

**CHILDREN'S AID FOUNDATION OF OTTAWA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Independent Auditors' Report
Statement of Financial Position
Statement of Revenues and Expenses
Statement of Net Assets
Statement of Cash Flows
Notes to Financial Statements**



INDEPENDENT AUDITORS' REPORT

To the Members of:
Children's Aid Foundation of Ottawa

Qualified Opinion

We have audited the financial statements of Children's Aid Foundation of Ottawa, which comprise the statement of financial position as at December 31, 2021, and the statement of operations, statement of changes in net assets and cash flows statement 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 accompanying financial statements present fairly, in all material respects, the financial position of Children's Aid Foundation of Ottawa as at December 31, 2021, and the results of its operations and 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, Children's Aid Foundation of Ottawa derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, assets and net assets for both December 31, 2021 and the previous year.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are described in the Auditors' 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 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 statement 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 relating 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.

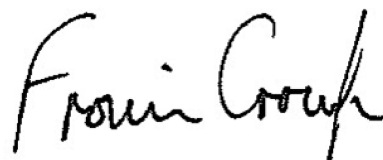
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of 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 auditors' 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 audit 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 controls.
- 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 auditors' 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 auditors' 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.



Frouin Group Professional Corporation
Ottawa, Ontario
June 15, 2022

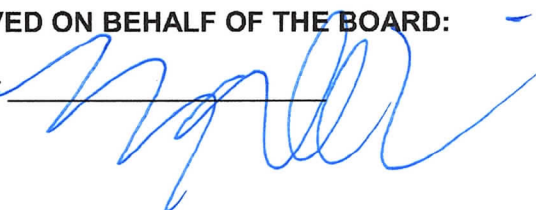
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

CHILDREN'S AID FOUNDATION OF OTTAWA
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

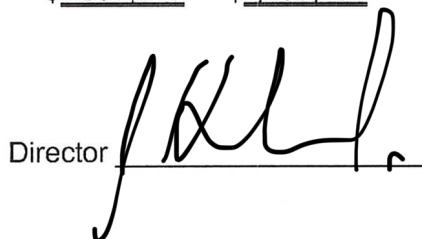
	General Fund	Restricted Fund	2021	2020
ASSETS				
CURRENT ASSETS				
Cash	\$ 613,000	\$ 0	\$ 613,000	\$ 403,287
Short-term investments (Note 2f)	419,555	0	419,555	548,019
Accounts receivable	24,965	0	24,965	6,405
Prepaid expenses	5,945	0	5,945	0
GST/HST recoverable	3,460	0	3,460	4,740
Held by General Fund in trust	<u>(830,079)</u>	<u>830,079</u>	<u>0</u>	<u>0</u>
	236,846	830,079	1,066,925	962,451
LONG-TERM INVESTMENTS				
(Note 2f)	<u>422,566</u>	<u>0</u>	<u>422,566</u>	<u>525,922</u>
TOTAL ASSETS	\$ <u>659,412</u>	\$ <u>830,079</u>	\$ <u>1,489,491</u>	\$ <u>1,488,373</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 94,643	\$ 0	\$ 94,643	\$ 64,741
UNEARNED REVENUE	<u>0</u>	<u>20,000</u>	<u>20,000</u>	<u>30,000</u>
TOTAL LIABILITIES	<u>94,643</u>	<u>20,000</u>	<u>114,643</u>	<u>94,741</u>
NET ASSETS				
Restricted (Note 4)	0	810,079	810,079	927,049
Unrestricted	<u>564,769</u>	<u>0</u>	<u>564,769</u>	<u>466,583</u>
	<u>564,769</u>	<u>810,079</u>	<u>1,374,848</u>	<u>1,393,632</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>659,412</u>	\$ <u>830,079</u>	\$ <u>1,489,491</u>	\$ <u>1,488,373</u>

APPROVED ON BEHALF OF THE BOARD:

Director



Director



(See accompanying Notes to Financial Statements)

CHILDREN'S AID FOUNDATION OF OTTAWA
AUDITED STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted	Restricted	2021	2020
REVENUES				
Directed Programs	\$ 0	\$ 531,772	\$ 531,772	\$1,085,435
Special Events and Donations	445,322	0	445,322	316,789
Interest Revenue	29,248	0	29,248	11,729
In-Kind Donations (Note 3)	<u>32,272</u>	<u>0</u>	<u>32,272</u>	<u>32,272</u>
TOTAL REVENUES	<u>506,842</u>	<u>531,772</u>	<u>1,038,614</u>	<u>1,446,225</u>
EXPENSES				
Fundraising Expenses	78,104	0	78,104	69,626
Development & Administration	<u>326,690</u>	<u>0</u>	<u>326,690</u>	<u>254,591</u>
	<u>404,794</u>	<u>0</u>	<u>404,794</u>	<u>324,217</u>
Charitable Programs				
Dare to Dream	0	56,764	56,764	97,110
Shanley Shines Fund	0	353	353	0
Scotia Capital Leap to Learning	0	15,241	15,241	4,537
Camp for Kids	0	50,000	50,000	15,000
Special Needs	0	7,099	7,099	0
Children's Aid Society - other (Note 3)	0	97,937	97,937	63,178
Youth Transition	0	134,802	134,802	89,341
Youth Works	0	160,561	160,561	6,783
Wendy's Wonderful Kids	0	85,000	85,000	42,500
Foster Care Transition	<u>0</u>	<u>44,847</u>	<u>44,847</u>	<u>19,483</u>
	<u>0</u>	<u>652,604</u>	<u>652,604</u>	<u>337,932</u>
TOTAL EXPENSES	<u>404,794</u>	<u>652,604</u>	<u>1,057,398</u>	<u>662,149</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ 102,048</u>	<u>\$ (120,832)</u>	<u>\$ (18,784)</u>	<u>\$ 784,076</u>

(See accompanying Notes to Financial Statements)

CHILDREN'S AID FOUNDATION OF OTTAWA
AUDITED STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
NET ASSETS RESTRICTED FOR CHARITABLE PROGRAMS		
Balance - beginning of year	\$ 927,049	\$ 179,546
Excess/(deficiency) of revenues over expenses for the year	(120,832)	747,503
Transfers from unrestricted net assets (Note 4)	<u>3,862</u>	<u>0</u>
Balance - end of year	<u>\$ 810,079</u>	<u>\$ 927,049</u>
UNRESTRICTED NET ASSETS		
Balance - beginning of year	\$ 466,583	\$ 430,010
Excess/(deficiency) of revenues over expenses for the year	102,048	36,573
Transfer to restricted net assets (Note 4)	<u>(3,862)</u>	<u>0</u>
Balance - end of year	<u>\$ 564,769</u>	<u>\$ 466,583</u>

(See accompanying Notes to Financial Statements)

CHILDREN'S AID FOUNDATION OF OTTAWA
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(deficiency) of revenues over expenses for the year	\$ (18,784)	\$ 784,076
Cash flows from current operating items	<u>(3,323)</u>	<u>(7,579)</u>
	<u>(22,107)</u>	<u>776,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposition/(purchase) of investments	<u>231,820</u>	<u>(384,077)</u>
NET CHANGE IN CASH	209,713	392,420
CASH, beginning of year	<u>403,287</u>	<u>10,867</u>
CASH, end of year	<u>\$ 613,000</u>	<u>\$ 403,287</u>
REPRESENTED BY:		
Cash	<u>\$ 613,000</u>	<u>\$ 403,287</u>

(See accompanying Notes to Financial Statements)

CHILDREN'S AID FOUNDATION OF OTTAWA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. ORGANIZATION

The Children's Aid Foundation of Ottawa / La Fondation de l'aide à l'enfance d'Ottawa is responsible for raising additional funds for the activities of the Children's Aid Society of Ottawa over and above the current revenue which it receives from the Provincial Government. The Foundation was incorporated June 30, 1988 as a not-for-profit organization under the Ontario Corporations Act and is a registered charity under the Income Tax Act and, as such, is exempt from income tax taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a. Capital assets

Computer equipment is recorded at cost and is amortized on a straight-line basis over three years. Currently, all capital assets are fully-amortized.

b. Contributed materials and services

Contributions received in the form of materials and services are recorded at fair value at the date of contribution when the fair value can be reasonably estimated and when the materials and services are used in the normal course of operations.

Volunteers contribute a significant amount of time in carrying out the Foundation's activities. Since these services are not normally purchased by the organization and because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

c. Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue as they are received or considered receivable, in the appropriate fund. Unrestricted contributions are recognized as revenue of the appropriate fund when receivable or received if the amount to be received can be reasonably estimated and collection is reasonably assured.

d. Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results may differ from those estimates.

CHILDREN'S AID FOUNDATION OF OTTAWA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Financial instruments

The carrying value of cash, accounts receivable, HST recoverable, and accounts payable approximate their fair value because of the relatively short period to maturity of the instruments.

f. Short-term and long-term investments

The Foundation carries its short-term and long-term investments at fair value. Any gains or losses, realized and unrealized, are recorded in revenue. Cash balances in the investment accounts are reflected in the investment balances.

g. Allocation of expenses

The Foundation engages in programs to raise additional funds in support of the activities of the Children's Aid Society of Ottawa that are not otherwise covered by their government funding.

The Foundation incurs fundraising and administration expenses that are common to each of its programs - including fundraising expenses, corporate governance, general management and general support.

h. Fund accounting

The accounts of the Foundation are prepared using the restricted fund method and are classified for reporting purposes into funds in accordance with activities or objectives as specified by the donors or in accordance with the directives issued by the Board of Directors. For financial reporting purposes, the funds have been classified into two funds consisting of restricted and unrestricted general funds. The restricted fund includes major gifts and donations, the use of which is restricted by donors to various charitable programs. The unrestricted general fund includes day-to-day transactions of the Foundation and all administrative expenditures.

3. RELATED PARTY TRANSACTIONS

The Children's Aid Society of Ottawa provides free office space and other services to the Foundation. The fair value of this contribution is estimated to be \$32,272 (2020 : \$32,272) and has been recorded both as in-kind donations revenue and as an administration expense. Charitable disbursements made to the Children's Aid Society of Ottawa during the year totaled \$97,937 (2020 : \$63,178).

At year end, the Foundation owed \$69,436 to the Children's Aid Society of Ottawa.

CHILDREN'S AID FOUNDATION OF OTTAWA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. RESTRICTED NET ASSETS

	Balance Dec. 31, 2020	Donations Received	Distributions	Transfers	Balance Dec. 31, 2021
Dare to Dream	\$ 495,394	\$ 61,920	\$ 56,764	\$ 0	\$ 500,550
Camp for Kids	21,750	32,750	50,000	0	4,500
Special Needs Fund	33,964	0	7,099	0	26,865
Holiday Gift Program	43,763	15,256	62,749	3,862	132
Cookie Jar	9,345	42,360	35,188	0	16,517
CAST	3,754	40	0	0	3,794
Shanley Shines Fund	8,730	8,090	353	0	16,467
Scotia Capital Fund	15,241	0	15,241	0	0
Youth Works	103,495	206,875	160,561	0	149,809
Wendy's Wonderful Kids	0	85,000	85,000	0	0
Youth Transition	115,810	71,481	134,802	0	52,489
Foster Care Transition	<u>75,803</u>	<u>8,000</u>	<u>44,847</u>	<u>0</u>	<u>38,956</u>
	<u>\$ 927,049</u>	<u>\$ 531,772</u>	<u>\$ 652,604</u>	<u>\$ 3,862</u>	<u>\$ 810,079</u>

Included in the above are transfers from the Unrestricted net assets of \$3,862 that was transferred to the Holiday Gift Program.

5. FINANCIAL RISK MANAGEMENT POLICY

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at December 31, 2021:

a. Credit risk

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of the carrying value of its cash and equivalents, accounts receivable and investments. The Foundation's cash and equivalents are deposited with Canadian Chartered banks and as a result management believes the risk of loss on these items is remote. The accounts receivable is expected to be collected.

b. Currency risk

The Foundation's functional currency is the Canadian dollar. The Foundation does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

CHILDREN'S AID FOUNDATION OF OTTAWA
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

c. Liquidity risk

The Foundation manages its liquidity risk by regularly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable are normally paid within 30 days.

d. Interest rate risk

The Foundation is exposed to interest rate risk with regards to its cash and investments. The Foundation has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the Foundation's results of operations. Investments are in equity mutual funds and returns on this can vary (see Note 2f). An ongoing review is performed to evaluate changes in the status of investments under the Foundation's investment policy.

6. COMPARATIVE FIGURES

The prior year comparative figures have been reclassified to conform to this year's presentation.

7. CONTINGENT LIABILITY

During the year, the Foundation made the decision to switch fundraising software services. As a result, a cancellation fee will likely be imposed in 2022 on the Foundation by the existing service provider. The amount of this cancellation fee is currently being negotiated but is estimated that the Foundation will pay approximately \$9,000.

8. COMMITMENTS

The Foundation has entered into an ongoing agreement with Bloomerang for donor management and fundraising software services. Total minimum recurring fees will be \$3,586 USD per year.

9. COVID-19 AND OPERATIONS

The ongoing COVID-19 pandemic has continued to impact the Foundation's operations in the current fiscal year, as several annual activities that generate donations were either held at a reduced capacity or were cancelled. The Foundation has been able to mitigate this impact by adjusting expenditures while continuing to focus on virtual fundraising methods.