

**The Children's Foundation of
Guelph and Wellington
Financial Statements
For the Year Ended March 31, 2023**

**The Children's Foundation of Guelph and Wellington
For the Year Ended March 31, 2023**

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Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of The Children's Foundation of Guelph and Wellington (the Foundation), which comprise the statement of financial position as at March 31, 2023, the statements of operations, changes in net assets 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 March 31, 2023, and its operations and 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 part of its revenue 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 Foundation. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the periods ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1, 2022 and March 31, 2023 and January 1 and March 31, 2022.

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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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

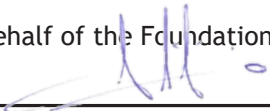
Chartered Professional Accountants, Licensed Public Accountants


Guelph, Ontario
August 28, 2023

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

March 31	2023	2022
Assets		
Current		
Cash (Notes 2 and 3)	\$ 436,760	\$ 1,502,853
Short term investments (Note 4)	1,053,586	-
Accounts receivable	86,359	55,415
HST receivable	25,676	24,782
Prepays	42,541	38,419
	\$ 1,644,922	\$ 1,621,469
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 101,404	\$ 266,364
Deferred contributions (Note 6)	830,120	663,177
	931,524	929,541
Net Assets		
Internally Restricted		
The Children's Foundation Reserve Fund	332,198	316,923
Food & Friends Reserve Fund	47,783	45,604
Unrestricted	333,417	329,401
	713,398	691,928
	\$ 1,644,922	\$ 1,621,469

Approved on behalf of the Foundation:


 _____ Director


 _____ Director

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

	Internally Restricted - The Children's Foundation Reserve Fund	Internally Restricted - Food & Friends Reserve Fund	Unrestricted	For the year ended March 31, 2023 Total	For the three- month period ended March 31, 2022 Total
Balance, beginning of the year	\$ 316,923	\$ 45,604	\$ 329,401	\$ 691,928	\$ 683,663
Excess of revenues over expenses	-	-	21,470	21,470	8,265
Transfer to internally restricted (Note 7)	15,275	2,179	(17,454)	-	-
Balance, end of the year	\$ 332,198	\$ 47,783	\$ 333,417	\$ 713,398	\$ 691,928

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 March 31, 2023	For the three- month period ended March 31, 2022
Revenue		
Donations (Note 10)	\$ 1,797,032	\$ 86,563
Fundraising events	532,150	199,895
Grants and government funding (Note 10)	864,088	374,372
Interest income	21,909	1,558
Third party donations (Note 8)	222,861	30,334
	3,438,040	692,722
Program expenditures		
Adopt-A-Family (Notes 9 and 10)	1,139,720	12,671
Food & Friends (Notes 9 and 10)	1,002,370	433,369
Free to Grow (Notes 9 and 10)	488,068	73,490
Scholarships (Note 9)	37,678	2,697
	2,667,836	522,227
Administrative expenditures (Note 9)	433,467	105,363
Fundraising expenditures (Note 11)	315,267	56,867
	3,416,570	684,457
Excess of revenues over expenses	\$ 21,470	\$ 8,265

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 March 31, 2023	For the three- month period ended March 31, 2022
Cash flows from operating activities		
Excess of revenues over expenses	\$ 21,470	\$ 8,265
Changes in non-cash working capital:		
Accounts receivable	(30,944)	(26,204)
HST receivable	(894)	(7,342)
Prepays	(4,122)	(10,445)
Accounts payable and accrued liabilities	(164,960)	236,236
Deferred contributions	166,943	59,410
	(12,507)	259,920
Cash flows from investing activities		
Purchase of investments	(1,303,586)	-
Proceeds on disposition of investments	250,000	-
	(1,053,586)	-
Net (decrease) increase in cash	(1,066,093)	259,920
Cash, beginning of the year	1,502,853	1,242,933
Cash, end of the year	\$ 436,760	\$ 1,502,853

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

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2023

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 Grow, 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 through "Free to Grow"b) 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 countiesd) Providing post-secondary scholarships for students who have overcome adversity.
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>

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2023

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 period 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.

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

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

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

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

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.

3. Restricted Amounts

Included in cash is \$332,198 (2022 - \$316,923) which relates to funds to be used in accordance with The Children's Foundation Reserve Fund and \$47,783 (2022 - \$45,604) to be used in accordance with the Food & Friends Reserve Fund.

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

March 31, 2023

4. Short Term Investments

Short term investments are comprised of:

	2023	2022
Guaranteed investment certificates earning interest at rates from 5.00% to 5.25% and have maturity dates between May 2023 and February 2024.	\$ 1,003,113	\$ -
Money market funds	50,473	-
	\$ 1,053,586	\$ -

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 March 31, 2023 including interest reinvested in the endowment is \$69,565 (2022 - \$80,364). 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:

	2023	2022
Adopt a Family	\$ 41,448	\$ 24,047
Food & Friends	302,523	261,876
Free to Grow	400,271	284,510
General	42,010	74,376
Scholarships	43,868	18,368
	\$ 830,120	\$ 663,177

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2023

7. Interfund Transfers and Internally Restricted Net Assets

During the year, the Board of Directors approved a transfer of \$17,454 (2022 - \$1,558) from Unrestricted Net Assets and reallocated \$15,275 (2022 - \$1,558) to The Children's Foundation Reserve Fund and \$2,179 (2022 - \$NIL) 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. During the year, the gross amount of donation revenues with respect to such events were \$138,690 (3 month period ended March 31, 2022 - \$30,334).

9. Allocation of Expenses

Expenses related specifically to delivering programs have been allocated between Adopt-A-Family, Food & Friends, Free to Grow and Scholarships expenditures on the Statement of Operations. These expenses include salaries of program staff, program supplies, program outreach and the portion of administration costs incurred by program activities. Amounts have been allocated to the various program expenditure categories on the Statement of Operations as follows:

	For the year ended March 31, 2023	For the three- month period ended March 31, 2022
Adopt-A-Family		
Administrative Salaries	\$ 37,571	\$ 5,099
	\$ 45,705	\$ 7,525
Food & Friends		
Administrative Salaries	\$ 58,504	\$ 9,262
	\$ 166,196	\$ 37,875
Free to Grow		
Administrative Salaries	\$ 28,799	\$ 4,723
	\$ 70,717	\$ 15,051
Scholarships		
Administrative Salaries	\$ 978	\$ 92
	\$ 6,908	\$ 1,505

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

March 31, 2023

10. Contributed Materials

During the year, the Foundation received total contributed materials in the amount of \$1,036,225 (3 month period ended March 31, 2022 - \$14,465). Of this amount \$1,023,959 (3 month period ended March 31, 2022 - \$10,451) is included in donations revenue and \$12,266 (3 month period ended March 31, 2022 - \$4,014) is included in grants and government funding revenue in the statement of operations.

Amounts included in program expenditures on the statement of operations consisted of \$887,009 (3 month period ended March 31, 2022 - \$NIL) for gifts for children donated during the year which is included in Adopt-A-Family expenditures, in-kind contributions of \$68,842 (3 month period ended March 31, 2022 - \$5,851) through recreational partner agreements setup to waive recreation fees for eligible children which is included in Free to Grow expenditures, and grocery gift cards and food of \$80,374 (3 month period ended March 31, 2022 - \$8,614) contributed for the Food & Friends Program. Contributed materials are recorded at their fair value at the date of contribution.

11. 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 \$117,786 (3 month period ended March 31, 2022 - \$11,714) and the Foundation staff's wages of \$197,481 (3 month period ended March 31, 2022 - \$45,153) for time spent on fundraising activities during the year. Each fundraising activity is effectively managed and generates net proceeds for the Foundation after these expenditures.

12. Commitments

The Foundation has a commitment for the use of office space which expires on March 31, 2027. Minimum lease payments and estimated common area charges over the next four years are as follows:

2024	\$	80,338
2025		80,338
2026		80,338
2027		80,338
		<hr/>
	\$	321,352

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2023

13. 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. This risk has decreased from the prior year, as the impact of COVID-19 has subsided.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. This risk has decreased from the prior year, as the impact of COVID-19 has subsided.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its investments in guaranteed investment certificates. Fluctuations in interest rates will impact the investment income received in the future. This risk has increased from the previous year as investments were not held at March 31, 2022.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risks on its investments in money market funds. This risk has increased from the previous year as investments were not held at March 31, 2022.
