

DURHAM CHILDREN'S AID FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2024

To the Members of  
Durham Children's Aid Foundation

### **Qualified Opinion**

We have audited the financial statements of Durham Children's Aid Foundation (the Entity) which comprise the statement of financial position as at March 31, 2024 and the statements of operations, changes in fund balances, 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 matters 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 Entity as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

### **Basis for Qualified Opinion**

We were appointed as auditors of Durham Children's Aid Foundation after the year-end physical inventory counts had been conducted. Consequently, we were unable to observe the counting of the physical inventories as at March 31, 2023, and March 31, 2024, and could not satisfy ourselves by other audit procedures regarding the inventory quantities held at either date. Furthermore, due to the nature of the organization's record-keeping and the lack of sufficient audit evidence regarding inventory movements during the year, we were unable to verify the completeness and accuracy of the opening inventory balance and related transactions. As a result, we were unable to determine whether adjustments might have been necessary in respect of inventory, expenses, and the related elements making up the financial position, results of operations, and cash flows of Durham Children's Aid Foundation for the year ended March 31, 2024.

In addition, as is common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets as at March 31, 2024 and 2023 and net assets as at April 1 and March 31 for both the 2024 and 2023 years. The financial statements for the year ended March 31, 2023, were audited by another auditor, who expressed a qualified opinion on those financial statements due to the possible effects of this scope limitation. This qualification was noted in their report dated September 19, 2023.

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 Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 judgement 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 Entity'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 Entity'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 Entity 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.

**FREEMAN & LOURENCO LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

*Freeman & Lourenco LLP*

Licensed Public Accountants  
October 22, 2024  
Oshawa, Ontario

**DURHAM CHILDREN'S AID FOUNDATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2024**

	Operating Fund <u>2024</u>	Operating Fund <u>2023</u>	Restricted Funds <u>2024</u>	Restricted Funds <u>2023</u>	Total <u>2024</u>
Revenues					
Campaign and major gifts - direct	\$ 399,945	\$ 314,508	\$ 483,261	\$ 328,417	\$ 883,206
Campaign and major gifts - in-kind (Note 7)	-	67,432	166,005	196,521	166,005
Events - direct	66,397	67,012	-	-	66,397
Events - in-kind (Note 7)	-	2,080	-	-	-
Third party events	5,933	138,753	-	-	5,933
Third party events - in-kind (Note 7)	-	4,735	-	-	-
Investment income	30,349	22,666	12,545	-	42,894
	<u>502,624</u>	<u>617,186</u>	<u>661,811</u>	<u>524,938</u>	<u>1,164,435</u>
Expenses					
Campaign	-	-	64,082	103,980	64,082
Operating and administration	457,061	340,293	-	-	457,061
Events - direct expenses	19,658	28,981	-	-	19,658
Events - in-kind expenses (Note 7)	-	2,080	-	-	-
	<u>476,719</u>	<u>371,354</u>	<u>64,082</u>	<u>103,980</u>	<u>540,801</u>
Excess of revenues over expenses	<u>25,905</u>	<u>245,832</u>	<u>597,729</u>	<u>420,958</u>	<u>623,634</u>
Grants and program disbursements					
- direct	155,061	154,222	311,372	188,817	466,433
- in-kind (Note 7)	-	72,167	166,005	196,521	166,005
	<u>155,061</u>	<u>226,389</u>	<u>477,377</u>	<u>385,338</u>	<u>632,438</u>
Excess (Deficiency) of revenues over expenses, grants and program disbursements	<u>\$ (129,156)</u>	<u>\$ 19,443</u>	<u>\$ 120,352</u>	<u>\$ 35,620</u>	<u>\$ (8,804)</u>

**DURHAM CHILDREN'S AID FOUNDATION**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Operating Fund		Restricted Funds		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 694,263	\$ 748,628	\$ 186,883	\$ 77,455	\$ 881,146	\$ 826,083
Excess (Deficiency) of revenues over expenses, grants and program disbursements	(129,156)	19,443	120,352	35,620	(8,804)	55,063
Transfer to Restricted Funds (Note 9)	<u>-</u>	<u>(73,808)</u>	<u>-</u>	<u>73,808</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 565,107</u>	<u>\$ 694,263</u>	<u>\$ 307,235</u>	<u>\$ 186,883</u>	<u>\$ 872,342</u>	<u>\$ 881,146</u>

**DURHAM CHILDREN'S AID FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**AT AT MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Current		
Cash and cash equivalents - unrestricted	\$ 521,946	\$ 45,519
Restricted cash and cash equivalents (Note 3)	307,235	186,883
Prepaid expenses	7,102	2,634
Accounts receivable	7,217	-
PSB rebate recoverable	13,038	8,534
Short term investments (Note 4)	-	593,748
Inventory (Note 5)	96,354	108,171
	<u>\$ 952,892</u>	<u>\$ 945,489</u>
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable and accrued liabilities	\$ 52,841	\$ 43,157
Due to Durham Children's Aid Society (Note 6)	27,709	21,186
	<u>80,550</u>	<u>64,343</u>
<b><u>FUND BALANCES</u></b>		
Operating Fund - unrestricted	565,107	694,263
Restricted Funds (Note 9)	307,235	186,883
	<u>872,342</u>	<u>881,146</u>
	<u>\$ 952,892</u>	<u>\$ 945,489</u>

**Approved on Behalf of the Board:**

\_\_\_\_\_  
*Signature* *Date*

\_\_\_\_\_  
*Signature* *Date*

**DURHAM CHILDREN'S AID FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
Cash provided by (used in):		
Operating activities		
Excess (Deficiency) of revenues over expenses, grants and program disbursements	\$ (8,804)	\$ 55,063
Net Change In Non-Cash Working Capital Items:		
Decrease (Increase) in Accounts receivable	(7,217)	-
Decrease (Increase) in Prepaid expenses	(4,468)	-
Decrease (Increase) in Inventory	11,817	(7,242)
Decrease (Increase) in PSB rebate recoverable	(4,504)	2,077
Increase (Decrease) in Accounts payable and accrued liabilities	9,684	33,557
Increase (Decrease) in Due to Durham Children's Aid Society	6,523	391
	<u>3,031</u>	<u>83,846</u>
Investing activities		
Investments	-	100,240
Short term investments	593,748	(513,690)
	<u>593,748</u>	<u>(413,450)</u>
Increase (decrease) in cash and cash equivalents during the year	596,779	(329,604)
Cash, beginning of year	<u>232,402</u>	<u>562,006</u>
Cash, end of year	<u>\$ 829,181</u>	<u>\$ 232,402</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 521,946	\$ 45,519
Restricted cash and cash equivalents (Note 3)	307,235	186,883
	<u>\$ 829,181</u>	<u>\$ 232,402</u>

**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**1. Nature of Operations**

Durham Children's Aid Foundation ("the Foundation") was incorporated under the Canada Corporations Act on June 23, 2004. The Foundation was granted continuance under the Canada Not-for-profit Corporations Act on September 26, 2014. In accordance with the provisions of the Income Tax Act (Canada) the Foundation is exempt from incomes taxes and is classified as a Public Foundation.

The Foundation's mission is to bring people and financial resources together to improve the quality of life for children and youth involved with Durham Children's Aid Society. The areas supported by the Foundation are services that are not covered by government funding.

**2. Significant Accounting Policies**

**(a) Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO); accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They include the following significant accounting policies:

**(b) Cash**

Cash and cash equivalents - unrestricted consists of bank deposits and near-cash interest bearing investments. Restricted cash and cash equivalents consist of bank deposits and near-cash interest bearing investments. The investments are insured CDIC deposits.

**(c) Fund Accounting**

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

The Operating Fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate purposes.

The Restricted Funds report resources that are to be used for particular purposes as specified by the donor, the fundraising purpose or as determined by the Board. The Restricted Funds are as follows:

The Backpack Fund represents contributions received specifically for the purchase of backpacks.

The Bursary Fund represents contributions received specifically for tuition fee assistance.

The Camp Fund represents contributions received specifically for summer camp fees.

The Critical Care Fund presents contributions received specifically for emergency items for families.

The Holiday Hope Fund represents contributions received specifically for families who have no other supports during the holiday season and who would rely on the generosity of the community.

The Port Perry Couples Fund represents contributions received specifically for children/youth who are living in or who were formally from the North Scugog area to help offset extra-curricular costs incurred during their elementary or secondary school terms.

The Human Trafficking Victim Support Fund represents contributions to support the victims of human trafficking.

The Youth Mentoring Fund represents contributions to support a youth mentoring program for youth in care between 11-21 years of age.



**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**2. Significant Accounting Policies (cont'd)**

**(d) Revenue Recognition**

Unrestricted contributions are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on the accrual basis and recognized as revenue when earned.

**(e) Inventory**

Inventory, which can consist of donated goods, is recorded at fair value when fair value can be reasonably estimated.

Purchased inventory is initially measured at cost and subsequently valued at the lower of cost and net realizable value. Any write-downs of inventory to net realizable value, as well as any losses of inventory, are recognized in the period in which the write-down or loss is identified.

**(f) Donated Goods and Services**

Donated goods and services are recorded at fair value when fair value can be reasonably estimated.

**(g) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, prepaid expenses, accounts payable and accrued charges, and donated goods and services. These estimates are reviewed periodically and adjustments made as appropriate, in the statement of operations in the year they become known.

**(h) Financial Instruments Measurement**

The Foundation initially measures its financial assets and financial liabilities originated or exchanged in arms'-length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. When it does, cost is determined using its undiscounted cash flows, excluding interest payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have any repayment terms, cost is determined using the consideration transferred or received by the Foundation in the transaction.

**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**2. Significant Accounting Policies (cont'd)**

- (h) The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the year incurred.

October Financial assets measured at amortized cost include cash and cash equivalents - unrestricted, accounts receivable and PSB rebate recoverable at a total carrying value of \$542,201 at March 31, 2024 (March 31, 2023 - \$54,053).

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and Due to Durham Children's Aid Society at a total carrying value of \$80,550 at March 31, 2024 (March 31, 2023 - \$64,343).

**(i) Impairment**

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, the asset shall be written down and the resulting impairment loss recognized in the statement of operations in the year identified. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

The Foundation has an allowance against accounts receivable as at March 31, 2024 of \$Nil (March 31, 2023 - \$Nil)

**(j) Comparative Figures**

Certain comparative figures in the financial statements have been reclassified to conform with the presentation adopted for the current year.

**3. Restricted cash and cash equivalents**

	<u>2024</u>	<u>2023</u>
RBC Investment Savings	\$ 233,015	\$ 43,127
Bank deposits	<u>74,220</u>	<u>143,756</u>
	<u>\$ 307,235</u>	<u>\$ 186,883</u>

**4. Short term investments**

Short term investments include term deposits earning interest rates ranging from 1.15% to 4.10% maturing from June 2023 to November 2023. After maturity, the amounts have not been reinvested in these term deposits.

**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**5. Inventory**

	<u>2024</u>	<u>2023</u>
Gift cards	\$ 84,293	\$ 92,925
Technology	12,061	10,246
Backpacks	-	5,000
	<u>\$ 96,354</u>	<u>\$ 108,171</u>

During the year \$76,565 (2023-\$37,752) of gift cards, \$38,585 (2023-\$31,883) of technology, and \$5,000 (2023-\$Nil) of backpacks were recognized as a program expense.

**6. Related party transactions and balances**

The Durham Children's Aid Society (DCAS) is an independent registered charity that is responsible for the care and protection of children in Durham Region. The Foundation solicits funds for the children under DCAS' care. DCAS and the Foundation currently do not have any common board members.

DCAS provides the Foundation with certain administrative functions, payroll services and office space at no charge. No amounts have been reflected in the financial statements related to this arrangement. In the year, the Foundation expensed \$439,480 (2023 - \$351,001) for amounts owed to DCAS for operating expenses and program disbursements paid on its behalf. These transactions are in the normal course of operations and are measured at the exchange amounts, which is the agreed amount of consideration between the parties. As at statement of financial position date, \$27,709 (2023 - \$21,186) was due to DCAS. The amount due is non-interest bearing with no fixed terms of repayment.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**7. Donated goods and services**

The value of goods and services received and applied from donors reported in the Statement of Operations is comprised of the following:

	<u>2024</u>	<u>2023</u>
Revenues:		
Operating Fund		
Other campaigns	\$ -	\$ 67,432
Events	-	2,080
Third party events	-	4,735
Restricted Funds		
Holiday Hope fund	<u>166,005</u>	<u>196,521</u>
	<u>\$ 166,005</u>	<u>\$ 270,768</u>
Expenses, grants and program disbursements:		
Operating Fund		
Grants and program disbursements	\$ -	\$ 72,167
Events	-	2,080
Restricted Funds		
Holiday Hope fund	<u>166,005</u>	<u>196,521</u>
	<u>\$ 166,005</u>	<u>\$ 270,768</u>

**8. Financial Instruments**

The significant risks arising from financial instruments to which the Foundation is exposed as at March 31, 2024 are detailed below. Except as noted below, there has been no change in risk exposure from the previous year.

(a) 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's exposure to credit risk as it relates to non-payment of its accounts receivable arises from the possibility that a customer does not fulfill its obligations on sales transactions on credit terms. This risk is minimized through a predominately consistent client base and a continuous evaluation of its accounts receivable. Accounts receivable has been presented net of an allowance for doubtful accounts of \$7,217 as at March 31, 2024 (March 31, 2023 - \$Nil).

The Foundation manages its exposure to the risks associated with its cash by maintaining it in federally-regulated credit-worthy Canadian financial institutions insured by the Canada Deposit Insurance Corporation.

During the year, the Foundation's exposure to credit risk changed from the previous year as a result of an increase in accounts receivable

**DURHAM CHILDREN'S AID FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**8. Financial Instruments (cont'd)**

(b) Liquidity Risk

Liquidity risk is the risk the Foundation will be unable to meet a demand for cash obligations as they come due. The Foundation is exposed to this risk mainly in respect to its accounts payable and accrued charges and its timely collection of accounts receivable to meet commitments and sustain operations.

Cash flow from operations provides a substantial portion of the Foundation's cash requirements. The Foundation manages its liquidity risk by constantly managing forecasted and actual cash flow and financial liabilities maturities, and by holding cash and assets that can readily be converted into cash. Accounts payable and accrued charges are generally repaid within 30 days.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Market risk is comprised of three types of risk: currency risk, interest rate risk, and other price risk. The Foundation is not exposed to currency, interest rate and other price risk as of March 31, 2024.