

Children's Aid Foundation of Halton
Financial Statements
For the year ended June 30, 2022

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To the Directors of
Children's Aid Foundation of Halton

Independent Auditors' Report

Qualified Opinion

We have audited the accompanying financial statements of Children's Aid Foundation of Halton (the Organization), which comprise the statement of financial position as at June 30, 2022, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Children's Aid Foundation of Halton as at June 30, 2022 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 Children's Aid Foundation of Halton derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue and related expenses 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 of revenues over expenditures, assets and fund balances for the years ended June 30, 2022 and 2021.

Prior to the year ending June 30, 2019, the Foundation expensed all capital assets with the exception of group homes. Canadian accounting standards for not-for-profit organizations require that capital assets be recorded at cost when acquired and amortization be recorded for capital assets with limited useful lives as an expense over the useful life of the capital asset. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effect of this departure from Canadian accounting standards for not-for-profit organizations has not been determined.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 Auditing Standards (CASs), 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 Organization'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 Organization'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 Organization 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.

September 26, 2022
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Children's Aid Foundation of Halton

Statement of Financial Position

June 30, 2022

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2022	2021
Assets					
Current assets					
Cash and bank	\$ -	\$ -	\$ -	\$ -	\$ 61,911
Operating investments (Note 3)	113,775	-	-	113,775	117,762
Accounts receivable	15,346	-	-	15,346	1,034
H.S.T. recoverable	7,660	-	-	7,660	1,945
	136,781	-	-	136,781	182,652
Restricted investments (Note 3)	-	-	1,672,887	1,672,887	962,260
Capital assets	-	-	-	-	224,838
	\$ 136,781	\$ -	\$ 1,672,887	\$ 1,809,668	\$ 1,369,750

Approved on Behalf of the Board

Director

Director

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



Children's Aid Foundation of Halton

Statement of Financial Position

June 30, 2022

	Operating Fund	Capital Asset Fund	Restricted Investment Fund	2022	2021
Liabilities					
Current liabilities					
Bank indebtedness	\$ 5,468	\$ -	\$ -	\$ 5,468	\$ -
Accounts payable and accrued liabilities	17,272	-	-	17,272	43,798
Current portion of long-term debt	-	-	-	-	12,308
	22,740	-	-	22,740	56,106
Long-term debt	-	-	-	-	186,228
	22,740	-	-	22,740	242,334
Fund balances					
Invested in capital assets	-	-	-	-	26,302
Internally restricted	-	-	1,672,887	1,672,887	962,260
Unrestricted	114,041	-	-	114,041	138,854
	114,041	-	1,672,887	1,786,928	1,127,416
	\$ 136,781	\$ -	\$ 1,672,887	\$ 1,809,668	\$ 1,369,750

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



Children's Aid Foundation of Halton

Statement of Operations and Changes in Fund Balances

Year Ended June 30, 2022

	Operating Fund	Capital Asset Fund	Restricted investment Fund	2022	2021
Revenue					
Donations and grants	\$ 263,816	\$ -	\$ -	\$ 263,816	\$ 570,914
Donations in kind	102,792	-	-	102,792	77,251
Investment income (loss)	(2,903)	-	(121,079)	(123,982)	137,596
Property income	6,800	-	-	6,800	20,400
Special events	30,503	-	-	30,503	89,993
Gain on sale of capital assets	-	1,161,851	-	1,161,851	-
	401,008	1,161,851	(121,079)	1,441,780	896,154
Expenditures					
Donations - Halton Children's Aid Society	401,876	-	-	401,876	347,877
Depreciation	-	6,740	-	6,740	15,722
Professional fees	9,763	-	-	9,763	8,212
Transition homes	21,189	-	-	21,189	21,288
Fundraising expenses	69,528	-	-	69,528	66,155
Administrative expenses and grant writing	127,038	-	-	127,038	103,090
In kind distributions	102,792	-	-	102,792	77,251
Program delivery costs	43,342	-	-	43,342	23,026
	775,528	6,740	-	782,268	662,621
Excess (deficiency) of revenues over expenditures	(374,520)	1,155,111	(121,079)	659,512	233,533
Fund balances, beginning of the year	138,854	26,302	962,260	1,127,416	893,883
Interfund transfers (Note 6)	349,707	(1,181,413)	831,706	-	-
Fund balances, end of year	\$ 114,041	\$ -	\$ 1,672,887	\$ 1,786,928	\$ 1,127,416

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



Children's Aid Foundation of Halton

Statement of Cash Flows

Year Ended June 30, 2022

	2022	2021
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 659,512	\$ 233,533
Amortization of capital assets	6,740	15,722
Gain on sale of capital assets	(1,161,851)	-
	(495,599)	249,255
Net change in accounts receivable	(14,312)	73,966
Net change in H.S.T. recoverable	(5,715)	227
Net change in accounts payable and accrued liabilities	(26,526)	15,029
Net change in other operating working capital balances	-	(75,000)
Cash flows from (used in) operating activities	(542,152)	263,477
Cash flows from financing activities		
Increase in bank indebtedness	5,468	-
Decrease in long-term debt	(198,536)	(11,837)
Cash flows used in financing activities	(193,068)	(11,837)
Cash flows from investing activities		
Purchase of capital assets	-	(4,954)
Proceeds on disposal of capital assets	1,379,949	-
Net change in investments	(706,640)	(216,621)
Cash flows from (used in) investing activities	673,309	(221,575)
Net increase (decrease) in cash and cash equivalents	(61,911)	30,065
Cash and cash equivalents, beginning of year	61,911	31,846
Cash and cash equivalents, end of year	\$ -	\$ 61,911

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



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2022

1. Nature of operations

The purpose of the Children's Aid Foundation of Halton (the "Foundation") is to raise money and distribute funds for projects and programs consistent with mandate of the Halton Children's Aid Society (the "Society") and to supplement the public funding of the Society. It is incorporated under the Corporations Act as a "corporation without share capital" and is a registered charity under the Income Tax Act.

2. Significant accounting policies

Basis of presentation

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the deferral method of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into the following funds: the Operating fund, Capital fund and the Restricted Investment fund.

Operating Fund

Revenue and expenditures other than those recorded in special purpose funds are recorded in the operating fund.

Capital Fund

The Capital fund records the purchase of group homes and the related liabilities.

Restricted Investment Fund

The Restricted Investment fund includes funds invested with the Oakville Community Foundation and is internally restricted by the Board of Directors. The fund has been created to use the earnings to assist with the sustainability of the Foundation.

Cash and cash equivalents

Cash and cash equivalents includes balances with a Canadian Financial Institution.

Revenue recognition

Revenue from donations and fundraising activities are recorded when received. Restricted contributions are recorded as deferred revenue and recognized as revenue when the related expenses occur.

Contributed services

These financial statements do not reflect the substantial value of services contributed by volunteers and other interested parties because the fair market value of such services are not readily available.



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2022

2. Significant accounting policies (cont'd.)

Income taxes

The Foundation is a non-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements 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 expense during the period. Actual results could differ from those estimates.

Financial instruments

The Foundation's financial instruments consist of accounts receivable, operating investments, restricted investments, bank indebtedness, accounts payable and accrued liabilities and long-term debt.

Operating and restricted investments are initially recognized at fair value. Investments in unlisted shares are subsequently measured at cost less any reduction for impairment. Investments in listed shares are subsequently measured at fair value at the balance sheet date.

All other financial instruments are initially recorded at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

3. Operating and restricted investments

The operating and restricted investments are held by the Oakville Community Foundation. The Foundation receives its pro-rata share of the total investment income (net of administration and management fees) generated by the Oakville Community Foundation.

4. Staffing costs

	2022	2021
Transition homes	\$ 500	\$ 1,200
Fundraising expenses	60,996	51,482
Administrative expenses and grant writing	104,560	94,518
Program delivery costs	25,987	21,318
Total staffing costs	\$ 192,043	\$ 168,518

Included in expenditures are salaries and benefits expense, which have been allocated by function as noted above.



Children's Aid Foundation of Halton

Notes to Financial Statements

Year Ended June 30, 2022

5. Financial instruments

The Foundation's financial instruments consist of accounts receivable, operating investments, restricted investments, bank indebtedness, accounts payable and accrued liabilities and long-term debt.

Credit risk

The Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Foundation does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

The Foundation's exposure to liquidity risk is dependent on the collection of accounts and funding receivable and obligations or raising of funds to meet commitments and sustain operations. The Foundation controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

Market Risk

The Foundation's investments in publicly-traded securities exposes the Foundation to price risks as equity investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

6. Interfund Transfers

During the year, the Foundation transferred \$1,181,413 (2021 - \$16,791) from the Capital Fund to the Restricted Investment Fund relating to the gain on sale of capital assets and \$349,707 (2021 - \$Nil) from the Restricted Investment Fund to the Operating Fund.

7. Impact of COVID-19 pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, and future fundraising efforts, which may also have a direct impact on the Foundation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Foundation is not known at this time.

