

ADOPT4LIFE
Financial Statements
March 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of Adopt4Life

Qualified Opinion

We have audited the financial statements of Adopt4Life (the Organization), which comprise the statement of financial position as at March 31, 2022, and 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 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 March 31, 2022, 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

In common with many charitable organizations, the Organization derives revenue from the general public in the form of donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of the revenues 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 contributions, excess of revenues over expenses, current assets and net assets.

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 those 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 relating 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.

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Independent Auditor's Report to the Members of Adopt4Life (continued)

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.



Chartered Professional Accountants
Licensed Public Accountants

July 25, 2022

ADOPT4LIFE
Statement of Financial Position
As at March 31, 2022

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 67,749 | 61,593 |
| Due from Ministry of Children, Community, and Social Services (Note 6) | 82,000 | 82,000 |
| HST recoverable | 11,268 | 16,641 |
| Prepaid expenses | 94,068 | 133,395 |
| | <u>255,085</u> | <u>293,629</u> |
| CAPITAL ASSETS (Note 3) | <u>22,804</u> | <u>31,326</u> |
| | <u>277,889</u> | <u>324,955</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 17,499 | 12,070 |
| Government remittances payable | 13,830 | 15,633 |
| Loan payable (Note 4) | 80,277 | 80,381 |
| Deferred income (Note 5) | 39,220 | 20,545 |
| | <u>150,826</u> | <u>128,629</u> |
| NET ASSETS | <u>127,063</u> | <u>196,326</u> |
| | <u>277,889</u> | <u>324,955</u> |

APPROVED ON BEHALF OF THE BOARD

DocuSigned by:

Theodore (Ted) Konya Director

DocuSigned by:
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Lisa Cameron Director

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ADOPT4LIFE
Statement of Operations
For the Year Ended March 31, 2022

| | 2022 | 2021 |
|--|-----------------|----------------|
| | \$ | \$ |
| REVENUES | | |
| Ministry of Children, Community, and Social Services <i>(Note 6)</i> | 820,000 | 820,000 |
| Donations | 4,650 | 10,786 |
| Events and fundraising | 7,383 | 514 |
| Grants | 72,025 | 4,200 |
| | <u>904,058</u> | <u>835,500</u> |
| EXPENSES | | |
| Advertising and public relations | 80,436 | 50,565 |
| Amortization | 9,291 | 5,902 |
| Computer | 7,700 | 3,067 |
| Event and fundraising expenses | 13,788 | 4,031 |
| Insurance | 7,617 | 3,471 |
| Office and general | 6,229 | 3,966 |
| Professional services | 55,051 | 41,934 |
| Regional support | 25,165 | - |
| Salaries and benefits | 639,205 | 480,067 |
| Telephone | 13,271 | 8,647 |
| Training | 96,602 | 46,343 |
| Travel and meetings | 10,505 | 8,972 |
| Website | 6,978 | 8,444 |
| | <u>971,838</u> | <u>665,409</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS | <u>(67,780)</u> | <u>170,091</u> |
| Loss on disposal of capital assets | (1,483) | - |
| Government assistance | - | 7,358 |
| | <u>(1,483)</u> | <u>7,358</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>(69,263)</u> | <u>177,449</u> |

See accompanying notes

ADOPT4LIFE
Statement of Changes in Net Assets
For the Year Ended March 31, 2022

| | 2022 | 2021 |
|---|-----------------|----------------|
| | \$ | \$ |
| NET ASSETS - BEGINNING OF YEAR | 196,326 | 18,877 |
| Excess (deficiency) of revenues over expenses | <u>(69,263)</u> | <u>177,449</u> |
| NET ASSETS - END OF YEAR | <u>127,063</u> | <u>196,326</u> |

See accompanying notes

ADOPT4LIFE
Statement of Cash Flows
For the Year Ended March 31, 2022

| | 2022 | 2021 |
|---|-----------------|------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | (69,263) | 177,449 |
| Items not affecting cash: | | |
| Amortization of capital assets | 9,291 | 5,902 |
| Loss on disposal of capital assets | 1,483 | - |
| | <u>(58,489)</u> | <u>183,351</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | - | 500 |
| HST recoverable | 5,373 | (11,694) |
| Prepaid expenses | 39,327 | (129,570) |
| Deferred income | 18,675 | 20,545 |
| Accounts payable and accrued liabilities | 5,428 | 5,778 |
| Government remittances payable | (1,803) | 6,105 |
| Due from Ministry of Children, Community, and Social Services | - | (30,000) |
| | <u>67,000</u> | <u>(138,336)</u> |
| Cash flow from operating activities | <u>8,511</u> | <u>45,015</u> |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | <u>(2,251)</u> | <u>(35,110)</u> |
| Cash flow used by investing activity | <u>(2,251)</u> | <u>(35,110)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from loan payable | 80,277 | 80,381 |
| Repayment of loan payable | <u>(80,381)</u> | <u>(50,000)</u> |
| Cash flow from (used by) financing activities | <u>(104)</u> | <u>30,381</u> |
| INCREASE IN CASH FLOW | 6,156 | 40,286 |
| Cash - beginning of year | <u>61,593</u> | <u>21,307</u> |
| CASH - END OF YEAR | <u>67,749</u> | <u>61,593</u> |

See accompanying notes

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2022

1. GENERAL

Adopt4Life was initially incorporated without share capital under the laws of Canada as a not-for-profit organization in August 2011 under the name Deum Foundation. A certificate of amendment was issued July 30, 2015 to change the name of the Organization to Adopt4Life. The Organization received charitable status on April 15, 2019. The principal activity of the Organization is to educate the public and serve as a voice for adoptive families in Ontario through awareness campaigns and to foster community development through peer support programs for adoptive families.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Organization follows the deferral method of accounting for contributions. 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.

Funding received from the Ministry of Children, Community, and Social Services (MCCSS) is recorded as revenue in the statement of operations when received. At each year end, the Organization calculates whether there is an additional amount due to or receivable from MCCSS by comparing actual expenditures to approved expenditures. Further adjustments may be required when the MCCSS assesses the Organization's year end budget settlement report for a given year. Assessment adjustments are reported in the statement of operations in the fiscal period they occur.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates:

| | |
|--------------------|-----|
| Computer equipment | 30% |
|--------------------|-----|

Donated services

Volunteers contribute time to assist the Organization in carrying out some of its fundraising, operating and administrative activities. Additionally, services are sometimes provided at no cost to the Organization. Contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

Remuneration of the Board of Directors

Members of the Board of Directors and its committees are volunteers who serve without remuneration.

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ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and due from the Ministry of Children, Community, and Social Services (MCCSS). Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

3. CAPITAL ASSETS

| | Cost \$ | Accumulated amortization \$ | 2022 Net book value \$ | 2021 Net book value \$ |
|--------------------|------------|-----------------------------------|---------------------------------|---------------------------------|
| Computer equipment | 37,361 | 14,557 | 22,804 | 31,326 |

4. LOAN PAYABLE

The Organization entered into an agreement with Community Forward Fund (CFF) to provide a loan of \$80,000 for a twelve month period to assist in financing operations to comply with Ministry of Children, Community and Social Services (MCCSS) funding requirements. Interest on the loan is 5.5% per annum with interest only monthly payments and the principal of the loan is repayable when the 10% MCCSS funding holdback is received. This loan is renewable after repayment for up to two more twelve month terms at the discretion of the lender. At March 31, 2022, the 10% holdback from MCCSS is receivable, therefore the full principal balance of the loan is outstanding.

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2022

5. DEFERRED INCOME

During the year the Organization received grants for use in the Aggression toward Family/Caregivers in Childhood & Adolescence (AFCCA) initiative (previously Child to Parent Violence and Aggression "CPVA").

| | 2022 \$ | 2021 \$ |
|---------------------------------|------------|------------|
| Opening balance | 20,545 | - |
| Grants received during the year | 80,000 | 20,745 |
| Funds used during year | (61,325) | (200) |
| Total deferred amount | 39,220 | 20,545 |

6. MINISTRY OF CHILDREN, COMMUNITY, AND SOCIAL SERVICES

The Organization entered into a service contract with the Ministry of Children, Community and Social Services (MCCSS) to cover the period April 1, 2021 to March 31, 2022. Under the terms of the agreement the Organization is to receive \$820,000 in funding up to March 31, 2022 to manage and promote the Parent2Parent Support Network Program. Of this amount, \$82,000 is receivable at March 31, 2022.

As of the audit report date, the agreement for the 2023 fiscal year is in progress. Subsequent to year end the Organization has interim funding from MCCSS. No final agreement has been provided, but it is management's belief that the 2023 agreement will be approved along with increased funding over the next 3 years.

7. ECONOMIC DEPENDENCE

The majority of the Organization's revenues are received in the form of funding from the MCCSS. Should this funding cease, management is of the opinion that continued viable operations would be questionable.

8. COVID-19 PANDEMIC

The global COVID-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Organization's ability to continue to meet obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2022

9. FINANCIAL INSTRUMENT RISK

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2022.

(a) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring detailed cash flow budgets.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant currency, credit, interest rate or other price risks arising from these financial instruments.
