

Lansdowne Children's Centre Foundation
Financial Statements
For the Year Ended March 31, 2022

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Independent Auditor's Report

To the board of directors of Lansdowne Children's Centre Foundation

Opinion

We have audited the financial statements of Lansdowne Children's Centre Foundation (the Entity), which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in net assets 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 of 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, 2022, and its financial performance 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, 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 donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario

June 7, 2022

Lansdowne Children's Centre Foundation
Statement of Financial Position

March 31	2022 Total	2021 Total
Assets		
Current		
Cash and bank (Note 2)	\$ 518,730	\$ 469,385
Investments (Note 3)	252,838	59,430
Accounts receivable	-	85,542
Prepaid expenses	15,878	2,537
	787,446	616,894
Internally restricted investments (Note 3)	375,000	375,000
	\$ 1,162,446	\$ 991,894
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 98,921	\$ 5,164
Deferred contributions (Note 5)	301,594	300,435
	400,515	305,599
Net Assets		
Internally restricted (Note 6)	375,000	375,000
Unrestricted	386,931	311,295
	761,931	686,295
	\$ 1,162,446	\$ 991,894

On behalf of the Board:

_____ Director

_____ Director

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

**Lansdowne Children's Centre Foundation
Statement of Changes in Net Assets**

For the year ended March 31	Internally Restricted	Unrestricted	2022 Total	2021 Total
Balance, beginning of the year	\$ 375,000	\$ 311,296	\$ 686,296	\$ 665,470
Excess of revenues over expenses	-	75,635	75,635	20,825
Balance, end of the year	\$ 375,000	\$ 386,931	\$ 761,931	\$ 686,295

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

Lansdowne Children's Centre Foundation Statement of Operations

For the year ended March 31	2022 Total	2021 Total
Revenue		
Donations	\$ 170,595	\$ 150,278
Deferred contributions recognized (Note 6)	189,108	104,824
Fundraising revenue	133,377	80,615
Interest	6,851	11,970
	499,931	347,687
Expenses		
Bank charges	2,978	1,348
Board meeting expenses	-	60
Donations - Lansdowne Children's Centre (note 7)	116,000	71,833
Fundraising	35,194	8,894
Office supplies and miscellaneous	5,083	8,740
Grants (note 7)	100,311	86,977
Professional fees	4,850	4,848
Rent	3,500	3,500
Staff training, travel and conference	1,534	580
Salaries and benefits	154,486	139,722
Telephone and communications	360	360
	424,296	326,862
Excess of revenues over expenses	\$ 75,635	\$ 20,825

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

Lansdowne Children's Centre Foundation Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 75,635	\$ 20,825
Deferred revenue	(189,108)	(104,824)
	<u>(113,473)</u>	<u>(83,999)</u>
Changes in non-cash working capital:		
Accounts receivable	85,542	(65,379)
Prepaid expenses	(13,341)	(1,019)
Accounts payable and accrued liabilities	93,757	(199,013)
Deferred contributions	190,266	166,144
	<u>242,751</u>	<u>(183,266)</u>
Cash flows from financing activities		
(Increase) decrease in investments	(193,406)	100,122
	<u>(193,406)</u>	<u>100,122</u>
Net increase (decrease) in cash	49,345	(83,144)
Cash, beginning of the year	469,385	552,529
	<u>469,385</u>	<u>552,529</u>
Cash, end of the year	\$ 518,730	\$ 469,385

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

Lansdowne Children's Centre Foundation

Notes to Financial Statements

March 31, 2022

1 .Significant Accounting Policies

Nature of Operations

Lansdowne Children's Centre Foundation (the "Foundation") is a non-profit organization incorporated without share capital under the laws of Ontario. The Foundation's objectives include the raising of funds to address the medical, physical, social and emotional needs of children afflicted with cerebral palsy and other physical or developmental disabilities, and to promote public acceptance of those so afflicted.

The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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 operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. 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.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in operations.

Lansdowne Children's Centre Foundation

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Net investment income that is not externally restricted, is recognized as revenue in the year in which the related expenses are incurred. Unrestricted net investment income is recognized as revenue when earned.</p>
Use of estimates	<p>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 and disclosure of contingent 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 those estimates and may have impact on future periods.</p>
Contributed Services	<p>The work of the Foundation is dependent on the voluntary services of many people. Since their services are not normally purchased by the organization and because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.</p>

Lansdowne Children's Centre Foundation Notes to Financial Statements

March 31, 2022

2. Cash

The Foundation's bank accounts are held at one chartered bank. Interest is being earned at 0.55% on this account.

3. Investments

The Foundation has various guaranteed investment certificates with a fair value of \$626,415 (2021 - \$433,076). The GIC's earn interest at rates between 0.1% and 2.0% per annum and mature between April 2022 and February 2027.

GICs with a carrying value of \$100,076 (2021 - \$nil) are invested in market linked GICs. These GICs have minimum interest rates ranging from 0.10% to 0.6904%, with potential to earn up to 15% and mature between February 2024 and February 2027.

4. Accounts Payable and Accrued Expenses

Accounts payable consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts payable and accrued liabilities	\$ 4,636	\$ 5,164
Due to Lansdowne Children's Centre	94,285	-
	<u>\$ 98,921</u>	<u>\$ 5,164</u>

5. Deferred revenue

Deferred contributions represent restricted fundraising and grant revenue received in the current period that is related to expenses of a future period. Changes in the deferred contributions balance is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 300,435	\$ 239,115
Less: amounts recognized as revenue in the year	(189,108)	(104,824)
Add: amounts received related to a subsequent period	190,267	166,144
Ending balance	<u>\$ 301,594</u>	<u>\$ 300,435</u>

Lansdowne Children's Centre Foundation Notes to Financial Statements

March 31, 2022

6. Restricted Net Assets and Interfund Transfers

In 2014, the Board of Directors implemented a policy to establish a restricted reserve fund to sustain operations and maintain financial stability. The fund is available to cover unexpected financial events, including but not limited to inadequate funding or delays in the receipt of committed funding. The use of the internally restricted fund is at the discretion of the Board of Directors. There have been no changes to this policy during the year.

7. Transactions with Lansdowne Children's Centre

Lansdowne Children's Centre has an economic interest in the Foundation. The Centre is a tax exempt entity without share capital incorporated under the laws of Ontario. The Centre was established to provide community based services to children with special needs. During the year, the Foundation contributed \$116,000 (2021 - \$71,833) to Lansdowne Children's Centre to fund ongoing programs as well as one-time funding of \$100,311 (2021 - \$86,978) to expand existing programs. The Centre charges rent of \$3,500 (2021 - \$3,500) to the Foundation for office space. The Foundation has received approximately \$301,000 (2021 - \$298,000) from donors that is to be distributed towards various programs and capital projects of the Centre.

The Centre provides the Foundation with payroll administration and management support services at no cost. Certain salaries and benefits are paid by the Centre and reimbursed by the Foundation for staff shared by the Centre and Foundation. During the year, reimbursements made by the Foundation for these expenses were \$8,953 (2021 - \$8,777).

These transactions are all in the ordinary course of operation and are measured at the carrying amount. The balance receivable at year end is interest free and has arisen from the transactions described above.

Lansdowne Children's Centre Foundation

Notes to Financial Statements

March 31, 2022

8. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessment of these risks is as follows:

(a) General Objective, Policies and Processes:

The Board and management are responsible for the determination of the Foundation's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Foundation measures and monitors risk through the preparation and review of monthly reports by management.

(b) Liquidity Risk:

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they come due. The Foundation has taken steps to ensure that it will have sufficient working capital available to meet its obligations. At year end the Foundation had positive working capital.

9. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The situation is constantly evolving and the measures put in place are having multiple impacts on local, provincial, national and global economies. There is a possibility that decreased grant revenue and donation revenue could impact future results of the Foundation. At this time, the full potential impact of COVID-19 on the Foundation is unknown.
