

**KAWARTHA-HALIBURTON  
CHILDREN'S FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**KAWARTHA-HALIBURTON  
CHILDREN'S FOUNDATION**

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## **INDEPENDENT AUDITOR'S REPORT**

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

#### *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, 2017, 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 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 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, 2017 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 29, 2018


# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## STATEMENT OF FINANCIAL POSITION As at December 31, 2017

	Operating Fund 2017 \$	Restricted Fund 2017 \$	Endowment Fund 2017 \$	Total 2017 \$	Total 2016 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	123,245	-	-	123,245	154,095
Short-term investments (note 3)	-	4,826	8,313	13,139	21,156
Accounts receivable	13,085	-	-	13,085	20,957
Interfund receivable (payable)	(161,871)	42,219	119,652	-	-
Prepaid expenses	32,910	-	-	32,910	29,680
	7,369	47,045	127,965	182,379	225,888
<b>Other assets</b>					
Long-term investments (note 3)	-	247,339	426,058	673,397	647,288
	7,369	294,384	554,023	855,776	873,176
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 5)	7,014	-	-	7,014	14,622
Deferred contributions	355	-	-	355	350
	7,369	-	-	7,369	14,972
<b>Fund balances</b>					
Internally restricted	-	294,384	-	294,384	309,293
Externally restricted	-	-	554,023	554,023	548,911
	-	294,384	554,023	848,407	858,204
	7,369	294,384	554,023	855,776	873,176

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, 2017

	Operating Fund 2017 \$	Restricted Fund 2017 \$	Endowment Fund 2017 \$	Total 2017 \$	Total 2016 \$
<b>Fund balances - beginning of year</b>	-	309,293	548,911	858,204	852,784
Excess (deficiency) of revenue					
over expenditure for the year	(47,644)	13,523	24,324	(9,797)	5,420
Interfund transfer	47,644	(28,432)	(19,212)	-	-
<b>Fund balances - end of year</b>	-	294,384	554,023	848,407	858,204

*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, 2017

	Operating Fund 2017 \$	Restricted Fund 2017 \$	Endowment Fund 2017 \$	Total 2017 \$	Total 2016 \$
<b>Revenue</b>					
Fundraising events (note 6)	81,319	-	-	81,319	112,880
Donations	188,870	-	-	188,870	195,470
Investment income	-	7,327	13,180	20,507	6,533
Miscellaneous	90	-	-	90	80
Gifts in kind - advertising	27,590	-	-	27,590	34,270
<b>Total revenue</b>	<b>297,869</b>	<b>7,327</b>	<b>13,180</b>	<b>318,376</b>	<b>349,233</b>
<b>Expenditure</b>					
<b>Services to Children</b>					
Camp and other needs	131,237	-	-	131,237	131,713
Group sponsorship	7,000	-	-	7,000	6,950
Bursary	25,598	-	-	25,598	40,365
	163,835	-	-	163,835	179,028
<b>Administration</b>					
Salary and benefits	92,700	-	-	92,700	57,563
Professional services	6,746	2,223	3,998	12,967	19,663
Office	8,157	-	-	8,157	8,422
Other	3,190	-	-	3,190	2,413
Gifts in kind - advertising	27,590	-	-	27,590	34,270
	138,383	2,223	3,998	144,604	122,331
<b>Fundraising Costs</b>					
Fundraising (note 6)	43,295	-	-	43,295	58,381
<b>Excess (Deficiency) of Revenue over Expenditure for the Year before the Following</b>	<b>(47,644)</b>	<b>5,104</b>	<b>9,182</b>	<b>(33,358)</b>	<b>(10,507)</b>
<b>Other revenue and expenditure</b>					
Realized gain on investments	-	1,087	1,954	3,041	47,026
Unrealized gain (loss) on investments	-	7,332	13,188	20,520	(31,099)
<b>Total other revenue and expenditure</b>	<b>-</b>	<b>8,419</b>	<b>15,142</b>	<b>23,561</b>	<b>15,927</b>
<b>Excess (deficiency) of revenue over expenditure for the year</b>	<b>(47,644)</b>	<b>13,523</b>	<b>24,324</b>	<b>(9,797)</b>	<b>5,420</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, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditure for the year	(9,797)	5,420
Non-cash charges to operations		
Realized gain on investments	(3,041)	(47,026)
Unrealized (gain) loss on investments	(20,520)	31,099
	<u>(33,358)</u>	<u>(10,507)</u>
Changes in non-cash working capital items		
(Increase)/decrease in accounts receivable	7,872	(5,161)
(Increase)/decrease in prepaid expense	(3,230)	398
Increase/(decrease) in deferred revenue	5	(15,010)
Decrease in accounts payable	(7,608)	(4,479)
	<u>(36,319)</u>	<u>(34,759)</u>
<b>Investing activities</b>		
Purchase of investments	(126,612)	(615,500)
Disposal of investments	132,081	735,656
	<u>5,469</u>	<u>120,156</u>
<b>Change in cash</b>	<b>(30,850)</b>	<b>85,397</b>
<b>Cash - beginning of year</b>	<b>154,095</b>	<b>68,698</b>
<b>Cash - end of year</b>	<b>123,245</b>	<b>154,095</b>

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, 2017

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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, 2017

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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 \$45,000.

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 3. INVESTMENTS

Investments consist of the following:

	2017	2016
	\$	\$
Short-term investments		
Cash and money market fund	13,139	21,156
Long-term investments		
Fixed income	439,288	440,885
Canadian equity funds	128,577	114,465
United States equity funds	58,765	64,295
Foreign equity funds	46,767	27,643
	673,397	647,288
	686,536	668,444

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 includes government remittances payable of \$NIL (2016 - \$4,247).

# KAWARTHA-HALIBURTON CHILDREN'S FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 6. FUNDRAISING EVENTS

	Revenue	Expenditures	2017 Net	2016 Net
	\$	\$	\$	\$
Dreamball	66,318	42,355	23,963	49,889
Be a Kid for a Day	-	-	-	(5,270)
Axe Throwing	9,216	-	9,216	-
Santa's Sleigh	5,435	-	5,435	7,202
Other	350	940	(590)	2,678
	81,319	43,295	38,024	54,499

### 7. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.