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Financial statements of  
The Kidney Foundation of Canada

December 31, 2016

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## Independent Auditor's Report

To the Directors of  
The Kidney Foundation of Canada

We have audited the accompanying financial statements of The Kidney Foundation of Canada, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in 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 not-for-profit organizations, The Kidney Foundation of Canada 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 The Kidney Foundation of Canada. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenditures, and cash flows from operations for the years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015, and fund balances as at January 1 and December 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended December 31, 2015 was also modified because of the possible effects of this limitation in scope.

*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 Kidney Foundation of Canada as at December 31, 2016, and the results of its operations and cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP<sup>1</sup>

June 2, 2017

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A125888

# The Kidney Foundation of Canada

## Statement of operations

Year ended December 31, 2016

	2016	2015
	\$	\$
<b>Revenue</b>		
Public support	22,758,759	22,013,851
Bequests and in memoriam	3,187,770	3,102,158
Transfer of surplus from The Canadian Kidney Trustee Corporation (Note 14)	1,285,744	449,221
Investment income allocated to operations (Note 5)	462,926	423,368
	<b>27,695,199</b>	25,988,598
Fundraising expenditures	13,370,058	13,018,033
Net revenue	<b>14,325,141</b>	12,970,565
<b>Expenditures</b>		
Programs		
Research	3,642,585	3,289,539
Patient services	2,807,532	2,614,734
Organ donation	970,897	880,810
Public education services and communications	2,455,814	2,417,931
Kidney Foundation development	539,661	694,051
	<b>10,416,489</b>	9,897,065
Management and administration	2,838,927	2,961,540
	<b>13,255,416</b>	12,858,605
Excess of revenue over expenditures before the following	<b>1,069,725</b>	111,960
Investment income not allocated to operations (Notes 5 and 6)	97,526	282,341
<b>Excess of revenue over expenditures</b>	<b>1,167,251</b>	394,301

The accompanying notes are an integral part of the financial statements.

**The Kidney Foundation of Canada**  
**Statement of changes in fund balances**

Year ended December 31, 2016

	Unrestricted	Invested in capital assets	Internally restricted (Note 10)	Internally restricted for endowments (Note 8)	Externally restricted for endowments (Note 9)	Total
	\$	\$	\$	\$	\$	\$
Fund balances, January 1, 2015	829,349	476,744	5,247,911	1,885,705	4,371,888	12,811,597
Excess (deficiency) of revenue over expenditures excluding investment income not allocated to operations	178,660	(74,234)	7,534	—	—	111,960
Investment income not allocated to operations	282,341	—	—	—	—	282,341
Endowment contributions	—	—	—	—	16,474	16,474
Reinvested investment income	—	—	—	—	9,518	9,518
Interfund transfers	130,157	71,768	(226,376)	24,451	—	—
Interfund transfer to investment income reserve (Note 6)	(282,341)	—	282,341	—	—	—
<b>Fund balances, December 31, 2015</b>	<b>1,138,166</b>	<b>474,278</b>	<b>5,311,410</b>	<b>1,910,156</b>	<b>4,397,880</b>	<b>13,231,890</b>
Excess (deficiency) of revenue over expenditures excluding investment income not allocated to operations	1,129,239	(67,110)	7,596	—	—	1,069,725
Investment income not allocated to operations	97,526	—	—	—	—	97,526
Endowment contributions	—	—	—	—	50,639	50,639
Reinvested investment income	—	—	—	—	10,088	10,088
Interfund transfers (Note 10)	(1,082,558)	76,173	981,300	25,085	—	—
Interfund transfer to investment income reserve (Note 6)	(97,526)	—	97,526	—	—	—
<b>Fund balances, December 31, 2016</b>	<b>1,184,847</b>	<b>483,341</b>	<b>6,397,832</b>	<b>1,935,241</b>	<b>4,458,607</b>	<b>14,459,868</b>

The accompanying notes are an integral part of the financial statements.

# The Kidney Foundation of Canada

## Statement of financial position

As at December 31, 2016

	2016	2015
	\$	\$
<b>Assets</b>		
Current assets		
Cash	1,886,379	1,769,446
Due from The Canadian Kidney Trustee Corporation (Note 14)	789,404	451,156
Interest and sundry receivable	1,649,978	1,722,233
Prepaid expenses	396,390	589,636
	<b>4,722,151</b>	4,532,471
Capital assets (Note 3)	1,077,626	1,107,381
Investments (Note 4)	14,808,053	13,459,741
	<b>20,607,830</b>	19,099,593
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	1,085,833	1,017,858
Deferred contributions (Note 7a)	4,109,218	3,949,821
Deferred contributions – KRESCENT program (Note 7b)	358,626	266,921
Deferred contributions – capital assets (Note 7c)	594,285	633,103
	<b>6,147,962</b>	5,867,703
Commitments and contractual obligations (Note 12)		
<b>Fund balances</b>		
Unrestricted	1,184,847	1,138,166
Contributed land	335,000	335,000
Invested in capital assets	148,341	139,278
Internally restricted (Note 10)	6,397,832	5,311,410
Internally restricted for endowments (Note 8)	1,935,241	1,910,156
Externally restricted for endowments (Note 9)	4,458,607	4,397,880
	<b>14,459,868</b>	13,231,890
	<b>20,607,830</b>	19,099,593

The accompanying notes are an integral part of the financial statements.

Approved by the Board



\_\_\_\_\_, Director



\_\_\_\_\_, Director

# The Kidney Foundation of Canada

## Statement of cash flows

Year ended December 31, 2016

	2016	2015
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenditures	1,167,251	394,301
Adjustments for		
Amortization of capital assets	105,928	117,398
Amortization of deferred contributions – capital assets	(38,818)	(43,164)
Gain on sale of investments	(323,623)	(500,389)
Unrealized change in fair value of investments	130,265	(55,440)
Deferred contributions recognized as revenue	(1,588,367)	(1,618,205)
	<b>(547,364)</b>	<b>(1,705,499)</b>
Changes in non-cash operating working capital items		
Due from The Canadian Kidney Trustee Corporation	(338,248)	(53,016)
Interest and sundry receivable	72,255	(580,133)
Prepaid expenses	193,246	7,313
Accounts payable and accrued liabilities	67,975	(83,410)
	<b>(4,772)</b>	<b>(709,246)</b>
Increase in deferred contributions	1,807,211	1,580,491
Increase in deferred contributions – restricted investment income	32,258	259,376
	<b>1,839,469</b>	<b>1,839,867</b>
	<b>1,287,333</b>	<b>(574,878)</b>
<b>Investing activities</b>		
Acquisition of investments	(3,308,658)	(2,253,586)
Proceeds on sale of investments	2,153,704	2,742,125
Acquisition of capital assets	(76,173)	(89,235)
	<b>(1,231,127)</b>	<b>399,304</b>
<b>Financing activities</b>		
Endowment contributions	50,639	16,474
Reinvested investment income	10,088	9,518
	<b>60,727</b>	<b>25,992</b>
Net increase (decrease) in cash	<b>116,933</b>	<b>(149,582)</b>
Cash, beginning of year	<b>1,769,446</b>	<b>1,919,028</b>
<b>Cash, end of year</b>	<b>1,886,379</b>	<b>1,769,446</b>

The accompanying notes are an integral part of the financial statements.



# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

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### 1. Mission of the Foundation

The Kidney Foundation of Canada (the “Kidney Foundation”) exists for the enhancement of kidney health and the reduction and, if possible, the elimination of the burden of kidney disease. The primary beneficiaries are people at risk of and/or affected by kidney disease. The Kidney Foundation provides:

- Hope through research and its translation into the treatment, prevention and slowing of the progression of kidney disease;
- Support through access to care, comfort, and transplantation;
- Empowerment through knowledge, capacity building and community; and
- Engagement through an informed public and effective public policies and strategies.

The Kidney Foundation relies on its extensive network of qualified volunteers working in partnership with staff to deliver its programs and services throughout Canada. The Kidney Foundation is a registered charity under the *Income Tax Act* and is incorporated under the laws of Canada.

### 2. Significant accounting policies

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

#### *Financial instruments*

Financial assets and liabilities are initially recognized at fair value when the Kidney Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are measured at fair value at the closing date. The fair value of investments is based on closing prices. Fair value fluctuations, including interest earned, interest accrued, gains and losses realized on sale and unrealized gains and losses, are included in investment income.

Transaction costs related to investments are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Kidney Foundation recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

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### 2. Significant accounting policies (continued)

#### *Revenue recognition*

The Kidney Foundation uses the deferral method of accounting for contributions. Contributions are recognized in the year they are received. Pledged contributions not received are not recorded. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recorded as deferred contributions and recognized as revenue when the related expense is incurred or the related capital assets are amortized. Contributions for endowments are recognized as direct increases in the endowment fund balance.

Unrestricted investment income is recognized as revenue when earned. Restricted investment income is recorded as a deferred contribution and is recognized when the related expense is incurred. Investment income required to be added to the endowment is recognized as a direct increase in the endowment fund balance.

Up to 4% of the fair value of investments is reported as investment income allocated to operations. The excess or shortfall, if any, is reported as investment income not allocated to operations and is transferred to the investment income reserve.

Revenues from fundraising activities are presented on a gross basis when the Kidney Foundation is considered to be the principal involved in the activity. Certain revenues generated from highly regulated government programs that result in net proceeds to the Kidney Foundation are recorded at the amount of net proceeds generated.

#### *Donated services*

The Kidney Foundation derives significant benefit from time and services donated by volunteers. These valuable contributions are not recorded in the financial statements.

#### *Capital assets*

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated lives. Furniture and fixtures and other capital assets are amortized over five years. Leasehold improvements are amortized over the remaining term of the lease. Computer equipment is amortized over three years. The building was donated and recorded at its appraised fair value and is being amortized over 25 years.

#### *Allocations*

The Kidney Foundation classifies its activities between the Kidney Foundation development, management and administration activities, and its four program-related activities: research, patient services, organ donation and public education services and communications. The costs of each activity include the direct costs associated with those activities, including personnel costs and other direct expenses. In addition, the Kidney Foundation incurs a certain number of common operating expenses in connection with these activities.

Where shared or indirect costs relate to more than one activity, the Kidney Foundation breaks down these costs according to efforts allocated to each activity. These costs include expenditures related to administrative staff, rental costs and other operating costs that cannot be charged directly to a specific activity. Eligible expenditures are allocated based on either physical space used or staff time allocated to an activity.

The Kidney Foundation allocates a portion of its fundraising costs to public education for one of its fundraising activities on the basis that some of the communication messages used in this activity are primarily educational in nature and promote public engagement. The costs are allocated based on management's best estimate of the portion of the direct costs of the educational materials that apply to a non-fundraising activity.

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

### 2. Significant accounting policies (continued)

#### *Use of estimates*

The preparation of financial statements, in conformity with Canadian ASNPO, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

### 3. Capital assets

	2016			2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	335,000	—	335,000	335,000
Building	930,000	330,300	599,700	636,900
Computer equipment	1,032,337	947,494	84,843	70,166
Furniture and fixtures	387,169	347,901	39,268	39,332
Leasehold improvements	157,746	150,156	7,590	15,709
Other	67,576	56,351	11,225	10,274
	<b>2,909,828</b>	<b>1,832,202</b>	<b>1,077,626</b>	<b>1,107,381</b>

### 4. Investments

	2016			2015		
	Fair value	Cost	Unrealized gain (loss)	Fair value	Cost	Unrealized gain (loss)
	\$	\$	\$	\$	\$	\$
Money Market Fund	1,204,299	1,206,870	(2,571)	13,835	13,944	(109)
Bond Funds	6,778,445	6,878,482	(100,037)	6,799,506	6,796,478	3,028
Canadian Equity Funds	2,511,468	2,501,304	10,164	1,947,047	2,192,087	(245,040)
International Equity Funds	2,155,051	1,774,353	380,698	2,398,377	1,830,514	567,863
U.S. Equity Funds	2,158,790	1,231,009	927,781	2,300,976	1,280,418	1,020,558
	<b>14,808,053</b>	<b>13,592,018</b>	<b>1,216,035</b>	<b>13,459,741</b>	<b>12,113,441</b>	<b>1,346,300</b>

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

### 5. Investment income

Investment income is composed of:

	2016	2015
	\$	\$
Gain on sale of investments	323,623	500,389
Fund distributions related to dividends and interest	409,440	418,774
Unrealized change in fair value of investments	(130,265)	55,440
	<b>602,798</b>	<b>974,603</b>

The presentation of investment income in the financial statements is as follows:

	2016	2015
	\$	\$
Statement of operations		
Investment income allocated to operations	462,926	423,368
Investment income not allocated to operations (Note 6)	97,526	282,341
Direct increase in deferred contributions		
Investment income from externally restricted endowments (Note 7a)	25,940	245,423
Investment income allocated to deferred contributions	6,318	13,953
Statement of changes in fund balances		
Investment income reinvested in endowment capital	10,088	9,518
	<b>602,798</b>	<b>974,603</b>

### 6. Investment income reserve

In accordance with the Kidney Foundation's income appropriation policy, investment income allocated to operations is determined at the beginning of the year as a percentage of the fair value of investments, with a maximum allocation of 4%. Excess income over the amount allocated is recorded as investment income not allocated to operations. In the event that the actual income is less than the amount allocated, the shortfall is taken from the investment income reserve and is recorded as a negative in the investment income not allocated to operations. The objectives of this policy are to provide a more stable amount of investment income to operations annually and to help maintain the capital, including in years when the market does not perform well.

	2016	2015
	\$	\$
Balance, beginning of year	1,424,458	1,142,117
Investment income not allocated to operations	97,526	282,341
Balance, end of year	<b>1,521,984</b>	<b>1,424,458</b>

The Investment Income Reserve is a component of Internally restricted funds (Note 10).

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

### 7. Deferred contributions

#### a) *Deferred contributions*

Deferred contributions consist of contributions which the donor has restricted to a specific purpose, plus restricted investment income on externally restricted endowments. These amounts are only recognized in income when expenditures meeting the restriction are incurred. The Kidney Foundation complies with these external restrictions.

	Beginning	Additions	Disbursements	Balance, end of year
	\$	\$	\$	\$
Investment income on externally restricted endowments (Note 5)	1,022,219	25,940	—	1,048,159
Organ donation	794,742	369,483	372,296	791,929
Public education	563,515	643,769	448,807	758,477
Research	679,132	433,082	438,255	673,959
Patient services	675,533	206,924	213,857	668,600
Others	214,680	68,566	115,152	168,094
	3,949,821	1,747,764	1,588,367	4,109,218

In accordance with the Kidney Foundation's income appropriation policy, investment income allocated to operations is determined at the beginning of the year as a percentage of the fair value of investments, with a maximum allocation of 4%. Excess restricted income over the amount allocated is recorded as deferred contributions. In the event that the actual income is less than the amount allocated, the shortfall is taken from the deferred contributions and is recorded as investment income allocated to operations. The objectives of this policy are to provide a more stable amount of investment income to operations annually and to help maintain the capital, including in years when the market does not perform well.

#### b) *Deferred contributions – KRESCENT program*

The Kidney Foundation is responsible for the Kidney Research Scientist Core Education and National Training Program (KRESCENT) secretariat that manages the overall program and raises and administers funds for the initiative. The funds raised by the Kidney Foundation, and dedicated to the program, are subject to the normal accounting policies and practices of the Kidney Foundation's research program.

	2016	2015
	\$	\$
Balance, beginning of year	266,921	117,139
Plus: sponsorships and donations received	91,705	149,782
Balance, end of year	358,626	266,921

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

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### 7. Deferred contributions (continued)

#### c) *Deferred contributions – capital assets*

This balance includes donated capital assets and capital assets purchased with funds restricted for that purpose.

	2016	2015
	\$	\$
Balance, beginning of year	633,103	658,800
Plus: contributions received	—	17,467
Less: amount recognized as revenue during the year	(38,818)	(43,164)
Balance, end of year	<b>594,285</b>	633,103

### 8. Internally restricted for endowments

The endowment fund balance includes funds which have been designated as internally restricted endowments by the National Board of Directors and classified as internally restricted. The total internally restricted for endowments fund consists of the following:

	2016	2015
	\$	\$
Research	1,524,693	1,499,608
Other designated activities	220,000	220,000
Undesignated	190,548	190,548
	<b>1,935,241</b>	1,910,156

### 9. Externally restricted for endowments

Externally restricted for endowments consist of the original endowment contribution amounts.

	2016	2015
	\$	\$
Research	2,154,287	2,144,481
Other designated activities	1,973,267	1,923,466
Undesignated	331,053	329,933
	<b>4,458,607</b>	4,397,880

The fair value adjustment for the externally restricted endowments is reflected in the deferred contributions.

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

### 10. Internally restricted fund balance

The internally restricted fund balance consists of resources designated by the National Board of Directors for specific purposes. This fund balance is comprised of the following components:

	2016	2015
	\$	\$
Commitment for research (including the KRESCENT program)	3,023,279	2,726,589
Investment income reserve (Note 6)	1,521,984	1,424,458
Operating reserve	1,000,000	1,000,000
Surpluses for use in future years	684,610	—
Reserved for future capital expenditures	80,000	80,000
Reserved for research in Southern Alberta	49,270	49,270
Reserved for programs in Manitoba	38,689	31,093
	<b>6,397,832</b>	<b>5,311,410</b>

In 2016, the National Board of Directors approved a policy to encourage long-term fiscal responsibility. This policy permits Branches and the National Office to carry forward a portion of their share of the consolidated surplus for spending in future years. This resulted in a significant inter fund transfer from the unrestricted fund balance to the internally restricted fund balance.

The operation reserve is consistent with the best practices recommended by the Canada Revenue Agency in its guidance *Fundraising by Registered Charities*.

### 11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$24,747 (\$12,391 as at December 31, 2015), of government remittances.

### 12. Commitments and contractual obligations

The Kidney Foundation has commitments for research (including the KRESCENT program). These commitments less deferred contributions for research amount to \$3,023,279. In addition, the Kidney Foundation signed an agreement for 5 years in 2016 with Canadians Seeking Solutions and Innovations to Overcome Chronic Kidney Disease (Can SOLVE-CKD). The commitment for this project represents \$2,850,000. The Kidney Foundation has minimum rental obligations under existing long-term operating leases, exclusive of certain operating costs, for which the Kidney Foundation is also responsible totalling \$2,310,315. These amounts are expected to be disbursed in the forthcoming years as follows:

	Research commitments	Contractual obligations
	\$	\$
2017	2,438,966	858,864
2018	1,727,415	616,905
2019	956,898	495,303
2020	750,000	280,366
2021	—	58,877

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

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### 13. Allocations

As described in the accounting policies, management and administration expenditures have been allocated as follows:

	2016	2015
	\$	\$
Patient services	652,912	615,416
Fundraising expenditures	397,876	342,326
Public education services and communications	330,064	322,679
Research	262,297	273,187
Organ donation	190,412	204,661
Kidney Foundation development	66,090	90,626

As described in the accounting policies, certain expenditures incurred coincidentally with fundraising have been allocated to other activities as follows:

	2016	2015
	\$	\$
Public education services and communications	84,037	221,787

### 14. Related party transactions

The Kidney Foundation has an economic interest in The Canadian Kidney Trustee Corporation (the "Trust"), since the Trust is the national volunteer organization committed to raise funds in support of The Kidney Foundation of Canada by collecting and selling donated items including clothing and household goods. During the year, the Kidney Foundation carried out transactions with the Trust, which took place during the normal course of business and are measured at the exchange amount. The balance due between these related parties is presented separately in the financial statements.

During the year, the Kidney Foundation charged management fees of \$146,592 (\$139,639 in 2015) for the administrative services rendered.



# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

### 14. Related party transactions (continued)

Summary financial information of the Trust as at December 31, 2016 and 2015 and for the years then ended, is as follows:

	2016	2015
	\$	\$
Statement of financial position		
Assets	1,293,496	987,000
Liabilities	1,293,496	987,000
Surplus	—	—
	1,293,496	987,000
Liabilities include accounts payable to The Kidney Foundation of Canada for an amount of \$789,404 (\$451,156 in 2015)		
Statement of operations		
Total revenue	6,412,746	4,905,982
Total expenses	5,127,002	4,456,761
Transfer of surplus to The Kidney Foundation of Canada	1,285,744	449,221
Excess of revenue over expenditures	—	—
	2016	2015
	\$	\$
Statement of cash flows		
Operating activities	397,279	306,726
Investing activities	(5,376)	(12,172)
Financing activities	(33,804)	(4,726)
Net increase in cash	358,099	289,828

### 15. Financial instruments

#### *Credit risk*

The Kidney Foundation is exposed to credit risk to the extent that its donors and debtors may experience financial difficulty and would be unable to meet their obligations; however, the Kidney Foundation has a large number of diverse donors and debtors, which minimizes concentration of credit risk.

# The Kidney Foundation of Canada

## Notes to the financial statements

December 31, 2016

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### 15. Financial instruments (continued)

#### *Market risks*

The Kidney Foundation's investment portfolios are subject to market risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. These risks include exposure to fluctuations in interest rates and in foreign currencies. The Kidney Foundation's investment portfolio are professionally managed following a diversified investment strategy to manage risk. The portfolio is monitored on a periodic basis by the Kidney Foundation's National Finance and Audit Committee.

#### *Liquidity risk*

The Kidney Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Kidney Foundation monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2016, the most significant financial liabilities are accounts payable and accrued liabilities.

### 16. Supplemental information

The total remuneration paid to employees of the province of Alberta whose principal duties include fundraising was as follows:

	<b>2016</b>	2015
	<b>\$</b>	\$
General fundraising	<b>400,496</b>	422,689