

GRANDVIEW CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Independent Auditor's Report

TO THE DIRECTORS OF GRANDVIEW CHILDREN'S FOUNDATION

We have audited the accompanying financial statements of Grandview Children's Foundation, which comprise the statement of financial position as at March 31, 2018 and the statement of operations, changes in net assets and cash flow 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

As is the case with many charitable organizations, Grandview Children's Foundation derives a portion of its income from the general public in the form of fundraising activities and donations, which are not susceptible to complete audit verification. Accordingly, our verification of this revenue was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fundraising activities and donations, excess of revenue over expenses, assets and unrestricted funds.

Qualified Opinion

In our opinion, except for the 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 Grandview Children's Foundation as at March 31, 2018 and the results of its operations, changes in net assets and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Dawn Flett & Associates

Chartered Professional Accountant

Licensed Public Accountant

June 4, 2018
Ajax, Ontario

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>General Operating</u>	<u>Restricted BELIEVE Campaign</u>	<u>Total 2018</u>	<u>Restated Total 2017</u>
Revenues				
Fundraising activities and donations (Note 4)	\$ 918,287	\$ 1,310,544	\$ 2,228,831	\$ 911,970
Signature events	202,326	-	202,326	195,255
Interest and dividend income	24,151	9,052	33,203	16,040
Realized gains (losses) on investments	(28)	-	(28)	1,309
Changes in market value for investments	6,584	-	6,584	57,989
Other income	2,394	-	2,394	-
	<u>1,153,714</u>	<u>1,319,596</u>	<u>2,473,310</u>	<u>1,182,563</u>
Expenses				
Signature events	59,567	-	59,567	67,621
General office	19,193	806	19,999	18,440
Information technology	15,268	5,089	20,357	9,368
Insurance	2,524	-	2,524	2,477
Memberships and subscriptions	1,709	-	1,709	2,233
Occupancy costs	8,400	-	8,400	8,400
Personnel and contract services	287,290	-	287,290	285,293
Postage	5,053	-	5,053	3,918
Professional fees	13,812	29,168	42,980	17,764
Promotion and publicity	37,678	9,550	47,228	34,273
Training	2,356	-	2,356	3,299
Travel	186	-	186	1,113
	<u>453,036</u>	<u>44,613</u>	<u>497,649</u>	<u>454,199</u>
Excess of revenues over expenses before grants and allocations	<u>700,678</u>	<u>1,274,983</u>	<u>1,975,661</u>	<u>728,364</u>
Grants and allocations (Note 7)				
Grandview Children's Centre	(546,290)	-	(546,290)	(415,759)
Campbell Children's School	(1,597)	-	(1,597)	(7,877)
	<u>(547,887)</u>	<u>-</u>	<u>(547,887)</u>	<u>(423,636)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 152,791</u>	<u>\$ 1,274,983</u>	<u>\$ 1,427,774</u>	<u>\$ 304,728</u>

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>Restated 2017</u>
<u>INTERNALLY RESTRICTED FUNDS (NOTE 5)</u>		
Opening balance	\$ 204,000	\$ 204,000
Transfer from unrestricted funds	<u>46,000</u>	<u>-</u>
Closing balance	<u>\$ 250,000</u>	<u>\$ 204,000</u>
 <u>UNRESTRICTED FUNDS</u>		
Opening balance	\$ 560,644	\$ 324,276
Excess of revenues over expenses	152,791	236,368
Transfer to internal restricted funds	<u>(46,000)</u>	<u>-</u>
Closing balance	<u>\$ 667,435</u>	<u>\$ 560,644</u>
 <u>RESTRICTED BELIEVE CAMPAIGN FUND</u>		
Opening balance	\$ 68,360	\$ -
Restatement adjustment (Note 9)	<u>55,856</u>	<u>-</u>
Opening balance as restated	124,216	-
Excess of revenues over expenses	1,274,983	68,360
Adjustment to reflect restricted campaign as a separate fund (Note 9)	<u>-</u>	<u>55,856</u>
Closing balance	<u>\$ 1,399,199</u>	<u>\$ 124,216</u>

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	<u>General</u>	<u>Restricted BELIEVE Campaign</u>	<u>Restricted Lottery</u>	<u>Total 2018</u>	<u>Restated Total 2017</u>
<u>ASSETS</u>					
Current					
Cash	\$ 445,441	\$ 393,335	\$ 77	\$ 838,853	\$ 587,597
Accounts receivable	8,786	-	-	8,786	14,034
Prepaid expenses	<u>7,594</u>	<u>-</u>	<u>-</u>	<u>7,594</u>	<u>4,783</u>
	<u>461,821</u>	<u>393,335</u>	<u>77</u>	<u>855,233</u>	<u>606,414</u>
Investments (Note 3)	<u>834,507</u>	<u>1,005,864</u>	<u>-</u>	<u>1,840,371</u>	<u>582,635</u>
Total Assets	\$ <u>1,296,328</u>	\$ <u>1,399,199</u>	\$ <u>77</u>	\$ <u>2,695,604</u>	\$ <u>1,189,049</u>
<u>LIABILITIES</u>					
Current					
Accounts payable and accrued charges	\$ <u>289,420</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>289,420</u>	\$ <u>228,407</u>
Deferred Contributions (Note 4)	<u>89,473</u>	<u>-</u>	<u>77</u>	<u>89,550</u>	<u>71,782</u>
Total Liabilities	<u>378,893</u>	<u>-</u>	<u>77</u>	<u>378,970</u>	<u>300,189</u>
<u>NET ASSETS</u>					
Internally restricted funds (Note 5)	250,000	-	-	250,000	204,000
Externally restricted funds	-	1,399,199	-	1,399,199	124,216
Unrestricted funds	<u>667,435</u>	<u>-</u>	<u>-</u>	<u>667,435</u>	<u>560,644</u>
	<u>917,435</u>	<u>1,399,199</u>	<u>-</u>	<u>2,316,634</u>	<u>888,860</u>
Total Liabilities and Net Assets	\$ <u>1,296,328</u>	\$ <u>1,399,199</u>	\$ <u>77</u>	\$ <u>2,695,604</u>	\$ <u>1,189,049</u>

Approved by the Board of Directors:



GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>Restated 2017</u>
Cash provided by operating activities:		
Excess of revenue over expenses	\$ 1,427,774	\$ 304,728
Items not affecting cash:		
Changes in market value for investments	(6,584)	(57,989)
Restatement adjustment (Note 9)	-	55,856
Changes in non-cash working capital:		
Accounts receivable	5,248	(7,478)
Prepaid expenses	(2,811)	657
Accounts payable and accrued charges	61,013	73,626
Deferred contributions	<u>17,768</u>	<u>(93,799)</u>
	<u>1,502,408</u>	<u>275,601</u>
Cash provided by (used for) investment activities		
Realized change in investments	<u>(1,251,152)</u>	<u>(21,488)</u>
Cash Provided	251,256	254,113
Cash, Beginning of Year	<u>587,597</u>	<u>333,484</u>
Cash, End of Year	<u>\$ 838,853</u>	<u>\$ 587,597</u>

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

1. Nature of Business

The Foundation was incorporated in Ontario without share capital in August 1995 and is a registered charity exempt from taxation under Paragraph 149(1)(f) of the Income Tax Act. The Foundation was established to receive donations and provide funding for programs and capital projects in support of developing the independence of children with disabilities.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program of providing funding for programs and capital projects in support of its mandate as well as administrative activities required to sustain it. The fund reports unrestricted resources as well as resources restricted by external donors to specific programs.

The Lottery Fund reports restricted funds that are to be used for programming as well as unrestricted interest income or for fundraising purposes at the request of a third party.

The Restricted BELIEVE Campaign Fund accounts for the restricted funds to be used to build and support the new facility for Grandview Children's Centre.

(b) Capital Assets

Capital assets are amortized over the life of the assets. No capital assets were purchased in 2018 or 2017.

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

2. Accounting Policies (Cont'd)

(c) Revenue Recognition

Unrestricted donations are recognized as revenue when the funds are received. Donations received for specific purposes are deferred until expenditures are made (Note 4). Fundraising revenues and investment income are recognized as earned except if restricted for a specific purpose which would defer recognition until expenditures are made. Investments are recorded at market value. Unrealized gains and losses are recognized as income.

(d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates applicable to these financial statements include accounts receivable and accounts payable and accrued liabilities and deferred contributions.

(e) Contributed Services

The activities of the Foundation are dependent upon the voluntary services of many individuals. Due to the difficulty of determining their fair market value, donated services are not recognized in these financial statements.

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

3. Investments

Investments are comprised of the following:

	<u>General Operating</u>	<u>Restricted BELIEVE Campaign</u>	<u>2018</u>	<u>2017</u>
Cash and short term investments	\$ 84,938	\$ 1,005,864	\$1,090,802	\$ 7,587
MEASURED AT FAIR VALUE				
Canadian fixed income	74,870	-	74,870	74,418
Foreign fixed income	246,404	-	246,404	133,265
Canadian equities	261,247	-	261,247	213,623
Foreign equities	167,048	-	167,048	153,742
	<u>749,569</u>	<u>-</u>	<u>749,569</u>	<u>575,048</u>
	<u>\$ 834,507</u>	<u>\$ 1,005,864</u>	<u>\$ 1,840,371</u>	<u>\$ 582,635</u>

Investments consist of cash, fixed income investments in mutual funds and common shares. The Foundation follows a board approved investment policy.

4. Deferred Contributions

(a) General

Deferred Contributions represents funds received for a restricted purpose. They are recognized as income when the deliverables related to the restriction have been met. They are comprised of the following:

	<u>Opening Balance</u>	<u>Received In Year</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
Golf Signature Event	\$ 21,300	\$ 28,255	\$ 21,300	\$ 28,255
Special Projects	25,470	100	-	25,570
Specific Programs	24,935	45,100	34,387	35,648
	<u>\$ 71,705</u>	<u>\$ 73,455</u>	<u>\$ 55,687</u>	<u>\$ 89,473</u>

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

4. Deferred Contributions (Cont'd)

Expenditures related to how these funds were utilized by Grandview Children's Centre and Campbell Children's School are included in Grants and Allocations identified in Note 7.

(b) Lottery	<u>2018</u>	<u>2017</u>
Opening/Closing balance	\$ <u>77</u>	\$ <u>77</u>

(c) Restricted BELIEVE Campaign

All 2017/18 fundraising activities and donations are restricted for capital purposes.

5. Internally Restricted Funds

The Board of Directors approved the restriction of net assets of \$250,000 (2017- \$204,000) to ensure that funds would be available for Board-approved projects and unexpected funding shortfalls. Expenditures charged to this fund require Board approval.

6. Financial Instruments

Market Risk

The Foundation is exposed to market risk through the fluctuations of financial instrument fair values due to changes in the market prices. The Foundation is exposed to equity security price risk because of its investment in equities.

The Foundation follows an approved investment policy which meets the investor rules of the Trustees Act of Ontario with a conservative risk investment management style. A definition of eligible investments are described in the policy.

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

7. Grants and Allocations

The Foundation provided funding for grants and allocations in the following areas:

	<u>2018</u>	<u>2017</u>
Speech and physiotherapy	\$ -	\$ 14,338
Equipment and supplies	-	10,090
Youth Camp	-	10,000
Recreation	17,212	33,598
Literacy	-	35,253
Bursary	500	500
ABA program	-	6,558
Core programming and services	528,000	311,852
Other	2,175	1,447
	<u>\$ 547,887</u>	<u>\$ 423,636</u>

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current method of presentation.

9. Restatement of Prior Year

The Board has decided to reflect the restricted funds related to the BELIEVE campaign as a separate fund rather than a deferral on the balance sheet. Donations received prior to March 2016 in the amount of \$55,856 have been included in the opening net assets and donations in 2016/2017 of \$68,360 have been reflected in fundraising and donations.