

**NIAGARA FOUNDATION FOR FAMILY AND  
CHILDREN SERVICES**

Financial Statements  
for the Year Ended December 31, 2022  
and Independent Auditor's Report to the Directors

**NIAGARA FOUNDATION FOR FAMILY AND  
CHILDREN SERVICES**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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Big enough to know. SMALL ENOUGH TO CARE.

## 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 Foundation), which comprise the balance sheet as at December 31, 2022 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 Foundation as at December 31, 2022, 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 Foundation. 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 8, 2023**

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF REVENUE, EXPENDITURE AND FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>				<u>2021</u>
	Unrestricted	Externally Restricted	Endowment (Note 2)	Total	Total
<b>REVENUE</b>					
Donations	\$ 120,654	\$ 233,552	\$ 100	\$ 354,306	\$ 444,169
Fundraising					
Gala	-	-	-	-	16,000
Gifts in kind					
Other	53,649	40,282	-	93,931	730
Interest	8,050	16,038	12,765	36,853	38,431
	<b>182,353</b>	<b>289,872</b>	<b>12,865</b>	<b>485,090</b>	499,330
<b>EXPENDITURE</b>					
Bank charges	2,676	-	-	2,676	1,282
Fundraising and promotion					
Other	10,917	2,036	-	12,953	5,041
Gifts in kind					
Other	8,409	777	-	9,186	730
Office and miscellaneous	5,219	-	-	5,219	11,723
Professional fees	9,355	-	-	9,355	8,130
Rent and administration	137,557	-	-	137,557	141,786
	<b>174,133</b>	<b>2,813</b>	<b>-</b>	<b>176,946</b>	168,692
<b>EXCESS OF REVENUE OVER EXPENDITURE BEFORE TRANSFERS</b>	<b>8,220</b>	<b>287,059</b>	<b>12,865</b>	<b>308,144</b>	330,638
<b>INTERNAL TRANSFERS</b>	<b>6,070</b>	<b>6,695</b>	<b>(12,765)</b>	<b>-</b>	-
<b>GIFT IN KIND TRANSFERS TO THE CHILDREN'S AID SOCIETY</b>	<b>(45,240)</b>	<b>-</b>	<b>-</b>	<b>(45,240)</b>	-
<b>CASH TRANSFERS TO THE CHILDREN'S AID SOCIETY</b>	<b>(43,069)</b>	<b>(155,107)</b>	<b>-</b>	<b>(198,176)</b>	<b>(282,572)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>	<b>(74,019)</b>	<b>138,647</b>	<b>100</b>	<b>64,728</b>	48,066
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>427,128</b>	<b>831,861</b>	<b>708,764</b>	<b>1,967,753</b>	1,919,687
<b>TRANSFER OF SUSAN FANCOTT ENDOWMENT TO RESERVE</b>	<b>-</b>	<b>27,489</b>	<b>(27,489)</b>	<b>-</b>	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 353,109</b>	<b>\$ 997,997</b>	<b>\$ 681,375</b>	<b>\$ 2,032,481</b>	<b>\$ 1,967,753</b>

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 326,748	\$ 400,040
Externally restricted	997,997	831,861
Other receivables		
Unrestricted	73,194	61,386
Prepaid expenses		
Unrestricted	2,093	2,093
	<b>1,400,032</b>	1,295,380
<b>Endowment funds (Note 2)</b>	<b>681,375</b>	708,764
	<b>\$ 2,081,407</b>	<b>\$ 2,004,144</b>
<b>LIABILITIES</b>		
<b>Current liability</b>		
Accounts payable and accrued charges		
Unrestricted	\$ 48,926	\$ 36,391
<b>FUND BALANCES</b>		
Unrestricted	353,109	427,128
Externally restricted	997,997	831,861
Endowment (Note 2)	681,375	708,764
	<b>2,032,481</b>	1,967,753
	<b>\$ 2,081,407</b>	<b>\$ 2,004,144</b>

Approved by the Board:



..... Director

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure	\$ 64,728	\$ 48,066
Changes in non-cash operating assets and liabilities		
Other receivables	(11,808)	102
Prepaid expenses	-	1,372
Accounts payable and accrued charges	12,535	608
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>65,455</b>	<b>50,148</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,940,665</b>	<b>1,890,517</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,006,120</b>	<b>\$ 1,940,665</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash	\$ 818,821	\$ 769,878
Investments	1,187,299	1,170,787
	<b>\$ 2,006,120</b>	<b>\$ 1,940,665</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Unrestricted	\$ 326,748	\$ 400,040
Externally restricted	997,997	831,861
Endowment funds	681,375	708,764
	<b>\$ 2,006,120</b>	<b>\$ 1,940,665</b>

# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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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.

### ***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.

### ***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.

### ***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 2022 was \$93,931 (2021 - \$730) and is included in gifts in kind revenue. The total estimated value of all gifts in kind received in 2022 was \$130,722 (2021 - \$15,232).



# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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## ***Financial Risk Management***

### **(a) Measurement of financial instruments**

#### **Initial measurement**

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the company 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. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

#### **Subsequent measurement**

The Foundation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

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) Transaction costs**

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

### **(c) Impairment**

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there are, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no 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 income.

### ***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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# NIAGARA FOUNDATION FOR FAMILY AND CHILDREN SERVICES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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## 2. ENDOWMENT FUNDS

Of the amounts in the Endowment Funds, represented by cash and cash equivalents, \$681,375 is subject to restrictions stipulating that the resources be maintained permanently.

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## 3. RELATED PARTY TRANSACTION

During the year, the Foundation paid The Society \$137,557 (2021 - \$141,786) 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.

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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. IMPACT OF COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an Foundation's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.

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