

**Children's Aid Foundation of Halton**  
**Financial Statements**  
For the year ended June 30, 2018

Contents	Page
<hr/>	
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 7

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To the Board of Directors of  
Children's Aid Foundation of Halton

**Independent Auditors' Report**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Children's Aid Foundation of Halton, which comprise the statement of financial position as at June 30, 2018 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.

**Auditors' 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 Children's Aid Foundation of Halton derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

The Children's Aid Foundation of Halton capital asset policy indicates that, with the exception of group homes, the Foundation expenses all capital assets when acquired. Canadian accounting standards for not-for-profit organizations require that capital assets be recorded at cost when acquired and amortization be recorded for capital assets with limited useful lives as an expense over the useful life of the capital asset. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effect of this departure from Canadian accounting standards for not-for-profit organizations has not been determined.



**Qualified Opinion**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Children's Aid Foundation of Halton as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

October 16, 2018  
Burlington, Ontario

*SB Partners LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Children's Aid Foundation of Halton**

**Statement of Financial Position**

**June 30, 2018**

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2018	2017 (Note 9)
<b>Assets</b>					
<b>Current assets</b>					
Cash and bank(Note 5)	\$ 198,362	\$ -	\$ -	\$ 198,362	\$ 4,768
Operating investments (Note 3)	106,992	-	-	106,992	104,080
Accounts receivable	14,568	-	-	14,568	42,600
H.S.T. recoverable	11,979	-	-	11,979	6,816
Prepays	-	-	-	-	7,027
	<b>331,901</b>	-	-	<b>331,901</b>	165,291
<b>Restricted investments (Note 3)</b>	-	-	<b>796,941</b>	<b>796,941</b>	775,247
<b>Capital assets (Note 4)</b>	-	<b>264,792</b>	-	<b>264,792</b>	280,140
	<b>\$ 331,901</b>	<b>\$ 264,792</b>	<b>\$ 796,941</b>	<b>\$ 1,393,634</b>	<b>\$ 1,220,678</b>

Approved on Behalf of the Board

\_\_\_\_\_  
Director

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Director

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



**Children's Aid Foundation of Halton**

**Statement of Financial Position**

**June 30, 2018**

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2018	2017 (Note 9)
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 195,897	\$ -	\$ -	\$ 195,897	\$ 9,933
Current portion of long-term debt (Note 6)	-	233,884	-	233,884	11,036
	<b>195,897</b>	<b>233,884</b>	<b>-</b>	<b>429,781</b>	<b>20,969</b>
<b>Long-term debt (Note 6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,861</b>
	<b>195,897</b>	<b>233,884</b>	<b>-</b>	<b>429,781</b>	<b>254,830</b>
<b>Fund balances</b>					
Invested in capital assets	-	30,908	-	30,908	35,243
Internally restricted	-	-	796,941	796,941	775,247
Unrestricted	136,004	-	-	136,004	155,358
	<b>136,004</b>	<b>30,908</b>	<b>796,941</b>	<b>963,853</b>	<b>965,848</b>
	<b>\$ 331,901</b>	<b>\$ 264,792</b>	<b>\$ 796,941</b>	<b>\$ 1,393,634</b>	<b>\$ 1,220,678</b>

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



**Children's Aid Foundation of Halton**

**Statement of Operations and Changes in Fund Balances**

**Year Ended June 30, 2018**

	Operating Fund	Capital Fund	Restricted investment Fund	2018	2017 (Note 9)
<b>Revenue</b>					
Donations	\$ 188,474	\$ -	\$ -	\$ 188,474	\$ 230,628
Donations in kind	40,691	-	-	40,691	29,766
Investment income	8,302	-	49,213	57,515	83,895
Property income	20,400	-	-	20,400	45,451
Special events	277,528	-	-	277,528	211,061
	<b>535,395</b>	<b>-</b>	<b>49,213</b>	<b>584,608</b>	<b>600,801</b>
<b>Expenditures</b>					
Donations - Halton Children's Aid Society	251,747	-	-	251,747	250,604
Depreciation	-	15,348	-	15,348	15,398
Professional fees	6,994	-	-	6,994	8,200
Receiving homes	45,286	-	-	45,286	36,931
Fundraising expenses	186,032	-	-	186,032	129,507
Administrative expenses	81,196	-	-	81,196	94,133
	<b>571,255</b>	<b>15,348</b>	<b>-</b>	<b>586,603</b>	<b>534,773</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(35,860)</b>	<b>(15,348)</b>	<b>49,213</b>	<b>(1,995)</b>	<b>66,028</b>
Fund balances, beginning of the year	155,358	35,243	775,247	965,848	899,820
Interfund transfers (Note 8)	16,506	11,013	(27,519)	-	-
<b>Fund balances, end of year</b>	<b>\$ 136,004</b>	<b>\$ 30,908</b>	<b>\$ 796,941</b>	<b>\$ 963,853</b>	<b>\$ 965,848</b>

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



# Children's Aid Foundation of Halton

## Statement of Cash Flows

Year Ended June 30, 2018

	2018	2017 (Note 9)
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (1,995)	\$ 66,028
Amortization of capital assets	15,348	15,398
	<b>13,353</b>	81,426
Net change in accounts receivable	28,032	(20,616)
Net change in H.S.T. recoverable	(5,163)	4,863
Net change in accounts payable and accrued liabilities	185,964	(1,207)
Net change in other operating working capital balances	7,027	(7,027)
	<b>229,213</b>	57,439
<b>Cash flows from financing activities</b>		
Decrease in long-term debt	(11,013)	(10,676)
	<b>(11,013)</b>	(10,676)
<b>Cash flows from investing activities</b>		
Net change in investments	(24,606)	(53,901)
	<b>(24,606)</b>	(53,901)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>193,594</b>	(7,138)
<b>Cash and cash equivalents, beginning of year</b>	<b>4,768</b>	11,906
<b>Cash and cash equivalents, end of year</b>	<b>\$ 198,362</b>	<b>\$ 4,768</b>

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



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2018

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### 1. Nature of operations

The purpose of the Children's Aid Foundation of Halton (the "Foundation") is to raise money and distribute funds for projects and programs consistent with mandate of the Halton Children's Aid Society (the "Society") and to supplement the public funding of the Society. It is incorporated under the Corporations Act as a "corporation without share capital" and is a registered charity under the Income Tax Act.

### 2. Significant accounting policies

#### Basis of presentation

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

#### Fund Accounting

The Foundation follows the deferral method of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into the following funds: the Operating fund, Capital fund and the Restricted Investment fund.

#### Operating Fund

Revenue and expenditures other than those recorded in special purpose funds are recorded in the operating fund.

#### Capital Fund

The Capital fund records the purchase of group homes and the related liabilities.

#### Restricted Investment Fund

The Restricted Investment fund includes funds invested with the Oakville Community Foundation and is internally restricted by the Board of Directors. The fund has been created to use the earnings to assist with the sustainability of the Foundation.

#### Cash and cash equivalents

Cash and cash equivalents includes balances with a Canadian Financial Institution.

#### Revenue recognition

Revenue from donations and fundraising activities are recorded when received. Restricted contributions are recorded as deferred revenue and recognized as revenue when the related expenses occur.

Property income is recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

#### Capital assets and amortization

Group homes are recorded at cost. Amortization is provided as follows:

Group Home	5% straight line
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Capital expenditures are charged to operations in the year in which the payment is made.



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2018

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### 2. Significant accounting policies (cont'd.)

#### Contributed services

These financial statements do not reflect the substantial value of services contributed by volunteers and other interested parties because the fair market value of such services are not readily available.

#### Income taxes

The Foundation is a non-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

#### Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, operating investments, restricted investments, accounts payable and accrued liabilities. All financial instruments are initially recorded at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

### 3. Operating and restricted investments

The operating and restricted investments are held by the Oakville Community Foundation. The Foundation receives its pro-rata share of the total investment income (net of administration and management fees) generated by the Oakville Community Foundation.

### 4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Land	\$ 102,321	\$ -	\$ 102,321	\$ 102,321
Group Home	306,961	144,490	162,471	177,819
	<b>\$ 409,282</b>	<b>\$ 144,490</b>	<b>\$ 264,792</b>	<b>\$ 280,140</b>

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# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2018

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### 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes donations payable of \$170,000 to the Society. This amount was paid subsequent to year-end.

### 6. Long-term debt

	2018	2017
Mortgage, payable in blended monthly instalments of \$1,627, bearing interest at 3.53% per annum, due February 2, 2019. Secured by the land and group home in Note 4, and guaranteed by the Halton Children's Aid Society.	\$ 233,884	\$ 244,897
Less: current portion	<u>(233,884)</u>	<u>(11,036)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 233,861</u>

### 7. Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, operating investments, restricted investments, accounts payable and accrued liabilities.

#### Credit risk

The Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Foundation does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

#### Liquidity risk

The Foundation's exposure to liquidity risk is dependent on the collection of accounts and funding receivable and obligations or raising of funds to meet commitments and sustain operations. The Foundation controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

#### Interest rate risk

The Foundation is exposed to interest rate risk on its fixed rate loan payable. This exposes the Foundation to the risk of changing interest rates when the loan payable is renewed. The Foundation does not use derivative financial instruments to mitigate the effect of this risk.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant market or currency risks.



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2018

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### 8. Interfund Transfers

During the year, the Foundation transferred \$11,013 (2017 - \$10,676) from the Operating Fund to the Capital Fund relating to loan principal repayments and \$27,519 (2017 - \$25,911) from the Restricted Investment Fund to the Operating Fund relating to the reallocation of investment income.

### 9. Comparative information

The comparative 2017 financial statements were audited by another accounting firm.

