

**Children's Aid Foundation of Halton**  
**Financial Statements**  
For the year ended June 30, 2019

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

### **Independent Auditors' Report**

#### **Qualified Opinion**

We have audited the accompanying financial statements of Children's Aid Foundation of Halton (the Foundation), which comprise the statement of financial position as at June 30, 2019, 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.

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 Children's Aid Foundation of Halton as at June 30, 2019 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.

#### **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 and related expenses 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 fund balances.

Prior to 2019, the Foundation expensed all capital assets with the exception of group homes. 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' 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 Auditing Standards (CASs), 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 Foundation'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 Foundation'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 Foundation 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 represent the underlying transactions and events in a manner that achieves 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.

September 16, 2019  
Burlington, Ontario

*SB Partners LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Children's Aid Foundation of Halton**

**Statement of Financial Position**

**June 30, 2019**

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and bank	\$ 14,213	\$ -	\$ -	\$ 14,213	\$ 198,362
Operating investments (Note 3)	109,020	-	-	109,020	106,992
Accounts receivable	66,781	-	-	66,781	14,568
H.S.T. recoverable	9,952	-	-	9,952	11,979
	<b>199,966</b>	<b>-</b>	<b>-</b>	<b>199,966</b>	<b>331,901</b>
<b>Restricted investments (Note 3)</b>	<b>-</b>	<b>-</b>	<b>812,050</b>	<b>812,050</b>	<b>796,941</b>
<b>Capital assets (Note 4)</b>	<b>-</b>	<b>252,604</b>	<b>-</b>	<b>252,604</b>	<b>264,792</b>
	<b>\$ 199,966</b>	<b>\$ 252,604</b>	<b>\$ 812,050</b>	<b>\$ 1,264,620</b>	<b>\$ 1,393,634</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, 2019

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2019	2018
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 51,539	\$ -	\$ -	\$ 51,539	\$ 195,897
Deferred revenue	50,000	-	-	50,000	-
Current portion of long-term debt (Note 5)	-	11,550	-	11,550	233,884
	<b>101,539</b>	<b>11,550</b>	<b>-</b>	<b>113,089</b>	<b>429,781</b>
<b>Long-term debt (Note 5)</b>	<b>-</b>	<b>210,516</b>	<b>-</b>	<b>210,516</b>	<b>-</b>
	<b>101,539</b>	<b>222,066</b>	<b>-</b>	<b>323,605</b>	<b>429,781</b>
<b>Fund balances</b>					
Invested in capital assets	-	30,538	-	30,538	30,908
Internally restricted	-	-	812,050	812,050	796,941
Unrestricted	98,427	-	-	98,427	136,004
	<b>98,427</b>	<b>30,538</b>	<b>812,050</b>	<b>941,015</b>	<b>963,853</b>
	<b>\$ 199,966</b>	<b>\$ 252,604</b>	<b>\$ 812,050</b>	<b>\$ 1,264,620</b>	<b>\$ 1,393,634</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, 2019

	Operating Fund	Capital Fund	Restricted investment Fund	2019	2018
<b>Revenue</b>					
Donations	\$ 178,843	\$ -	\$ -	\$ 178,843	\$ 188,474
Donations in kind	58,283	-	-	58,283	40,691
Investment income	7,407	-	43,056	50,463	57,515
Property income	20,400	-	-	20,400	20,400
Special events	194,904	-	-	194,904	277,528
	<b>459,837</b>	<b>-</b>	<b>43,056</b>	<b>502,893</b>	<b>584,608</b>
<b>Expenditures</b>					
Donations - Halton Children's Aid Society	194,886	-	-	194,886	251,747
Depreciation	-	15,514	-	15,514	15,348
Professional fees	8,284	-	-	8,284	6,994
Transition homes	11,833	-	-	11,833	45,286
Fundraising expenses	151,400	-	-	151,400	186,032
Administrative expenses	85,531	-	-	85,531	81,196
In kind distributions	58,283	-	-	58,283	-
	<b>510,217</b>	<b>15,514</b>	<b>-</b>	<b>525,731</b>	<b>586,603</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(50,380)</b>	<b>(15,514)</b>	<b>43,056</b>	<b>(22,838)</b>	<b>(1,995)</b>
Fund balances, beginning of the year	136,004	30,908	796,941	963,853	965,848
Interfund transfers (Note 7)	12,803	15,144	(27,947)	-	-
<b>Fund balances, end of year</b>	<b>\$ 98,427</b>	<b>\$ 30,538</b>	<b>\$ 812,050</b>	<b>\$ 941,015</b>	<b>\$ 963,853</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, 2019

	2019	2018
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ (22,838)	\$ (1,995)
Amortization of capital assets	15,514	15,348
	(7,324)	13,353
Net change in accounts receivable	(52,213)	28,032
Net change in H.S.T. recoverable	2,027	(5,163)
Net change in accounts payable and accrued liabilities	(144,358)	185,964
Net change in other operating working capital balances	50,000	7,027
Cash flows from (used in) operating activities	(151,868)	229,213
<b>Cash flows from financing activities</b>		
Decrease in long-term debt	(11,816)	(11,013)
Cash flows used in financing activities	(11,816)	(11,013)
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(3,328)	-
Net change in investments	(17,137)	(24,606)
Cash flows used in investing activities	(20,465)	(24,606)
Net increase (decrease) in cash and cash equivalents	(184,149)	193,594
Cash and cash equivalents, beginning of year	198,362	4,768
Cash and cash equivalents, end of year	\$ 14,213	\$ 198,362

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, 2019

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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.



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2019

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

#### Capital assets and amortization

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

Group Home	5% straight line
Furniture and fixtures	10% straight-line

One-half the normal rate of amortization is provided for in the year of acquisition.

#### 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.



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2019

### 4. Capital assets

	Cost	Accumulated Amortization	2019	2018
Land	\$ 102,321	\$ -	\$ 102,321	\$ 102,321
Group Home	306,961	159,838	147,123	162,471
Furniture and fixtures	3,326	166	3,160	-
	<u>\$ 412,608</u>	<u>\$ 160,004</u>	<u>\$ 252,604</u>	<u>\$ 264,792</u>

### 5. Long-term debt

	2019	2018
Mortgage, payable in blended weekly instalments of \$389, bearing interest at 4.11% per annum, due March 2024. Secured by the land and group home in Note 4, and guaranteed by the Halton Children's Aid Society in the amount of \$320,000.	\$ 222,066	\$ 233,884
Less: current portion	(11,550)	(233,884)
Balance, end of year	<u>\$ 210,516</u>	<u>\$ -</u>

### 6. 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.



# Children's Aid Foundation of Halton

## Notes to Financial Statements

Year Ended June 30, 2019

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### 6. Financial instruments (cont'd.)

#### 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.

### 7. Interfund Transfers

During the year, the Foundation transferred \$15,144 (2018 - \$11,013) from the Operating Fund to the Capital Fund relating to loan principal repayments and the purchase of capital assets. The Foundation transferred \$27,947 (2018 - \$27,519) from the Restricted Investment Fund to the Operating Fund relating to the reallocation of investment income.

