

Kawartha-Haliburton Children's Foundation
Financial Statements
For the Year Ended December 31, 2023

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Independent Auditor's Report

To the Directors of
Kawartha-Haliburton Children's Foundation

Qualified Opinion

We have audited the accompanying financial statements of Kawartha-Haliburton Children's Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, 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 Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 audit 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.

Auditor's 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 generally accepted auditing standards, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
April 3, 2024

Kawartha-Haliburton Children's Foundation
Statement of Financial Position

December 31	Operating Fund	Restricted Fund	Endowment Fund	2023 Total	2022 Total
Assets					
Current					
Cash	\$ 123,667	\$ -	\$ -	\$ 123,667	\$ 266,742
Short-term investments (Note 2)	-	148,865	114,027	262,892	252,276
Accounts receivable	5,730	-	-	5,730	7,008
Prepaid expenses	27,607	-	-	27,607	18,763
	<u>157,004</u>	<u>148,865</u>	<u>114,027</u>	<u>419,896</u>	<u>544,789</u>
Long-term investments (Note 2)	<u>65,366</u>	<u>260,691</u>	<u>159,177</u>	<u>485,234</u>	<u>352,168</u>
	<u>\$ 222,370</u>	<u>\$ 409,556</u>	<u>\$ 273,204</u>	<u>\$ 905,130</u>	<u>\$ 896,957</u>
Liabilities and Net Assets					
Current					
Accounts payable and accrued liabilities	\$ 9,895	\$ -	\$ -	\$ 9,895	\$ 11,398
Deferred contributions (Note 3)	212,475	-	-	212,475	127,025
	<u>222,370</u>	<u>-</u>	<u>-</u>	<u>222,370</u>	<u>138,423</u>
Net Assets					
Externally restricted	-	-	273,204	273,204	273,204
Internally restricted	-	409,556	-	409,556	485,330
	<u>-</u>	<u>409,556</u>	<u>273,204</u>	<u>682,760</u>	<u>758,534</u>
	<u>\$ 222,370</u>	<u>\$ 409,556</u>	<u>\$ 273,204</u>	<u>\$ 905,130</u>	<u>\$ 896,957</u>

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	Operating Fund	Restricted Fund	Endowment Fund	2023 Total	2022 Total
Balance, beginning of the year	-	485,330	273,204	758,534	981,256
Excess (deficiency) of revenues over expenses	(75,774)	-	-	(75,774)	(222,722)
Interfund transfers (Note 4)	75,774	(75,774)	-	-	-
Balance, end of the year	\$ -	\$ 409,556	\$ 273,204	\$ 682,760	\$ 758,534

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	Operating Fund	Restricted Fund	Endowment Fund	2023	2022
Revenue					
Donation revenue	\$ 322,192	\$ -	\$ -	\$ 322,192	\$ 329,207
Fundraising events	19,735	-	-	19,735	-
Grant revenue (Note 5)	53,404	-	-	53,404	53,299
Santa's Sleigh	17,475	-	-	17,475	20,623
Membership fees	40	-	-	40	155
Gifts in kind - advertising and program supplies	43,824	-	-	43,824	30,244
	<u>456,670</u>	<u>-</u>	<u>-</u>	<u>456,670</u>	<u>433,528</u>
Expenses					
Bursaries	129,975	-	-	129,975	125,465
Camp and other needs	241,542	-	-	241,542	193,987
Gifts in kind - advertising and program supplies	43,824	-	-	43,824	30,244
Marketing and fundraising expenses	29,040	-	-	29,040	14,669
Office expenses	9,499	-	-	9,499	10,797
Professional fees	14,651	-	-	14,651	13,791
Salaries and benefits	117,651	-	-	117,651	102,654
	<u>586,182</u>	<u>-</u>	<u>-</u>	<u>586,182</u>	<u>491,607</u>
Deficiency of revenues over expenses before other income (expenses)	<u>(129,512)</u>	<u>-</u>	<u>-</u>	<u>(129,512)</u>	<u>(58,079)</u>
Other income (expenses)					
Interest, dividends and other investment income	26,084	-	-	26,084	13,452
Gain (loss) on investments	27,654	-	-	27,654	(28,095)
Contribution to CFGP (Note 7)	-	-	-	-	(150,000)
	<u>53,738</u>	<u>-</u>	<u>-</u>	<u>53,738</u>	<u>(164,643)</u>
Deficiency of revenues over expenses	<u>\$ (75,774)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,774)</u>	<u>\$ (222,722)</u>

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	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (75,774)	\$ (222,722)
Items not affecting cash:		
Gain (loss) on investments	(27,654)	28,095
	(103,428)	(194,627)
Changes in non-cash working capital:		
Accounts receivable	1,278	6,295
Prepaid expenses	(8,844)	(12,763)
Accounts payable and accrued liabilities	(1,503)	3,347
Deferred contributions	85,450	48,890
	(27,047)	(148,858)
Cash flows from investing activities		
Net change in investments	(116,028)	91,816
Net decrease in cash	(143,075)	(57,042)
Cash, beginning of the year	266,742	323,784
Cash, end of the year	\$ 123,667	\$ 266,742

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

Kawartha-Haliburton Children's Foundation

Notes to Financial Statements

December 31, 2023

1 .Significant Accounting Policies

Nature and Purpose of Organization	<p>The Foundation is a non-profit organization incorporated on March 4, 1982 without share capital under the laws of Ontario. The Foundation was formed to generate and manage donation funds and other gifts to enrich the quality of life of children found in need of protection by the Kawartha-Haliburton Children's Aid Society.</p> <p>The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Fund Accounting	<p>The Foundation follows the deferral method of accounting for contributions and uses fund accounting.</p> <p>Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.</p> <p>The Restricted Fund reports contributions for special purposes which are internally restricted.</p> <p>Endowment contributions are reported in the Endowment Fund and are recognized in direct increases in net assets.</p>
Revenue Recognition	<p>Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Unrestricted net investment income is recognized as revenue of the Operating Fund as earned. If the terms of a restricted contribution also restricts any related investment income it is recognized as revenue of the appropriate fund as it is earned</p>

Kawartha-Haliburton Children's Foundation

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Contributed Materials and Services Contributed materials and services which are used in the normal course of the Foundation's operations and would have otherwise been purchased are recorded at fair value at the date of contribution.

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

These financial statements do not reflect the substantial value of gifts donated by the community as part of the Santa's Sleigh, due to the difficulty in determining their fair value.

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, investments are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Kawartha-Haliburton Children's Foundation Notes to Financial Statements

December 31, 2023

2. Investments

Investments are comprised of the following:

	2023	2022
Short-term investments:		
Cash and money market funds	\$ 161,252	\$ 60,765
Fixed income	101,640	191,511
	\$ 262,892	\$ 252,276
Long-term investments:		
Fixed income	314,672	198,472
Canadian equity funds	95,653	91,297
United States equity funds	37,205	30,292
Foreign equity funds	37,704	32,107
	485,234	352,168
	\$ 748,126	\$ 604,444

3. Deferred Contributions

Deferred contributions represent restricted operating funding received in the current period that is related to expenses of a subsequent period.

Deferred contributions are comprised of the following:

	2023	2022
Bursary program	\$ 94,935	\$ 44,135
Deferred grants:		
Children's Aid Foundation of Canada	34,334	27,342
Community Foundation of Greater Peterborough	5,575	-
Restricted donations	77,631	55,548
	\$ 212,475	\$ 127,025

Kawartha-Haliburton Children's Foundation Notes to Financial Statements

December 31, 2023

4. Interfund Transfers and Internal Restrictions on Net Assets

During 2014, the Foundation's board of directors approved the creation of a Restricted Fund, which is a budget stabilization fund to be held to offset future operating deficits. During the year the board of directors transferred \$75,774 (2022 - \$222,722) from the Restricted Fund to the Operating Fund. These internally restricted amounts are not available for other purposes without approval of the board of directors.

5. Grant Revenue

Grants are recorded as income when the criteria for earning them have been met and are otherwise deferred. Grant revenues are comprised of the following:

	<u>2023</u>	<u>2022</u>
Federal government grants:		
Employment and Social Development Canada	\$ 10,096	\$ 4,701
Other grants:		
Children's Aid Foundation of Canada	39,008	48,798
Community Foundation of Greater Peterborough	<u>4,300</u>	<u>-</u>
	<u>\$ 53,404</u>	<u>\$ 53,499</u>

6. Related Party Transactions

The Kawartha-Haliburton Children's Aid Society is a child protection agency mandated under the Child, Youth and Family Services Act in Ontario and is responsible for the care and protection of children in the Cities of Peterborough and Kawartha Lakes and the Counties of Peterborough and Haliburton. Kawartha-Haliburton Children's Foundation generates and manages donation funds and other gifts to enrich the quality of life of children found in need of protection by the Kawartha-Haliburton Children's Aid Society. As the Foundation's purpose is integrated with that of the Kawartha-Haliburton Children's Aid Society, the two organizations are related.

Kawartha-Haliburton Children's Aid Society owns the building in which the Foundation operates. Office space is provided to the Foundation on a rent-free basis. No amount related to these transactions was recognized in the financial statements.

During the year, The Foundation transferred \$Nil (2022 - \$12,000) and \$Nil (2022 - \$5,700) in cash to Kawartha-Haliburton Children's Aid Society as donations to their food cupboard and transition to independence programs, respectively, which is included in camp and other needs expense.

Kawartha-Haliburton Children's Foundation Notes to Financial Statements

December 31, 2023

7. Kawartha-Haliburton Children's Fund

During the year, the Foundation contributed \$Nil (2022 - \$150,000) to the Community Foundation of Greater Peterborough (CFGP) for the creation of the Kawartha-Haliburton Children's Fund (the Fund) that is managed by CFGP on a long-term basis. The purpose of the Fund is to support the programs, services and operations of Kawartha-Haliburton Children's Foundation. The Fund is managed by professional investment advisors and is controlled and monitored by CFGP. Annually, CFGP will determine the amount available for distribution from the Fund and make distributions in accordance with established policies, at their discretion.

8. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk arising from all of its bank accounts being held at one financial institution.

There have not been any changes in the risk from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to market risk through its investments in quoted shares and mutual funds. The Foundation manages market risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There have not been any changes in the risk from the prior year.
