

Financial Statements of

# **CHILDREN'S AID FOUNDATION**

Year ended April 30, 2015



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Children's Aid Foundation

We have audited the accompanying financial statements of the Children's Aid Foundation, which comprise the statement of financial position as at April 30, 2015, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Children's Aid Foundation as at April 30, 2015, 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.

Chartered Professional Accountants, Licensed Public Accountants

September 3, 2015  
Toronto, Canada

# CHILDREN'S AID FOUNDATION

## Statement of Financial Position

April 30, 2015, with comparative information for 2014

	General fund		Capital fund		Endowment funds		Restricted fund		Total	
	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)
<b>Assets</b>										
Current assets:										
Cash	\$ 674,123	\$ 17,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 674,123	\$ 17,102
Receivables	201,111	255,183	-	-	-	-	471,975	196,800	673,086	451,983
Prepaid expenses	71,716	77,838	-	-	-	-	-	-	71,716	77,838
	946,950	350,123	-	-	-	-	471,975	196,800	1,418,925	546,923
Investments (note 3)	10,472,445	9,486,153	-	-	7,605,066	6,455,316	28,360,306	29,154,197	46,437,817	45,095,666
Capital assets (note 4)	-	-	486,806	505,986	-	-	-	-	486,806	505,986
	\$ 11,419,395	\$ 9,836,276	\$ 486,806	\$ 505,986	\$ 7,605,066	\$ 6,455,316	\$ 28,832,281	\$ 29,350,997	\$ 48,343,548	\$ 46,148,575
<b>Liabilities and Fund Balances</b>										
Current liabilities:										
Accounts payable and accrued liabilities	\$ 644,512	\$ 527,054	\$ -	\$ -	\$ -	\$ -	\$ 226,454	\$ 224,340	\$ 870,966	\$ 751,394
Grants payable (note 5)	27,000	51,060	-	-	-	-	156,929	143,854	183,929	194,914
Deferred revenue (note 6)	345,136	311,465	-	-	-	-	-	-	345,136	311,465
	1,016,648	889,579	-	-	-	-	383,383	368,194	1,400,031	1,257,773
Fund balances (notes 7 and 8)	10,402,747	8,946,697	486,806	505,986	7,605,066	6,455,316	28,448,898	28,982,803	46,943,517	44,890,802
	\$ 11,419,395	\$ 9,836,276	\$ 486,806	\$ 505,986	\$ 7,605,066	\$ 6,455,316	\$ 28,832,281	\$ 29,350,997	\$ 48,343,548	\$ 46,148,575

See accompanying notes to financial statements.

On behalf of the Board:



Chair, Board of Directors

Lynn Factor, O.Ont, BAASS, MSW, LLD



Treasurer, Board of Directors

Andrew W. Dunn, FCPA

# CHILDREN'S AID FOUNDATION

## Statement of Operations

Year ended April 30, 2015, with comparative information for 2014

	General fund		Capital fund		Endowment funds		Restricted fund		Total	
	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)	2015	2014 (Restated - note 2)
<b>Revenue:</b>										
Fundraising revenue:										
Donations and general fundraising (note 9)	\$ 597,901	\$ 483,894	\$ -	\$ -	\$ 530,998	\$ 92,091	\$ 5,327,342	\$ 4,318,403	\$ 6,456,241	\$ 4,894,388
Bequests	140,887	579,152	-	-	-	-	400,000	300,000	540,887	879,152
	738,788	1,063,046	-	-	530,998	92,091	5,727,342	4,618,403	6,997,128	5,773,540
Fundraising events (note 9)	2,565,642	3,666,929	-	-	157,990	-	171,191	157,217	2,894,823	3,824,146
Less direct event expenses (note 9)	1,538,891	1,984,631	-	-	11,051	-	589	-	1,550,531	1,984,631
Net fundraising events	1,026,751	1,682,298	-	-	146,939	-	170,602	157,217	1,344,292	1,839,515
Fundraising revenue	1,765,539	2,745,344	-	-	677,937	92,091	5,897,944	4,775,620	8,341,420	7,613,055
Net investment income (note 10)	1,149,333	2,486,394	-	-	8,119	8,139	2,260,276	3,755,651	3,417,728	6,250,184
Rental revenue (note 5)	449,832	503,772	-	-	-	-	-	-	449,832	503,772
Gain on sale of capital assets	-	-	-	825,061	-	-	-	-	-	825,061
Total revenue	3,364,704	5,735,510	-	825,061	686,056	100,230	8,158,220	8,531,271	12,208,980	15,192,072
<b>Expenditures:</b>										
Grants and programs:										
Grants to national child welfare agencies and partners (notes 5 and 9)	1,476,453	1,621,529	-	-	-	-	3,425,477	2,300,711	4,901,930	3,922,240
Programs delivered by Children's Aid Foundation:										
Scholarships and bursaries	-	-	-	-	-	-	1,177,070	1,573,014	1,177,070	1,573,014
Other programs	938,051	835,266	-	-	-	-	43,018	21,258	981,069	856,524
	2,414,504	2,456,795	-	-	-	-	4,645,565	3,894,983	7,060,069	6,351,778
Operating:										
Fundraising	1,230,835	1,183,015	-	-	-	-	-	-	1,230,835	1,183,015
Administration (note 4)	1,031,955	1,010,309	19,180	24,416	-	-	-	-	1,051,135	1,034,725
Child welfare advocacy	334,226	307,559	-	-	-	-	-	-	334,226	307,559
	2,597,016	2,500,883	19,180	24,416	-	-	-	-	2,616,196	2,525,299
Total grants and expenditures	5,011,520	4,957,678	19,180	24,416	-	-	4,645,565	3,894,983	9,676,265	8,877,077
Excess (deficiency) of revenue over expenditures	\$ (1,646,816)	\$ 777,832	\$ (19,180)	\$ 800,645	\$ 686,056	\$ 100,230	\$ 3,512,655	\$ 4,636,288	\$ 2,532,715	\$ 6,314,995

See accompanying notes to financial statements.

# CHILDREN'S AID FOUNDATION

## Statement of Changes in Fund Balances

Year ended April 30, 2015, with comparative information for 2014

2015	General fund	Capital fund	Endowment funds	Restricted fund	Total
Fund balances, beginning of year	\$ 8,946,697	\$ 505,986	\$ 6,455,316	\$ 28,982,803	\$ 44,890,802
Excess (deficiency) of revenue over expenditures	(1,646,816)	(19,180)	686,056	3,512,655	2,532,715
Transfer to Children's Aid Society of Toronto (note 8)	–	–	–	(480,000)	(480,000)
Interfund transfers (note 12)	3,102,866	–	463,694	(3,566,560)	–
<b>Fund balances, end of year</b>	<b>\$ 10,402,747</b>	<b>\$ 486,806</b>	<b>\$ 7,605,066</b>	<b>\$ 28,448,898</b>	<b>\$ 46,943,517</b>

  

2014	General fund	Capital fund	Endowment funds	Restricted fund	Total
Fund balances, beginning of year (restated - note 2)	\$ 7,667,515	\$ 538,203	\$ 6,355,086	\$ 24,495,003	\$ 39,055,807
Excess of revenue over expenditures	777,832	800,645	100,230	4,636,288	6,314,995
Additions to capital assets	(16,447)	16,447	–	–	–
Proceeds on disposal of capital assets	–	(849,309)	–	849,309	–
Transfer to Children's Aid Society of Toronto (note 8)	–	–	–	(480,000)	(480,000)
Interfund transfers (note 12)	517,797	–	–	(517,797)	–
<b>Fund balances, end of year</b>	<b>\$ 8,946,697</b>	<b>\$ 505,986</b>	<b>\$ 6,455,316</b>	<b>\$ 28,982,803</b>	<b>\$ 44,890,802</b>

See accompanying notes to financial statements.

# CHILDREN'S AID FOUNDATION

## Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
		(Restated - note 2)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 2,532,715	\$ 6,314,995
Items not involving cash:		
Amortization of capital assets	19,180	24,416
Change in net unrealized loss (gain) on investments	82,242	(3,532,010)
Net realized gain on sale of investments	(2,381,110)	(1,708,604)
Gain on sale of capital assets	—	(825,061)
Change in non-cash operating working capital	(72,723)	(81,687)
	180,304	192,049
Financing:		
Transfer to Children's Aid Society of Toronto	(480,000)	(480,000)
Investments:		
Purchase of investments	(13,729,591)	(14,830,128)
Proceeds on the sale of investments	14,686,308	13,212,349
Additions to capital assets	—	(16,447)
Proceeds on sale of capital assets	—	849,309
	956,717	(784,917)
Increase (decrease) in cash	657,021	(1,072,868)
Cash, beginning of year	17,102	1,089,970
Cash, end of year	\$ 674,123	\$ 17,102

See accompanying notes to financial statements.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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The Children's Aid Foundation (the "Foundation") is committed to improving the lives of abused and neglected children through education, enrichment, prevention and healing and recovery. The Foundation supports the individual needs of children before, during and after they leave the care of Children's Aid Societies; provides grants to the Children's Aid Society of Toronto (the "Society"), other child welfare organizations, as well as child-focused community groups in Ontario and other regions of Canada. To support these objectives, the Foundation raises funds from individuals, corporations and other foundations.

The Foundation is incorporated without share capital under the Corporations Act (Ontario). The Foundation is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

The General fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate purposes.

The Capital fund accounts for all capital transactions, related debt and the net investment of the Foundation in such assets.

The Restricted fund reports resources that are to be used for special purposes as specified by the donor, the fundraising appeal or as determined by the Board.

The Endowment funds report resources contributed for endowment purposes where either external or internal restrictions require that the principal must be maintained permanently. Investment income earned on resources of the Endowment funds is reported in the Restricted or General fund depending on the nature of any restrictions imposed by contributors of funds for endowment. Certain donors impose restrictions requiring that a portion of the Endowment funds investment income is permanently maintained. This income is reported in the Endowment funds.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

Unrestricted contributions are recorded as revenue of the General fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions and endowments are recognized as revenue of the appropriate restricted fund.

Restricted and unrestricted investment income is recognized as revenue when earned in the appropriate fund. Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gains on sale of securities and net unrealized gains.

### (c) Expenditures allocation:

Salary and administration expenses are allocated to fundraising, administration, child welfare advocacy and grants and programs based on full-time equivalents. Bank charges are fully allocated to administration.

### (d) Capital assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis over the following periods:

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Buildings	40 years
Furniture and equipment	3 - 5 years
Leasehold improvements	Term of lease

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# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry any such financial investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Donated goods and services:

Donated goods and services are recorded at fair value when fair value can be reasonably estimated.

### (g) Translation of foreign currencies:

Assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Revenue and expenditures items have been translated using average rates during the year. Gains and losses arising from these translation policies are included in the statement of operations.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures and changes in net assets during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and allocation of expenditures. Actual results could differ from those estimates.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 2. Change in accounting policy:

In 2015, the Foundation adopted the restricted fund method of accounting for contributions, in order to provide more relevant information about the effects of the transactions, other events or conditions on the Foundation's financial position and financial performance. The Foundation adopted this change in policy retrospectively. The impact is as follows:

Statement of Financial Position:

April 30, 2014	As previously presented	Restatements	As restated General fund	As restated Capital fund	As restated Endowment funds	As restated Restricted fund	As restated total
Cash	\$ 17,102	\$ -	\$ 17,102	\$ -	\$ -	\$ -	\$ 17,102
Receivables	451,983	-	255,183	-	-	196,800	451,983
Prepaid expenses	77,838	-	77,838	-	-	-	77,838
Investments	45,095,666	-	9,486,153	-	6,455,316	29,154,197	45,095,666
Capital assets	505,986	-	-	505,986	-	-	505,986
Accounts payable and accrued liabilities	(527,054)	(224,340)	(527,054)	-	-	(224,340)	(751,394)
Grants payable	(194,914)	-	(51,060)	-	-	(143,854)	(194,914)
Deferred revenue	(630,572)	319,107	(311,465)	-	-	-	(311,465)
Deferred contributions	(3,679,058)	3,679,058	-	-	-	-	-
Invested in capital assets	(505,986)	-	-	(505,986)	-	-	(505,986)
Endowment funds	(6,455,316)	-	-	-	(6,455,316)	-	(6,455,316)
Internally restricted funds	(2,811,922)	2,811,922	-	-	-	-	-
Restricted funds	(19,838,886)	(9,143,917)	-	-	-	(28,982,803)	(28,982,803)
Unrestricted funds	(11,504,867)	2,558,170	(8,946,697)	-	-	-	(8,946,697)

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 2. Change in accounting policy (continued):

Statement of Operations:

2014	As previously presented	Restatements	As restated General fund	As restated Capital fund	As restated Endowment fund	As restated Restricted fund	As restated total
Donations and general fundraising	\$ (4,701,751)	\$ (192,637)	\$ (483,894)	\$ -	\$ (92,091)	\$ (4,318,403)	\$ (4,894,388)
Bequests	(879,152)	-	(579,152)	-	-	(300,000)	(879,152)
Fundraising events	(3,824,146)	-	(3,666,929)	-	-	(157,217)	(3,824,146)
Direct event expenses	1,984,631	-	1,984,631	-	-	-	1,984,631
Net investment income	(5,806,337)	(443,847)	(2,486,394)	-	(8,139)	(3,755,651)	(6,250,184)
Rental revenue	(503,772)	-	(503,772)	-	-	-	(503,772)
Gain on sale of capital assets	(825,061)	-	-	(825,061)	-	-	(825,061)
Grants to national child welfare agencies and partners	4,543,053	(620,813)	1,621,529	-	-	2,300,711	3,922,240
Scholarships and bursaries	952,201	620,813	-	-	-	1,573,014	1,573,014
Other programs	856,524	-	835,266	-	-	21,258	856,524
Fundraising	1,183,015	-	1,183,015	-	-	-	1,183,015
Administration	1,034,725	-	1,010,309	24,416	-	-	1,034,725
Child welfare advocacy	307,559	-	307,559	-	-	-	307,559

Statement of Changes in Fund Balances:

2014	As previously presented	Restatements	As restated General fund	As restated Capital fund	As restated Endowment fund	As restated Restricted fund	As restated total
Fund balances, May 1, 2013	\$ (35,818,861)	\$ (3,236,946)	\$ (7,667,515)	\$ (538,203)	\$ (6,355,086)	\$ (24,495,003)	\$ (39,055,807)
Endowment contributions	(99,605)	99,605	-	-	-	-	-

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

### 3. Investments:

	2015	2014
Cash and cash equivalents	\$ 5,819,685	\$ 5,946,589
Fixed income	10,773,946	10,406,633
Equities	29,844,186	28,742,444
	<u>\$ 46,437,817</u>	<u>\$ 45,095,666</u>

Fixed income investments are pooled fund units purchased with no specific date of maturity or interest rate.

Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the Foundation and the associated operating environment. Investments are primarily exposed to interest rate, market and foreign currency risks. The Foundation has formal policies and procedures that establish target asset mix. The Foundation's policies also require diversification of investments within categories and set limits on exposure to individual investments. There has been no change to the risk exposure from 2014.

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held through pooled funds by the Foundation. This risk is managed by staggering the terms of the securities held and ensuring diversification of the holdings.

(b) Market risk:

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. The Foundation mitigates this risk through controls to monitor and limit concentration levels.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

### 3. Investments (continued):

#### (c) Foreign currency risk:

As of April 30, 2015, 22% (2014 - 24%) of the investments are invested in non-Canadian equities. Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's foreign securities. The Foundation does not hedge its foreign currency risk on these investments. The philosophy of the Foundation, and its global investment management service provider, is that since the portfolio is managed such that individual securities are held for the long term, and investments are held in multiple currencies, any foreign exchange risk should be minimized in the long term without the need for a hedging strategy to be implemented.

### 4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 359,132	\$ –	\$ 359,132	\$ 359,132
Buildings	1,123,593	1,032,077	91,516	97,375
Furniture and equipment	200,876	171,495	29,381	41,571
Leasehold improvements	153,912	147,135	6,777	7,908
	<u>\$ 1,837,513</u>	<u>\$ 1,350,707</u>	<u>\$ 486,806</u>	<u>\$ 505,986</u>

Amortization of \$19,180 (2014 - \$24,416) is included in administration expense in the Capital fund.

### 5. Transactions with the Children's Aid Society of Toronto:

The Foundation's real estate is leased to the Society for an annual rent of \$449,832 (2014 - \$503,772). The leases are for one-year terms, renewable annually. This rent approximates the fair market value rental of the properties. During the year ended April 30, 2015, the Foundation made a grant to the Society of \$443,808 (2014 - \$498,564) to cover a portion of these rental costs.

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 5. Transactions with the Children's Aid Society of Toronto (continued):

During the year ended April 30, 2015, the Foundation granted the Society an additional \$2,753,051 (2014 - \$2,797,355) relating to child welfare programs and \$867,411 (2014 - \$670,940) of donated goods and services. At year end, \$56,525 (2014 - \$120,454) of these grants remained unpaid.

The Foundation has a contract with the Society, whereby the Society provides various administration functions to the Foundation for an annual fee of \$10,000 (2014 - \$10,000). This approximates the fair market value of the services received.

The Foundation also holds and invests certain funds under a memorandum of understanding with the Society (see note 8 for details).

## 6. Deferred revenue:

Deferred revenue relates to revenues that have been received for events which are due to occur in the next 12 months.

	2015	2014
		(Restated - note 2)
Balance, beginning of year	\$ 311,465	\$ 217,807
Amount recognized as revenue	(257,407)	(160,750)
Amount received related to future periods	291,078	254,408
Balance, end of year	\$ 345,136	\$ 311,465

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 7. Endowment funds:

Endowment funds comprise both internally and externally endowed funds which total \$282,526 (2014 - \$282,526) and \$7,322,540 (2014 - \$6,172,790), respectively. These funds consist of 45 (2014 - 38) individual endowments in which the original donation and certain agreed portions of investment earnings are set aside as capital. Earnings on these endowments can be spent only on eligible activities relating predominately to scholarships and other educational objectives.

## 8. Restricted fund:

The Restricted fund represents funds that are used for specific purposes as specified by the donor or donor appeal, unrealized gains on investments of the Endowment funds and the restricted fund for the Society.

Pursuant to the memorandum of understanding between the Foundation and the Society effective May 1, 2003, a restricted fund for the Society has been created for the Society's current and future real estate needs. The net investment income of this fund for each calendar year up to \$1,000,000 belongs to the Foundation. Any earnings over the first \$1,000,000 are allocated between the Foundation and the Society 80% and 20%, respectively. The Foundation's portion can be used for child welfare programs, investment management or administration. During the year, \$3,423,323 (2014 - \$517,797) was transferred to the General fund for this purpose. The Society's portion is reinvested until it is requested by the Society. At the Society's request, the Foundation transferred \$480,000 (2014 - \$480,000) to the Society during the year.

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	2015	2014
Donor restricted balances	\$ 6,176,853	\$ 4,565,972
Endowment funds restricted investment income and net unrealized gains on endowment investments	5,121,107	4,579,003
Society	17,150,938	19,837,828
	<hr/> \$ 28,448,898	<hr/> \$ 28,982,803

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# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 9. Donated goods and services:

Donated goods and services include items donated for auctions and prizes at fundraising events and goods that have been received and transferred directly to child welfare agencies. These are reported in the statement of operations as follows:

	2015	2014
Revenue:		
Included in donations and general fundraising - Restricted fund	\$ 867,411	\$ 670,940
Included in fundraising events - Operating fund	629,214	1,074,517
Expenditures:		
Included in grants to national child welfare agencies and partners - Restricted fund	867,411	670,940
Included in direct event expenses - Operating fund	629,214	1,074,517

## 10. Net investment income:

	2015	2014
Interest and dividends	\$ 1,320,710	\$ 1,204,202
Net realized gain on sale of investments	2,381,110	1,708,604
Change in net unrealized gain (loss) on investments	(82,242)	3,532,010
Investment management fees	(201,850)	(194,632)
	\$ 3,417,728	\$ 6,250,184

Total net investment income earned on the endowment investments were recognized as follows:

	2015	2014
Net investment income - Restricted fund	\$ 879,141	\$ 867,873
Net investment income - Endowment funds	8,119	8,139
	\$ 887,260	\$ 876,012

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

## 11. Allocation of expenditures:

The Foundation allocates salaries and administration expenses based on full-time equivalents as follows:

	2015		2014	
	Amount	Basis	Amount	Basis
Other programs	\$ 781,105	24%	\$ 718,006	23%
Administration	1,031,955	31%	1,010,667	32%
Fundraising	1,168,220	35%	1,096,709	35%
Child welfare advocacy	334,226	10%	307,559	10%
	\$ 3,315,506	100%	\$ 3,132,941	100%

## 12. Interfund transfers:

2015	Endowment	Restricted	General
Transfer of Endowment funds	\$ 463,694	\$ (149,140)	\$ (314,554)
Transfer to General fund (note 8)	–	(3,423,323)	3,423,323
Payments from private trusts	–	5,903	(5,903)
	\$ 463,694	\$ (3,566,560)	\$ 3,102,866

2014	Endowment	Restricted	General
Transfer to General fund (note 8)	\$ –	\$ (517,797)	\$ 517,797

## 13. Endowment funds held by other institutions:

(a) Endowment:

In 2010, the Foundation transferred \$100,000 to the George Brown College Foundation ("GBCF") to be held in perpetuity in an Endowment funds known as the Children's Aid Foundation Endowment. In 2012, a further \$100,000 was transferred to the GBCF from the Endowment funds. These funds were matched by the Ontario government and the total of the Endowment funds held by the GBCF for the Foundation as at March 31, 2015 (GBCF's year end) is \$615,337 (March 31, 2014 - \$577,432).

# CHILDREN'S AID FOUNDATION

Notes to Financial Statements (continued)

Year ended April 30, 2015

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## 13. Endowment funds held by other institutions (continued):

In 2012, \$250,000 was transferred to Centennial College and \$250,000 was transferred to Humber Institute of Technology and Advanced Learning from the Endowment funds. These funds were matched by the Ontario government during the year and the total of the Endowment funds held for the Foundation as at March 31, 2015 (college year end) are \$510,809 (March 31, 2014 - \$511,436) and \$551,032 (March 31, 2014 - \$587,421), respectively.

In 2012, a donor established a similar fund at the University of Waterloo and these funds held for the Foundation are \$128,247 (2014 - \$125,242).

The capital is held in perpetuity and the income is used by the respective institutions to establish awards to support the advancement of the education of students pursuant to Endowment Agreements with the four institutions. None of these funds are reflected in these financial statements.

### (b) Other:

The Foundation is entitled to \$10,000 in donated funds to be used for educational expenses of children under the Society's care. These funds are held by Ryerson University until they are used for the designated purpose, and have not been reflected in these financial statements.

## 14. Commitments:

The Foundation leases its office premises from the City of Toronto for \$1 per year (before operating costs). Estimated operating costs for fiscal 2015 are approximately \$58,000.

## 15. Pension plan:

All employees of the Foundation are eligible to be members of the Ontario Municipal Employees Retirement System, which is a multi-employer defined benefit plan. Employer contributions to the plan during 2015 for current service amounted to \$197,888 (2014 - \$149,093).