

**The Children's Foundation of
Guelph and Wellington
Financial Statements
For the Year Ended December 31, 2017**

**The Children's Foundation of Guelph and Wellington
For the Year Ended December 31, 2017**

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Independent Auditor's Report

To the Board of Directors of The Children's Foundation of Guelph and Wellington

We have audited the accompanying financial statements of The Children's Foundation of Guelph and Wellington, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, The Children's Foundation of Guelph and Wellington derives part of its revenues from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Children's Foundation of Guelph and Wellington. We were unable to determine whether any adjustments might be necessary to donations, fundraising revenues, excess of revenues over expenditures, cash flows from operations and current assets for the years ended December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years.

Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Children's Foundation of Guelph and Wellington as at December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
April 26, 2018

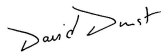
The Children's Foundation of Guelph and Wellington Statement of Financial Position

December 31	2017	2016
Assets		
Current		
Cash (Notes 2 and 4)	\$ 302,908	\$ 288,409
Short term investments (Notes 3 and 4)	253,473	251,803
Accounts receivable	53,439	41,795
HST receivable	18,795	11,379
Prepays	66,003	53,676
	\$ 694,618	\$ 647,062
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 22,927	\$ 16,216
Deferred contributions (Note 6)	254,150	236,530
	277,077	252,746
Net Assets		
Internally Restricted		
The Children's Foundation Reserve Fund	203,903	202,457
Food & Friends Reserve Fund	45,363	45,115
Unrestricted	168,275	146,744
	417,541	394,316
	\$ 694,618	\$ 647,062

Approved on behalf of the Foundation:



_____ Director



_____ Director

**The Children's Foundation of Guelph and Wellington
Statement of Changes in Net Assets**

For the year ended December 31	Internally Restricted - The Children's Foundation Reserve Fund	Internally Restricted - Food & Friends Reserve Fund	Unrestricted	2017 Total	2016 Total
Balance, beginning of the year	\$ 202,457	\$ 45,115	\$ 146,744	\$ 394,316	\$ 484,509
Excess (deficiency) of revenues over expenses	-	-	23,225	23,225	(90,193)
Reserve contribution from operations (Note 7)	1,446	248	(1,694)	-	-
Balance, end of the year	\$ 203,903	\$ 45,363	\$ 168,275	\$ 417,541	\$ 394,316

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

The Children's Foundation of Guelph and Wellington Statement of Operations

For the year ended December 31	2017	2016
Revenue (Note 11)		
Donations	\$ 1,136,766	\$ 960,672
Grants and government funding	656,942	651,033
Fundraising events	380,286	373,613
Third party donations (Note 8)	323,053	285,354
Interest income	4,253	4,213
	2,501,300	2,274,885
Program expenditures		
Adopt-A-Family	788,935	698,501
Free to Play and Scholarships	409,574	439,359
Food & Friends	845,866	794,974
	2,044,375	1,932,834
Administrative expenditures (Note 10)	254,743	247,157
Fundraising expenditures (Note 9)	178,957	185,087
	2,478,075	2,365,078
Excess (deficiency) of revenues over expenditures	\$ 23,225	\$ (90,193)

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

The Children's Foundation of Guelph and Wellington Statement of Cash Flows

For the year ended December 31	2017	2016
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 23,225	\$ (90,193)
Changes in non-cash working capital:		
Accounts receivable	(11,644)	(4,089)
HST receivable	(7,416)	(514)
Prepays	(12,327)	(12,770)
Accounts payable and accrued liabilities	6,711	(9,086)
Deferred contributions	17,620	28,996
Net increase (decrease) in cash	16,169	(87,656)
Cash, beginning of the year	540,212	627,868
Cash, end of the year	\$ 556,381	\$ 540,212
Represented by:		
Cash	\$ 302,908	\$ 288,409
Short term investments	253,473	251,803
	\$ 556,381	\$ 540,212

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

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Children's Foundation of Guelph and Wellington (the "Foundation") was incorporated without share capital, on May 24, 1991, under the laws of Ontario for the purpose of providing relief to disadvantaged or impoverished children within the City of Guelph and the County of Wellington. The Foundation provides services through its four program areas; Food & Friends, Adopt-a-Family, Free to Play, and Scholarships.</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>
Operating Fund	<p>The Operating Fund accounts for the Foundation's program delivery and administrative activities. The fund includes cash received from community donations, cash received from Government Agencies and cash transferred from other funds. The program activities of the fund include:</p> <ul style="list-style-type: none">a) Providing financial assistance for enrichment activities and educational scholarships for children in needb) Operating an "Adopt-A-Family" program for children in need during the holiday seasonc) Funding for the "Food & Friends" program which supports student nutrition in Guelph, Wellington and Dufferin counties
The Children's Foundation Reserve Fund	<p>The Foundation maintains a reserve fund to cover future program expenditures. Amounts allocated to the reserve fund are determined annually by the Board of Directors. These funds are not available for unrestricted purposes without approval of the Board of Directors.</p>
Food & Friends Reserve Fund	<p>The Foundation maintains a reserve fund to cover future expenditures relating to the Food & Friends program. Amounts allocated to the reserve fund are determined annually by the Board of Directors. These funds are not available for unrestricted purposes without approval of the Board of Directors.</p>
Short Term Investments	<p>Short term investments are accounted for at fair value. Changes in fair value are recorded through the statement of operations.</p>

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies (continued)

Contributed Materials	Contributed materials which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Contributed Services	Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted revenues where expenses have not been incurred are recorded as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>In-kind donations are recognized when received or receivable and are measured at their estimated fair market value.</p>
Government Grants	The Foundation receives grants to assist in providing financial support for eligible children and youth through the Foundation's four program areas. These grants are reflected as deferred revenue until the terms of the grant are met. At that time, the grants are recorded as revenue in the statement of operations.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Allocation of Expenses	Certain expenses of the Foundation involve program, administrative and fundraising functions. The distribution of these expenses between program, administrative and fundraising expenditures is based on time tracked in these functions by certain officers and employees.

2. Cash

The Foundation's bank accounts are held at one chartered bank.

The Children's Foundation of Guelph and Wellington Notes to Financial Statements

December 31, 2017

3. Short Term Investments

Short term investments are comprised of two guaranteed investment certificates. The guaranteed investment certificates earn interest at a rate of 0.60% and 0.95% and mature in March and April 2018.

4. Restricted Amounts

Included in cash and short term investments is \$203,903 (2016 - \$202,457) which relates to funds to be used in accordance with The Children's Foundation Reserve Fund, \$45,363 (2016 - \$45,115) to be used in accordance with the Food & Friends Reserve Fund and \$254,150 (2016 - \$236,530) which relates to funds received to be used in future years for Food & Friends, Free to Play Program and Scholarships.

5. Endowment Fund

The Foundation has invested in prior years \$20,000 in an endowment fund administered by The Guelph Community Foundation. The Guelph Community Foundation invests contributions to the fund in accordance with its investment policy and the provisions of its Asset Management Plan. The original contributions to the fund were matched by The Guelph Community Foundation. Subsequently, \$25,000 was transferred into the endowment fund from the Promoli fund. The total balance in the endowment fund at December 31, 2017 including interest reinvested in the endowment is \$71,571 (2016 - 71,407). The funds contributed to the endowment are to be held in perpetuity. The interest earned by the investment is available to the Foundation annually for either investment in programs, or re-investment in the endowment fund.

6. Deferred Contributions

Deferred contributions consist of the following amounts:

	<u>2017</u>	<u>2016</u>
Food & Friends	\$ 143,858	\$ 173,461
Free to Play program	93,736	41,069
Scholarships	9,000	22,000
Adopt a Family	7,556	-
	<u>\$ 254,150</u>	<u>\$ 236,530</u>

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

December 31, 2017

7. Interfund Transfers and Internally Restricted Net Assets

During the year, the Board of Directors approved a transfer of \$1,694 (2016 - \$2,093) from Unrestricted Net Assets and reallocated \$1,446 (2016 - \$1,978) to The Children's Foundation Reserve Fund and \$248 (2016 - \$115) to Food & Friends Reserve Fund. These internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

8. Third Party Donations

Amounts included in third party donation revenues for events run by third parties have been recorded at the net amounts. The gross amount of donation revenues with respect to such events were \$358,491 (2016 - \$324,920).

9. Fundraising Expenditures

Fundraising expenditures represent the cost of operating the Foundation's fundraising activities. These expenditures are comprised of external costs such as food, facility and equipment rental totaling \$79,227 (2016 - \$95,401) and the Foundation staff's wages of \$99,730 (2016 - \$89,686) for time spent on fundraising activities. Each fundraising activity is effectively managed and generates net proceeds for the Foundation after these expenditures.

10. Allocation of Expenses

Expenses related specifically to delivering programs have been allocated. These expenses include salaries of program staff, program supplies, program outreach and the portion of administration costs incurred by program activities.

	<u>2017</u>	<u>2016</u>
Food & Friends		
Administrative	\$ 32,167	\$ 31,123
Salaries	\$ 99,250	\$ 89,229
Adopt-A-Family		
Administrative	\$ 18,871	\$ 21,739
Salaries	\$ 23,908	\$ 16,276
Free to Play		
Administrative	\$ 25,571	\$ 37,255
Salaries	\$ 38,638	\$ 31,815

The Children's Foundation of Guelph and Wellington Notes to Financial Statements

December 31, 2017

11. Contributed Materials and Services

During the year, the Foundation received contributed materials in the amount of \$738,473 (2016 - \$675,552) consisting of gifts for children donated during the year, in-kind contributions of \$39,582 (2016 - \$48,069) through recreational partner agreements setup to waive recreation fees for eligible children, and grocery gift cards of \$7,672 (2016 - \$11,693) contributed for the Food & Friends Program. Contributed materials are recorded at their fair value at the date of contribution.

12. 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 normal credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Foundation's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. There have not been any changes in the risk from the prior year.
