

Dear Members,

I am pleased to present the audited financial statements of Baby's Breath/Souffle de Bébé ("Baby's Breath") for the year ended December 31, 2017. Our auditors, the public accounting firm of Bridgman and Durksen, issued a qualified audit report, based on their inability to verify the completeness of revenues. This is standard for a not-for-profit organization. No misstatements were otherwise identified in the areas that could be fully audited. Here is an overview of Baby's Breath's financial results for the year.

As shown on the Statement of Financial Position, on December 31, 2017, Baby's Breath had total assets of \$291,384, up from \$282,519 at the end of 2016. Cash and term deposits (guaranteed investment certificates or "GICs") make up 98.4% of total assets. The total of cash and term deposits is up \$7,492 from last year. Total liabilities at year-end this year were \$5,052, up slightly from \$4,143

The most significant change this year is in the presentation of Expenses on the statement of Revenues and Expenses. A not-for-profit organization has the option under Generally Accepted Accounting Standards (GAAP) to present its expenses according to function, object, or program. In the past, expenses were presented according to function: for example, insurance, professional fees, and occupancy costs. This year, we are presenting expenses according to program. Costs are divided between three program categories reflecting our core mission: bereavement support, advocacy, and education. As required by GAAP, we also present expenses related to administration and fundraising. Note 6 to the financial statements presents a breakdown of the administration expense total.

The Statement of Revenues and Expenses for the year ended December 31, 2017 shows revenues totaled \$101,704, up \$21,337 from 2016's total of \$80,367. The largest increase was in the general category donations, which included funds from the 2016 Alberta casino that weren't included in 2016's revenues. Third party fundraisers generated \$16,455 for 2017, compared to \$43,192 in 2016 and grants and sponsorship revenues were zero this year, compared to \$3,002 last year.

In terms of expenses, Baby's Breath spent slightly less than last year, as total expenses were \$93,748 for 2017 versus \$101,203 for 2016. Administration expenses decreased the most, down \$4,919 from \$44,042 in 2016 to \$39,123 in 2017. Fundraising expenses are the only category that increased, but only by \$121.

As reported in the statement of revenues and expenses, an excess of revenues over expenses of \$7,956 was achieved in 2017, compared to a deficit of \$20,836 in 2016. Higher revenues and lower expenses are the reason an excess occurred. However, as Alberta casino revenues are not expected to recur, the organization will need to significantly increase its revenues from other sources in 2018 to once again avoid an operating deficit.

The Statement of Cash Flows shows that Baby's Breath generated positive operating cash flows of \$7,492 and invested \$75,910 in term deposits (GICs) during 2017. With the exception of the aforementioned change in expense presentation and the breakdown in administration expenses shown in note 6, note 7 is also related to the change in expense categorization. As required by GAAP, the allocation of salaries and wages of our executive director between the different program functions is shown in note 7. Salaries and wages expenses were allocated 30% each to administration and bereavement support, 15% each to education and advocacy, and 10% to fundraising. These percentages were best estimates and will vary in future years.

Baby's Breath's financial statements for 2017 reflect a year of financial stability. Looking ahead to 2018, maintaining and increasing revenues will be essential to maintaining this stability. The new format of the statements will more clearly show potential donors how their money is being spent, which can only assist in achieving those goals.

Thank you.

Norman Chasse, MBA, CPA, CA
Treasurer