

Stephen Leacock Foundation for
Children

Financial Statements

December 31, 2023

Stephen Leacock Foundation for Children

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December 31, 2023

Index

Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9



March 27, 2024

Independent Auditor's Report

To the Members of Stephen Leacock Foundation for Children

Qualified Opinion

We have audited the financial statements of Stephen Leacock Foundation for Children, which comprise the statement of financial position as at December 31, 2023, 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 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 Foundation as at December 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 not-for-profit organizations, the Foundation derives revenue from public donations and fundraising events, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at December 31, 2023 and 2022. Our conclusion on the financial statements as at and for the year ended December 31, 2022 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of 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 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 ability of the Foundation 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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Foundation.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

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Stephen Leacock Foundation for Children

March 27, 2024

Page 2

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 the 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 internal control of the Foundation.
- 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 ability of the Foundation 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 Foundation 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.

Chaplin + Co. LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Ontario

Stephen Leacock Foundation for Children

Statement of Financial Position

Page 3

	Notes	December 31	
		2023	2022
Assets			
Current			
Cash and cash equivalents		\$ 1,335,821	\$ 833,016
Marketable securities	2	12,848	2,662
Accounts receivable		12,956	18,672
Sales tax recoverable		22,605	12,550
Prepaid expenses		2,858	-
		<u>\$ 1,387,088</u>	<u>\$ 866,900</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 18,602	\$ 22,645
Deferred contributions	4	907,065	168,015
		<u>925,667</u>	<u>190,660</u>
Net assets			
Unrestricted		<u>461,421</u>	<u>676,240</u>
		<u>\$ 1,387,088</u>	<u>\$ 866,900</u>

See accompanying notes

Approved on behalf of the Board of
Stephen Leacock Foundation for Children:

Mark Damelin

Mark Damelin, Chairman

Renaldo Ferreira

Renaldo Ferreira, Treasurer

Stephen Leacock Foundation for Children

Statement of Operations and Changes in Net Assets

Page 4

	Year ended December 31	
	2023	2022
Revenue		
Donations	\$ 807,434	\$ 863,473
Fundraising events and sponsorship	315,896	306,692
Federal government funding	20,048	38,690
Investment income and other	8,277	2,567
	<u>1,151,655</u>	<u>1,211,422</u>
Deduct direct fundraising activities and special events expenses	<u>(198,794)</u>	<u>(198,981)</u>
Net revenue	<u>952,861</u>	<u>1,012,441</u>
Expenses		
Program support funding	980,532	867,178
Office and general	187,148	177,770
	<u>1,167,680</u>	<u>1,044,948</u>
Excess of expenses over revenue for the year	(214,819)	(32,507)
Net assets, beginning of year	<u>676,240</u>	<u>708,747</u>
Net assets, end of year	<u>\$ 461,421</u>	<u>\$ 676,240</u>

See accompanying notes

Stephen Leacock Foundation for Children

Statement of Cash Flows

Page 5

	Year ended December 31	
	2023	2022
Net cash provided by (used in)		
Operations		
Excess of expenses over revenue for the year	\$ (214,819)	\$ (32,507)
Item not affecting cash:		
Unrealized and realized gain on investments	(48)	(248)
Changes in non-cash working capital items		
Accounts receivable	5,716	(18,672)
Canada Emergency Wage Subsidy receivable	-	11,083
HST rebate recoverable	(10,055)	(5,921)
Prepaid expenses	(2,858)	45,942
Accounts payable and accrued liabilities	(4,043)	(14,299)
Deferred contributions	739,050	84,775
	<u>512,943</u>	<u>70,153</u>
Investing		
Purchase of marketable securities	(13,137)	(2,621)
Proceeds of sale of marketable securities	2,999	9,486
	<u>(10,138)</u>	<u>6,865</u>
Change in cash and cash equivalents during the year	502,805	77,018
Cash and cash equivalents , beginning of year	<u>833,016</u>	<u>755,998</u>
Cash and cash equivalents , end of year	<u>\$ 1,335,821</u>	<u>\$ 833,016</u>
Cash and cash equivalents is represented by:		
Cash	\$ 109,664	\$ 674,079
Guaranteed Investment Certificate	400,000	-
Money market mutual funds	826,157	158,937
	<u>\$ 1,335,821</u>	<u>\$ 833,016</u>

See accompanying notes

Stephen Leacock Foundation for Children

Notes to the Financial Statements
December 31, 2023

Page 6

Stephen Leacock Foundation for Children (the Foundation) is incorporated without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Foundation was established in Toronto in 1992, with the objective to use funds for charitable purposes dedicated to helping disadvantaged youth.

1. Significant accounting policies

Basis of presentation

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

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of within a year from the date of purchase and money market mutual funds.

Revenue recognition

The Foundation follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Fundraising events and sponsorship revenue is recognized in the period in which the event is held.

Federal government funding as revenue if the amount to be received be reasonably estimated and collection reasonably assured is recognized.

Investment income comprises interest from cash and money market mutual funds. Interest income is recognized as revenue when earned.

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities as 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 Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for marketable securities that are quoted in an active market. Changes in fair value are recognized in net income. Financial assets measured at amortized cost include cash, Canada Emergency Wage Subsidy receivable and sales tax recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair market value include marketable securities.

Stephen Leacock Foundation for Children

Notes to the Financial Statements

December 31, 2023

Page 7

1. Significant accounting policies (continued)

Measurement of financial instruments (continued)

Financial assets measured at cost or amortized costs 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 indication 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, and recognizes an impairment loss if the carrying value of the asset is greater than the higher of present value of the expected future cash flows, the amount that can be realized by selling the 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.

Allocation of expenses

Personnel expenses are allocated to various activities based on the proportional hours spent on each.

Contributed goods and services

Donated goods and services are not recorded in the accounts of the Foundation, except when fair value of such goods can reasonably be estimated and when the goods and services are normally purchased by the Foundation and would be paid for if not donated.

Volunteers contribute significant amounts of time to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Such estimates include prepaid expenses and deferred revenue. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

2. Marketable securities

Marketable securities consist of:

	2023	2022
Canadian equities	\$ 9,911	\$ 2,662
US equities	2,937	-
	<u>\$ 12,848</u>	<u>\$ 2,662</u>

3. Donations in-kind

Included in contributions is an amount of \$42,797 (2022 - \$7,168) for donations in-kind consisting of donated items for the Leacock Debate and marketable securities.

Stephen Leacock Foundation for Children

Notes to the Financial Statements

December 31, 2023

Page 8

4. Deferred contributions

Deferred contributions consist of:

	2023	2022
ABC Life Literacy	\$ 2,500	\$ 2,500
Alison Cohen	-	1,000
Anonymous - 2024	410,400	-
Anonymous - 2025	399,660	-
Arthur and Audrey Cutten Foundation	5,000	-
Catherine and Maxwell Meighen Foundation	20,000	-
Cherie Fiorini	-	2,000
CIBC	-	25,015
Douglas Family Foundation	-	12,000
George H. Stedman Estate Foundation	5,000	-
George Lunan Foundation	-	5,000
Honda	-	10,000
John Cohen	-	3,500
Kiwanis Foundation	-	50,000
KPMG	-	25,000
Lewitt Family Foundation	-	20,000
Marc Oliver	-	1,500
Maurice Price Foundation	9,505	-
McColl Early Foundation	10,000	-
Nicola Wealth	30,000	-
Nicole Cohen	-	500
Scotia Bank	-	5,000
SM Blair	5,000	-
South Africa Scholarship Donations	4,000	-
The Actuarial Foundation of Canada	5,000	5,000
The Jackman Family Foundation	1,000	-
	<u>\$ 907,065</u>	<u>\$ 168,015</u>

Continuity of deferred revenue for the year is as follows:

	2023	2022
Deferred revenue, beginning of year	\$ 168,015	\$ 83,240
Donations received	995,565	463,935
Less donations revenue recognized	(256,515)	(379,160)
Deferred revenue, end of year	<u>\$ 907,065</u>	<u>\$ 168,015</u>

Stephen Leacock Foundation for Children

Notes to the Financial Statements

December 31, 2023

Page 9

5. Allocation of personnel costs

During the year, personnel costs were allocated to the following activities:

	2023	2022
Program support funding	\$ 375,928	\$ 306,749
Office and general	82,069	103,291
Fundraising activities and special events	116,784	89,807
	<u>\$ 574,781</u>	<u>\$ 499,847</u>

6. Transactions with related parties

All transactions with related parties are carried out in the normal course of operations and are recorded at an exchange value, which approximates fair value. Included in the statement of operations are expenses of \$nil (2022 - \$58,867) paid by the Foundation for reimbursement of a fundraising event, payroll, event catering, venue rental and office rental, to companies founded by a member of the Board of Directors. No amounts were payable to related parties as at December 31, 2023 (December 31, 2022 - \$nil).

7. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure at December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to meet its obligations. The Foundation attempts to mitigate this risk through ensuring revenue is derived from qualified sources. The exposure to credit losses is minimal.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is exposed to liquidity risk arising primarily from its accounts payable and accrued liabilities. The Foundation expects to meet obligations as they come due by generating sufficient cash flow from operations.

Market price risk

Market price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to individual financial issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to market price risk on its marketable securities quoted in an active market since changes in market prices could result in changes in the fair value.

Currency risks

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign currency fluctuations related to financial commitments (in South African Rand) made to programs it supports in South Africa. The Foundation does not hedge any financial instruments to mitigate foreign currency risk.

8. Comparative figures

The comparative figures have been reclassified to conform with the current year's financial statement presentation.