

**The Children's Foundation of Guelph
and Wellington
Financial Statements
For the Period Ended March 31, 2022**

**The Children's Foundation of Guelph and Wellington
For the Period Ended March 31, 2022**

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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, 2022, the statements of operations, changes in net assets and cash flows for the period 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, 2022, and its operations and cash flows for the period 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, 2022 and December 31, 2021, current assets as at March 31, 2022 and December 31, 2021, and net assets as at January 1 and March 31, 2022 and January 1 and December 31, 2021.

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 29, 2022

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

March 31, December 31,
2022 2021

Assets

Current

Cash (Notes 2 and 3)	\$	1,502,853	\$	1,242,933
Accounts receivable		55,415		29,211
HST receivable		24,782		17,440
Prepays		38,419		27,974
		\$ 1,621,469		\$ 1,317,558

Liabilities and Net Assets

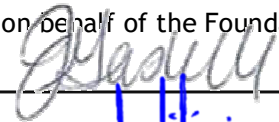
Current


Accounts payable and accrued liabilities	\$	266,364	\$	30,128
Deferred contributions (Note 5)		663,177		603,767
		929,541		633,895

Net Assets

Internally Restricted				
The Children's Foundation Reserve Fund		316,923		315,365
Food & Friends Reserve Fund		45,604		45,604
Unrestricted		329,401		322,694
		691,928		683,663
		\$ 1,621,469		\$ 1,317,558

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 three- month period ended March 31, 2022 Total	For the year ended December 31, 2021 Total
Balance, beginning of the period	\$ 315,365	\$ 45,604	\$ 322,694	\$ 683,663	\$ 668,425
Excess of revenues over expenses	-	-	8,265	8,265	15,238
Transfer to internally restricted - The Children's Foundation reserve fund (Note 6)	1,558	-	(1,558)	-	-
Balance, end of the period	\$ 316,923	\$ 45,604	\$ 329,401	\$ 691,928	\$ 683,663

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

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

	For the three- month period ended March 31, 2022	For the year ended December 31, 2021
Revenue		
Donations (Note 9)	\$ 86,563	\$ 1,630,928
Fundraising events	199,895	297,370
Government assistance	-	73,731
Grants and government funding (Note 9)	374,372	1,012,982
Interest income	1,558	7,009
Third party donations (Note 7)	30,334	181,838
	<u>692,722</u>	<u>3,203,858</u>
Program expenditures		
Adopt-A-Family (Notes 8 and 9)	12,671	1,043,749
Food & Friends (Notes 8 and 9)	433,369	1,197,554
Free to Grow (Notes 8 and 9)	73,490	335,174
Scholarships (Note 8)	2,697	36,366
	<u>522,227</u>	<u>2,612,843</u>
Administrative expenditures (Note 8)	105,363	367,014
Fundraising expenditures (Note 10)	56,867	208,763
	<u>684,457</u>	<u>3,188,620</u>
Excess of revenues over expenses	\$ 8,265	\$ 15,238

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 three- month period ended March 31, 2022	For the year ended December 31, 2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 8,265	\$ 15,238
Changes in non-cash working capital:		
Accounts receivable	(26,204)	(12,554)
HST receivable	(7,342)	(1,133)
Prepays	(10,445)	6,635
Accounts payable and accrued liabilities	236,236	8,423
Deferred contributions	59,410	12,696
Net increase in cash	259,920	29,305
Cash, beginning of the period	1,242,933	1,213,628
Cash, end of the period	\$ 1,502,853	\$ 1,242,933

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, 2022

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> <ol style="list-style-type: none">Providing financial assistance for enrichment activities through "Free to Grow"Operating an "Adopt-A-Family" program for children in need during the holiday seasonFunding for the "Food & Friends" program which supports student nutrition in Guelph, Wellington and Dufferin countiesProviding 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, 2022

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.
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.
Government Assistance	The Foundation makes periodic applications for financial assistance under government incentive programs. Government assistance received during the period for current expenses is included in the determination of net income for the period.
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.

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

March 31, 2022

1. Significant Accounting Policies (continued)

2. Cash

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

3. Restricted Amounts

Included in cash is \$316,923 (2021 - \$315,365) which relates to funds to be used in accordance with The Children's Foundation Reserve Fund and \$45,604 (2021 - \$45,604) to be used in accordance with the Food & Friends Reserve Fund.

4. 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, 2022 including interest reinvested in the endowment is \$80,364 (2021 - \$83,196). 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.

5. Deferred Contributions

Deferred contributions consist of the following amounts:

	March 31, 2022	December 31, 2021
Adopt a Family	\$ 24,047	\$ 24,047
Food & Friends	261,876	185,407
Free to Grow	284,510	284,324
General	74,376	88,621
Scholarships	18,368	21,368
	\$ 663,177	\$ 603,767

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

March 31, 2022

6. Interfund Transfers and Internally Restricted Net Assets

During the three-month period ended March 31, 2022, the Board of Directors approved a transfer of \$1,558 (2021 - \$4,164) from Unrestricted Net Assets and reallocated \$1,558 (2021 - \$4,127) to The Children's Foundation Reserve Fund and \$NIL (2021 - \$37) to Food & Friends Reserve Fund. These internally restricted amounts are not available for unrestricted purposes without the approval of the Board of Directors.

7. 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 three-month period ended March 31, 2022, the gross amount of donation revenues with respect to such events were \$30,334 (2021 - \$182,520).

8. 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.

	For the three- month period ended March 31, 2022	For the year ended December 31, 2021
Adopt-A-Family		
Administrative	\$ 5,099	\$ 20,712
Salaries	\$ 7,525	\$ 42,562
Food & Friends		
Administrative	\$ 9,262	\$ 46,377
Salaries	\$ 37,875	\$ 125,401
Free to Grow		
Administrative	\$ 4,723	\$ 48,516
Salaries	\$ 15,051	\$ 64,887
Scholarships		
Administrative	\$ 92	\$ 352
Salaries	\$ 1,505	\$ 5,917

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2022

9. Contributed Materials and Services

During the three-month period ended March 31, 2022, the Foundation received total contributed materials in the amount of \$14,465 (2021 - \$923,673). This consisted of \$NIL (2021 - \$811,354) for gifts for children donated during the period, in-kind contributions of \$5,851 (2021 - \$30,726) through recreational partner agreements setup to waive recreation fees for eligible children, and grocery gift cards and food of \$8,614 (2021 - \$81,593) contributed for the Food & Friends Program. Contributed materials are recorded at their fair value at the date of contribution.

10. 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 \$11,714 (2021 - \$68,868) and the Foundation staff's wages of \$45,153 (2021 - \$139,895) for time spent on fundraising activities during the three-month period ending March 31, 2022. Each fundraising activity is effectively managed and generates net proceeds for the Foundation after these expenditures.

11. Commitments

The Foundation leases office space and is committed to the following minimum lease payments over the next five years:

2023	\$	61,783
2024		57,050
2025		57,050
2026		57,050
2027		57,050
	\$	<u>289,983</u>

12. Administered Funds

In addition to internal program spending, the Foundation administered and allocated external program funding. During the three-month period ended March 31, 2022, the Foundation administered and allocated \$NIL (2021 - \$178,304) from President's Choice Children's Charity for the Food & Friends program.

The Children's Foundation of Guelph and Wellington

Notes to Financial Statements

March 31, 2022

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. At period-end, the credit risk relating to the Foundation's accounts receivable has remained high due to the impact of COVID-19, which could lead to potential losses. This risk has not changed from the prior period.

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. At period-end, the liquidity risk has remained high due to the impact of COVID-19, which could lead to increased difficulty in meeting the Foundation's obligations as they come due. This risk has not changed from the prior period.

14. Material Uncertainty

On March 11, 2020, the World Health Organization characterized the outbreak COVID-19 as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. As a result, the Foundation has revised their programs and introduced various COVID-19 initiatives to provide support for those in need. The Foundation has been able to continue operations during this time period. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.
