

**GRANDVIEW CHILDREN'S FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2020**

## Independent Auditor's Report

### TO THE DIRECTORS OF GRANDVIEW CHILDREN'S FOUNDATION

#### **Qualified Opinion**

We have audited the financial statements of Grandview Children's Foundation (the Organization), which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net assets, and cash flow 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 financial statements present fairly, in all material respects the financial position of Grandview Children's Foundation as at March 31, 2020 and the results of its operations and cash flow 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, 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, verification of these revenues was limited to the amounts recorded in the records of Grandview Children's Foundation. Therefore, 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 for the years ended March 31, 2019 and 2020 and current assets as at March 31, 2019 and 2020 and net assets as at April 1 and March 31 for both the 2019 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 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 audit 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 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.

#### **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:

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## Independent Auditor's Report (Cont'd)

- 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.

*Dawn Flett & Associates*

Chartered Professional Accountant

Licensed Public Accountant

June 8, 2020  
Ajax, Ontario

**GRANDVIEW CHILDREN'S FOUNDATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>General Operating</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total 2020</u>	<u>Total 2019</u>
<b>Revenues</b>					
Fundraising activities and donations (Note 4)	\$ 711,369	\$ 1,593,704	\$ 100,000	\$ 2,405,073	\$ 2,621,338
Signature events	237,833	-	-	237,833	244,301
Interest and dividend income	34,383	73,318	354	108,055	69,966
Changes in market value for investments	(71,178)	-	-	(71,178)	21,302
	<u>912,407</u>	<u>1,667,022</u>	<u>100,354</u>	<u>2,679,783</u>	<u>2,956,907</u>
<b>Expenses</b>					
Signature events	86,495	-	-	86,495	84,292
General office	16,656	3,805	-	20,461	21,655
Information technology	13,909	4,602	-	18,511	15,757
Insurance	2,604	-	-	2,604	2,583
Memberships and subscriptions	4,087	-	-	4,087	3,845
Occupancy costs	8,400	-	-	8,400	8,400
Personnel and contract services	283,903	79,664	-	363,567	299,651
Postage	3,944	-	-	3,944	3,119
Professional fees	7,088	146,175	-	153,263	104,286
Promotion and publicity	10,272	16,022	-	26,294	69,280
Training	1,382	-	-	1,382	2,580
	<u>438,740</u>	<u>250,268</u>	<u>-</u>	<u>689,008</u>	<u>615,448</u>
Excess of revenues over expenses before grants and allocations	<u>473,667</u>	<u>1,416,754</u>	<u>100,354</u>	<u>1,990,775</u>	<u>2,341,459</u>
<b>Grants and allocations (Note 9)</b>					
Grandview Children's Centre	(352,672)	-	-	(352,672)	(742,815)
Campbell Children's School	-	(5,035)	-	(5,035)	(1,672)
	<u>(352,672)</u>	<u>(5,035)</u>	<u>-</u>	<u>(357,707)</u>	<u>(744,487)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 120,995</u>	<u>\$ 1,411,719</u>	<u>\$ 100,354</u>	<u>\$ 1,633,068</u>	<u>\$ 1,596,972</u>

**GRANDVIEW CHILDREN'S FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b><u>INTERNALLY RESTRICTED FUNDS (NOTE 5)</u></b>		
Opening balance	\$ 250,000	\$ 250,000
Transfer from unrestricted funds	-	-
Closing balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>

**UNRESTRICTED FUNDS (NOTE 6)**

Opening balance	\$ 743,234	\$ 667,435
Excess of revenues over expenses	120,995	75,799
Transfer to internal restricted funds	-	-
Transfer to externally restricted funds	<u>(9,400)</u>	<u>-</u>
Closing balance	<u>\$ 854,829</u>	<u>\$ 743,234</u>

**EXTERNALLY RESTRICTED FUNDS**

Opening balance	\$ 2,920,372	\$ 1,399,199
Excess of revenues over expenses	1,411,719	1,521,173
Transfer from unrestricted funds	<u>9,400</u>	<u>-</u>
Closing balance	<u>\$ 4,341,491</u>	<u>\$ 2,920,372</u>

**ENDOWMENT FUND (NOTE 7)**

Opening balance	\$ -	\$ -
Excess of revenues over expenses	<u>100,354</u>	<u>-</u>
Closing balance	<u>\$ 100,354</u>	<u>\$ -</u>

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>General</u>	<u>Restricted</u>	<u>Restricted Lottery</u>	<u>Endowment</u>	<u>Total 2020</u>	<u>Total 2019</u>
<u>ASSETS</u>						
Current						
Cash	\$ 426,425	\$ 639,274	\$ 78	\$ 100,354	\$ 1,166,131	\$ 1,401,131
Accounts receivable	12,327	-	-	-	12,327	13,211
Prepaid expenses	10,415	2,286	-	-	12,701	7,904
Due from General to restricted	(24,394)	24,394	-	-	-	-
	<u>424,773</u>	<u>665,954</u>	<u>78</u>	<u>100,354</u>	<u>1,191,159</u>	<u>1,422,246</u>
Investments (Note 3)	872,400	3,676,326	-	-	4,548,726	2,921,161
Total Assets	<u>\$ 1,297,173</u>	<u>\$ 4,342,280</u>	<u>\$ 78</u>	<u>\$ 100,354</u>	<u>\$ 5,739,885</u>	<u>\$ 4,343,407</u>
<u>LIABILITIES</u>						
Current						
Accounts payable and accrued charges	\$ 168,974	\$ 789	\$ -	\$ -	\$ 169,763	\$ 402,069
Deferred Contributions (Note 4)	23,370	-	78	-	23,448	27,732
Total Liabilities	<u>192,344</u>	<u>789</u>	<u>78</u>	<u>-</u>	<u>193,211</u>	<u>429,801</u>
<u>NET ASSETS</u>						
Endowment fund (Note 7)	-	-	-	100,354	100,354	-
Internally restricted funds (Note 5)	250,000	-	-	-	250,000	250,000
Externally restricted funds	-	4,341,491	-	-	4,341,491	2,920,372
Unrestricted funds	854,829	-	-	-	854,829	743,234
Total Liabilities and Net Assets	<u>1,104,829</u>	<u>4,341,491</u>	<u>-</u>	<u>100,354</u>	<u>5,546,674</u>	<u>3,913,606</u>
	<u>\$ 1,297,173</u>	<u>\$ 4,342,280</u>	<u>\$ 78</u>	<u>\$ 100,354</u>	<u>\$ 5,739,885</u>	<u>\$ 4,343,407</u>

Approved by the Board of Directors

**GRANDVIEW CHILDREN'S FOUNDATION**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>Cash provided by operating activities:</b>		
Excess of revenue over expenses	\$ 1,633,068	\$ 1,596,972
<b>Changes in non-cash working capital:</b>		
Accounts receivable	884	(4,425)
Prepaid expenses	(4,797)	(310)
Accounts payable and accrued charges	(232,306)	112,649
Deferred contributions	(4,284)	(61,818)
	<u>1,392,565</u>	<u>1,643,068</u>
<b>Cash provided by (used for) investment activities</b>		
Realized change in investments	<u>(1,627,565)</u>	<u>(1,080,790)</u>
<b>Cash Provided (Used)</b>	<b>(235,000)</b>	<b>562,278</b>
<b>Cash, Beginning of Year</b>	<u>1,401,131</u>	<u>838,853</u>
<b>Cash, End of Year</b>	<u>\$ 1,166,131</u>	<u>\$ 1,401,131</u>

# **GRANDVIEW CHILDREN'S FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2020**

### **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 Fund accounts for the restricted funds to be used to build and support the new facility for Grandview Children's Centre as well as support for current programming.

The Endowment Fund accounts for restricted funds held in perpetuity. Revenue earned on the funds is eligible to be used to support designated or general purposes as defined by the donor of the permanent gift.

#### **(b) Capital Assets**

Capital assets are amortized over the life of the assets. No capital assets were purchased in 2020 or 2019.



**GRANDVIEW CHILDREN'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2020**

**2. Accounting Policies (Cont'd)**

**(c) Revenue Recognition**

Unrestricted donations are recognized as revenue when the funds are received. Fundraising revenues and investment income are recognized as earned. 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, 2020**

**3. Investments**

Investments are comprised of the following:

	<u>General Operating</u>	<u>Restricted</u>	<u>2020</u>	<u>2019</u>
Cash and short term investments	\$ 26,673	\$ 3,676,326	\$ 3,702,999	\$ 2,040,335
<b>MEASURED AT FAIR VALUE</b>				
Canadian fixed income	276,141	-	276,141	278,972
Foreign fixed income	134,294	-	134,294	136,239
Canadian equities	211,257	-	211,257	225,435
Foreign equities	224,035	-	224,035	240,180
	<u>845,727</u>	<u>-</u>	<u>845,727</u>	<u>880,826</u>
	<u>\$ 872,400</u>	<u>\$ 3,676,326</u>	<u>\$ 4,548,726</u>	<u>\$ 2,921,161</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	\$ 27,655	\$ 84,005	\$ 88,290	\$ 23,370

**GRANDVIEW CHILDREN'S FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2020**

**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 9.

<b>(b) Lottery</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Opening/Closing balance	\$ <u>78</u>	\$ <u>77</u>

**(c) Restricted Donations**

All fundraising activities and donations are restricted for capital and on going support of current and future programming for Grandview Children's Centre.

**5. Internally Restricted Funds**

The Board of Directors approved the restriction of net assets of \$250,000 (2019- \$250,000) to ensure that funds would be available for Board-approved projects and unexpected funding shortfalls. Expenditures charged to this fund require Board approval.

**6. Unrestricted Funds**

These funds may be used for future annual grants to Grandview Children's Centre and/or to augment funding for capital and ongoing support of current and future programming for Grandview Children's Centre.

**7. Endowment Funds**

These funds are maintained in perpetuity. Income earned on the funds may be used for designated purposes as provided by the donor or for general purposes.

## GRANDVIEW CHILDREN'S FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2020

#### 8. 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.

#### 9. Grants and Allocations

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

	<u>2020</u>	<u>2019</u>
Equipment and supplies	\$ 4,535	\$ 1,672
Recreation	-	28,815
Bursary	500	-
Core programming and services	<u>352,672</u>	<u>714,000</u>
	<u>\$ 357,707</u>	<u>\$ 744,487</u>

#### 10. COVID-19 Impact

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. On March 17, 2020, the Province of Ontario declared a state of emergency. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The COVID-19 outbreak may negatively impact the valuation of portfolio investments as well as the amount of the Foundation's revenue in the event that planned fundraising events are cancelled; however, the duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Foundation in future periods.