

**KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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**TABLE OF CONTENTS**

	Page Number
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Changes in Fund Balances	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 8



## INDEPENDENT AUDITOR'S REPORT

### To the Directors of Kawartha-Haliburton Children's Foundation

Collins Barrow Kawarthas LLP

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#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Kawartha-Haliburton Children's Foundation, which comprise the statement of financial position as at December 31, 2016, 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.

#### *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 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, excess (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, 2016 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 9, 2017

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## STATEMENT OF FINANCIAL POSITION As at December 31, 2016

	Operating Fund 2016	Restricted Fund 2016	Endowment Fund 2016	Total 2016	Total 2015
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	154,095	-	-	154,095	68,698
Short-term investments (note 3)	-	7,559	13,597	21,156	74,555
Accounts receivable	20,957	-	-	20,957	15,796
Interfund receivable (payable)	(189,760)	70,457	119,303	-	-
Prepaid expenses	29,680	-	-	29,680	30,078
	14,972	78,016	132,900	225,888	189,127
<b>Other assets</b>					
Long-term investments (note 3)	-	231,277	416,011	647,288	698,118
	14,972	309,293	548,911	873,176	887,245
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 5)	14,622	-	-	14,622	19,101
Deferred contributions	350	-	-	350	15,360
	14,972	-	-	14,972	34,461
<b>Fund balances</b>					
Internally restricted	-	309,293	-	309,293	293,038
Externally restricted	-	-	548,911	548,911	559,746
	-	309,293	548,911	858,204	852,784
	14,972	309,293	548,911	873,176	887,245

Approved on behalf of the Board:

\_\_\_\_\_, Director \_\_\_\_\_, Director

*The accompanying notes are an integral part of these financial statements*

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## STATEMENT OF CHANGES IN FUND BALANCES For the Year Ended December 31, 2016

	Operating Fund 2016	Restricted Fund 2016	Endowment Fund 2016	Total 2016	Total 2015
	\$	\$	\$	\$	\$
Fund balances - beginning of year	-	293,038	559,746	852,784	964,761
Excess (deficiency) of revenue over expenditure for the year	(9,941)	6,605	8,756	5,420	(111,977)
Interfund transfer	9,941	9,650	(19,591)	-	-
Fund balances - end of year	-	309,293	548,911	858,204	852,784

The accompanying notes are an integral part of these financial statements

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## STATEMENT OF OPERATIONS For the Year Ended December 31, 2016

	Budget (Unaudited) 2016	Operating Fund 2016	Restricted Fund 2016	Endowment Fund 2016	Total 2016	Total 2015
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Fundraising events (note 6)	93,000	112,880	-	-	112,880	86,300
Donations	154,000	195,470	-	-	195,470	132,859
Interest income	-	-	2,809	3,724	6,533	32,125
Miscellaneous	100	80	-	-	80	60
Gifts in kind - advertising	-	34,270	-	-	34,270	-
<b>Total revenue</b>	<b>247,100</b>	<b>342,700</b>	<b>2,809</b>	<b>3,724</b>	<b>349,233</b>	<b>251,344</b>
<b>Expenditure</b>						
<b>Services to Children</b>						
Camp and other needs	154,000	130,797	-	-	130,797	149,095
Group sponsorship	7,000	6,950	-	-	6,950	6,945
Bursary	46,000	40,365	-	-	40,365	46,545
	207,000	178,112	-	-	178,112	202,585
<b>Administration</b>						
Salary and benefits	82,900	57,563	-	-	57,563	90,056
Professional services	5,400	13,380	2,702	3,581	19,663	11,877
Office	9,000	8,422	-	-	8,422	7,538
Other	5,000	1,597	350	466	2,413	2,157
Gifts in kind - advertising	-	34,270	-	-	34,270	-
	102,300	115,232	3,052	4,047	122,331	111,628
<b>Fundraising Costs</b>						
Fundraising (note 6)	45,800	59,297	-	-	59,297	41,896
<b>Excess (Deficiency) of Revenue over Expenditure for the Year before the Following</b>	<b>(108,000)</b>	<b>(9,941)</b>	<b>(243)</b>	<b>(323)</b>	<b>(10,507)</b>	<b>(104,765)</b>
<b>Other revenue and expenditure</b>						
Realized gain on investments	-	-	20,220	26,806	47,026	22,675
Unrealized gain (loss) on investments	-	-	(13,372)	(17,727)	(31,099)	(29,887)
<b>Total other revenue and expenditure</b>	<b>-</b>	<b>-</b>	<b>6,848</b>	<b>9,079</b>	<b>15,927</b>	<b>(7,212)</b>
<b>Excess (Deficiency) of Revenue over Expenditure for the Year</b>	<b>(108,000)</b>	<b>(9,941)</b>	<b>6,605</b>	<b>8,756</b>	<b>5,420</b>	<b>(111,977)</b>

The accompanying notes are an integral part of these financial statements

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

	2016	2015
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditure for the year	5,420	(111,977)
Non-cash charges to operations		
Realized gain on investments	(47,026)	(22,675)
Unrealized loss on investments	31,099	29,887
	<u>(10,507)</u>	<u>(104,765)</u>
Changes in non-cash working capital items		
(Increase)/decrease in accounts receivable	(5,161)	18,693
Decrease in prepaid expenses	398	332
(Increase)/decrease in deferred contributions	(15,010)	15,360
Increase/(decrease) in accounts payable	(4,479)	10,280
	<u>(34,759)</u>	<u>(60,100)</u>
<b>Investing activities</b>		
Purchase of investments	(615,500)	(259,826)
Disposals of investments	735,656	320,050
	<u>120,156</u>	<u>60,224</u>
<b>Increase in cash</b>	85,397	124
<b>Cash - beginning of year</b>	68,698	68,574
<b>Cash - end of year</b>	<u>154,095</u>	<u>68,698</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, 2016

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### 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.

Fundraising event revenue is recognized as revenue when earned in the appropriate fund.

Gifts in kind are recorded in the year the service or gift is received. The gift is recorded as a revenue and expense at the fair market value of the gift.

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 preceding 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, 2016

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### 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 and gifts*

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

Not reflected in these financial statements is the value of the gifts donated by the community as part of the Santa's Sleigh program. The value of these gifts is estimated by management to be \$50,000.

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 3. INVESTMENTS

Investments consist of the following:

	2016	2015
	\$	\$
Short-term investments		
Cash and money market fund	21,156	74,555
Long-term investments		
Fixed income	440,885	534,164
Canadian equity funds	114,465	59,027
United States equity funds	64,295	63,738
Foreign equity funds	27,643	41,189
	647,288	698,118
	668,444	772,673

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 Foundation 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.

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include total government remittances payable of \$4,247.

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

### 6. FUNDRAISING EVENTS

	Revenue	Expenditures	2016 Net	2015 Net
	\$	\$	\$	\$
Dreamball	88,785	38,896	49,889	35,258
Be a Kid for a Day	12,335	17,605	(5,270)	1,922
Santa's Sleigh	7,202	-	7,202	8,442
Other	4,558	2,796	1,762	(1,218)
	112,880	59,297	53,583	44,404