

GRANDVIEW CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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, 2021 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, 2021 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, 2020 and 2021 and current assets as at March 31, 2020 and 2021 and net assets as at April 1 and March 31 for both the 2020 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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:

.../3

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
June 14, 2021
Ajax, Ontario

Licensed Public Accountant

GRANDVIEW CHILDREN'S FOUNDATION**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2021**

	<u>General Operating</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total 2021</u>	<u>Total 2020</u>
Revenues					
Fundraising activities and donations (Note 4)	\$ 498,180	\$ 1,378,238	\$ -	\$ 1,876,418	\$ 2,405,073
Signature events	59,167	-	-	59,167	237,833
Interest and dividend income	31,518	53,291	309	85,118	108,055
Changes in market value for investments	181,489	-	-	181,489	(71,178)
	<u>770,354</u>	<u>1,431,529</u>	<u>309</u>	<u>2,202,192</u>	<u>2,679,783</u>
Expenses					
Signature events	844	-	-	844	86,495
General office	6,622	692	-	7,314	20,461
Information technology	10,196	3,082	-	13,278	18,511
Insurance	2,604	-	-	2,604	2,604
Memberships and subscriptions	3,309	-	-	3,309	4,087
Occupancy costs	8,400	-	-	8,400	8,400
Personnel and contract services (Note 11)	155,590	55,019	-	210,609	363,567
Postage	6,586	-	-	6,586	3,944
Professional fees	21,306	-	-	21,306	153,263
Promotion and publicity	8,089	6,141	-	14,230	26,294
Training	800	-	-	800	1,382
	<u>224,346</u>	<u>64,934</u>	<u>-</u>	<u>289,280</u>	<u>689,008</u>
Excess of revenues over expenses before grants and allocations	<u>546,008</u>	<u>1,366,595</u>	<u>309</u>	<u>1,912,912</u>	<u>1,990,775</u>
Grants and allocations (Note 9)					
Grandview Children's Centre	(50,000)	(64,363)	-	(114,363)	(352,672)
Campbell Children's School	-	(500)	-	(500)	(5,035)
	<u>(50,000)</u>	<u>(64,863)</u>	<u>-</u>	<u>(114,863)</u>	<u>(357,707)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 496,008</u>	<u>\$ 1,301,732</u>	<u>\$ 309</u>	<u>\$ 1,798,049</u>	<u>\$ 1,633,068</u>

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>INTERNALLY RESTRICTED FUNDS (NOTE 5)</u>		
Opening balance	\$ 250,000	\$ 250,000
Transfer from unrestricted funds	<u>-</u>	<u>-</u>
Closing balance	\$ <u>250,000</u>	\$ <u>250,000</u>
<u>UNRESTRICTED FUNDS (NOTE 6)</u>		
Opening balance	\$ 854,829	\$ 743,234
Excess of revenues over expenses	496,008	120,995
Transfer to internal restricted funds	-	-
Transfer to externally restricted funds	<u>(15,000)</u>	<u>(9,400)</u>
Closing balance	\$ <u>1,335,837</u>	\$ <u>854,829</u>
<u>EXTERNALLY RESTRICTED FUNDS</u>		
Opening balance	\$ 4,341,491	\$ 2,920,372
Excess of revenues over expenses	1,301,732	1,411,719
Transfer from unrestricted funds	<u>15,000</u>	<u>9,400</u>
Closing balance	\$ <u>5,658,223</u>	\$ <u>4,341,491</u>
<u>ENDOWMENT FUND (NOTE 7)</u>		
Opening balance	\$ 100,354	\$ -
Excess of revenues over expenses	<u>309</u>	<u>100,354</u>
Closing balance	\$ <u>100,663</u>	\$ <u>100,354</u>

GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	<u>General</u>	<u>Restricted</u>	<u>Restricted Lottery</u>	<u>Endowment</u>	<u>Total 2021</u>	<u>Total 2020</u>
<u>ASSETS</u>						
Current						
Cash	\$ 573,848	\$ 5,226,544	\$ 78	\$ 100,354	\$ 5,900,824	\$ 1,166,131
Accounts receivable	12,847	2,866	-	-	15,713	12,327
Prepaid expenses	5,057	837	-	-	5,894	12,701
Due from Restricted to General	18,564	(18,873)	-	309	-	-
	<u>610,316</u>	<u>5,211,374</u>	<u>78</u>	<u>100,663</u>	<u>5,922,431</u>	<u>1,191,159</u>
Investments (Note 3)	<u>1,090,632</u>	<u>513,889</u>	<u>-</u>	<u>-</u>	<u>1,604,521</u>	<u>4,548,726</u>
Total Assets	\$ <u>1,700,948</u>	\$ <u>5,725,263</u>	\$ <u>78</u>	\$ <u>100,663</u>	\$ <u>7,526,952</u>	\$ <u>5,739,885</u>
<u>LIABILITIES</u>						
Current						
Accounts payable and accrued charges	\$ 77,391	\$ 67,040	\$ -	\$ -	\$ 144,431	\$ 169,763
Deferred Contributions (Note 4)	<u>37,720</u>	<u>-</u>	<u>78</u>	<u>-</u>	<u>37,798</u>	<u>23,448</u>
Total Liabilities	<u>115,111</u>	<u>67,040</u>	<u>78</u>	<u>-</u>	<u>182,229</u>	<u>193,211</u>
<u>NET ASSETS</u>						
Endowment fund (Note 7)	-	-	-	100,663	100,663	100,354
Internally restricted funds (Note 5)	250,000	-	-	-	250,000	250,000
Externally restricted funds	-	5,658,223	-	-	5,658,223	4,341,491
Unrestricted funds	<u>1,335,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335,837</u>	<u>854,829</u>
	<u>1,585,837</u>	<u>5,658,223</u>	<u>-</u>	<u>100,663</u>	<u>7,344,723</u>	<u>5,546,674</u>
Total Liabilities and Net Assets	\$ <u>1,700,948</u>	\$ <u>5,725,263</u>	\$ <u>78</u>	\$ <u>100,663</u>	\$ <u>7,526,952</u>	\$ <u>5,739,885</u>

Approved by the Board of Directors



GRANDVIEW CHILDREN'S FOUNDATION

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Cash provided by operating activities:		
Excess of revenue over expenses	\$ 1,798,049	\$ 1,633,068
Changes in non-cash working capital:		
Accounts receivable	(3,386)	884
Prepaid expenses	6,807	(4,797)
Accounts payable and accrued charges	(25,332)	(232,306)
Deferred contributions	14,350	(4,284)
	<u>1,790,488</u>	<u>1,392,565</u>
Cash provided by (used for) investment activities		
Realized change in investments	<u>2,944,205</u>	<u>(1,627,565)</u>
Cash Provided (Used)	4,734,693	(235,000)
Cash, Beginning of Year	<u>1,166,131</u>	<u>1,401,131</u>
Cash, End of Year	<u><u>\$ 5,900,824</u></u>	<u><u>\$ 1,166,131</u></u>

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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.

The Foundation is in the midst of a multi-year campaign to fund a major project. Canada Revenue Agency has provided confirmation of permission for the accumulation of funds.

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 2021 or 2020.

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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, 2021

3. Investments

Investments are comprised of the following:

	<u>General Operating</u>	<u>Restricted</u>	<u>2021</u>	<u>2020</u>
Cash and short term investments	\$ 29,891	\$ 513,889	\$ 543,780	\$ 3,702,999
MEASURED AT FAIR VALUE				
Canadian fixed income	307,611	-	307,611	276,141
Foreign fixed income	143,978	-	143,978	134,294
Canadian equities	295,319	-	295,319	211,257
Foreign equities	313,833	-	313,833	224,035
	<u>1,060,741</u>	<u>-</u>	<u>1,060,741</u>	<u>845,727</u>
	<u>\$ 1,090,632</u>	<u>\$ 513,889</u>	<u>\$ 1,604,521</u>	<u>\$ 4,548,726</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	\$ 23,370	\$ 22,655	\$ 28,305	\$ 17,720
Run Ajax Signature Event	-	35,862	30,862	5,000
Deferred Special Projects	-	15,000	-	15,000
	<u>\$ 23,370</u>	<u>\$ 73,517</u>	<u>\$ 59,167</u>	<u>\$ 37,720</u>

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

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) Lottery	<u>2021</u>	<u>2020</u>
Opening/Closing balance	\$ <u>78</u>	\$ <u>78</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 (2020: \$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, 2021

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>2021</u>	<u>2020</u>
Equipment and supplies	\$ -	\$ 4,535
Bursary	500	500
Core programming and services	<u>114,363</u>	<u>352,672</u>
	<u>\$ 114,863</u>	<u>\$ 357,707</u>

10. Related Party Transactions

The Foundation operates at the Oshawa site of Grandview Children's Centre. The Centre provides services to the Foundation including payroll and certain financial processes. The Centre does not charge the Foundation a fee for these services.

Included in accounts payable and accrued liabilities is an amount due to the Centre of \$124,166 (2020: \$150,780). The amount due is strictly a cost reimbursement, without any attached premium, resulting from payments made to unrelated parties through the Centre's financial systems on behalf of the Foundation.

GRANDVIEW CHILDREN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2021

11. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic (the “pandemic”) as a result of the spread of COVID-19. Since that time, the pandemic has severely impacted local economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of COVID-19, including travel bans, quarantines, physical distancing, and closures of nonessential services have triggered significant disruptions to organizations worldwide, resulting in a widespread economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions.

In response to local government restrictions, the Foundation was not able to continue with certain planned events. As a result of the pandemic, the Foundation has received federal wage subsidies in order to minimize the financial impact of the pandemic on its employees. The Foundation recognized total government subsidies of \$ 157,868, which have been recognized in the statement of operations as a reduction of “Personnel and contract services” expense. These subsidies allowed the Foundation to maintain its staffing team to support the ongoing campaign. As at March 31, 2021 \$11,520 of government assistance was included in accounts receivable.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. The Foundation continues to monitor eligibility for future government assistance. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Foundation for future periods.