

CHILDREN FIRST CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Children First Canada

Qualified Opinion

We have audited the financial statements of Children First Canada ("the organization") which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, revenue and expenditure and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 March 31, 2023, and its results of 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 donations, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets 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 Auditors' 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 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.

INDEPENDENT AUDITORS' REPORT, continued

Auditors' 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 auditors' 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 auditors' 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 auditors' 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
Oakville, Ontario
September 15, 2023

CHILDREN FIRST CANADA
(Incorporated without share capital)
Statement of financial position
As at March 31, 2023

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 96,236	252,498
Accounts receivable	6,000	45,854
Government remittances receivable	10,057	8,118
Prepaid expenses	4,280	19,561
	116,573	326,031
Capital assets (Note 4)	4,016	5,542
	\$ 120,589	331,573
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 155,059	83,204
Canada Emergency Business Account (Note 6)	40,000	40,000
Loan payable (Note 7)	25,000	-
Deferred contributions (Note 8)	30,000	90,991
	250,059	214,195
Net assets	(129,470)	117,378
	\$ 120,589	331,573

Approved by the Board

Director

Director

CHILDREN FIRST CANADA
(Incorporated without share capital)
Statement of changes in net assets
For the year ended March 31, 2023

		2023	2022
Net assets, beginning of year	\$	117,378	390,883
Excess of expenditure over revenue		(246,848)	(273,505)
Net assets, end of year	\$	(129,470)	117,378

CHILDREN FIRST CANADA

(Incorporated without share capital)

Statement of revenue and expenditure**For the year ended March 31, 2023**

	2023	2022
Revenue		
Grants	\$ 397,439	207,217
Donations	405,750	480,099
Programs	202,027	106,763
Interest income	-	432
Other income	27,183	5,000
Government assistance	-	154,578
	1,032,399	954,089
Expenditure		
Advertising and promotion	81,637	129,778
Amortization	1,526	1,636
Computer expense	17,738	15,500
Conferences and seminars	5,303	818
Consulting	221,381	154,590
Insurance	2,049	2,434
Interest and bank charges	1,618	1,595
Memberships	6,223	4,495
Office and general	25,237	30,519
Professional fees	61,956	60,645
Rent (Note 10)	7,584	7,466
Salaries and benefits	833,899	810,150
Telephone	5,934	7,409
Travel	7,162	559
	1,279,247	1,227,594
Excess of expenditure over revenue for year	\$ (246,848)	(273,505)

CHILDREN FIRST CANADA
(Incorporated without share capital)
Statement of cash flows
For the year ended March 31, 2023

	2023	2022
Cash flows from (used in) operating activities		
Excess of expenditure over revenue for year	\$ (246,848)	(273,505)
Adjustment for		
Amortization of capital assets	1,526	1,636
	(245,322)	(271,869)
Changes in non-cash working capital		
Decrease in short-term investments	-	145,794
Decrease in accounts receivable	39,854	12,502
Increase in government remittances receivable	(1,939)	(8,118)
Decrease (increase) in prepaid expenses	15,281	(4,860)
Increase in accounts payable and accrued liabilities	71,855	40,133
Decrease in government remittances payable	-	(12,813)
(Decrease) increase in deferred contributions	(60,991)	90,991
Cash flows used in operating activities	(181,262)	(8,240)
Cash flows from (used in) investing activities		
Acquisition of capital assets	-	(4,183)
Cash flows used in investing activities	-	(4,183)
Cash flows from (used in) financing activities		
Proceeds from Canada Emergency Business Account	-	(20,000)
Proceeds from loan payable	25,000	
Cash flows from (used in) financing activities	25,000	(20,000)
Net decrease in cash and cash equivalents during year	(156,262)	(32,423)
Cash and cash equivalents, beginning of year	252,498	284,921
Cash and cash equivalents, end of year	\$ 96,236	252,498

CHILDREN FIRST CANADA**(Incorporated without share capital)****Notes to financial statements****As at March 31, 2023**

1. Purpose of the Organization

Children First Canada (the “organization”) was incorporated without share capital under the laws of the Canada Not-For-Profit Corporations Act as a not-for-profit organization with the purpose of improving children’s wellbeing by building greater awareness amongst Canadians about the urgent needs of kids in our country, and mobilizing government, lawmakers and influencers, to change the status quo.

On November 30, 2020, the organization became a registered charitable organization under the Canadian Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The organization follows the deferral method of accounting for contributions.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

CHILDREN FIRST CANADA

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2023

2. Significant accounting policies – continued

d) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. In the year of acquisition, capital assets are amortized at one-half of the normal rate. Methods and rates used are:

Furniture and fixtures
20% diminishing balance basis

Equipment
20% diminishing balance basis

Computer equipment
55% diminishing balance basis

e) Revenue recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization carries on various programs to raise monies for operations and to provide information consistent with the purpose of the organization (Note 1). Revenue generated by these programs is recognized when the programs occur, as this represents when performance is satisfied and when collection is reasonably assured.

Deferred contributions consist of funds collected for events and programs that will take place in a subsequent year. The revenue for these deferred contributions will take place when the corresponding event or program occurs.

f) Contributed services

Volunteers contribute time to assist the organization in carrying out its service activity. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

CHILDREN FIRST CANADA
(Incorporated without share capital)
Notes to financial statements
As at March 31, 2023

3. Financial instruments

a) Fair value

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) 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 underlying market factors. The organization is exposed to interest rate risk and credit risk.

i) 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 organization's loan payable bears interest at a fixed rate. Consequently, the cash flow risks are not significant, however, there is a risk of fair value on these assets.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The organization is subject to credit risk. To mitigate this, the organization actively manages and monitors its receivables.

c) Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the organization is not subject to significant liquidity risk. The organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

CHILDREN FIRST CANADA
(Incorporated without share capital)
Notes to financial statements
As at March 31, 2023

4. Capital assets

		2023		2022
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 964	409	555	694
Equipment	4,228	1,305	2,923	3,654
Computer equipment	4,999	4,461	538	1,194
	<u>\$ 10,191</u>	<u>6,175</u>	<u>4,016</u>	<u>5,542</u>

Amortization recorded during the year amounted to \$1,526.

5. Accounts payable and accrued liabilities

	2023	2022
Accounts payable and accrued liabilities	\$ 151,107	79,252
Related party – employee	3,952	3,952
	<u>\$ 155,059</u>	<u>83,204</u>

Accounts payable to an employee bears the same terms and conditions as those of trade accounts payable.

6. Canada Emergency Business Account

The Canada Emergency Business Account loan is unsecured and non-interest bearing to December 2023. If the loan is fully repaid by December 31, 2023, \$20,000 of the loan may be forgiven. If the loan is not fully repaid by December 2023, the remaining balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

7. Loan payable

Loan payable is unsecured, bears interest at 5% and matures on March 31, 2024.

8. Deferred contributions

Deferred contributions result from donations collected during the year that relate to activities expected to take place subsequent to year end as follows:

	2023	2022
Balance, beginning of year	\$ 90,991	-
Donations received	316,400	157,100
Revenue recognized	(377,391)	(66,109)
Balance, end of year	<u>\$ 30,000</u>	<u>90,991</u>

CHILDREN FIRST CANADA
(Incorporated without share capital)
Notes to financial statements
As at March 31, 2023

9. Income taxes

The organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

10. Related party transactions

These transaction are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the organization paid rent in the amount of \$7,584 (2022 - \$7,466) to an employee for the use of a home office.

11. Economic dependence

The organization receives a significant portion of its revenue from Public Health Agency of Canada ("PHAC"), as well as one key donor. As the organization's income is derived from the continued support of these two partners, its ability to continue viable operations is dependent upon their future support and contributions.