



**Kawartha  
Haliburton**  
Children's Aid Society  
*Safe Kids. Strong Families. Thriving Communities.*



## Open Competitive Process to Provide

# ASSURANCE SERVICES

**Issue Date:** April 14, 2023

**Closing Date:** May 12, 2023 at 3:00pm local time

**Submit to:** Kawartha-Haliburton Children's Aid Society  
1100 Chemong Road  
Peterborough, Ontario K9H 7S2  
Attention: Finance Manager



# **TABLE OF CONTENTS**

## **1. PART 1 - INTRODUCTION**

- 1.1. Open Invitation
- 1.2. Overview of Kawartha-Haliburton Children's Aid Society
- 1.3. Overview of the Kawartha-Haliburton Children's Foundation
- 1.4. Type of Contract for Deliverables
- 1.5. Definition

## **2. PART 2 - REQUIREMENTS**

- 2.1. Requirements
- 2.2. Interviews
- 2.3. Engagement Deliverables
- 2.4. Contract Duration and Price

## **3. PART 3 - EVALUATION OF PROPOSALS**

- 3.1. Rating Criteria
- 3.2. Evaluation of Pricing

## **4. PART 4 - TIMETABLE**

**APPENDIX A - Form of Offer**

**APPENDIX B - Audited Financial Statements, March 31, 2022 (Society)**

**APPENDIX C - Audited Financial Statements, December 31, 2011 (Foundation)**

## 1. PART 1- INTRODUCTION

### 1.1. Invitation

We are inviting any public accounting firm to compete in providing Assurance Services to the Kawartha- Haliburton Children's Aid Society (the "Society") for a period of five years commencing with the 2023-2024 fiscal year which ends March 31, 2024. The engagement is subject to re-appointment at each annual general meeting.

The Kawartha-Haliburton Children's Aid Society (**the "Society"**) is an Ontario corporation operating as a registered Charity, whose principal mandate is to protect the children and youth from abuse and neglect. Its catchment area consists of the Cities of Peterborough and Kawartha Lakes and the Counties of Peterborough and Haliburton. Principal funding is provided by the Province of Ontario and the Society operates under provisions of the Child, Youth and Family Services Act.

**At your option**, you may also compete to provide Assurance Services for the Kawartha-Haliburton Children's Foundation, (**the "Foundation"**) for a five-year period commencing with the 2023 fiscal year which ends December 31, 2023. The Foundation is a separate legal entity involved in fundraising and disburses these funds to support children in care and families receiving protection services from the Society.

The Society and the Foundation will conduct independent evaluations of the submissions received and will independently decide on the audit firm each will engage.

### 1.2. Overview of the Kawartha-Haliburton Children's Aid Society

The Ontario Ministry of Children, Community and Social Services of Ontario (the "Ministry") contracts with the Society as a transfer payment agency for the delivery of legislated Child Welfare Services. In fiscal 2022, the core funding provided to the Society was about \$22 million. Approximately 65% of its budgeted expenses relate to staff compensation and 25% relate to direct care costs for children in the care of the Society. The fiscal year end is March 31<sup>st</sup>.

The Society is governed by an independent volunteer Board of Directors, who are also its members and represent a cross section of disciplines necessary for effective governance. This structure allows it to be accountable to the Ministry and to the community it serves.

For the year ended March 31<sup>st</sup> 2022, the Society received about 2,350 reports of abuse or neglect of which 50% required full investigation. It maintains protection involvement with about 280 families on an ongoing basis at any one time. Last year, the Society admitted approximately 95 children into its care and during the year and cared for an average of 175 children. Most of these children are placed in 120 Society-operated foster homes, privately operated foster homes or in privately operated group homes. The Society employs approximately 130 staff and has approximately 60 volunteers, delivering services from its main office in Peterborough and from facilities in Lindsay and Haliburton. The primary services offered include:

- Child protection services
- Kinship Services
- Child in care services
- Legal services
- Continuing Care and Support for Youth
- Adoption services and other forms of Permanency for children and youth
- Volunteer support services
- Foster and Kinship care services

The Society has adopted the accounting principles applicable to government controlled not-for-profit organizations for the purposes of public reporting. For reporting to its funder, the Society uses accounting principles prescribed by the funder.

In April 2016, the Society implemented the Child Protection Information **Network** (CPIN), an enterprise management information system mandated by the Ministry. CPIN consists of a service documentation system, a document archive system and a financial record keeping system. The financial record keeping system is a customized version of Oracle E-Business Suite.

For a more detailed overview of our mandate, programs and services, please visit our website at [www.khcas.on.ca](http://www.khcas.on.ca).

### **1.3. Overview of the Kawartha-Haliburton Children's Foundation**

The Foundation is governed by a volunteer Board of Directors which is responsible for its strategy. Daily operations are the responsibility of the Executive Director. Funds are raised from donors and local events and are disbursed based on discussion with Society management and through various direct application processes. The Foundation uses Quickbooks Premier to maintain its financial records and uses the services of a volunteer bookkeeper.

For more information, please visit the Foundation website at <https://www.khcas.on.ca/foundation/>

### **1.4. Type of Contract for Deliverables**

Where a firm is selected from this process, they will be required to provide services outlined in Part 2 and to enter into a contract through an engagement letter prepared in a manner consistent with the public accounting profession. Firms shall be deemed to have reviewed the Standard Terms and Conditions of the Society found on the Society website. If a contract is awarded, it shall consist of, and have priority in the following order: 1) Engagement letter, 2) The invitation to compete and 3) The Proposal.

### **1.5. Definition:**

**1.5.1. Client:** may be the Society, the Foundation or both organizations

**1.5.2. Firm:** the public accounting firm competing in this invitational process.

**1.5.3. Engagement Principal:** The partner or other representative of the public accounting firm who will be primarily accountable for providing assurance services to the Society, if the firm is selected to be the auditor of the Society.

## **2. PART 2 - REQUIREMENTS**

### **2.1. Requirements**

To be considered for evaluation, the firm must provide a service proposal in the following fashion:

1. Proposals must be submitted to the attention of the Finance Manager in written form before 3 pm on May 12, 2023.
2. The Form of Offer (Appendix A) will be included as part of the proposal.
3. An outline of qualifications must be prepared, minimally containing the following information:
  - a. Experience of the engagement principal in providing assurance services to an Ontario children's aid society;
  - b. Experience of the engagement principal in providing assurance services to business organizations which have adopted accounting principles for government controlled not-for-profit entities
  - c. Experience of the engagement principal in providing assurance services to business organizations which have adopted accounting principles for charitable not-for-profit entities
  - d. Details of the resources available to the engagement principal from within their firm to support providing assurance services to the Client
  - e. Details of the nature and extent of the firm's engagement with the professional accounting community to consult on emerging issues which might affect child welfare organizations;
  - f. "Curriculum vitae" for all individuals of the firms who would be significantly involved (specifically identifying their previous work in providing assurance services within the child welfare sector) if the firm is selected by the Client;
  - g. a proposed timeline for providing assurance services with a goal of meeting with the Society Audit Committee in the first week of June to review the draft audit report and financial statements;
  - h. an outline of similar engagements performed by the firm in the preceding three years, with reference to work complete for child welfare agencies;
  - i. an outline of the approach and methodology being recommended for completion of the audit;
  - j. an outline of the resources to be provided by/from the Client which the firm expects to need if its proposal is accepted. This should include, Board of Director time, Finance management time and staff support;
  - k. any foreseeable limitation or concern identified by the firm in the course of preparing its proposal.
  - l. Should you decide to compete for Assurance Services for the Foundation the following additional information should be provided:
    - i. Experience of the engagement principal in providing assurance services to fundraising charitable organizations
    - ii. A proposed timeline for completing the engagement with a goal of presenting draft results to the Foundation Finance Committee in the first week of March.

- iii. An outline of the requirements of Foundation employees to assist you in the completion of the assurance engagement

## **2.2 Interviews**

Upon completing the evaluation of the outline prepared by the firm, the Society, the Foundation or both may interview the Engagement Principal to obtain further information to assess their suitability to complete the engagement deliverables.

## **2.3 Engagement Deliverables for the Society**

- a. The firm will audit the financial statements and other financial information prepared by the Society using principles and techniques prescribed or generally accepted by the profession and will provide an audit report to the Members in a format prescribed or generally accepted by the profession.
- b. The firm may be required to review and report of specific purpose information prepared by management and required by the Ministry from time to time.
- c. The firm will meet with the Society's Board or a committee appointed by them at least twice per year: once to provide planning information on the nature and timing of their examination and once to report on the results and to review the financial statements and audit report.
- d. The firm will provide a written report to the Manager of Finance of any matters of concern with respect to internal controls, basis of accounting, nature and extent of disclosures or any other matters identified during examination and will incorporate any responses from the Manager in the final report.
- e. The firm will keep the Manger of Finance informed of changes in professional regulations and accounting standards which will impact the fair presentation of the financial information contained in the financial statements.
- f. The engagement principal will attend the Society's Annual General Meeting to review the financial statements and the Auditor's Report and to answer questions with respect to their work.
- g. The firm will abide by all laws and professional regulations, will maintain professional liability insurance of at least \$5 million during the engagement, will ensure it employees will work in a safe manner and will respect the confidential information of the Society.
- h. The firm will accept payment from the Society through electronic funds transfer.

## **2.4 Engagement Deliverables for the Foundation**

- a. The firm will prepare the financial statements and notes from the financial records of the Foundation using Canadian Accounting Principles for Not-for-Profit organizations.
- b. The firm will prepare the Charitable Information return for the Foundation for review by the Executive Director no later than May 31<sup>st</sup>.
- c. The firm will meet with the Board or Audit committee at least twice annually: to present the audit engagement plan and to review the draft financial statements and audit report.
- d. The firm will provide a written report to the Foundation Executive Director of any matters of concern with respect to internal controls, basis of accounting, nature and extent of

disclosures or any other matters identified during examination and will incorporate any responses from the Executive Director in the final report.

- e. The firm will keep the Executive Director informed of changes in professional regulations and accounting standards which will impact the fair presentation of the financial information contained in the financial statements.
- f. The engagement principal will attend the Foundation's Annual General Meeting to review the financial statements and the Auditor's Report and to answer questions with respect to their work.
- g. The firm will abide by all laws and professional regulations, will maintain professional liability insurance of at least \$5 million during the engagement, will ensure its employees will work in a safe manner and will respect the confidential information of the Foundation.

## 2.5 Contract Pricing

- a. Prices quoted on Appendix A shall be denominated in Canadian dollars and will be all inclusive of all labor and materials, travel and carriage costs, insurance costs and all other overhead including but not limited to any fees or other charges required by law.
- b. Harmonized sales tax **is to be excluded** from the fee quotation.
- c. A proposal that includes conditional, optional, contingent or variable rates may be disqualified.
- d. The "Fees" shall be a total upset price for the purposes of the contract and may not be exceeded without prior written consent of the Executive Director of the Society or the Executive Director of the Foundation, as applicable.

## 3. PART 3 - EVALUATION OF PROPOSALS

### 3.1 Rating Criteria

Related Criteria Category	Weighting (Points)
Relevant experience	45 points
Capacity to provide services within timeline	15 points
Access to resources for emerging issues	10 points
<b>Total points possible</b>	<b>70 points</b>

### 3.2 Evaluation of Pricing

Pricing will be scored based on a relative pricing formula using the Rates set out in the Rate Bid Form.

Each competing firm will receive a percentage of the total possible points (**30 points**) allocated to price by dividing that firm's price into the lowest bid. For example, if the lowest bid price is \$500.00, that firm receives 100% of the possible points ( $500/500=100\%$ ), a firm who bids \$750.00 receives 67% of the possible points ( $500/750=67\%$  and a firm who bids \$1000.00 receives 50% of the possible points ( $500/1000=50\%$ ).

#### 4 PART 4 - TIMETABLE

Date of Issue:	April 13, 2023
<b>Closing Date:</b> 3:00 pm Peterborough, ON (Local time)	<b>May 12, 2023</b>
Review of Proposals by Committee	May 15-17, 2023
Interviews (if required)	May 19, 2023
Recommendation to appoint at audit committee meeting	June 7, 2023

Questions concerning this invitation must be addressed to the Finance Manager by April 27<sup>th</sup>, 2023 by email ([joe.mahoney@khcas.on.ca](mailto:joe.mahoney@khcas.on.ca)) and responses will be provided with three business days.

## APPENDIX A

### Kawartha Haliburton Children's Aid Society/ Kawartha Haliburton Children's Foundation Assurance Services

**FORM OF OFFER**

I/WE the undersigned agree to supply and deliver Assurance Services for the fees stated.

<b>Period</b>	<b>Society Related Fees (Mandatory)</b>	<b>Foundation Related Fees (Optional)</b>
Fee Year 1	\$	\$
Fee Year 2	\$	\$
Fee Year 3	\$	\$
Fee Year 4	\$	\$
Fee Year 5	\$	\$

We hereby certify that the information given is correct and that if it is accepted, we will supply the Assurance Services as described for the price quoted herein.	
Received From:	
Facilitator Name:	
Authorized Representative:	
Title:	
Date:	
Signature:	

## APPENDIX B

KAWARTHA HALIBURTON CHILDREN'S AID SOCIETY  
FINANCIAL STATEMENTS  
MARCH 31, 2022

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6



Tel: 705 742 4271  
Fax: 705 742 3420  
Toll-free: 1 888 369 6600  
www.bdo.ca

BDO Canada LLP  
PO Box 1018  
201 George Street N, Suite 202  
Peterborough, Ontario, K9J 7A5

---

## Independent Auditor's Report

---

To the Board of Directors of  
Kawartha-Haliburton Children's Aid Society

### Opinion

We have audited the financial statements of Kawartha-Haliburton Children's Aid Society (the Society), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, and its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

### Basis for Opinion

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 Society 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 opinion.

### Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 4 to the financial statements, which explains that certain comparative information in these financial statements, including the statement of financial position as at March 31, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended and related disclosures has been restated.

### 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 public sector accounting standards for government 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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  
June 13, 2022

**Kawartha-Haliburton Children's Aid Society  
Statement of Financial Position**

March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2022	Total 2021 (Restated Note 4)
<b>Assets</b>					
<b>Current</b>					
Cash (Note 6)	\$ 1,893,978	\$ -	\$ -	\$ 1,893,978	\$ 70,829
Accounts receivable	326,726	-	-	326,726	276,960
Funding receivable	491,962	-	-	491,962	1,760,221
Prepaid expenditures	75,901	-	-	75,901	54,267
Due from (to) other funds	(364,918)	-	364,918	-	-
	<u>2,423,649</u>	<u>-</u>	<u>364,918</u>	<u>2,788,567</u>	<u>2,162,277</u>
<b>Tangible Capital Assets (Note 7)</b>	<u>-</u>	<u>2,400,742</u>	<u>-</u>	<u>2,400,742</u>	<u>2,569,347</u>
	<u>\$ 2,423,649</u>	<u>\$ 2,400,742</u>	<u>\$ 364,918</u>	<u>\$ 5,189,309</u>	<u>\$ 4,731,624</u>
<b>Liabilities and Funds Balances</b>					
<b>Current Liabilities</b>					
Accounts payable and accruals	\$ 1,569,255	\$ -	\$ -	\$ 1,569,255	\$ 1,247,406
Other liability	62,741	-	96,242	158,983	180,311
Deferred Revenue	36,216	-	-	36,216	57,377
	<u>1,668,212</u>	<u>-</u>	<u>96,242</u>	<u>1,764,454</u>	<u>1,485,094</u>
<b>Post Retirement Benefits (Note 8)</b>	<u>660,700</u>	<u>-</u>	<u>-</u>	<u>660,700</u>	<u>620,900</u>
	<u>2,328,912</u>	<u>-</u>	<u>96,242</u>	<u>2,425,154</u>	<u>2,105,994</u>
<b>Contingent Liabilities (Note 9)</b>					
<b>Commitments (Note 10)</b>					
<b>Fund Balances</b>					
Invested in tangible capital assets	-	2,400,742	-	2,400,742	2,569,347
Externally restricted	-	-	268,676	268,676	260,746
Unrestricted	94,737	-	-	94,737	(204,463)
	<u>94,737</u>	<u>2,400,742</u>	<u>268,676</u>	<u>2,764,155</u>	<u>2,625,630</u>
	<u>\$ 2,423,649</u>	<u>\$ 2,400,742</u>	<u>\$ 364,918</u>	<u>\$ 5,189,309</u>	<u>\$ 4,731,624</u>

On behalf of the Board:

 Director

 Director

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

**Kawartha-Haliburton Children's Aid Society**  
**Statement of Operations and Changes in Fund Balances**

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2022	Total 2021  (Restated Note 4)
<b>Revenue (Note 11)</b>					
Province of Ontario	\$ 22,071,005	\$ -	\$ -	\$ 22,071,005	\$ 22,707,129
Province of Ontario - one-time	339,000	-	-	339,000	1,625,564
	<u>22,410,005</u>	<u>-</u>	<u>-</u>	<u>22,410,005</u>	<u>24,332,693</u>
<b>Expenses</b>					
Administration	311,333	-	-	311,333	254,398
Amortization	-	109,526	-	109,526	138,776
Boarding rate payments	4,653,070	-	-	4,653,070	5,367,526
Building occupancy	478,712	-	-	478,712	311,502
Client's personal needs	394,485	-	59,692	454,177	545,839
Employee benefits	3,371,434	-	-	3,371,434	3,354,919
Fees and dues	68,752	-	-	68,752	71,572
Financial assistance	1,123,287	-	-	1,123,287	994,825
Interest and bank charges	4,948	-	-	4,948	5,194
Loss (gain) on disposal of capital assets	-	91,086	-	91,086	-
Liability insurance	424,467	-	-	424,467	357,554
Medical and related	149,160	-	-	149,160	152,208
Miscellaneous	15,776	-	-	15,776	16,583
Purchased services					
- client related	626,412	-	-	626,412	594,784
- non-client related	429,080	-	-	429,080	706,043
- program expense	99,991	-	-	99,991	116,451
Recruitment and training	11,663	-	-	11,663	12,369
Salaries and wages	11,067,542	-	-	11,067,542	11,307,593
Technology	240,495	-	-	240,495	213,484
Travel	390,470	-	-	390,470	391,889
	<u>23,861,077</u>	<u>200,612</u>	<u>59,692</u>	<u>24,121,381</u>	<u>24,913,509</u>
<b>Gross expenses</b>					
Expense recoveries and other income (Note 12)	(1,782,279)		(67,622)	(1,849,901)	(2,019,360)
	<u>22,078,798</u>	<u>200,612</u>	<u>(7,930)</u>	<u>22,271,480</u>	<u>22,894,149</u>
<b>Net expenses (revenues)</b>					
Excess (deficiency) of revenue over expenses	331,207	(200,612)	7,930	138,525	1,438,544
<b>Transfers</b>					
Acquisition of tangible capital assets	(32,007)	32,007	-	-	-
Proceeds of disposition	-	-	-	-	-
	<u>299,200</u>	<u>(168,605)</u>	<u>7,930</u>	<u>138,525</u>	<u>1,438,544</u>
<b>Net change in fund balances</b>					
Fund balances, opening	(204,463)	2,569,347	260,746	2,625,630	1,187,086
	<u>\$ 94,737</u>	<u>\$ 2,400,742</u>	<u>\$ 268,676</u>	<u>\$ 2,764,155</u>	<u>\$ 2,625,630</u>
<b>Fund balances, closing</b>					

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

## Kawartha-Haliburton Children's Aid Society Statement of Cash Flows

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2022	Total 2021  (Restated Note 4)
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenses	\$ 331,207	\$ (200,612)	\$ 7,930	\$ 138,525	\$ 1,438,544
Items not involving cash					
Amortization	-	109,526	-	109,526	138,776
Loss on disposal of capital	-	91,086	-	91,086	-
	<u>331,207</u>	<u>-</u>	<u>7,930</u>	<u>339,137</u>	<u>1,577,320</u>
Changes in non-cash working capital items					
Accounts receivable	(49,766)	-	-	(49,766)	298,544
Funding receivable	1,268,259	-	-	1,268,259	(1,690,062)
Prepaid expenditures	(21,634)	-	-	(21,634)	(1,612)
Accounts payable	321,849	-	-	321,849	(200,592)
Other liability	(7,735)	-	(13,593)	(21,328)	(39,913)
Deferred Revenue	(21,161)	-	-	(21,161)	57,377
Post Retirement Benefits	39,800	-	-	39,800	44,100
Due from (to) other funds	(37,670)	32,007	5,663	-	-
	<u>1,823,149</u>	<u>32,007</u>	<u>-</u>	<u>1,855,156</u>	<u>45,162</u>
<b>Investing activities</b>					
Proceeds of Disposition		-			-
Acquisition of tangible capital assets	-	(32,007)	-	(32,007)	-
<b>Increase (decrease) in cash during the year</b>	<b>1,823,149</b>	<b>-</b>	<b>-</b>	<b>1,823,149</b>	<b>45,162</b>
<b>Cash - beginning of year</b>	<b>70,829</b>	<b>-</b>	<b>-</b>	<b>70,829</b>	<b>25,667</b>
<b>Cash - end of year</b>	<b>\$ 1,893,978</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,893,978</b>	<b>\$ 70,829</b>

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

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**1. NATURE OF ORGANIZATION**

The Kawartha Haliburton Children's Aid Society (the "Society") is responsible for the care and protection of children in the Cities of Peterborough and Kawartha Lakes and the Counties of Haliburton and Peterborough as mandated by the provisions of The Child Youth and Family Services Act in Ontario.

**2. MANAGEMENT RESPONSIBILITY**

These financial statements of the Society are the responsibility of Society management prepared in accordance with accounting policies and standards established by the Public-Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Presentation**

The financial statements of the Society have been prepared in accordance with Canadian public-sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public-Sector Accounting Board ("PSAB for Government NPOs").

**b) Revenue Recognition**

The Society follows the restricted fund method of accounting for contributions whereby funds that have been externally restricted are segregated into separate funds in the financial statements.

Operating revenue, including grants and subsidies, are recorded as revenue in the period to which they relate. Revenue earned but not received at the end of an accounting period is accrued. Where a portion of revenue relates to a future period, it is deferred and recognized in that future period.

Contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**c) Fund Accounting**

The General fund includes general unrestricted revenues used to fund the normal operations and provide care and protection services.

The capital fund reflects the tangible capital assets under use by the Society, and their corresponding financing arrangements.

The Ontario Child Benefit fund includes funding received to provide for certain eligible expenditures. Note 4 provides more detail.

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

**d) Contributed Services**

Volunteers contribute significant hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**e) Tangible Capital Assets**

Tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line method over the estimated useful lives of the assets as follows:

Buildings and parking lot	15 - 40 years
Furniture and Equipment	10 years
Leasehold improvements	5 years
Computers	3 years

Capital assets less than \$2,000 are expensed in the year of acquisition.

**f) Pension Plan**

The Society is part of a multi-employer defined benefit pension plan which is accounted for using defined contribution accounting. The Society is unable to apply defined benefit plan accounting since the information is controlled by an external source (Note 13). The Society records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

**g) Post-Retirement Benefits**

The Society provides post-retirement medical and dental benefits to its employees who are employed on a full-time basis and recognizes these costs in the periods in which the employee provided services to the Society. The Society has adopted the following policies with respect to accounting for these employee benefits:

i) The costs of post-retirement benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from the changes in estimate and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.

ii) The discount rate used in the determination of the associated liabilities is equal to the Society's internal rate of borrowing.

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

3. SIGNIFICANT ACCOUNTING POLICIES, continued

h) **Management Estimates**

The preparation of financial statements in accordance with the Canadian public-sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the useful lives of capital assets and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

i) **Financial Instruments**

The Society classifies its financial instruments as either fair value or amortized cost. The Society's accounting policy for each category is as follows:

**Fair Value**

This category includes cash.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized and recorded to their appropriate fund.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

**Amortized Cost**

This category includes accounts receivable, funding receivable, accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

---

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**4. CORRECTION OF PRIOR PERIOD ERROR**

During the current year, the society determined that one-time deficit assistance funding from the Province of Ontario was not accrued at the prior year-end although it met the criteria for revenue recognition. As a result, funding receivable and revenue of the general fund were understated at year-end. This error has been corrected retroactively with restatement of prior periods. This correction had the following effect on the financial statements:

<b>Statement of Financial Position:</b>	<u>2021</u>
Increase in funding receivable	\$ <u>1,625,564</u>
Increase in fund balances, closing	\$ <u>1,625,564</u>
 <b>Statement of Operations and Changes in Fund Balances:</b>	
Increase in revenue	\$ <u>1,625,564</u>
Increase in excess (deficiency) of revenue over expenses	\$ <u>1,625,564</u>

---

**5. ONTARIO CHILD BENEFIT EQUIVALENCY**

Ontario Child Benefit Equivalency (OCBe) funding is received from the Ministry of Children, Community and Social Services (MCCSS) and must be disbursed for the benefit of children in care. As directed by the Ministry, funding is allocated between a Savings Program to provide funds for youth to support their transition to independence as well as an Activity Program available to all children in care to support educational achievement, develop social resiliency and to aid in transitioning youth to adulthood.

Funding is allocated in priority to the Savings Program to ensure the Ministry requirements to provide funds for youth transitioning to independence have been met. Any remaining funds are available for disbursements related to the Activity Program.

---

**6. CASH**

The Society's bank accounts are held at a Canadian chartered bank. The bank accounts earn interest at a variable rate dependent on the monthly minimum balances.

The Society also has a line of credit with a Canadian chartered bank for a facility to provide funding up to \$1,200,000 at the bank's prime interest rate. The balance outstanding related to this credit facility on March 31, 2022 is \$0 (2021 - \$27,000).

The Society's credit facilities are secured by a first ranking security interest on all property of the Society.

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

**7. TANGIBLE CAPITAL ASSETS**

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 634,257	\$ -	\$ 634,257	\$ -
Building and parking lot	2,990,411	1,371,686	2,990,411	1,297,497
Furniture and Equipment	958,769	835,942	1,166,971	988,502
Leasehold Improvements	94,409	94,409	102,207	98,500
Computers	914,074	889,141	939,209	879,209
	<b>\$ 5,591,920</b>	<b>\$ 3,191,178</b>	<b>\$ 5,833,055</b>	<b>\$ 3,263,708</b>
Net book value		<b>\$ 2,400,742</b>		<b>\$ 2,569,347</b>

**8. POST-RETIREMENT BENEFITS**

The Society records estimated liabilities for accrued employee benefits in the year they are earned.

The significant actuarial assumptions adopted in estimating the Society's accrued benefit obligation as per the actuarial valuation completed March 31, 2020 are as follows:

Discount rate	3.10% per annum
Average retirement age	61 years
Dental cost escalation	3.00% to 4.75% per annum
Medical cost escalation	3.57% to 5.37% per annum

The post-retirement benefit liability is calculated as follows:

	2022	2021
Accrued benefit liability - beginning of year	\$ 620,900	\$ 576,800
Benefit Expense	67,400	65,200
Funding Contributions	(27,600)	(21,100)
Accrued benefit liability - end of year	<b>\$ 660,700</b>	<b>\$ 620,900</b>

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**8. POST-RETIREMENT BENEFITS, continued**

Benefit expense for the year is calculated as follows:

	2022	2021
Current period benefit cost	\$ 39,800	\$ 38,600
Interest on accrued benefits	21,800	20,800
Amortization of actuarial (gain) loss	5,800	5,800
	<u>\$ 67,400</u>	<u>\$ 65,200</u>
Post-retirement benefit liability	2022	2021
Accrued benefit obligation	\$ 665,900	\$ 678,600
Unamortized experience gains	(5,200)	(57,700)
	<u>\$ 660,700</u>	<u>\$ 620,900</u>

---

**9. CONTINGENT LIABILITIES**

The Society, as part of its operations, is subject to claims, lawsuits and contingencies. The Society records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Society does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position. No accruals have been recorded in these financial statements.

The Society receives funding from the Ministry of Children, Community and Social Services (MCCSS). The amount of funding provided to the Society is subject to final review and approval by the Ministry. Any future adjustments required from this review will be accounted for at that time.

---

---

**Kawartha-Haliburton  
Children’s Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**10. COMMITMENTS**

Under the provisions of the Child Youth and Family Services Act of Ontario, the Society provides financial subsidies to individuals who adopt or assume legal custody of former children who were previously cared for by the Society. The ability of the Society to fulfill these commitments is entirely dependent on the provision of adequate funding from the Ministry of Children, Community and Social Services (MCCSS). Typically, subsidy agreements are renewed on an annual basis. Payment of some subsidy amounts are contingent on future events as the children to whom the subsidy relates develop and mature. The estimated obligation of the Society in the 2023 fiscal year is approximately \$1,142,973 (2022-\$1,054,186).

The Society participates with neighbouring children’s aid societies to provide services where staffing and other resources are pooled to obtain access to expertise and to benefit from cost efficiencies. In 2022, the Society incurred \$508,543 toward the operating costs of these programs. The participating societies plan to continue to pool resources for the foreseeable future. Should the pooling arrangement discontinue, the Society would be obliged to provide sufficient notice of its intent to withdraw or contribute to the severance and discontinuance costs of the pooled programs.

The Society leases rent office space in Haliburton, Ontario. The Society is obligated to pay rent of \$1,750 monthly until June 30, 2024.

The Society leases imaging equipment from Xerox Canada. The lease term for each piece of equipment is 60 months and all equipment are returned to the lessor upon expiry of each lease.

The financial commitment of the Society under its lease agreements is as follows:

2023	\$ 24,462
2024	\$ 21,000
2025	\$ 5,250

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**11. ECONOMIC DEPENDENCE**

For the year ended March 31, 2022, provincial funding was 92.5% of total operating revenue and as such the society is economically dependent on this source of income.

For the year ended March 31, 2020, the society had an accumulated operating deficit of \$1,750,521 arising from prior year operating deficits. Upon review, the Province of Ontario has agreed to provide the society with one-time accumulated deficit assistance funding to reduce the accumulated operating deficit to support the financial stabilization of the society. Funding of \$1,625,564 and \$339,000 has been included in revenues for the 2021 and 2022 fiscal years, respectively. As a result, the accumulated operating deficit was eliminated during the current year.

---

**12. EXPENSE RECOVERIES AND OTHER INCOME**

This amount represents expenses incurred by the Society on behalf of programs which are administered by the Society. These expenditures are recoverable from the various government agencies which fund these programs.

	<u>2022</u>	<u>2021</u>
Family allowance and parental maintenance	\$ 523,770	\$ 596,166
Other Society Wards	339,961	396,441
Other recoveries and income	918,548	939,368
Ontario Child Benefit Revenue	67,622	87,385
	<u>\$ 1,849,901</u>	<u>\$ 2,019,360</u>

---

**13. REGISTERED EDUCATION SAVINGS PLAN**

Under the direction of the Ministry of Children, Community and Social Services (MCCSS), the Society is obliged to purchase Registered Education Savings Plans (RESP's) using funds excluded from the operating funds of the Society and provided by the Government of Canada as the Universal Child Care Benefit ("UCCB"). The beneficiaries of the RESP's are children in Interim or Extended Society Care meeting eligibility conditions. The Society is obliged to act as "Plan Subscriber" as defined by the Income Tax Act until conditions of permanency have been established. At the end of the fiscal year, the Society has made cumulative contributions of \$1,305,105 (2021 - \$1,221,010) to RESP's. The Society will never become beneficiary of these plan proceeds and accordingly, they have been excluded from any financial reporting of the Society.

---

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2022**

---

**14. PENSION PLAN**

Certain employees of the Society are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. According to the 2021 OMERS Annual Report, OMERS provides pension services to 500,000+ active, inactive, and retired members from approximately 1000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The Actuarial Opinion contained in the December 31, 2021 Annual Report disclosed total actuarial liabilities of \$120.8 billion in respect of benefits accrued for service with actuarial assets of \$117.7 billion indicating an actuarial deficit of \$3.1 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Society does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Society to OMERS for 2022 were \$2,204,799 (2021 - \$2,289,170).

---

**15. FINANCIAL INSTRUMENT CLASSIFICATION**

Under Canadian public-sector accounting standards, financial instruments are required to be categorized into Levels 1 to 3 based on the degree to which the fair value is observable:

- a. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- b. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The Society's financial instruments which would be classified under this requirement consists only of cash which would be categorized as Level 1 as these amounts are stated at their fair value.

---

**March 31, 2022**

---

**16. FINANCIAL INSTRUMENTS**

**a) Credit Risk**

Credit risk is the risk of financial loss to the Society if a debtor fails to make payments of interest and principal when due. The Society is exposed to this risk relating to its cash and accounts receivable. The Society holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Society's cash accounts are insured up to \$200,000 (2021 - \$200,000).

Accounts receivable are primarily due from other Children's Aid Societies and the Province of Ontario. Credit risk is mitigated by the financial solvency of the provincial government.

The Society measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Society's historical experience regarding collections.

**b) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Society is not exposed to significant currency, equity or interest risk as it does not transact materially in foreign currency or hold equity financial instruments.

**c) Liquidity risk**

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. The Society mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining an available line of credit if unexpected cash outflows arise. The contractual maturities (representing undiscounted contractual cash-flows of financial liabilities) of these obligations are due within six months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

---

**17. UNCERTAINTY DUE TO COVID-19**

While the financial impact of COVID-19 on the Society has not been significant to date, the duration and continued impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact the length and severity of these developments will have on the financial results of the Society in future periods.

---

## APPENDIX C

### **Kawartha-Haliburton Children's Foundation Financial Statements For the Year Ended December 31, 2021**

---

#### **Contents**

<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



Tel: 705 742 4271  
Fax: 705 742 3420  
Toll-free: 1 888 369 6600  
www.bdo.ca

BDO Canada LLP  
PO Box 1018  
201 George Street N, Suite 202  
Peterborough, Ontario, K9J 7A5

---

## 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, 2021, 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, 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 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 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.

### **Emphasis of Matter - Restated Comparative Information**

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

### **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.

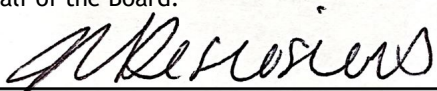
*BDO Canada LLP*

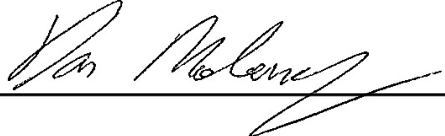
Chartered Professional Accountants, Licensed Public Accountants  
Peterborough, Ontario  
March 25, 2022

## Kawartha-Haliburton Children's Foundation Statement of Financial Position

December 31	Operating Fund	Restricted Fund	Endowment Fund	2021 Total	2020 Total
					(Restated Note 2)
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 323,784	\$ -	\$ -	\$ 323,784	\$ 283,822
Short-term investments (Note 3)	-	8,136	4,927	13,063	16,598
Accounts receivable	13,303	-	-	13,303	17,600
Prepaid expenses	6,000	-	-	6,000	23,500
Interfund loans (Note 4)	(256,901)	256,901	-	-	-
	<u>86,186</u>	<u>265,037</u>	<u>4,927</u>	<u>356,150</u>	<u>341,520</u>
Long-term investments (Note 3)	-	443,015	268,277	711,292	701,217
	<u>\$ 86,186</u>	<u>\$ 708,052</u>	<u>\$ 273,204</u>	<u>\$ 1,067,442</u>	<u>\$ 1,042,737</u>
<b>Liabilities and Net Assets</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 8,051	\$ -	\$ -	\$ 8,051	\$ 7,171
Deferred contributions (Note 5)	78,135	-	-	78,135	88,032
	<u>86,186</u>	<u>-</u>	<u>-</u>	<u>86,186</u>	<u>95,203</u>
<b>Net Assets</b>					
Externally restricted	-	-	273,204	273,204	273,204
Internally restricted	-	708,052	-	708,052	674,330
	<u>-</u>	<u>708,052</u>	<u>273,204</u>	<u>981,256</u>	<u>947,534</u>
	<u>\$ 86,186</u>	<u>\$ 708,052</u>	<u>\$ 273,204</u>	<u>\$ 1,067,442</u>	<u>\$ 1,042,737</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**

<b>For the year ended December 31</b>	<b>Operating Fund</b>	<b>Restricted Fund</b>	<b>Endowment Fund</b>	<b>2021 Total</b>	<b>2020 Total</b>
					(Restated Note 2)
<b>Balance, beginning of the year</b>	\$ -	\$ 397,387	\$ 550,147	\$ 947,534	\$ 913,353
Restatement for prior period error (Note 2)	-	276,943	(276,943)	-	-
<b>Balance, beginning of the year, restated</b>	-	674,330	273,204	947,534	913,353
<b>Excess of revenues over expenses</b>	33,722	-	-	33,722	34,181
<b>Interfund transfers (Note 6)</b>	(33,722)	33,722	-	-	-
<b>Balance, end of the year</b>	\$ -	\$ 708,052	\$ 273,204	\$ 981,256	\$ 947,534

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	2021	2020
<b>Revenue</b>					
Donation revenue	\$ 345,074	\$ -	\$ -	\$ 345,074	\$ 307,511
Grant revenue (Note 7)	107,954	-	-	107,954	159,113
Santa's Sleigh	23,289	-	-	23,289	25,314
Membership fees	140	-	-	140	90
Gifts in kind - advertising	29,768	-	-	29,768	24,092
	<b>506,225</b>	<b>-</b>	<b>-</b>	<b>506,225</b>	<b>516,120</b>
<b>Expenses</b>					
Bursaries	124,715	-	-	124,715	111,395
Camp and other needs	238,251	-	-	238,251	271,691
Gifts in kind - advertising	29,768	-	-	29,768	24,092
Marketing expenses	6,361	-	-	6,361	769
Office expenses	5,803	-	-	5,803	7,184
Professional fees	18,121	-	-	18,121	15,043
Salaries and benefits	88,202	-	-	88,202	96,061
	<b>511,221</b>	<b>-</b>	<b>-</b>	<b>511,221</b>	<b>526,235</b>
<b>Excess of revenues over expenses (expenses over revenues) before investment income</b>	<b>(4,996)</b>	<b>-</b>	<b>-</b>	<b>(4,996)</b>	<b>(10,115)</b>
<b>Investment income</b>					
Interest, dividends and other investment income	17,048	-	-	17,048	18,333
Gain on investments	21,670	-	-	21,670	25,963
	<b>38,718</b>	<b>-</b>	<b>-</b>	<b>38,718</b>	<b>44,296</b>
<b>Excess of revenues over expenses</b>	<b>\$ 33,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,722</b>	<b>\$ 34,181</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	2021	2020
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 33,722	\$ 34,181
Items not affecting cash:		
Gain on investments	(21,670)	(25,963)
	<u>12,052</u>	<u>8,218</u>
Changes in non-cash working capital:		
Accounts receivable	4,297	(8,189)
Prepaid expenses	17,500	14,840
Accounts payable and accrued liabilities	880	(858)
Deferred contributions	(9,897)	38,547
	<u>24,832</u>	<u>52,558</u>
<b>Cash flows from investing activities</b>		
Net change in investments	<u>15,130</u>	<u>13,209</u>
<b>Net increase in cash</b>	<b>39,962</b>	<b>65,767</b>
<b>Cash, beginning of the year</b>	<u><b>283,822</b></u>	<u><b>218,055</b></u>
<b>Cash, end of the year</b>	<u><b>\$ 323,784</b></u>	<u><b>\$ 283,822</b></u>

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

---

# Kawartha-Haliburton Children's Foundation

## Notes to Financial Statements

December 31, 2021

---

### 1 .Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	<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>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
<b>Fund Accounting</b>	<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>
<b>Revenue Recognition</b>	<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, 2021

---

### 1. Significant Accounting Policies (continued)

<b>Contributed Materials and Services</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Financial Instruments</b>	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>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.</p>
<b>Tangible Capital Assets</b>	<p>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.</p>

---

---

## Kawartha-Haliburton Children's Foundation Notes to Financial Statements

**December 31, 2021**

---

### 2. Correction of Prior Period Error

During the current year, it was determined that previous donations and transfers to the endowment fund were incorrectly reported. As a result, the balances in the Restricted Fund and Endowment Fund were incorrectly presented at year end.

The result of this correction to the prior year and prior year opening balances is as follows:

	December 31, 2020		January 1, 2020	
	Restricted Fund	Endowment Fund	Restricted Fund	Endowment Fund
Balance, as previously reported	\$ 397,387	\$ 550,147	\$ 361,486	\$ 551,867
Adjustments	276,943	(276,943)	278,663	(278,663)
Balance, restated	<u>\$ 674,330</u>	<u>\$ 273,204</u>	<u>\$ 640,149</u>	<u>\$ 273,204</u>

---

### 3. Investments

Investments are comprised of the following:

	2021	2020
Short-term investments:		
Cash and money market funds	\$ 13,063	\$ 16,602
Long-term investments:		
Fixed income	472,086	474,977
Canadian equity funds	140,953	134,270
United States equity funds	45,818	43,312
Foreign equity funds	52,435	48,654
	711,292	701,213
	<u>\$ 724,355</u>	<u>\$ 717,815</u>

---

### 4. Interfund Loans

Interfund loans bear no interest, are unsecured and have no terms of repayment.

---

---

## Kawartha-Haliburton Children's Foundation Notes to Financial Statements

**December 31, 2021**

---

### 5. 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:

	2021	2020
Bursary program	\$ 42,945	\$ 44,000
Deferred grants:		
Children's Aid Foundation of Canada	30,190	21,779
Community Foundation of Greater Peterborough	-	8,253
Restricted donations	5,000	14,000
	\$ 78,135	\$ 88,032

---

### 6. 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 \$33,722 from the Operating Fund to the Restricted Fund. These internally restricted amounts are not available for other purposes without approval of the board of directors.

---

### 7. 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:

	2021	2020
Federal government grants:		
Employment and Social Development Canada	\$ 13,362	\$ 8,700
Other grants:		
Children's Aid Foundation of Canada	86,339	133,581
Community Foundation of Greater Peterborough	8,253	11,747
United Way Peterborough & District	-	5,085
	\$ 107,954	\$ 159,113

---

---

# Kawartha-Haliburton Children's Foundation

## Notes to Financial Statements

December 31, 2021

---

### 8. 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 \$9,000 in cash to Kawartha-Haliburton Children's Aid Society as a donation for their food cupboard program which is included in camp and other needs expense.

---

### 9. 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.

---