

KidsAbility Centre for Child
Development Foundation
Financial Statements
For the Year Ended March 31, 2023

KidsAbility Centre for Child Development Foundation
Financial Statements
For the Year Ended March 31, 2023

Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



Tel: 519-576-5220
Fax: 519-576-5471
Toll-free: 1-888-236-5482
www.bdo.ca

BDO Canada LLP
150 Caroline Street S Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

To the Board of Directors of KidsAbility Centre for Child Development Foundation

Qualified Opinion

We have audited the financial statements of KidsAbility Centre for Child Development Foundation (the "Entity"), which comprise the statement of financial position as at March 31, 2023, 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 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 the Entity as at March 31, 2023, and its results of operations, changes in fund balances 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 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 not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2023 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 is sufficient and appropriate to provide a basis for our 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
June 2, 2023

KidsAbility Centre for Child Development Foundation
Statement of Financial Position

March 31	Operating	Internally Restricted	Externally Restricted Endowments	2023 Total	2022 Total
Assets					
Current					
Cash and cash equivalents (Note 2)	\$ 1,778,310	\$ -	\$ -	\$ 1,778,310	\$ 621,453
Accounts receivable	76,374	-	-	76,374	83,129
Prepaid expenses	17,494	-	-	17,494	15,190
	<u>1,872,178</u>	<u>-</u>	<u>-</u>	<u>1,872,178</u>	<u>719,772</u>
Investments (Note 3)	-	6,606,122	10,171,490	16,777,612	17,288,105
	<u>\$ 1,872,178</u>	<u>\$ 6,606,122</u>	<u>\$10,171,490</u>	<u>\$18,649,790</u>	<u>\$ 18,007,877</u>
Liabilities and Fund Balances					
Current					
Accounts payable and accrued liabilities Due to KidsAbility Centre for Child Development (Note 4)	\$ 29,910	\$ -	\$ -	\$ 29,910	\$ 9,525
Deferred contributions	65,489	-	-	65,489	54,462
Interfund payable (receivable) (Note 5)	37,000	-	-	37,000	32,499
	(519,111)	525,111	(6,000)	-	-
	<u>(386,712)</u>	<u>525,111</u>	<u>(6,000)</u>	<u>132,399</u>	<u>96,486</u>
Fund Balances					
Unrestricted	2,258,890	-	-	2,258,890	597,399
Internally restricted (Note 10)	-	6,081,011	-	6,081,011	6,818,569
Externally restricted	-	-	10,177,490	10,177,490	10,495,423
	<u>2,258,890</u>	<u>6,081,011</u>	<u>10,177,490</u>	<u>18,517,391</u>	<u>17,911,391</u>
	<u>\$ 1,872,178</u>	<u>\$ 6,606,122</u>	<u>\$10,171,490</u>	<u>\$18,649,790</u>	<u>\$ 18,007,877</u>

On behalf of the Board:



Donna Koppers, Director



Kathryn Durdan, Director

The accompanying notes are an integral part of these financial statements.

KidsAbility Centre for Child Development Foundation
Statement of Changes in Fund Balances

For the year ended March 31				2023	2022
	Operating	Internally Restricted	Externally Restricted Endowments	Total	Total
Balance, beginning of the year	\$ 597,399	\$ 6,818,569	\$ 10,495,423	\$ 17,911,391	\$ 17,596,933
Excess (deficiency) of revenues over expenses	909,472	(157,048)	(146,424)	606,000	314,458
Interfund transfers (Note 9)	752,019	(580,510)	(171,509)	-	-
Balance, end of the year	\$ 2,258,890	\$ 6,081,011	\$ 10,177,490	\$ 18,517,391	\$ 17,911,391

The accompanying notes are an integral part of these financial statements.

KidsAbility Centre for Child Development Foundation Statement of Operations

For the year ended March 31

2023 2022

	Operating	Internally Restricted	Externally Restricted Endowments	Total	Total
Revenue					
Undesignated donations	\$ 1,831,757	\$ -	\$ 105,535	\$ 1,937,292	\$ 2,364,742
Designated donations	412,529	10,000	13,825	436,354	224,147
Bequests	170,275	-	25,000	195,275	170,108
Investment income	41,496	152,927	268,080	462,503	1,058,493
Investment income - Community Foundations (Note 6)	52,574	-	-	52,574	40,929
	2,508,631	162,927	412,440	3,083,998	3,858,419
Expenses					
Donations to KidsAbility Centre for Child Development (Note 7)	774,580	-	27,653	802,233	2,393,622
Salaries and benefits	630,486	-	-	630,486	632,376
Fundraising general	115,361	-	-	115,361	69,970
Investment fees	-	33,792	51,613	85,405	85,665
Fundraising events	2,062	-	-	2,062	8,273
Office	37,142	-	-	37,142	32,483
Scholarships	2,500	-	2,500	5,000	6,000
Professional	37,028	-	-	37,028	130,669
	1,599,159	33,792	81,766	1,714,717	3,359,058
Excess of revenues over expenses before other items	909,472	129,135	330,674	1,369,281	499,361
Other items					
Change in unrealized loss on investments (Note 3)	-	(286,183)	(477,098)	(763,281)	(282,617)
Government assistance	-	-	-	-	97,714
	-	(286,183)	(477,098)	(763,281)	(184,903)
Excess (deficiency) of revenues over expenses	\$ 909,472	\$(157,048)	\$(146,424)	\$ 606,000	\$ 314,458

The accompanying notes are an integral part of these financial statements.

KidsAbility Centre for Child Development Foundation Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Excess of revenues over expenses	\$ 606,000	\$ 314,458
Item not affecting cash:		
Unrealized loss on investments	763,281	282,617
Amortization of deferred contributions	(32,499)	(26,850)
	<u>1,336,782</u>	<u>570,225</u>
Changes in non-cash working capital:		
Accounts receivable	6,755	90,979
Prepaid expenses	(2,304)	(451)
Accounts payable and accrued liabilities	20,385	(10,541)
Deferred contributions	37,000	32,500
Increase (decrease) in amounts due to KidsAbility Centre for Child Development	11,027	(8,826)
	<u>1,409,645</u>	<u>673,886</u>
Cash flows from investing activities		
Net sale (purchase) of investments	(252,788)	(1,412,930)
Net increase (decrease) in cash	1,156,857	(739,044)
Cash and cash equivalents, beginning of the year	<u>621,453</u>	<u>1,360,497</u>
Cash and cash equivalents, end of the year	<u>\$ 1,778,310</u>	<u>\$ 621,453</u>

The accompanying notes are an integral part of these financial statements.

KidsAbility Centre for Child Development Foundation

Notes to Financial Statements

March 31, 2023

1 . Summary of Significant Accounting Policies

Nature and Purpose of Organization	<p>The primary purpose of KidsAbility Centre for Child Development Foundation ("the Foundation") is to raise, maintain and administer the funds of the Foundation in order to support children and young adults with physical, developmental and communication disabilities in Waterloo Region and Wellington County through, among others, supporting the work of KidsAbility Centre for Child Development ("KidsAbility"). Some bequests made to KidsAbility are transferred to the Foundation and, at the discretion of the board of directors, are either internally restricted or specifically designated.</p> <p>The Foundation is a registered charity under the Income Tax Act and is therefore exempt from income taxes.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).</p>
Fund Accounting	<p>The Foundation follows the restricted fund method of accounting for contributions.</p> <p>The Operating Fund reflects the activities related to donations received, payments made, and operating expenses incurred for the betterment of the KidsAbility Centre for Child Development.</p> <p>The Internally Restricted Fund and Externally Restricted Endowment Fund represents a pool of restricted assets used to generate investment income, which in turn is used to support donations made to KidsAbility Centre for Child Development. Unrealized gains and losses and realized gains and losses are allocated to the appropriate fund when earned.</p>
Revenue Recognition	<p>Restricted contributions are recognized 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. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the Operating Fund. Other restricted contributions are recognized in the Operating Fund as deferred contributions until the restrictions have been satisfied.</p> <p>Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p>

KidsAbility Centre for Child Development Foundation

Notes to Financial Statements

March 31, 2023

1. Summary of Significant Accounting Policies (continued)

Financial Instruments	Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.
Contributed Materials and Services	<p>In-kind donations of supplies and services used in the normal course of operations are recorded as revenue and expense at fair value, when documentation to support the value is available.</p> <p>Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
Cash and Cash Equivalents	Cash and cash equivalents include cash and cashable guaranteed investment certificates.
Harmonized Sales Tax	The Foundation received the public service bodies' rebate of 50% of the federal portion of the HST paid and 82% of the provincial portion of the HST paid in Ontario.
Foreign Currency Translation	Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in investment income.
Use of Estimates	The preparation of financial statements in accordance with ASNPO 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 expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Government Assistance	Government assistance received during the year for current expenses is included in the determination of net income for the year.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2023

2. Cash and Cash Equivalents

The Foundation's bank accounts are held at one chartered bank. Cash and cash equivalents includes the following:

	<u>2023</u>	<u>2022</u>
Operating account, nominal interest	\$ 115,912	\$ 225,084
Savings account, 4% interest	1,662,398	396,369
	<u>\$ 1,778,310</u>	<u>\$ 621,453</u>

3. Investments

The fair value of investments are comprised of the following:

	<u>2023</u>	<u>2022</u>
Equities - Canadian	\$ 3,310,965	\$ 3,681,393
Equities - United States	3,048,709	3,615,053
Equities - International	459,241	608,207
Fixed income and bonds	7,503,549	6,988,555
Cash	477,350	288,382
Mutual funds and other	1,977,798	2,106,515
	<u>\$16,777,612</u>	<u>\$ 17,288,105</u>

As at March 31, 2023, investments included a cumulative unrealized gain of \$982,619 (2022 - a cumulative unrealized gain of \$2,311,090).

4. Due to KidsAbility Centre for Child Development

The amounts due to KidsAbility are due on demand and are unsecured. The amount relates to repayment of shared expenses.

5. Interfund Balances

Interfund balances are interest-free with no fixed terms of repayment.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2023

6. Community Foundations

Certain endowment funds owned by Community Foundations and held in perpetuity for the benefit of KidsAbility Centre for Child Development Foundation are excluded from these financial statements. Available investment income from these funds is received periodically when granted by the Community Foundations.

The fair values of these funds are as follows:

	2023	2022
Waterloo Region Community Foundation	\$ 965,990	\$ -
The Kitchener and Waterloo Community Foundation	-	973,903
Cambridge & North Dumfries Community Foundation	-	113,483
The Guelph Community Foundation	26,000	30,946
	\$ 991,990	\$ 1,118,332

Investment income received or receivable during the year are as follows:

	2023	2022
Waterloo Region Community Foundation	\$ 51,500	\$ -
The Kitchener and Waterloo Community Foundation	-	37,700
Cambridge & North Dumfries Community Foundation	-	1,550
The Guelph Community Foundation	1,074	1,679
	\$ 52,574	\$ 40,929

During the year, The Kitchener and Waterloo Community Foundation and the Cambridge & North Dumfries Community Foundation amalgamated into the Waterloo Region Community Foundation. All fund balances held by The Kitchener and Waterloo Community Foundation and the Cambridge & North Dumfries Community Foundation were combined into the Waterloo Region Community Foundation fund balance as at the date of amalgamation.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2023

7. Donations to KidsAbility Centre for Child Development

A portion of the donation made to the Centre has been paid to the KidsAbility School Authority as follows:

	2023	2022
Donation to KidsAbility Centre for Child Development	\$ 768,814	\$ 2,356,547
Donation to KidsAbility School Authority	33,419	37,075
	\$ 802,233	\$ 2,393,622

8. Commitments

The Board of Directors has committed funds from the Internally Restricted Fund for future KidsAbility Centre for Child Development projects. As at March 31, 2023 these commitments are as follows:

Digital Communication Strategy	\$ 100,000
Three Year IT Plan	35,000
Waterloo Site Playground	285,293
Innovation Project	1,014,152
	\$ 1,434,445

9. Interfund Transfers

The Board of Directors approved the transfer of funds as follows:

	Operating Fund	Internally Restricted Fund	Externally Restricted Fund
Transfer to Operating Fund from Internally Restricted Fund	\$ 55,399	\$ (55,399)	\$ -
Transfer to Operating Fund from Externally Restricted Fund	171,509	-	(171,509)
Transfer to Operating Fund from Internally Restricted Fund	525,111	(525,111)	-
	\$ 752,019	\$ (580,510)	\$ (171,509)

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2023

10. Operating Reserves

Included in internally restricted fund balance are specific reserves identified to provide operating funding to KidsAbility Centre and KidsAbility Foundation should there be unforeseen circumstances requiring operating cashflow in order to maintain operations of the two entities. At year end, the reserves are as follows:

	<u>2023</u>
KidsAbility Foundation Operating Reserve	\$ 1,092,411
KidsAbility Centre Operating Reserve	2,250,000
Investment Income Stabilization Reserve	<u>812,926</u>
	<u>\$ 4,155,337</u>

11. Financial Instruments

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. Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and long-term investments and the related interest receivable. The Foundation has deposited the cash and investments with reputable financial institutions, from which management believes the risk of loss to be remote.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has a diversified investment portfolio which includes foreign equities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fluctuations in these rates will impact the investment income received in the future.

KidsAbility Centre for Child Development Foundation
Notes to Financial Statements

March 31, 2023

11. Financial Instruments (continued)

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to this risk through its equity holdings within its investment portfolio.

The Foundation is exposed to changes in interest rates and exchange rates related to its investments in marketable securities. The Foundation's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Management has determined that the overall financial instrument risk is unchanged from the prior year.
