CHILD AND YOUTH FRIENDLY OTTAWA

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CHILD AND YOUTH FRIENDLY OTTAWA

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Child and Youth Friendly Ottawa

Qualified Opinion

We have audited the financial statements of Child and Youth Friendly Ottawa (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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 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 Organization as at December 31, 2018, 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

The Organization derives revenue from donations and fundraising events and gala, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017 and net assets as at December 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified 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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Marcil Lavallée

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 5, 2019

CHILD AND YOUTH FRIENDLY OTTAWA

	2018	2017
REVENUES		
Grants and contributions (Note 3)	**$ 379,195**	$ 296,430
Fundraising events and gala	**83,976**	73,123
Social enterprise	**18,555**	-
Donations	**6,751**	3,302
Other	**5,703**	-
Amortization of deferred contributions related to capital assets	**3,640**	4,844
	118,625	81,269
	497,820	377,699
EXPENSES		
Salaries and benefits	**357,183**	291,468
Office expenses	**33,009**	26,618
Travel expenses	**20,609**	13,119
Subcontractors	**18,483**	2,803
Awards and bursaries	**10,450**	10,419
Meals and entertainment	**9,024**	6,814
Rent	**7,484**	-
Fundraising events	**7,408**	2,117
Advertising, printing and promotion	**4,406**	3,320
Telecommunications	**4,223**	4,451
Insurance	**2,740**	3,985
Training	**1,058**	827
Professional fees	**10,047**	4,282
Interest and service charges	**1,217**	450
Amortization of capital assets	**4,853**	5,370
	492,194	376,043
EXCESS OF REVENUE OVER EXPENSES	**5,626**	1,656
NET ASSETS, BEGINNING OF YEAR	**39,293**	37,637
NET ASSETS, END OF YEAR	**$ 44,919**	$ 39,293

CHILD AND YOUTH FRIENDLY OTTAWA

		2018		2017
ASSETS				
CURRENT ASSETS				
Cash	$	**75,526**	$	49,972
Accounts receivable (Note 4)		**15,770**		4,801
Grants and contributions receivable		**22,830**		23,723
Prepaid expenses		**2,659**		2,347
		116,785		80,843
CAPITAL ASSETS (Note 5)		**13,494**		14,004
	$	**130,279**	$	94,847
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 6)	$	**23,849**	$	12,919
Deferred grants and contributions (Note 7)		**53,016**		30,500
		76,865		43,419
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)		**8,495**		12,135
		85,360		55,554
NET ASSETS				
Unrestricted		**44,919**		39,293
	$	**130,279**	$	94,847

ON BEHALF OF THE BOARD

_____________________, Director _____________________, Director

CHILD AND YOUTH FRIENDLY OTTAWA

		2018		2017
OPERATING ACTIVITIES				
Excess of revenue over expenses	**$**	**5,626**	$	1,656
Adjustments for:				
Amortization of capital assets		**4,853**		5,370
Amortization of deferred contributions related to capital assets		**(3,640)**		(4,844)
		6,839		2,182
Net change in non-cash working capital items:				
Accounts receivable		**(10,969)**		(1,651)
Grants and contributions receivable		**893**		(21,823)
Prepaid expenses		**(312)**		1,291
Accounts payable and accrued liabilities		**10,930**		(4,306)
Deferred grants and contributions		**22,516**		(8,388)
		23,058		(34,877)
		29,897		(32,695)
INVESTING ACTIVITY				
Acquisition of capital assets		**(4,343)**		(2,938)
FINANCING ACTIVITY				
Increase in deferred contributions related to capital assets		**-**		1,668
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**25,554**		(33,965)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**49,972**		83,937
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**75,526**	$	49,972

Cash and cash equivalents consist of cash.

1. STATUTE AND NATURE OF OPERATIONS

The Organization is a registered charitable organization, incorporated under the Canada Not-for-profit Corporations Act, established to promote the interests of children and youth and to provide opportunities for all children and youth to engage meaningfully in the civic life of the community. The Organization is a registered charity under the Income Tax Act and is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Contribution receivable

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Revenue recognition

The Organization follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and the collection is reasonably assured.

Revenue derived from donations and fundraising events and gala are recognized upon receipt of funds.

Revenue from social enterprise and other sources are recognized in the period to which they relate.

Contributed materials and services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours and establishing their fair value, contributed services are not recognized in the financial statements.

The Organization does not recognize contributed materials and services in the financial statements.

Cash and cash equivalents

The Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Computer, office and media equipment are accounted for at cost. Amortization is calculated on their estimated useful life using the diminishing balance method at the annual rate of 30%.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and grants and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Organization determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is 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 operations.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

3. GRANTS AND CONTRIBUTIONS

		2018		2017
Ontario Trillium Foundation	$	**227,414**	$	238,233
Social Planning Council		**52,500**		-
City of Ottawa		**34,313**		33,313
Ottawa Community Foundation		**21,000**		-
Wage subsidies		**34,968**		14,884
Other		**9,000**		10,000
	$	**379,195**	$	296,430

4. ACCOUNTS RECEIVABLE

		2018		2017
Trade accounts	$	**9,626**	$	350
Harmonized sales tax receivable		**6,144**		4,451
	$	**15,770**	$	4,801

5. CAPITAL ASSETS

		Cost		Accumulated amortization		2018		2017
Computer equipment	$	**28,845**	$	**22,022**	$	**6,823**	$	4,474
Office and Media equipment		**23,144**		**16,473**		**6,671**		9,530
	$	**51,989**	$	**38,495**	$	**13,494**	$	14,004

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade accounts and accrued liabilities	$	**7,764**	$	2,181
Government remittances		**16,085**		10,738
	$	**23,849**	$	12,919

7. DEFERRED GRANTS AND CONTRIBUTIONS

		2018		2017
Ontario Trillium Foundation	**$**	**18,016**	$	30,500
Telus Foundation		**20,000**		-
Ottawa Community Foundation		**15,000**		-
	$	**53,016**	$	30,500

		2018		2017
Balance, beginning of year	**$**	**30,500**	$	38,888
Plus: amount granted during the year		**401,711**		288,042
Less: amount recognized as revenue in the year		**(379,195)**		(296,430)
Balance, end of year	**$**	**53,016**	$	30,500

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

The Organization received contributions for the purchase of capital assets. These contributions are amortized over the estimated useful life of the capital assets purchased using the diminishing balance method at a rate of 30% annually.

		2018		2017
Balance, beginning of year	**$**	**12,135**	$	15,311
Less: amount recognized as revenue in the year		**(3,640)**		(4,844)
Plus: amount granted during the year		**-**		1,668
	$	**8,495**	$	12,135

9. 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. The Organization's main credit risks relate to its accounts receivable. The Organization provides credit to its clients in the normal course of its operations.

The Organization establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. Approximately 42% of the total trade accounts is to be received from three entities. The Organization considers that no risk arises from that situation.

10. CONTINGENCIES

Other indemnification agreements

In the normal course of operations, the Organization signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Organization to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.