bank of Canada, 3.45%, maturing 2026	364,888	372,305
421,000 Industrial Alliance, 2.64%, maturing 2027	420,632	-
431,000 Bank of Nova Scotia, 2.58%, maturing 2027	407,093	-
61,000 Brookfield Office Prop Inc., 4.30%, maturing 2017	-	62,689
77,000 Canada Natural Resources Ltd., 2.6% maturing 2019	-	76,681
176,000 Bank of Nova Scotia, 2.873%, maturing 2021	-	180,207
172,000 Canada Housing Trust No. 1, 2.40%, maturing 2022	-	175,845
263,000 Government of Canada, 1.5%, maturing 2023	-	258,941
398,000 Province of Manitoba, 2.55%, maturing 2023	-	402,126
404,000 Telus Corporation, 3.35%, maturing 2024	-	402,687
192,000 Toronto Dominion Bank, 3.226%, maturing 2024	-	197,173
235,000 Royal Bank of Canada, 2.99%, maturing 2024	-	239,960
103 Sundry common shares	-	1
	\$ 2,277,991	\$ 2,368,615

3. MUNICIPAL CHAPTER OF TORONTO

Details of the balances due to/from the Municipal Chapter of Toronto are as follows:

	<i>2015</i>	<i>2014</i>
Trust Asset and Liability		
Opening balance	\$ 111,926	\$ 119,021
Realized capital gains reinvested	2,361	2,905
Amount paid to Trust from IODE	(25,000)	(10,000)
Payment to Toronto Chapter reinvested	4,618	-
Closing balance	93,905	111,926
Accounts Receivable (Accounts Payable)		
Opening balance	(4,618)	(1,043)
Investment income earned during the year	(2,975)	(3,575)
Realized capital gains during the year	(2,361)	(2,905)
Payment to Toronto Chapter	4,618	-
Realized capital gains reinvested	2,361	2,905
Closing balance	\$ (2,975)	\$ (4,618)

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3. MUNICIPAL CHAPTER OF TORONTO (continued)

During the year, the Board of Directors approved a payment from the Trust Fund in the amount of \$25,000 (\$10,000 - 2014) to the Provincial Chapter of Ontario for the Municipal Chapter of Toronto.

The amount payable to the Municipal Chapter of Toronto as at December 31, 2015 will be paid into the Trust Asset and invested accordingly.

4. FUND TRANSFER

A transfer of \$35,000 (\$20,000 - 2014) from the Endowment Fund to the General Fund during 2015 was approved by the Board of Directors and by the National Chapter in session. Funds in the amount of \$3,000 was transferred during the year.

5. COMMITMENTS

The Organization has entered into a lease for office premises which expires June 30, 2017 and leases for office equipment which expire in August 2017 and October 2018.

The minimum rental payments under the leases are as follows:

	<i>Premises</i>	<i>Equipment</i>	<i>Total</i>
2016	\$ 12,746	\$ 5,178	\$ 17,924
2017	6,373	3,488	9,861
2018	-	935	935
	\$ 19,119	\$ 9,601	\$ 28,720

In addition, the Organization is committed to pay its proportionate share of taxes and operating costs which, in 2015, amounted to approximately \$32,398 (\$31,188 - 2014).

6. RELATED CONTROLLED ORGANIZATIONS

The Organization exercises overall administration and control over the provincial, municipal and primary chapters (all constituted as not-for-profit organizations, both incorporated and unincorporated) which further the charitable purposes of the Organization. Complete financial information for these chapters is not yet available for the 2015 fiscal year. Unaudited totals for the 2014 fiscal year and the 2013 fiscal year are as follows:

	<i>2014</i>	<i>2013</i>
<i>Net assets as at December 31</i>		
Cash and investments	\$ 2,605,864	\$ 3,374,934
Net assets of chapters	\$ 2,605,864	\$ 3,374,934

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. RELATED CONTROLLED ORGANIZATIONS (continued)

	2014	2013
Revenues and expenses for the year ended December 31		
Revenues		
Donations	\$ 389,796	\$ 378,236
Fund-raising activities	1,237,682	1,710,194
Investment income	53,155	27,387
	1,680,633	2,115,817
Expenses		
Charitable programs	1,006,432	1,158,573
Fund-raising	284,170	335,741
Membership fees and contributions to The National Chapter of Canada IODE	218,304	230,305
Other	199,587	127,734
	1,708,493	1,852,353
Net increase (decrease) in balance of funds in chapters	\$ (27,860)	\$ 263,464

7. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to accounts receivable. The Organization is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, accounts payable to the Municipal Chapter of Toronto, scholarships payable and commitments. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to significant currency or other price risks.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Organization. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. Details are disclosed in note 2.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

8. GUARANTEES AND INDEMNITIES

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, it agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The maximum amount of any potential liability cannot be reasonably estimated.

THE NATIONAL CHAPTER OF CANADA IODE

SCHEDULE OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2015

	Balance at Beginning of Year	REVENUES					EXPENSES			Balance at End of Year
		Investment Income	Realized Gains on Sale of Investments	Transfers	Contributions and Donations	Other	Scholarships, Projects and Awards	Administration Charges (Recovery)	Other	
General Fund										
General operations	\$ 6,454	\$ -	\$ -	\$ 19,289	\$ 2,221	\$ 135,309	\$ -	\$ (51,203)	\$ 213,677	\$ 799
Unrealized gains (losses) on investments	(96,549)	-	-	-	-	(53,752)	-	-	-	(150,301)
	(90,095)	-	-	19,289	2,221	81,557	-	(51,203)	213,677	(149,502)
Endowment Fund										
General operations	331,961	9,082	7,207	(16,289)	2,610	-	-	-	-	334,571
Transfer to General Fund	-	-	-	(3,000)	-	-	-	-	-	(3,000)
	331,961	9,082	7,207	(19,289)	2,610	-	-	-	-	331,571
National Chapter Designated Funds										
1st War Memorial - capital	385,702	10,865	8,624	(19,489)	-	-	-	-	-	385,702
- income	2,621	-	-	19,489	-	-	22,000	-	-	110
2nd War Memorial - capital	976,926	27,744	22,022	(49,766)	-	-	-	-	-	976,926
- income	28,541	-	-	49,766	3,170	-	53,000	30,164	1,996	(3,683)
	1,393,790	38,609	30,646	-	3,170	-	75,000	30,164	1,996	1,359,055
Board of Directors Designated Funds										
Education	10,420	342	272	-	8,530	2,486	7,500	313	2,989	11,248
V. Downey Book Award	52,611	1,408	1,118	-	-	-	5,000	1,578	34	48,525
Joan Butler Memorial	14,663	391	310	-	-	-	1,500	440	-	13,424
Wilhelmina Gordon Award	4,316	110	87	-	-	-	800	129	-	3,584
Ursula E. Bangs Award	20,299	537	426	-	-	-	2,400	609	-	18,253
Labrabook	5,225	157	124	-	2,340	-	1,650	157	-	6,039
Quebec Funds	56,525	1,420	1,127	-	-	-	12,000	1,696	-	45,376
Labrador Bursary	158,312	4,392	3,485	-	4,718	-	8,750	4,749	-	157,408
National Services	15,291	439	349	-	7,230	-	7,466	459	-	15,384
Snack Pack	24,259	536	426	-	19,536	-	29,850	728	100	14,079
Overseas Veterans	5,782	186	148	-	1,795	-	-	173	-	7,738
Canadian Disaster	23,626	736	585	-	5,184	-	-	709	-	29,422
Citizenship	3,862	108	86	20	1,090	-	1,094	116	-	3,956
National Officers Special Account	2,538	76	60	-	755	-	-	-	490	2,939
100th Anniversary Grant Program - capital	261,580	7,847	6,229	(14,076)	-	-	-	-	-	261,580
- income	29,086	-	-	14,076	2,090	-	25,000	8,720	-	11,532
Peace Garden	-	-	-	(20)	20	-	-	-	-	-
Life Membership	11,511	350	278	-	2,099	-	175	345	-	13,718
Bolingbroke Restoration	392	10	8	-	290	-	400	-	-	300
Shirley Cheshire Memorial	985	28	22	-	-	-	-	-	-	1,035
Public Relations	3,923	95	76	-	2,691	-	-	118	3,750	2,917
Edith and Gordon Benson Fund	1,232	35	28	-	-	-	-	-	-	1,295
	706,438	19,203	15,244	-	58,368	2,486	103,585	21,039	7,363	669,752
TOTAL - All Funds	\$ 2,010,133	\$ 57,812	\$ 45,890	\$ 19,289	\$ 63,759	\$ 84,043	\$ 178,585	\$ -	\$ 223,036	\$ 2,210,876