

**KAWARTHA-HALIBURTON
CHILDREN'S FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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CHILDREN'S FOUNDATION**

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INDEPENDENT AUDITORS' REPORT

To the Directors of Kawartha-Haliburton Children's Foundation

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Report on the Financial Statements

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We have audited the accompanying financial statements of Kawartha-Haliburton Children's Foundation, which comprise the statement of financial position as at December 31, 2015, the statements of changes in fund balances, operations 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 controls as management determines are 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 auditors' 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 controls 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 controls. 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 most not-for-profit organizations, Kawartha-Haliburton Children's Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditure, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described above in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Kawartha-Haliburton Children's Foundation as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 28, 2016

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION As at December 31, 2015

	Operating Fund 2015 \$	Restricted Fund 2015 \$	Endowment Fund 2015 \$	Total 2015 \$	Total 2014 \$
ASSETS					
Current assets					
Cash	68,698	-	-	68,698	68,574
Short-term investments (note 3)	-	32,057	42,498	74,555	71,399
Accounts receivable	15,796	-	-	15,796	34,490
Interfund receivable (payable)	(80,111)	(39,193)	119,304	-	-
Prepaid expenses	30,078	-	-	30,078	30,410
Other assets					
Long-term investments (note 3)	34,461	(7,136)	161,802	189,127	204,873
	-	300,174	397,944	698,118	768,710
	34,461	293,038	559,746	887,245	973,583
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities (note 5)	19,101	-	-	19,101	8,822
Deferred contributions	15,360	-	-	15,360	-
	34,461	-	-	34,461	8,822
Fund balances					
Unrestricted	-	-	-	-	-
Internally restricted	-	293,038	-	293,038	395,208
Externally restricted	-	-	559,746	559,746	569,553
	-	293,038	559,746	852,784	964,761
	34,461	293,038	559,746	887,245	973,583

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements

Collins Barrow

Chartered Professional Accountants



KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES For the Year Ended December 31, 2015

	Operating Fund 2015	Restricted Fund 2015	Endowment Fund 2015	Total 2015	Total 2014
	\$	\$	\$	\$	\$
Fund balances - beginning of year	-	395,208	569,553	964,761	981,312
Excess of revenue over expenditure for the year	(129,119)	7,371	9,771	(111,977)	(16,551)
Endowment contribution to operating	19,578	-	(19,578)	-	-
Interfund transfer	109,541	(109,541)	-	-	-
Fund balances - end of year	-	293,038	559,746	852,784	964,761

The accompanying notes are an integral part of these financial statements



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KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

STATEMENT OF OPERATIONS For the Year Ended December 31, 2015

	Budget (Unaudited) 2015	Operating Fund 2015	Restricted Fund 2015	Endowment Fund 2015	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$
Revenue						
Fundraising events (note 6)	92,100	86,300	-	-	86,300	94,904
Donations	187,000	132,859	-	-	132,859	202,497
Interest income	-	-	13,813	18,312	32,125	31,302
Miscellaneous	100	60	-	-	60	80
Total revenue	279,200	219,219	13,813	18,312	251,344	328,783
Expenditure						
Services to Children						
Camp and other needs	151,000	149,095	-	-	149,095	146,445
Group sponsorship	7,000	6,945	-	-	6,945	6,930
Bursary	50,000	46,545	-	-	46,545	67,159
	208,000	202,585	-	-	202,585	220,534
Administration						
Salary and benefits	89,400	90,056	-	-	90,056	82,864
Professional services	5,500	5,000	2,957	3,920	11,877	12,415
Office	10,400	7,538	-	-	7,538	8,573
Other	5,000	1,263	384	510	2,157	4,842
	110,300	103,857	3,341	4,430	111,628	108,694
Fundraising Costs						
Fundraising (note 6)	47,500	41,896	-	-	41,896	44,063
Excess (Deficiency) of Revenue over Expenditure for the Year before the Following	(86,600)	(129,119)	10,472	13,882	(104,765)	(44,528)
Other revenue and expenditure						
Realized gain on investments	-	-	9,750	12,925	22,675	24,873
Unrealized gain (loss) on investments	-	-	(12,851)	(17,036)	(29,887)	3,104
Total other revenue and expenditure	-	-	(3,101)	(4,111)	(7,212)	27,977
Excess (Deficiency) of Revenue over Expenditure for the Year	(86,600)	(129,119)	7,371	9,771	(111,977)	(16,551)

The accompanying notes are an integral part of these financial statements



Collins Barrow

Chartered Professional Accountants

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2015

	2015	2014
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenditure for the year	(111,977)	(16,551)
Non-cash charges to operations		
Realized gain on investments	(22,675)	(24,873)
Unrealized (gain) loss on investments	29,887	(3,104)
	<u>(104,765)</u>	<u>(44,528)</u>
Changes in non-cash working capital items		
(Increase)/decrease in other accounts receivable	18,693	(11,254)
Decrease in other prepaid expense	332	2,550
Increase in other deferred revenue	15,360	(3,000)
Increase/(decrease) in accounts payable	10,280	(2,961)
	<u>(60,100)</u>	<u>(59,193)</u>
Investing activities		
Purchase of investments	(259,826)	(362,861)
Disposal of investments	320,050	440,132
	<u>60,224</u>	<u>77,271</u>
Increase in cash	124	18,078
Cash - beginning of year	68,574	50,496
Cash - end of year	<u>68,698</u>	<u>68,574</u>

The accompanying notes are an integral part of these financial statements

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

1. NATURE OF OPERATIONS

The Foundation was incorporated on January 11, 1983, without share capital under the laws of Ontario as a charitable non-profit organization for the purpose of generating donations, gifts, legacies and bequests and using these funds to provide or promote programs for the benefit of children in a manner that is consistent with the objectives of the Kawartha-Haliburton Children's Aid Society.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) *Recognition of revenues and expenditures*

The Kawartha-Haliburton Children's Foundation uses the deferral method of accounting. Restricted contributions are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable. Restricted contributions to the Endowment Fund are recorded as revenue when received.

Investment income is recognized as revenue when earned in the appropriate fund.

Expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenditures in the period the goods or services are acquired and a legal liability is incurred.

(b) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified as follows:

- (i) Operating fund - includes results of day-to-day operating transactions;
- (ii) Restricted fund - includes contributions for special purposes which are internally restricted; and
- (iii) Endowment fund - includes contributions for special purposes which are externally restricted.

(c) *Cash*

The cash balance is made up of readily available amounts from chequings and savings accounts. The balance does not include cash balances held in investment accounts.

(d) *Capital assets*

The Foundation's average annual revenues for the preceeding two years is less than \$500,000 and, as a result, the Foundation is not required to record capital assets and amortize the costs over the estimated useful life. Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Additions to capital assets, both purchased and contributed, are recorded as capital expenditures in the statement of operations in the year of acquisition. Capital assets include furniture and equipment.

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) *Income taxes*

The Foundation qualifies as a not-for-profit organization which is exempt from income taxes under the Income Tax Act.

(f) *Use of estimates*

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, accounts payable and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(g) *Financial instruments*

(i) *Measurement*

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(h) *Donated services*

These financial statements do not reflect the substantial value of services contributed by volunteers and other interested parties.

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

3. INVESTMENTS

Investments consists of the following:

	2015	2014
	\$	\$
Short-term investments		
Cash and money market fund	74,555	71,399
Long-term investments		
Fixed income	534,164	599,266
Canadian equity funds	59,027	88,579
United States equity funds	63,738	61,251
Foreign equity funds	41,189	19,614
	698,118	768,710
	772,673	840,109

Investments are recorded at fair value.

4. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk on its accounts receivable balance. In the opinion of management the credit risk exposure is low.

(b) Market risk

The Foundation's financial instruments that are exposed to concentrations of market risk consist of short-term and long-term investments associated with fixed income and equity securities. The value of these investments is affected by market conditions and general economic outlook. The risk is mitigated by the Foundation's investment policies.

KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include total government remittances payable of \$2,597.

6. FUNDRAISING EVENTS

	Revenue	Expenditures	2015 Net	2014 Net
	\$	\$	\$	\$
Dreamball	68,140	32,882	35,258	28,885
Be a Kid for a Day	8,282	6,360	1,922	4,211
Canadian Tire	-	-	-	5,163
Santa's Sleigh	8,442	-	8,442	12,930
Other	1,436	2,654	(1,218)	(368)
	86,300	41,896	44,404	50,821
