

CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2019

CANADIAN FOUNDATION FOR UKRAINIAN STUDIES

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Canadian Foundation for Ukrainian Studies:

Qualified Opinion

We have audited the accompanying financial statements of Canadian Foundation for Ukrainian Studies, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flow for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Foundation for Ukrainian Studies as at December 31, 2019, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Canadian Foundation for Ukrainian Studies derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from this source was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess revenue of expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements including the disclosures, and whether the financial statements representing the underlying transactions and events in a manner that achieved fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


**Winnipeg, Manitoba
June 17, 2020**

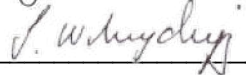
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**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT		
Cash	\$ 73,312	417,967
Accounts receivable	3,060	1,899
GST/HST receivable	3,109	1,559
Prepaid expenses	<u>2,768</u>	<u>2,648</u>
	82,249	424,073
INVESTMENTS (Notes 2 (b) and 6)	3,113,562	2,777,553
TANGIBLE CAPITAL ASSETS (Notes 2 (c) and 4)	<u>958</u>	<u>-</u>
	<u>\$ 3,196,769</u>	<u>3,201,626</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,395	6,461
Government payroll remittances payable	<u>720</u>	<u>-</u>
	<u>7,115</u>	<u>6,461</u>
NET ASSETS		
Unrestricted general fund	664,195	56,731
Internally restricted (Schedule 1)	1,235,074	1,739,424
Externally restricted (Schedule 2)	<u>1,290,385</u>	<u>1,399,010</u>
	<u>3,189,654</u>	<u>3,195,165</u>
	<u>\$ 3,196,769</u>	<u>3,201,626</u>

APPROVED BY THE BOARD:


 _____ Director


 _____ Director

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	2019				2018			
	Unrestricted General Fund	Internally Restricted Funds (Schedule 1)	Externally Restricted Funds (Schedule 2)	Total	Unrestricted General Fund	Internally Restricted Funds (Schedule 1)	Externally Restricted Funds (Schedule 2)	Total
REVENUE								
Realized investment income	\$ 30,273	63,038	75,587	168,898	17,679	71,065	41,951	130,695
Donations (Schedule 3)	20,166	7,611	2,962	30,739	17,179	14,789	400,096	432,064
CFUS membership dues	250	-	-	250	250	-	-	250
Royalty income	664	-	-	664	496	-	-	496
Administration fee earned	8,890	-	-	8,890	6,880	-	-	6,880
Miscellaneous income	526	-	-	526	-	-	-	-
Unrealized gain (loss) on investments	36,831	69,593	83,804	190,228	(11,421)	(241,288)	(141,251)	(393,960)
	<u>97,600</u>	<u>140,242</u>	<u>162,353</u>	<u>400,195</u>	<u>31,063</u>	<u>(155,434)</u>	<u>300,796</u>	<u>176,425</u>
EXPENSES								
Administration	48,953	-	-	48,953	56,725	-	-	56,725
Board	2,305	-	-	2,305	4,331	-	-	4,331
Grants and scholarships	500	74,089	279,578	354,167	5,000	44,961	37,362	87,323
Fundraising	281	-	-	281	99	-	-	99
	<u>52,039</u>	<u>74,089</u>	<u>279,578</u>	<u>405,706</u>	<u>66,155</u>	<u>44,961</u>	<u>37,362</u>	<u>148,478</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	45,561	66,153	(117,225)	(5,511)	(35,092)	(200,395)	263,434	27,947
NET ASSETS, BEGINNING OF YEAR	56,731	1,739,424	1,399,010	3,195,165	102,740	1,939,819	1,124,659	3,167,218
TRANSFER (Note 3(c)(ii))	<u>561,903</u>	<u>(570,503)</u>	<u>8,600</u>	<u>-</u>	<u>(10,917)</u>	<u>-</u>	<u>10,917</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 664,195</u>	<u>1,235,074</u>	<u>1,290,385</u>	<u>3,189,654</u>	<u>56,731</u>	<u>1,739,424</u>	<u>1,399,010</u>	<u>3,195,165</u>

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) revenue over expenses	\$ (5,511)	27,947
Add non-cash item(s):		
Amortization of tangible capital assets	239	236
Realized loss on sale of investments	(76,298)	20,467
Unrealized (gain) loss on investments	<u>(190,228)</u>	<u>393,960</u>
	(271,798)	442,610
Change in non-cash working capital:		
Accounts receivable	(1,161)	679
GST/HST receivable	(1,550)	(266)
Prepaid expenses	(120)	(72)
Accounts payable and accrued liabilities	(66)	417
Government payroll remittances payable	720	(1,663)
Appropriated funds payable	<u>-</u>	<u>(6,500)</u>
	(273,975)	435,205
INVESTING ACTIVITIES		
Additions to tangible capital assets	(1,197)	-
Proceeds from the sale of investments	3,274,284	508,863
Purchase of investments	<u>(3,343,767)</u>	<u>(556,814)</u>
	(70,680)	(47,951)
INCREASE (DECREASE) IN CASH	(344,655)	387,254
CASH, BEGINNING OF YEAR	<u>417,967</u>	<u>30,713</u>
CASH, END OF YEAR	<u>\$ 73,312</u>	<u>417,967</u>

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

1. PURPOSE OF THE FOUNDATION

The Canadian Foundation for Ukrainian Studies (the "Foundation") was incorporated in 1975 under the Canada Corporations Act as a not-for-profit Foundation registered under the provisions of the Income Tax Act for the purpose of promoting Ukrainian studies in Canada. Effective February 3, 2014, the Foundation continued corporately under the new Canada Not-for-profit Corporations Act with no changes to its aims and objectives. The Foundation administers various funds which promote scholarly studies, publications and conferences through grants, fellowships and awards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Fund Accounting

The Foundation accounts for its operations using fund accounting (refer to Note 3 for a description of the funds).

(b) Investments

All funds held are pooled in investments and the income earned is allocated on the basis of the value of each fund in proportion to the total funds.

(c) Tangible Capital Assets

Tangible capital assets consisting of office equipment and computers is recorded at cost. Amortization is provided on the straight-line basis at the following rates:

Office equipment	10 years
Computers	5 years

(d) Revenue Recognition

The Foundation follows the restricted fund method in recognizing contributions.

- (i) Restricted contributions are recognized as revenue in the corresponding fund to which they relate in year of receipt. Unrestricted contributions that are not bequests are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All bequests, if undirected, go to the Endowment Fund.
- (ii) Investment income is recognized on a time proportionate basis. Investment income earned on pooled investments is allocated to each of the corresponding funds based upon their respective percentage of assets invested.
- (iii) Administration fees are recognized as revenue based upon 5% of investment income recorded in year.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Contributed Services and Donated Materials

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(f) Accounting Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

(g) Financial Instruments

Financial instruments held by the Foundation include cash, accounts receivable, investments, accounts payable, accrued liabilities and appropriated funds payable. The Foundation initially measures its financial instruments at fair value when the asset or liability is first recognized. The Foundation subsequently measures cash, accounts receivable, appropriated funds payable and accounts payable and accrued liabilities at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. The Foundation measures investments at fair value without any adjustments for transaction costs that may incur on sale or other disposal, with gains and losses recognized in operations.

3. DESCRIPTION OF FUNDS

(a) Unrestricted General Fund

The Unrestricted General Fund accounts for the Foundation's program delivery and administrative activities and accounts for unrestricted contributions to the Foundation. The appropriation of resources from the Unrestricted General Fund is made by majority motion of the Foundation Board's Executive Committee, and ratified by the Board of Directors. Appropriations are made to designate and set aside funds for specific commitments approved by the Board.

(b) Internally Restricted Funds

(i) Endowment Fund

This fund has been established to set aside estate and memorial donations received by the Foundation. The investment income earned on the donations may be used at the discretion of the Foundation's Board of Directors.

(ii) Presidents' Memorial Scholarship Fund

This fund had been created in 1994 by an appropriation of \$100,000 out of the Unrestricted General Fund to honour the memories of individuals who, as the head of the foundation, made a contribution to Ukrainian Studies. The income from this fund was used to support university students in Ukrainian studies. Following an in-depth review of its programs in March 2004, the Board decided to terminate this scholarship. In 2009, it was resolved to transfer the balance of the Presidents' Memorial Scholarship Fund to the Scholarly Publications Program Fund.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

3. DESCRIPTION OF FUNDS (Continued)

(iii) Scholarly Publications Program Fund

This fund was established by the Board in 2009 to support the Foundation's existing Scholarly Publications Program whose purpose is to provide financial assistance for the publication of scholarly works in the field of Ukrainian Studies. In 2016, the Board increased the annual amount available for disbursement from \$6,500 to \$8,000 with a cap of \$6,500 per recipient (or half the cost of publication, whichever is less). The grant(s) is/are issued directly to the publisher(s) of the selected publication(s). The monies for this fund came from the former Presidents' Memorial Scholarship Fund which was terminated by Board resolution in October 2004.

(iv) Dr. Robert F. Clark Bequest Fund

This fund was created from a bequest by the late Dr. Robert Clark, a long time director of the Foundation, amounting to \$212,350 and was established to provide funds in support of Ukrainian studies at Canadian universities.

In 1997, the Board of Directors appropriated and paid \$100,000 of the Dr. Robert F. Clark Fund to the University of Toronto to endow the "Robert Franklin Clark (CFUS) Graduate Fellowship in Ukrainian Language and Literature" which along with a matching grant of \$200,000 from the University of Toronto provides an annual fellowship of approximately \$15,000 for an MA or PhD student working in Ukrainian language and/or literature. The annual grant has been less than \$15,000 in recent years due to the overall economic and financial crises which impacted on universities as well.

The balance of the monies are currently used to generate revenue to support the Ukrainian Canadian Program undertaken at the Kule Ukrainian Canadian Studies Centre (KUCSC) at the Canadian Institute of Ukrainian Studies (CIUS), University of Alberta.

(v) Danylo Husar Struk Memorial Fund

This fund was established in 1999 by an appropriation of \$10,000 from the Unrestricted General Fund and through ongoing donations from the family and the public to provide an endowment in memory of the late Danylo Husar Struk, former Editor of the Encyclopedia of Ukraine, specifically for the study of Ukrainian literature at the University of Toronto. This fund was disbursed in its entirety (\$100,000) to the University of Alberta in 2009 to set up the Danylo Husar Struk and Oksana Pisetska Struk Endowment Fund in order to take advantage of a matching funds program. In 2018, the Foundation learned that the matching program was terminated and the Struk Fund would not be matched. The purpose of the Fund is to support the Danylo Husar Struk Program in Ukrainian Literature currently offered by the Canadian Institute of Ukrainian Studies (CIUS) at its University of Alberta and University of Toronto offices. The new Endowment Fund is managed by the University of Alberta while CIUS determines and manages the disbursement of monies from the fund. A letter of Agreement is on file.

(vi) Administration Fund

This fund was established in 1997 from an appropriation of \$120,000 from the Unrestricted General Fund to provide, in due course, income to fund the Foundation's basic administrative expenses. The fund was augmented by a \$140,000 transfer from the Unrestricted General Fund in 2002. During the year, the Executive Committee resolved to transfer the balance from the Administration Fund to the Unrestricted General Fund, thus amalgamating the two funds under the Unrestricted General Fund.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

3. DESCRIPTION OF FUNDS (Continued)

(c) Externally Restricted Funds

(i) The Bohdan Medwidsky Fund

This fund was established in 2017 with the primary purpose to support the study of Ukrainian culture and traditions undertaken at the Kule Folklore Centre housed at the University of Alberta. The fund was activated in 2019.

(ii) Osyp and Josaphat Neporany Education Fund

Pursuant to the wishes of the late Osyp and Josaphat Neporany contained in their last will and testament, the Foundation received the principal sum of \$200,000 to establish the Osyp and Josaphat Neporany Education Fund. The fund is used to support the Neporany Graduate Fellowship that is awarded annually to a scholar or scholars carrying out research in the areas of political science, economics, and related fields (pertaining to Ukraine). The fund was augmented by a \$8,600 (2018 - 10,917) transfer from the Unrestricted General Fund during the year.

(iii) Michael Kowalsky and Daria Mucak-Kowalsky Fund

This fund was established in 2002 and stipulates that 70% of its income be used for scholarships to needy students of the specified universities in Ukraine and 30% of its income to be used by the said universities for their international academic relations.

(iv) Holowacz Family Fund

This fund was established in 1994 to support the Y.A. Holowacz Collection at the Kyiv-Mohyla University in Ukraine.

(v) S. Bubniuk Fund

This fund was established in 1994 to provide annual awards to students in journalism. The terms of reference are currently under review.

(vi) Clark Book Fund

This fund was established to purchase books and periodicals related to Ukrainian studies. In 2010, the fund was transferred in its entirety (\$4,673) to the Dr. Robert F. Clark Bequest internally restricted Fund (Note 3(b)(iv)).

(vii) The General Pavlo Shandruk and Olha Shandruk Endowment Fund

This fund was created in September 2011 when CFUS received \$70,000 from the Brotherhood of Veterans of the First Division UNA to establish The General Pavlo Shandruk and Olha Shandruk Endowment Fund. The purpose of the Fund is to provide, for the first ten years, a research grant that is used exclusively to finance the scholarly research and design of those pages of the Internet Encyclopedia of Ukraine web site that deal with Ukrainian military history, in general, and/or with the involvement of Ukrainians in World War II, in particular. Letter of agreement is on file.

(viii) Peter and Olya Savaryn Fund

Established in 1997, this fund was activated in 2014. Investment income generated by this fund is used to issue annually a Peter and Olya Savaryn Award to support a range of scholarly activities undertaken by the Canadian Institute of Ukrainian Studies (CIUS). Terms of Reference specifying the details are on file.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

3. DESCRIPTION OF FUNDS (Continued)

(c) Externally Restricted Funds

(ix) Curkowskyj Fund

Established in 1998, this fund was activated in March 2015. This fund pays out an annual grant of \$5,000 to support the scholarly research activities undertaken by the Ukrainian Canadian Research and Documentation Centre (UCRDC), until the fund has been totally exhausted. Terms of Reference specifying the details are on file.

(x) George Luckyj Fund

This fund was established in 1998 to support a biennial award for translation of Ukrainian literature into English.

(xi) Wirsta Fund

This fund was established in 2004 to award MA and PhD students in communications/journalism or media studies at Canadian universities in recognition of scholarly work done on a topic related to Canada's Ukrainian community. The terms of reference are currently under review.

(xii) The Ukrainian Senior Citizens Home of Taras H. Shevchenko (Windsor) Inc. Fund (USCHTHS)

The Ukrainian Senior Citizens Home of Taras H. Shevchenko (Windsor) Inc. Fund (aka, Shevchenko IEU Fund) was established in 2018 with a generous donation by the trustees of the Shevchenko home. The sole purpose of the fund is to support the work of the Internet Encyclopedia of Ukraine (IEU) project and, specifically, the work on the IEU project that is performed in Ontario, at the Toronto office of the Canadian Institute of Ukrainian Studies where the IEU project is housed. Monies from the fund are not to be used for rent expenses. As per the donor's wishes, the donation was used to create two separate funds. One fund is to reside at the Foundation and is to issue a fixed annual grant until the Fund has been totally exhausted. This is not an endowed fund; the terms of reference for this fund are on file. The second fund is to be established as an endowed fund at the University of Alberta. This second fund was realized in early 2019.

4. TANGIBLE CAPITAL ASSETS

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Office equipment	\$ 3,734	3,734	3,734	3,734
Computer	<u>1,197</u>	<u>239</u>	<u>1,182</u>	<u>1,182</u>
	<u>\$ 4,931</u>	<u>3,973</u>	<u>4,916</u>	<u>4,916</u>
Net book value		\$ <u>958</u>		<u>-</u>

Amortization expense for the year ended December 31, 2019 is \$239 (2018 - \$236) and is included in administration expense on the statement of operations and changes in net assets.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

5. COMMITMENTS

In 2018, the Foundation approved a three-year commitment to the Internet Encyclopedia of Ukraine project at the Canadian Institute of Ukrainian Studies (CIUS), University of Alberta to provide an annual grant in the amount of \$25,000 (payable in 2018, 2019 and 2020). Additionally, the Foundation has agreed to pay any additional funds based on a matching funds agreement whereby the Foundation will match private donations collected in each of 2018, 2019 and 2020 to a maximum of \$25,000 per year. The matching funds portion is to be paid out respectively in 2019, 2020 and 2021 upon receipt of a donations report for the previous year. The total commitment made is a minimum of \$75,000 to a maximum of \$150,000 over a 4-year period. During 2019, \$50,000 (2018 - \$25,000) was paid out.

The Foundation has approved a three year pledge to provide grants to the University of Toronto in support of the Toronto Annual Ukrainian Famine Lecture Series. The Foundation has agreed to pay \$2,000 per year for 2017, 2018 and 2019. The funds relating to these grants shall be disbursed from the CFUS Endowment Fund. During 2019, the final payment of \$2,000 (2018 - \$2,000) was paid out.

The Foundation has agreed to transfer \$200,000 from its newly established USCHTHS Fund toward the establishment of an endowment fund at the University of Alberta whose sole purpose is to support the work of the Internet Encyclopedia of Ukraine (IEU) project, and specifically, the work on the IEU project that is performed in Ontario, at the Toronto office of the Canadian Institute of Ukrainian Studies where the IEU project is housed. An agreement between the Foundation and the University of Alberta was finalized in February 2019 and the funds were transferred at that time. Additionally, the remaining \$200,000 from the USCHTHS Fund is to be paid out as an annual grant over a five-year period starting in 2019. As at December 31, 2019, \$40,000 has been paid out.

6. FINANCIAL RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities, and appropriated funds payable. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than one month.

The Foundation's approach to managing liquidity risk is to manage its cashflow to ensure it will always have sufficient liquidity to meet liabilities when due. At December 31, 2019, the Foundation has a cash balance of \$73,312 (2018 - \$417,967). It is management's opinion that most of the Foundation's investment portfolio is liquid enough to cover any of this risk.

(b) 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. Financial instruments which potentially subject the Foundation to credit risk and concentrations of credit risk consist principally of accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due. Management manages credit risk associated with bonds by following a prudent investment management policy.

(c) 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; foreign currency risk, interest rate risk and other price risk. The Foundation is not subject to foreign currency risk.

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

7. RISK MANAGEMENT (Continued)

(i) Interest rate risk

Interest rate cash flow risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments. Interest rate price risk is the risk that changes in market interest rates may have an effect on the fair value of other financial instruments. It is management's opinion that the Foundation is exposed to interest rate price risk due to its investment in fixed rate bonds in its portfolio.

The Foundation mitigates interest rate price risk by diversifying in mutual funds consisting of government and corporate bonds.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. It is management's opinion that the Foundation is exposed to other price risk due to its investment in bonds and mutual funds in its portfolio.

The Foundation manages price risk with respect to investments that have the potential to affect its operating and financial performance by following its Investment Policy and investing in diversified mutual funds. A breakdown of the Foundation's investments is as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>% of Portfolio</u>
Equities			
Canadian equities	\$ 2,280,616	2,414,955	77.6 %
United States equities	24,603	38,180	1.2 %
Exchange Traded Funds	<u>642,536</u>	<u>660,427</u>	<u>21.2 %</u>
	<u>\$ 2,947,755</u>	<u>3,113,562</u>	<u>100.0 %</u>

7. SUBSEQUENT EVENT RELATING TO COVID-19

Subsequent to December 31, 2019, COVID-19 or the coronavirus has become a global pandemic resulting in governments in Canada and around the world enacting emergency measures to combat the spread of the virus. These measures which include social distancing, self-imposed isolation periods, travel bans and declarations of state of emergency have caused an economic downturn and material disruption to organizations. The global stock markets have been extremely volatile due to the COVID-19 pandemic which is reflected in the performance of the investment portfolio of the Foundation. It is management's opinion that the Foundation has adequately adapted to the impact of this pandemic and will not be significantly impacted financially by this event. In addition, management has been able to save adequate funds for any unforeseen operational issues. The Foundation will continue to monitor changes to the rules and regulations surrounding COVID-19 as well as the performance of its investment portfolio and will attempt to address any financial and operational viability issues as they arise.

SCHEDULE 1

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
INTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	2019						
	Endowment Fund	Scholarly Publications Program Fund	Dr. Robert F. Clark Bequest Fund	Danylo Husar Struk Memorial Fund	Administration Fund	Unrealized Gain (Loss)	Total
REVENUE							
Investment income	\$ 45,387	9,255	8,124	272	-	-	63,038
Donations	2,951	-	-	4,660	-	-	7,611
Unrealized gain/(loss) on investments	-	-	-	-	-	69,593	69,593
	<u>48,338</u>	<u>9,255</u>	<u>8,124</u>	<u>4,932</u>	<u>-</u>	<u>69,593</u>	<u>140,242</u>
EXPENSES							
Grants and scholarships	<u>52,000</u>	<u>12,000</u>	<u>4,999</u>	<u>5,090</u>	<u>-</u>	<u>-</u>	<u>74,089</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(3,662)	(2,745)	3,125	(158)	-	69,593	66,153
NET ASSETS, BEGINNING OF YEAR	858,618	175,082	153,702	5,146	570,503	(23,627)	1,739,424
TRANSFER (Note 3(b)(vi))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(570,503)</u>	<u>-</u>	<u>(570,503)</u>
NET ASSETS, END OF YEAR	<u>\$ 854,956</u>	<u>172,337</u>	<u>156,827</u>	<u>4,988</u>	<u>-</u>	<u>45,966</u>	<u>1,235,074</u>

SCHEDULE 1

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
INTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	2018						
	Endowment Fund	Scholarly Publications Program Fund	Dr. Robert F. Clark Bequest Fund	Danylo Husar Struk Memorial Fund	Administration Fund	Unrealized Gain (Loss)	Total
REVENUE							
Investment income	\$ 34,987	7,097	6,248	124	22,609	-	71,065
Donations	12,789	-	-	2,000	-	-	14,789
Unrealized gain/(loss) on investments	-	-	-	-	-	(241,288)	(241,288)
	<u>47,776</u>	<u>7,097</u>	<u>6,248</u>	<u>2,124</u>	<u>22,609</u>	<u>(241,288)</u>	<u>(155,434)</u>
EXPENSES							
Grants and scholarships	<u>37,000</u>	<u>4,000</u>	<u>3,961</u>	-	-	-	<u>44,961</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	10,776	3,097	2,287	2,124	22,609	(241,288)	(200,395)
NET ASSETS, BEGINNING OF YEAR	<u>847,842</u>	<u>171,985</u>	<u>151,415</u>	<u>3,022</u>	<u>547,894</u>	<u>217,661</u>	<u>1,939,819</u>
NET ASSETS, END OF YEAR	<u>\$ 858,618</u>	<u>175,082</u>	<u>153,702</u>	<u>5,146</u>	<u>570,503</u>	<u>(23,627)</u>	<u>1,739,424</u>

SCHEDULE 2

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
EXTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	2019						
	Bohdan Medwidsky Fund	Osyp & Josaphat Neporany Education Fund	Michael Kowalsky & Daria Mucak Kowalsky Fund	Holowacz Family Fund	S. Bubniuk Fund	General Pavlo Shandruk & Olha Shandruk Fund	Subtotal
Revenue							
Investment income	\$ 1,651	18,406	9,342	9,500	3,252	3,973	46,124
Donations	-	-	144	-	-	-	144
Unrealized gain/(loss) on investments	-	-	-	-	-	-	-
	<u>1,651</u>	<u>18,406</u>	<u>9,486</u>	<u>9,500</u>	<u>3,252</u>	<u>3,973</u>	<u>46,268</u>
Expenses							
Grants and scholarships	<u>990</u>	<u>20,000</u>	<u>5,744</u>	<u>5,844</u>	-	<u>2,000</u>	<u>34,578</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	661	(1,594)	3,742	3,656	3,252	1,973	11,690
NET ASSETS, BEGINNING OF YEAR	31,238	339,601	176,733	179,717	61,521	75,165	863,975
TRANSFER (Note 3(c)(ii))	-	<u>8,600</u>	-	-	-	-	<u>8,600</u>
NET ASSETS, END OF YEAR	<u>\$ 31,899</u>	<u>346,607</u>	<u>180,475</u>	<u>183,373</u>	<u>64,773</u>	<u>77,138</u>	<u>884,265</u>

CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
EXTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	2019						
	Peter & Olya Savaryn Fund	Curkowskyj Fund	George Luckyj Fund	Wirsta Fund	USCHTHS Fund	Unrealized Gain (Loss)	Total
Revenue							
Investment income	\$ 2,484	494	1,197	4,144	21,144	-	75,587
Donations	2,818	-	-	-	-	-	2,962
Unrealized gain/(loss) on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,804</u>	<u>83,804</u>
	<u>5,302</u>	<u>494</u>	<u>1,197</u>	<u>4,144</u>	<u>21,144</u>	<u>83,804</u>	<u>162,353</u>
Expenses							
Grants and scholarships	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>240,000</u>	<u>-</u>	<u>279,578</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	5,302	(4,506)	1,197	4,144	(218,856)	83,804	(117,225)
NET ASSETS, BEGINNING OF YEAR	46,991	9,341	22,638	78,400	400,000	(22,335)	1,399,010
TRANSFER (Note 3(c)(ii))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,600</u>
NET ASSETS, END OF YEAR	<u>\$ 52,293</u>	<u>4,835</u>	<u>23,835</u>	<u>82,544</u>	<u>181,144</u>	<u>61,469</u>	<u>1,290,385</u>

CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
EXTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	2018						
	Bohdan Medwidsky Fund	Osyp & Josaphat Neporany Education Fund	Michael Kowalsky & Daria Mucak Kowalsky Fund	Holowacz Family Fund	S. Bubniuk Fund	General Pavlo Shandruk & Olha Shandruk Fund	Subtotal
Revenue							
Investment income	\$ 1,238	14,251	7,180	7,305	2,438	3,058	35,470
Donations	-	-	96	-	-	-	96
Unrealized gain/(loss) on investments	-	-	-	-	-	-	-
	<u>1,238</u>	<u>14,251</u>	<u>7,276</u>	<u>7,305</u>	<u>2,438</u>	<u>3,058</u>	<u>35,566</u>
Expenses							
Grants and scholarships	-	20,000	4,552	4,632	-	2,000	31,184
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,238	(5,749)	2,724	2,673	2,438	1,058	4,382
NET ASSETS, BEGINNING OF YEAR	30,000	334,433	174,009	177,044	59,083	74,107	848,676
TRANSFER (Note 3(c)(ii))	-	10,917	-	-	-	-	10,917
NET ASSETS, END OF YEAR	<u>\$ 31,238</u>	<u>339,601</u>	<u>176,733</u>	<u>179,717</u>	<u>61,521</u>	<u>75,165</u>	<u>863,975</u>

SCHEDULE 2

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
EXTERNALLY RESTRICTED FUNDS - STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019**

	2018						
	Peter & Olya Savaryn Fund	Curkowskyj Fund	George Luckyj Fund	Wirsta Fund	USCHTHS Fund	Unrealized Gain (Loss)	Total
Revenue							
Investment income	\$ 1,909	568	897	3,107	-	-	41,951
Donations	-	-	-	-	400,000	-	400,096
Unrealized gain/(loss) on investments	-	-	-	-	-	(141,251)	(141,251)
	1,909	568	897	3,107	400,000	(141,251)	300,796
Expenses							
Grants and scholarships	1,178	5,000	-	-	-	-	37,362
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	731	(4,432)	897	3,107	400,000	(141,251)	263,434
NET ASSETS, BEGINNING OF YEAR	46,260	13,773	21,741	75,293	-	118,916	1,124,659
TRANSFER (Note 3(c)(ii))	-	-	-	-	-	-	10,917
NET ASSETS, END OF YEAR	\$ 46,991	9,341	22,638	78,400	400,000	(22,335)	1,399,010

SCHEDULE 3

**CANADIAN FOUNDATION FOR UKRAINIAN STUDIES
SCHEDULE OF DONATIONS
YEAR ENDED DECEMBER 31, 2019**

	Accumulated Donations December 31, <u>2018</u>	Increase During The Year	Accumulated Donations December 31, <u>2019</u>
British Columbia	\$ 219,261	500	219,761
Alberta	795,540	4,182	799,722
Saskatchewan	45,525	-	45,525
Manitoba	69,294	375	69,669
Ontario	1,726,712	24,737	1,751,449
Quebec	45,914	945	46,859
Nova Scotia	7,785	-	7,785
New Brunswick	8,665	-	8,665
Newfoundland and Labrador	100	-	100
United States	80,051	-	80,051
International	<u>15,286</u>	<u>-</u>	<u>15,286</u>
	<u>\$ 3,014,133</u>	<u>30,739</u>	<u>3,044,872</u>

Increase during year represented by:

Donations - General Fund	\$ 20,166
Endowment Fund - Estate and Memorial donations	2,951
Danylo Husar Struk Memorial Fund	4,660
Mucak/Kowalsky Fund	144
Peter and Olya Savaryn Fund	<u>2,818</u>
	<u>\$ 30,739</u>