

Children's Aid Foundation of Halton
Financial Statements
For the year ended June 30, 2021

Contents	Page
<hr/>	
Independent Auditors' Report	
Financial Statements	
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

To the 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 Organization), which comprise the statement of financial position as at June 30, 2021, 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, 2021 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 revenues over expenditures, assets and fund balances for the years ended June 30, 2021 and 2020.

Prior to the year ending June 30, 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 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 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 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.

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 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 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 20, 2021
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Children's Aid Foundation of Halton

Statement of Financial Position

June 30, 2021

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2021	2020 (Note 10)
Assets					
Current assets					
Cash and bank	\$ 61,911	\$ -	\$ -	\$ 61,911	\$ 31,846
Operating investments (Note 3)	117,762	-	-	117,762	32,081
Accounts receivable	1,034	-	-	1,034	75,000
H.S.T. recoverable	1,945	-	-	1,945	2,172
	182,652	-	-	182,652	141,099
Restricted investments (Note 3)	-	-	962,260	962,260	831,320
Capital assets (Note 4)	-	224,838	-	224,838	235,606
	\$ 182,652	\$ 224,838	\$ 962,260	\$ 1,369,750	\$ 1,208,025

Approved on Behalf of the Board

Director

Director

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



Children's Aid Foundation of Halton

Statement of Financial Position

June 30, 2021

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2021	2020 (Note 10)
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	\$ 43,798	\$ -	\$ -	\$ 43,798	\$ 28,769
Deferred revenue	-	-	-	-	75,000
Current portion of long-term debt (Note 5)	-	12,308	-	12,308	11,812
	43,798	12,308	-	56,106	115,581
Long-term debt (Note 5)	-	186,228	-	186,228	198,561
	43,798	198,536	-	242,334	314,142
Fund balances					
Invested in capital assets	-	26,302	-	26,302	25,233
Internally restricted	-	-	962,260	962,260	831,320
Unrestricted	138,854	-	-	138,854	37,330
	138,854	26,302	962,260	1,127,416	893,883
	\$ 182,652	\$ 224,838	\$ 962,260	\$ 1,369,750	\$ 1,208,025

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, 2021

	Operating Fund	Capital Asset Fund	Restricted investment Fund	2021	2020 (Note 10)
Revenue					
Donations and Grants	\$ 570,914	\$ -	\$ -	\$ 570,914	\$ 323,057
Donations in kind	77,251	-	-	77,251	168,240
Investment income	6,656	-	130,940	137,596	23,970
Property income	20,400	-	-	20,400	21,500
Special events	89,993	-	-	89,993	94,505
	765,214	-	130,940	896,154	631,272
Expenditures					
Donations - Halton Children's Aid Society	347,877	-	-	347,877	276,391
Depreciation	-	15,722	-	15,722	16,998
Professional fees	8,212	-	-	8,212	8,114
Transition homes	21,288	-	-	21,288	14,059
Fundraising expenses	66,155	-	-	66,155	109,986
Administrative expenses and grant writing	103,090	-	-	103,090	82,803
In kind distributions	77,251	-	-	77,251	168,240
Program delivery costs	23,026	-	-	23,026	1,813
	646,899	15,722	-	662,621	678,404
Excess (deficiency) of revenues over expenditures	118,315	(15,722)	130,940	233,533	(47,132)
Fund balances, beginning of the year	37,330	25,233	831,320	893,883	941,015
Interfund transfers (Note 8)	(16,791)	16,791	-	-	-
Fund balances, end of year	\$ 138,854	\$ 26,302	\$ 962,260	\$ 1,127,416	\$ 893,883

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, 2021

	2021	2020 (Note 10)
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 233,533	\$ (47,132)
Amortization of capital assets	15,722	16,998
	249,255	(30,134)
Net change in accounts receivable	73,966	(8,219)
Net change in H.S.T. recoverable	227	7,780
Net change in accounts payable and accrued liabilities	15,029	(22,770)
Net change in other operating working capital balances	(75,000)	25,000
	263,477	(28,343)
Cash flows from financing activities		
Decrease in long-term debt	(11,837)	(11,693)
	(11,837)	(11,693)
Cash flows from investing activities		
Purchase of capital assets	(4,954)	-
Net change in investments	(216,621)	57,669
	(221,575)	57,669
Net increase in cash and cash equivalents	30,065	17,633
Cash and cash equivalents, beginning of year	31,846	14,213
Cash and cash equivalents, end of year	\$ 61,911	\$ 31,846

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, 2021

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.

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.



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2021

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.



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2021

4. Capital assets

	Cost	Accumulated Amortization	2021	2020
Land	\$ 102,321	\$ -	\$ 102,321	\$ 102,321
Group Home	306,961	191,851	115,110	130,458
Furniture and fixtures	8,280	873	7,407	2,827
	<u>\$ 417,562</u>	<u>\$ 192,724</u>	<u>\$ 224,838</u>	<u>\$ 235,606</u>

5. Long-term debt

	2021	2020
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.	\$ 198,536	\$ 210,373
Less: current portion	(12,308)	(11,812)
Balance, end of year	<u>\$ 186,228</u>	<u>\$ 198,561</u>

6. Staffing costs

	2021	2020
Transition homes	\$ 1,200	\$ -
Fundraising expenses	51,482	74,969
Administrative expenses and grant writing	94,518	74,792
Program delivery costs	21,318	-
Total staffing costs	<u>\$ 168,518</u>	<u>\$ 149,761</u>

Included in expenditures are salaries and benefits expense, which have been allocated by function as noted above.

7. Financial instruments

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



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2021

7. Financial instruments (cont'd.)

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.

8. Interfund Transfers

During the year, the Foundation transferred \$16,791 (2020 - \$11,693) from the Operating Fund to the Capital Fund relating to loan principal repayments and the purchase of capital assets.

9. Impact of COVID-19 pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, and future fundraising efforts, which may also have a direct impact on the Foundation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Foundation is not known at this time.

10. Comparative information

The comparative figures for 2020 have been reclassified where necessary to conform with the 2021 financial statement presentation.

