

2010 ANNUAL REPORT
SPREADING OUR WINGS



KANPE
2010



President's Message

The end of the year 2010 marked a turning point in KANPE's history. In July 2010, we officially launched the Foundation during an Arcade Fire concert on the historic Plains of Abraham in Quebec. Close to 40,000 people were in attendance, and KANPE started off with a bang...

Nine months have passed since our launch, and we have accomplished so much:

- A program has been developed for the area of Thomonde, Baille Tourible, comprised of 6,000 inhabitants. The project will support 250 of the most vulnerable families in this community.
- A program coordinator working in Haiti meets weekly with our two largest partners on the ground, Partners in Health and Fonkoze. In order to build a truly integrated project, he is working with community members and local leaders to consolidate efforts in the most efficient way possible.
- A team of more than 100 devoted and effective volunteers are managing project financing, communications, partnerships and other activities.
- Almost a dozen governors and thirty ambassadors continue to surprise and amaze us with their enthusiasm and creativity.
- We have built new and exciting relationships with partners who have a strong belief in the KANPE approach. Their support helps us to achieve our goal of \$2 million over two years, which represents the budget of the entire project.

KANPE has finalized the details of our field program, which begins by selecting vulnerable families between April and July. By summertime, these families will be on the path toward financial autonomy, and the entire community will benefit from the KANPE approach. We are happy to announce that all of this was accomplished within a month of the launch of the Foundation, despite the political uncertainties surrounding the national election, the endemic problems of cholera, and the trauma caused by Mother Nature.

Finally, an essential element of our project's success rests on the transparent management of resources, and I can assure you that this reveals the true character of our organization. Here, we present to you the first verified financial reports of the KANPE Foundation. Transparency is fundamental to the achievement of our objectives, and producing financial statements audited by an outside firm is a sine qua non of our success.

Dear donors, partners, governors, ambassadors, volunteers, friends and supporters,

AN NOU TOUT KANPE!

Dominique Anglade



Message from the Grand Ambassador

As a KANPE Foundation Ambassador, I would like to thank you from the bottom of my heart for all that was accomplished at KANPE this year. You, our donors, partners, governors, ambassadors, volunteers, friends and supporters, have been pioneers that believe in Haiti, in the vision of KANPE and especially in the autonomy of Haitians. Your engagement shows us that you are as determined as we are to build sustainable and tangible progress for the most vulnerable Haitian families. The difference you make allows the Haitian people to continue to rebuild...

Each time I go to Haiti, I am awed by the concrete manner in which we are making progress in the field... it is comforting, and we can do more... so let's keep moving forward!

It is because of people like you that KANPE is growing.

Thank you for your support. Thank you for your trust!

Little by little.... KANPE!

A handwritten signature in black ink, appearing to read 'Régine' with a heart symbol at the end.

Régine Chassagne

Ambassador, member of the band Arcade Fire



Message from the Treasurer

As you know, the KANPE Foundation is committed to development on behalf of the most vulnerable families and communities. We are looking to break the cycle of poverty by encouraging the financial autonomy that allows each individual to live a dignified and healthy life.

The KANPE Foundation depends on public donations for the financing of our activities and programs. We are lucky to be able to count on the dynamic support of our partners and ambassadors, as well as the support of our principal donor, the band Arcade Fire. This group's pledge to match each donation has given KANPE the equivalent of \$1 million, representing a huge push toward the realization of our projects, as well as being a unique incentive for all who subscribe to the KANPE vision. For the year 2010, we received \$367 098. The contributions are divided as follows:

Arcade Fire	\$200 000.00
Festivals and shows	\$112 115.03
Ambassadors and public donations	\$54 982.97

The KANPE Foundation must also account for administration fees, which allow us to function and to attain our objectives. On the other hand, in order to comply with the income tax code, KANPE must also conform to the payment obligations that stipulate the minimum amount that an organization must spend on charity. The administrative costs account for only 2.46% of the contributions received in 2010. We are trying to minimize our administrative costs, thanks most notably to the generosity of several companies and partners that have graciously provided their services. We will continue on this path, since it is essential that all funds go to support our operations on the ground above all else.

In terms of financial management, the objectives of KANPE are as follows:

- Accumulate and maintain enough capital to finance our programming
- Management of liquid funds
- Meet all short, medium and long-term financial obligations such as: spending programs, operational costs, salary payments, etc.

We would like to express our deepest gratitude to all of our donors, as well as our great hope that you will continue to support our mission.

A handwritten signature in black ink, appearing to read 'Riccardo Alexandre'.

Riccardo Alexandre, CMA
Treasurer of the KANPE Foundation

Special thanks

KANPE would like to extend a special thank you to all our donors, volunteers, ambassadors and governors, especially to the following businesses that have graciously offered their services: Transcontinental Ross-Ellis (ross-ellis.com), Guitars Godin (godinguitars.com), Catherine Lepage (catherinelepage.com) and Simon Rivest (simonrivest.com)

THE KANPE FOUNDATION

**FINANCIAL STATEMENTS
FOR THE INITIAL EIGHT-MONTH PERIOD ENDED DECEMBER 31, 2010**

THE KANPE FOUNDATION

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AUDITORS' REPORT

To the Directors of
The Kanpe Foundation

We have audited the accompanying financial statements of **The Kanpe Foundation**, which comprise the balance sheet as at December 31, 2010 and the statements of earnings, changes in net assets and cash flows for the initial eight-month period 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Kanpe Foundation** as at December 31, 2010 and the results of its operations and its cash flows for the initial eight-month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants

Montreal, February 24, 2011

⁽¹⁾ CA auditor permit N° 20481

THE KANPE FOUNDATION

**STATEMENT OF EARNINGS
FOR THE INITIAL EIGHT-MONTH PERIOD ENDED DECEMBER 31, 2010**

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DONATIONS	\$ <u>367,098</u>
OPERATIONS	
Operating expenses (Exhibit A)	14,085
Administration expenses (Exhibit B)	9,048
Depreciation of fixed assets	193
Amortization of the intangible asset	1,096
Bank charges	326
Foreign currency loss	<u>1,734</u>
	<u>26,482</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u><u>340,616</u></u>

THE KANPE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS
FOR THE INITIAL EIGHT-MONTH PERIOD ENDED DECEMBER 31, 2010

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	<u>Unrestricted surplus</u>	<u>2010 Total</u>
BALANCE AT THE BEGINNING	\$ -	\$ -
Excess of revenues over expenses	<u>340,616</u>	<u>340,616</u>
BALANCE AT THE END	<u>\$ 340,616</u>	<u>\$ 340,616</u>

LA FONDATION KANPE

BILAN

AU 31 DÉCEMBRE 2010

4

ACTIF À COURT TERME

Encaisse	332 591 \$
Débiteurs (note 3)	<u>6 455</u>

339 046

IMMOBILISATIONS CORPORELLES (note 4)

758

ACTIF INCORPOREL (note 5)

7 124

346 928 \$

PASSIF À COURT TERME

Créditeurs (note 6)	6 312 \$
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ACTIFS NETS NON AFFECTÉS

340 616

346 928 \$

AU NOM DU CONSEIL


_____, administrateur


_____, administrateur

THE KANPE FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE INITIAL EIGHT-MONTH PERIOD ENDED DECEMBER 31, 2010**

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OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 340,616
Items not affecting cash:	
Depreciation of fixed assets	193
Amortization of the intangible asset	<u>1,096</u>
	341,905
Net change in non-cash operating working capital items	<u>(143)</u>
	<u>341,762</u>

INVESTING ACTIVITIES

Additions to fixed assets	(951)
Additions to the intangible asset	<u>(8,220)</u>
	<u>(9,171)</u>

CASH AND CASH EQUIVALENTS - END OF YEAR **\$ 332,591**

Cash and cash equivalents include cash.

1. INCORPORATION AND NATURE OF BUSINESS ACTIVITIES

The Foundation is a not-for-profit organization incorporated under the Canada Corporations Acts on November 9, 2009. The Foundation began its operations in April 2010 and its mission is to put an end to the cycle of poverty by encouraging financial independence. The Foundation pools its efforts with its partners to create a comprehensive program to assist and support the Haitians. The Foundation is exempt from income taxes.

2. ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

REVENUE RECOGNITION

The Foundation follows the deferral method of accounting for contributions. Under this method, contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

FIXED ASSETS

Fixed assets are depreciated using the declining balance method at a rate of 30%.

INTANGIBLE ASSET

The Website is amortized using the declining balance method at a rate of 20%

USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses for the period. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

Donations receivable	\$ 6,255
Other	<u>200</u>
	<u>\$ 6,455</u>

4. FIXED ASSETS

	Cost	Accumulated depreciation	Net amount
Computer and audiovisual equipment	\$ <u>951</u>	\$ <u>193</u>	\$ <u>758</u>

5. INTANGIBLE ASSET

	Cost	Accumulated amortization	Net amount
Website	\$ <u>8,220</u>	\$ <u>1,096</u>	\$ <u>7,124</u>

6. ACCOUNTS PAYABLE

Accounts payable and accrued liabilities	\$ 5,711
Advances from directors, non-interest-bearing	<u>601</u>
	<u>\$ 6,312</u>

7. ECONOMIC DEPENDENCE

During the year, 55% of the Foundation's donations were from one donor.

8. FINANCIAL INSTRUMENTS

CREDIT RISK

The Foundation does not have a significant exposure to any individual member or counterparty.

FOREIGN CURRENCY RISK

At December 31, 2010, cash includes an amount of US\$49,762 (CA\$49,494).

THE KANPE FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION TO FINANCIAL STATEMENTS
FOR THE INITIAL EIGHT-MONTH PERIOD ENDED DECEMBER 31, 2010**

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EXHIBIT A - OPERATING EXPENSES

Salaries and fringe benefits	\$	4,534
Relocation costs		1,757
Service charges		<u>7,794</u>
	\$	<u><u>14,085</u></u>

EXHIBIT B - ADMINISTRATION EXPENSES

Office	\$	1,231
Website maintenance		1,168
Travelling		2,149
Professional fees		<u>4,500</u>
	\$	<u><u>9,048</u></u>



The KANPE Foundation, Central Station, 895 De La Gauchetière West, P.O. Box 96581, Montreal, Quebec, H3B 5J8