

ADOPT4LIFE
Financial Statements
March 31, 2023



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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, 2023, 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, 2023, 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.

July 27, 2023


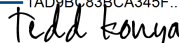


Chartered Professional Accountants
Licensed Public Accountants

ADOPT4LIFE
Statement of Financial Position
As at March 31, 2023

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash	258,783	67,749
Accounts receivable	769	-
Due from Ministry of Children, Community, and Social Services (Note 5)	-	82,000
HST recoverable	18,792	11,268
Prepaid expenses	94,585	94,068
	<u>372,929</u>	<u>255,085</u>
CAPITAL ASSETS (Note 3)	<u>26,520</u>	<u>22,804</u>
	<u>399,449</u>	<u>277,889</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	13,617	17,499
Government remittances payable	65,376	13,830
Loan payable	-	80,277
Deferred income (Note 4)	176,628	39,220
	<u>255,621</u>	<u>150,826</u>
NET ASSETS	<u>143,828</u>	<u>127,063</u>
	<u>399,449</u>	<u>277,889</u>

APPROVED ON BEHALF OF THE BOARD

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Director

Director

ADOPT4LIFE
Statement of Operations
For the Year Ended March 31, 2023

	2023	2022
	\$	\$
REVENUES		
Ministry of Children, Community, and Social Services <i>(Notes 5, 6)</i>	1,213,626	820,000
Donations	6,341	4,650
Events and fundraising	5,265	7,383
Grants	85,235	72,025
	<u>1,310,467</u>	<u>904,058</u>
EXPENSES		
Advertising and public relations	19,774	80,436
Amortization	8,704	9,291
Computer	18,789	7,700
Event and fundraising expenses	18,407	13,788
Insurance	6,142	7,617
Office and general	8,528	6,229
Professional services	70,222	55,051
Regional support	4,342	25,165
Research fees	3,898	-
Salaries and benefits	1,008,836	639,205
Telephone	13,127	13,271
Training	80,198	96,602
Travel and meetings	25,724	10,505
Website	7,011	6,978
	<u>1,293,702</u>	<u>971,838</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	16,765	(67,780)
Loss on disposal of capital assets	-	(1,483)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>16,765</u>	<u>(69,263)</u>

See accompanying notes

ADOPT4LIFE
Statement of Changes in Net Assets
For the Year Ended March 31, 2023

	2023	2022
	\$	\$
NET ASSETS - BEGINNING OF YEAR	127,063	196,326
Excess (deficiency) of revenues over expenses	<u>16,765</u>	<u>(69,263)</u>
NET ASSETS - END OF YEAR	<u>143,828</u>	<u>127,063</u>

See accompanying notes

ADOPT4LIFE
Statement of Cash Flows
For the Year Ended March 31, 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	16,765	(69,263)
Items not affecting cash:		
Amortization	8,704	9,291
Loss on disposal of capital assets	-	1,483
	<u>25,469</u>	<u>(58,489)</u>
Changes in non-cash working capital:		
Accounts receivable	(769)	-
Due from Ministry of Children, Community, and Social Services	82,000	-
HST recoverable	(7,524)	5,373
Prepaid expenses	(517)	39,327
Accounts payable and accrued liabilities	(3,882)	5,428
Government remittances payable	51,546	(1,803)
Deferred income	137,408	18,675
	<u>258,262</u>	<u>67,000</u>
Cash flow from operating activities	<u>283,731</u>	<u>8,511</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(12,420)</u>	<u>(2,251)</u>
Cash flow used by investing activity	<u>(12,420)</u>	<u>(2,251)</u>
FINANCING ACTIVITIES		
Proceeds from loan payable	-	80,277
Repayment of loan payable	<u>(80,277)</u>	<u>(80,381)</u>
Cash flow used by financing activities	<u>(80,277)</u>	<u>(104)</u>
INCREASE IN CASH FLOW	191,034	6,156
Cash - beginning of year	<u>67,749</u>	<u>61,593</u>
CASH - END OF YEAR	<u>258,783</u>	<u>67,749</u>

See accompanying notes

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2023

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.

Contributions received for designated purposes related to general operations are recorded as deferred contributions and recognized as revenue in the year in which the designated expenditures occur.

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%
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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, 2023

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, accounts receivable and due from the Ministry of Children, Community, and Social Services (MCCSS). Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 \$	2023 Net book value \$	2022 Net book value \$
Computer equipment	49,781	23,261	26,520	22,804

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2023

4. DEFERRED INCOME

During the year the Organization received grants for use in the Aggression toward Family/Caregivers in Childhood & Adolescence ("AFCCA") and peer support program for children and youth with Fetal Alcohol Spectrum Disorder ("FASD")

	2023 \$	2022 \$
Opening balance	39,220	20,545
Grants received during the year	218,143	80,000
Funds used during year	(80,735)	(61,325)
Total deferred amount	176,628	39,220

5. 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 from April 1, 2022 to March 31, 2023. Under the terms of the agreement the Organization was to receive \$1,213,626 to manage and promote the Parent2Parent Support Network and Adoptive Family Supports Programs.

As of the audit report date, the agreement for the 2024 fiscal year is in progress. Subsequent to year end, the Organization received interim funding from MCCSS. Management believes that the 2024 agreement will be approved along with increased funding over the next 2 years.

6. 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.

7. SUBSEQUENT EVENTS

Subsequent to year-end, the Organization entered into a funding agreement with the Canadian Red Cross Society in the amount of up to \$192,254 for project READI+ (Racial Equity Accessibility Diversity Inclusion). The project is expected to be completed by June 30, 2024. As of the date of the financial statements, the Organization has received \$134,578 in funding from this agreement.

ADOPT4LIFE
Notes to Financial Statements
For the Year Ended March 31, 2023

8. 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, 2023.

(a) Credit risk

Credit risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in the collectability of receivables.

Cash is exposed to credit risk as the amounts on deposit exceed the federally insured limits. The Organization minimizes its exposure by depositing cash at the Bank of Montreal, a major financial institution.

(b) 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, interest rate or other price risks arising from these financial instruments.
