

**NIAGARA FOUNDATION FOR FAMILY AND  
CHILDREN SERVICES**

Financial Statements  
for the Year Ended December 31, 2018  
and Independent Auditor's Report to the Directors

**NIAGARA FOUNDATION FOR FAMILY AND  
CHILDREN SERVICES**

FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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CHARTERED  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Niagara Foundation for Family and Children Services:

### Qualified Opinion

We have audited the accompanying financial statements of Niagara Foundation for Family and Children Services (the Entity), which comprise the balance sheet as at December 31, 2018 and the statements of revenue, expenditure and fund balances and of 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 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 the Entity as at December 31, 2018, and the results of its operations and its cash flows 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, the Foundation 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 not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures from operations, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 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 in our audit 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 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.

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 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 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.

*Durward Jones Barkwell & Company LLP*

**Durward Jones Barkwell & Company LLP**  
**Licensed Public Accountants**

March 13, 2019



**NIAGARA FOUNDATION FOR FAMILY AND  
CHILDREN SERVICES**  
STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCES  
YEAR ENDED DECEMBER 31, 2018

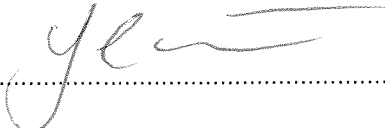
	2018			2017	
	Unrestricted	Externally Restricted	Endowment (Note 2)	Total	Total
<b>REVENUE</b>					
Donations	\$ 79,165	\$ 145,904	\$ 150	\$ 225,219	\$ 254,744
Fundraising					
Gala	83,586	-	-	83,586	81,177
Gifts in kind					
Gala	400	-	-	400	2,536
Other	-	120,985	-	120,985	3,376
Interest	8,373	3,023	11,472	22,868	22,482
	<u>171,524</u>	<u>269,912</u>	<u>11,622</u>	<u>453,058</u>	<u>364,315</u>
<b>EXPENDITURE</b>					
Bank charges	935	-	-	935	690
Fundraising and promotion					
Gala	49,844	-	-	49,844	26,333
Other	11,276	5,552	-	16,828	7,006
Gifts in kind					
Gala	400	-	-	400	2,536
Other	-	865	-	865	3,376
Office and miscellaneous	9,191	-	-	9,191	3,230
Professional fees	9,295	-	-	9,295	7,910
Rent and administration	100,490	-	-	100,490	89,093
	<u>181,431</u>	<u>6,417</u>	<u>-</u>	<u>187,848</u>	<u>140,174</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE TRANSFERS</b>	(9,907)	263,495	11,622	265,210	224,141
<b>INTERNAL TRANSFERS</b>	5,248	6,224	(11,472)	-	-
<b>TRANSFERS FROM (TO) THE CHILDREN'S AID SOCIETY</b>	-	142,685	-	142,685	(173,079)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>	(4,659)	412,404	150	407,895	51,062
<b>FUND BALANCES, BEGINNING OF YEAR</b>	528,563	98,980	707,814	1,335,357	1,284,295
<b>FUND BALANCES, END OF YEAR</b>	\$ 523,904	\$ 511,384	\$ 707,964	\$ 1,743,252	\$ 1,335,357

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 496,748	\$ 538,875
Externally restricted	496,384	98,980
Other receivables		
Unrestricted	63,944	43,162
Externally restricted	15,000	-
	1,072,076	681,017
<b>Endowment funds (Note 2)</b>	707,964	707,814
	<b>\$ 1,780,040</b>	<b>\$ 1,388,831</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued charges		
Unrestricted	\$ 36,788	\$ 53,474
<b>FUND BALANCES</b>		
Unrestricted	523,904	528,563
Externally restricted	511,384	98,980
Endowment (Note 2)	707,964	707,814
	1,743,252	1,335,357
	<b>\$ 1,780,040</b>	<b>\$ 1,388,831</b>

Approved by the Board:

  
 ..... Director

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure	\$ 407,895	\$ 51,062
Changes in non-cash operating assets and liabilities		
Other receivables	(35,782)	11,207
Prepaid supplies	-	1,518
Accounts payable and accrued charges	<u>(16,686)</u>	<u>30,342</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>355,427</b>	<b>94,129</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>1,345,669</b></u>	<u>1,251,540</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 1,701,096</b></u>	<u>\$ 1,345,669</u>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash	\$ 617,617	\$ 393,506
Investments	<u>1,083,479</u>	<u>952,163</u>
	<u><b>\$ 1,701,096</b></u>	<u>\$ 1,345,669</u>

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

### ***Basis of accounting***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Purpose of the Foundation***

The Niagara Foundation for Family and Children Services is a public charitable organization incorporated in Ontario without share capital by Letters Patent dated March 22, 1999. The Foundation undertakes fundraising activities to raise money for various projects for The Children's Aid Society of the Niagara Region, operating as Family and Children's Services Niagara (The Society).

### ***Fund accounting***

The Foundation follows the fund method of accounting whereby financial statement elements are reported by fund. Resources are classified for accounting and reporting purposes by the activity or objective specified. The Restricted and Endowment Funds have stipulations that specify how resources must be used. The Unrestricted Fund has no stipulations.

The Externally Restricted Funds accumulate contributions which must be used based on the specific terms of reference of each fund.

The Endowment Funds report resources contributed for endowment. Investment income earned is reported in the Endowment Funds and are used for specific purposes according to the restrictions placed by the contributor.

The Unrestricted Fund accumulates contributions to be used for other programs of the Foundation and for the Foundation's program delivery and administrative expenses.

### ***Cash and cash equivalents***

Cash equivalents include short-term, highly-liquid investments that are readily convertible to cash and are subject to insignificant risk or change in value.

### ***Revenue recognition***

The Foundation follows the restricted fund method of accounting for contributions. Under this method, restricted contributions are recorded as revenue in the appropriate Restricted Fund in the year received or receivable. Unrestricted contributions are recognized as revenue of the Unrestricted Fund when the contribution is received or receivable. Contributions for endowment are recognized as revenue in the Endowment Funds.

### ***Contributed services and materials***

Some of the work of the Foundation is dependent on the services of volunteers. Since these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

The Foundation records gifts in kind at fair value for certain donations. The total value of these contributed gifts in kind in 2018 was \$121,385 (2017 - \$5,912) and is included in gifts in kind revenue. The total estimated value of all gifts in kind received in 2018 was \$186,977 (2017 - \$60,890).

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# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

### *Financial Risk Management*

#### (a) Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

#### (b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

### *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 expenditures during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as revenue recognition, fund balance allocations, contingent liabilities and allowances for amounts receivable.

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## 2. ENDOWMENT FUNDS

Of the amounts in the Endowment Funds, represented by cash and cash equivalents, \$707,964 is subject to restrictions stipulating that the resources be maintained permanently.

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# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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### 3. RELATED PARTY TRANSACTION

During the year, the Foundation paid The Society \$100,490 (2017 - \$89,093) for rent, salaries and office expenses. The Foundation receives donations from multiple sources and transfers funds to The Society to assist with the cost of operations.

In the year, The Society transferred \$307,748 to the Foundation. This amount has been setup as a separate externally restricted fund, with the understanding that The Society will be able to access these funds for purposes that would benefit the children, youth, and families serviced by The Society by way of grant requests.

The above transactions have been measured at the exchange amount and have occurred within the normal course of operations.

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### 4. FINANCIAL RISK MANAGEMENT

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

a) 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 market prices. The Foundation's investments in securities quoted in an active market exposes the Foundation to price risks as these investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

It is management's opinion that the Foundation is not exposed to significant interest, currency, liquidity or credit risks arising from its financial instruments.

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### 5. COMPARATIVE FIGURES

Certain of the prior year's figures were reclassified to conform to the current year's financial statement presentation.

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