

KidsAbility Centre for Child
Development Foundation
Financial Statements
For the Year Ended March 31, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1 and March 31 for both the 2021 and 2020 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
June 4, 2021

KidsAbility Centre for Child Development Foundation
Statement of Financial Position

March 31	Operating	Income Stabilization	Internally Restricted	Externally Restricted Endowments	2021 Total	2020 Total
Assets						
Current						
Cash and cash equivalents (Note 2)	\$ 1,360,497	\$ -	\$ -	\$ -	\$ 1,360,497	\$ 1,261,718
Accounts receivable (Note 9)	174,108	-	-	-	174,108	60,504
Prepaid expenses	14,739	-	-	-	14,739	13,074
	<u>1,549,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,549,344</u>	<u>1,335,296</u>
Long-term investments (Note 3)	-	793,852	5,383,833	9,980,107	16,157,792	13,380,581
	<u>\$ 1,549,344</u>	<u>\$ 793,852</u>	<u>\$ 5,383,833</u>	<u>\$ 9,980,107</u>	<u>\$17,707,136</u>	<u>\$ 14,715,877</u>
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities	\$ 20,065	\$ -	\$ -	\$ -	\$ 20,065	\$ 16,612
Due to KidsAbility Centre for Child Development (Note 4)	63,288	-	-	-	63,288	53,393
Deferred contributions (Note 5)	26,850	-	-	-	26,850	146,163
Due from (to) restricted funds (Note 6)	319,236	-	(469,384)	150,148	-	-
	<u>429,439</u>	<u>-</u>	<u>(469,384)</u>	<u>150,148</u>	<u>110,203</u>	<u>216,168</u>
Fund Balances						
Unrestricted	1,119,905	-	-	-	1,119,905	1,445,675
Internally restricted	-	793,852	5,853,217	-	6,647,069	5,113,906
Externally restricted	-	-	-	9,829,959	9,829,959	7,940,128
	<u>1,119,905</u>	<u>793,852</u>	<u>5,853,217</u>	<u>9,829,959</u>	<u>17,596,933</u>	<u>14,499,709</u>
	<u>\$ 1,549,344</u>	<u>\$ 793,852</u>	<u>\$ 5,383,833</u>	<u>\$ 9,980,107</u>	<u>\$17,707,136</u>	<u>\$ 14,715,877</u>

On behalf of the Board:

Karen Grogan Director


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					2021	2020
	Operating	Income Stabilization	Internally Restricted	Externally Restricted Endowments	Total	Total
Balance, beginning of the year	\$ 1,445,675	\$ 495,384	\$ 4,618,522	\$ 7,940,128	\$ 14,499,709	\$ 14,083,014
Excess of revenues over expenses	274,230	-	933,163	1,889,831	3,097,224	416,695
Interfund transfers (Note 11)	(600,000)	298,468	301,532	-	-	-
Balance, end of the year	\$ 1,119,905	\$ 793,852	\$ 5,853,217	\$ 9,829,959	\$ 17,596,933	\$ 14,499,709

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

2021 2020

	Operating	Income Stabilization	Internally Restricted	Externally Restricted Endowments	Total	Total
Revenue						
Undesignated donations (Note 7)	\$ 1,931,380	\$ -	\$ -	\$ -	\$ 1,931,380	\$ 1,762,659
Designated donations	385,746	-	5,000	-	390,746	1,113,462
Bequests	44,445	-	-	194,936	239,381	400,718
Externally endowed donations	-	-	-	168,851	168,851	187,522
Investment income (Note 3)	299,271	-	-	60,601	359,872	405,048
Investment income - Community Foundations (Note 8)	39,133	-	-	-	39,133	37,013
	<u>2,699,975</u>	<u>-</u>	<u>5,000</u>	<u>424,388</u>	<u>3,129,363</u>	<u>3,906,422</u>
Expenses						
Donations to KidsAbility Centre for Child Development (Note 10)	1,927,231	-	-	33,141	1,960,372	1,711,850
Salaries and benefits	654,583	-	-	-	654,583	627,564
Fundraising general	55,189	-	-	-	55,189	74,878
Fundraising events	-	-	-	-	-	21,441
Office	28,655	-	-	-	28,655	27,603
Scholarships	-	-	-	2,000	2,000	4,300
Professional	39,245	-	-	-	39,245	39,659
	<u>2,704,903</u>	<u>-</u>	<u>-</u>	<u>35,141</u>	<u>2,740,044</u>	<u>2,507,295</u>
Excess of revenues over expenses before other items	<u>(4,928)</u>	<u>-</u>	<u>5,000</u>	<u>389,247</u>	<u>389,319</u>	<u>1,399,127</u>
Other items						
Change in unrealized gain (loss) on investments (Note 3)	-	-	928,163	1,500,584	2,428,747	(982,432)
Government assistance (Note 9)	279,158	-	-	-	279,158	-
	<u>279,158</u>	<u>-</u>	<u>928,163</u>	<u>1,500,584</u>	<u>2,707,905</u>	<u>(982,432)</u>
Excess of revenues over expenses	<u>\$ 274,230</u>	<u>\$ -</u>	<u>\$ 933,163</u>	<u>\$ 1,889,831</u>	<u>\$ 3,097,224</u>	<u>\$ 416,695</u>

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	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 3,097,224	\$ 416,695
Item not affecting cash:		
Change in unrealized (gain) loss on investments	(2,428,747)	982,432
Amortization of deferred contributions	(146,163)	(44,474)
	<u>522,314</u>	<u>1,354,653</u>
Changes in non-cash working capital:		
Accounts receivable	(113,604)	(2,636)
Prepaid expenses	(1,665)	2,426
Accounts payable and accrued liabilities	3,453	3,056
Deferred contributions	26,850	146,163
Increase (decrease) in amounts due to KidsAbility Centre for Child Development	9,895	(5,097)
	<u>447,243</u>	<u>1,498,565</u>
Cash flows from investing activities		
Net (purchase) disposal of investments	(348,464)	(528,175)
Net increase in cash	98,779	970,390
Cash and cash equivalents, beginning of the year	<u>1,261,718</u>	<u>291,328</u>
Cash and cash equivalents, end of the year	<u>\$ 1,360,497</u>	<u>\$ 1,261,718</u>

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

KidsAbility Centre for Child Development Foundation

Notes to Financial Statements

March 31, 2021

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, Income Stabilization 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, 2021

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, 2021

2. Cash and Cash Equivalents

The Foundation's bank accounts are held at one chartered bank. The bank account earns interest between 0% and 0.4%.

The Foundation cash and cash equivalents includes the following:

	2021	2020
Scotiabank GIC, 1.35% due November 2021	\$ 808,307	\$ -
GICs matured during the year	-	879,679
Cash in bank	552,190	382,039
	\$ 1,360,497	\$ 1,261,718

3. Investments

The fair value of investments are comprised of the following:

	2021	2020
Equities - Canadian	\$ 4,153,011	\$ 2,702,499
Equities - United States	4,337,579	2,963,860
Equities - International	542,397	457,302
Fixed income and bonds	6,230,136	6,071,948
Cash	847,461	1,149,232
Other	47,208	35,740
	\$16,157,792	\$ 13,380,581

Investments held in fixed income and bonds earn interest ranging from 2.65% to 4.609% per annum, with maturity dates between September 2021 and September 2029. Investment income is shown net of investment related fees of \$80,168 (2019 - \$62,201).

As at March 31, 2021, investments included a cumulative unrealized gain of \$2,401,100 (2020 - a cumulative unrealized loss of \$91,955).

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2021

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. Deferred Contributions

	2021	2020
Balance, beginning of year	\$ 146,163	\$ 44,474
Contributions	26,850	146,163
Amounts amortized into revenue	(146,163)	(44,474)
Balance, end of year	\$ 26,850	\$ 146,163

6. Interfund Balances

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

7. Rotary Clubs

Included in donation revenue are donations from the following:

	2021	2020
Kitchener Rotary Club	\$ 35,000	\$ 29,000
Rotary Waterloo	28,567	43,859
Rotary Club of Kitchener-Grand River	25,000	40,000
Rotary Club of Kitchener-Westmount	15,225	30,000
Rotary Club of Toronto Eglinton	5,000	-
Rotary Club of Fergus-Elora	4,600	2,900
Rotary Club of Guelph	4,000	6,430
Rotary Club of Cambridge North	3,000	-
Rotary Club of Cambridge (Preston-Hespeler)	2,475	1,600
Rotary Club of Guelph Trillium	1,000	-
Rotary Club of Wilmot	500	-
Rotary Clubs of Cambridge Superhero Run	485	34,841
Rotary Club of Kitchener - Conestoga	-	2,700
	\$ 124,852	\$ 191,330

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2021

8. 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 market values of these funds are as follows:

	2021	2020
The Kitchener and Waterloo Community Foundation	\$ 925,624	\$ 813,738
Cambridge & North Dumfries Community Foundation	111,273	99,810
The Guelph Community Foundation	27,589	27,528
	<u>\$ 1,064,486</u>	<u>\$ 941,076</u>

Investment income received during the year are as follows:

	2021	2020
The Kitchener and Waterloo Community Foundation	\$ 36,400	\$ 34,700
Cambridge & North Dumfries Community Foundation	1,788	1,350
The Guelph Community Foundation	945	963
	<u>\$ 39,133</u>	<u>\$ 37,013</u>

9. Government Assistance - Wage Subsidy

The organization received the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada in fiscal 2021. The total amount that was received or became receivable was recorded as government assistance and totaled \$279,158. The relevant terms and conditions of the CEWS grant required the organization to have an open payroll program account with the CRA as at March 15, 2020, incurred specific revenue reductions, and filed a wage subsidy application for the claim period within the appropriate time period. Management of the organization has determined that the organization does not have an obligation to repay the Government of Canada for this subsidy as they have determined that the organization has met all applicable eligibility criteria.

The total receivable amount at year-end related to the CEWS program is \$86,737.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2021

10. Donations to KidsAbility Centre for Child Development

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

	2021	2020
Designated donation to KidsAbility Centre for Child Development	\$ 1,954,372	\$ 1,699,600
Designated donation to KidsAbility School Authority	6,000	12,250
	\$ 1,960,372	\$ 1,711,850

11. Interfund Transfers

The Board of Directors approved the transfer of funds between the income stabilization and internally restricted funds and the operating and internally restricted funds as follows:

	Operating Fund	Income Stabilization Fund	Internally Restricted Fund	Externally Restricted Fund
Transfer of internally restricted fund to income stabilization fund	\$ -	\$ 298,468	\$ (298,468)	\$ -
Transfer from Operating Fund to Internally Restricted Fund	(600,000)	-	600,000	-
	\$ (600,000)	\$ 298,468	\$ 301,532	\$ -

12. 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.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2021

12. Financial Instruments (continued)

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. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. A portion of the Foundation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

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.

KidsAbility Centre for Child Development Foundation Notes to Financial Statements

March 31, 2021

13. Uncertainty due to Global Pandemic

During the year, the impact of COVID-19 in Canada and on the global economy increased significantly. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

14. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted for the current year.
