

**NIAGARA FOUNDATION FOR FAMILY AND
CHILDREN SERVICES**

Financial Statements
for the Year Ended December 31, 2017
and Independent Auditors' Report to the Directors

**NIAGARA FOUNDATION FOR FAMILY AND
CHILDREN SERVICES**
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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CHARTERED
PROFESSIONAL
ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Niagara Foundation for Family and Children Services, which comprise the statement of financial position as at December 31, 2017 and the statements of revenue, expenditure and fund balances and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for 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.

Auditors' 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures from operations, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years.

Qualified Opinion

In our opinion, except for the possible 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 Niagara Foundation for Family and Children Services as at December 31, 2017, 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.

Durward Jones Barkwell + Company LLP

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Licensed Public Accountants

March 21, 2018

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NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCES
YEAR ENDED DECEMBER 31, 2017

	2017				2016
	Unrestricted	Externally Restricted	Endowment (Note 2)	Total	Total
REVENUE					
Donations	\$ 84,674	\$ 157,570	\$ 12,500	\$ 254,744	\$ 282,161
Fundraising					
Gala	81,177	-	-	81,177	66,111
Gifts in kind					
Gala	2,536	-	-	2,536	3,874
Other	632	2,744	-	3,376	28,338
Interest	8,779	1,531	12,172	22,482	23,090
Other	-	-	-	-	415
	177,798	161,845	24,672	364,315	403,989
EXPENDITURE					
Bank charges	690	-	-	690	1,028
Fundraising and promotion					
Gala	26,333	-	-	26,333	18,892
Other	7,006	-	-	7,006	8,625
Gifts in kind					
Gala	2,536	-	-	2,536	3,874
Other	632	2,744	-	3,376	1,755
Office and miscellaneous	3,230	-	-	3,230	6,830
Professional fees	60,249	-	-	60,249	84,288
Rent and administration	36,754	-	-	36,754	36,852
	137,430	2,744	-	140,174	162,144
EXCESS OF REVENUE OVER EXPENDITURE BEFORE TRANSFERS	40,368	159,101	24,672	224,141	241,845
INTERNAL TRANSFERS	5,672	6,501	(12,173)	-	-
TRANSFERS TO THE CHILDREN'S AID SOCIETY	(19,012)	(154,067)	-	(173,079)	(225,514)
EXCESS OF REVENUE OVER EXPENDITURE	27,028	11,535	12,499	51,062	16,331
FUND BALANCES, BEGINNING OF YEAR	501,535	87,445	695,315	1,284,295	1,267,964
FUND BALANCES, END OF YEAR	\$ 528,563	\$ 98,980	\$ 707,814	\$ 1,335,357	\$ 1,284,295

NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 538,875	\$ 468,780
Externally restricted	98,980	87,445
Other receivables		
Unrestricted	43,162	54,369
Prepaid supplies		
Unrestricted	-	1,518
	681,017	612,112
Endowment funds (Note 2)	707,814	695,315
	\$ 1,388,831	\$ 1,307,427
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges		
Unrestricted	\$ 53,474	\$ 23,132
FUND BALANCES		
Unrestricted	528,563	501,535
Externally restricted	98,980	87,445
Endowment (Note 2)	707,814	695,315
	1,335,357	1,284,295
	\$ 1,388,831	\$ 1,307,427

Approved by the Board:

..... Director

NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 51,062	\$ 16,331
Changes in non-cash operating assets and liabilities		
Other receivables	11,207	46,969
Prepaid supplies	1,518	1,521
Accounts payable and accrued charges	30,342	12,774
INCREASE IN CASH AND CASH EQUIVALENTS	94,129	77,595
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,251,540	1,173,945
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,345,669	\$ 1,251,540
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash	\$ 393,506	\$ 327,856
Investments	952,163	923,684
	\$ 1,345,669	\$ 1,251,540

NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 2017 was \$5,912 (2016 - \$32,212) and is included in gifts in kind revenue. The total estimated value of all gifts in kind received in 2017 was \$60,890 (2016 - \$55,576).

NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

2. ENDOWMENT FUNDS

Of the amounts in the Endowment Funds, represented by cash and cash equivalents, \$707,814 is subject to restrictions stipulating that the resources be maintained permanently.

NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. RELATED PARTY TRANSACTION

During the year, the Foundation paid The Society \$36,754 (2016 - \$36,852) 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.

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

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.
