

Financial Statements of

**WINDSOR-ESSEX CARE FOR
KIDS FOUNDATION**

Years ended December 31, 2012 and 2011



KPMG LLP
Chartered Accountants
618 Greenwood Centre
3200 Deziel Drive
Windsor ON N8W 5K8

Telephone (519) 251-3500
Telefax (519) 251-3530
(519) 251-3540
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Windsor-Essex Care For Kids Foundation

We have audited the accompanying financial statements of Windsor-Essex Care for Kids Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenues from donations and various fund raising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to donations and other income, excess of revenue over expenses, assets and net assets.

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Opinion

In our opinion, except for the possible effects of the matter described in the Basis for a Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Windsor-Essex Care for Kids Foundation as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations, changes in net assets and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are slanted and connected, with a long horizontal stroke underneath the entire signature.

Chartered Accountants, Licensed Public Accountants

April 15, 2013
Windsor, Canada

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash	\$ 113,537	\$ 172,230	\$ 281,127
Investments (note 2)	300,000	200,000	-
Accounts receivable	39,898	-	69,652
Interest receivable	628	308	-
HST receivable	5,728	5,923	2,904
Prepaid expenses and deposits	1,298	3,637	1,318
Total assets	\$ 461,089	\$ 382,098	\$ 355,001
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities (note 6)	\$ 6,041	\$ 5,001	\$ 5,000
Unearned revenue	-	15,750	-
	6,041	20,751	5,000
Net assets:			
Unrestricted	77,349	78,468	74,923
Internally restricted (note 4)	377,699	282,879	275,078
	455,048	361,347	350,001
	\$ 461,089	\$ 382,098	\$ 355,001

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Statements of Operations

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Donation revenue	\$ 322,626	\$ 312,792
Fundraising revenue (note 5)	16,425	36,481
Extravaganza fundraising, net of expenses of \$58,186 (2011 - \$36,061)	115,722	39,889
Interest income	1,036	819
	<u>455,809</u>	<u>389,981</u>
Expenses:		
Accounting and legal	4,782	4,989
Administrative	4,242	12,115
Advertising and promotion	6,418	11,873
Auto donation expenses	16	-
Bank charges	795	557
Fundraising expenses	1,144	1,247
Insurance	2,300	2,130
Meetings	911	1,045
Office supplies	1,250	935
Raffle	473	1,076
Recognition wall	100	754
Salaries and benefits	33,377	35,316
Strategic planning	2,706	526
	<u>58,514</u>	<u>72,563</u>
Excess of revenue over expenses	<u>\$ 397,295</u>	<u>\$ 317,418</u>

See accompanying notes to financial statements.

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

December 31, 2012	Internally restricted	Restricted for endowments	Unrestricted	Total
Balance, beginning of year	\$ 282,879	\$ -	\$ 78,468	\$ 361,347
Excess of revenue over expenses	-	-	397,295	397,295
Internally imposed restrictions	398,414	-	(398,414)	-
Contributions to benefiting parties (note 3)	(303,594)	-	-	(303,594)
Endowment contributions	-	-	-	-
Balance, end of year	\$ 377,699	\$ -	\$ 77,349	\$ 455,048

December 31, 2011	Internally restricted	Restricted for endowments	Unrestricted	Total
Balance, beginning of year	\$ 275,078	\$ -	\$ 74,923	\$ 350,001
Excess of revenue over expenses	-	-	317,418	317,418
Internally imposed restrictions	313,873	-	(313,873)	-
Contributions to benefiting parties (note 3)	(306,072)	-	-	(306,072)
Endowment contributions	-	-	-	-
Balance, end of year	\$ 282,879	\$ -	\$ 78,468	\$ 361,347

See accompanying notes to financial statements.

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 397,295	\$ 317,418
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(39,898)	69,652
Increase in interest receivable	(320)	(308)
Decrease (increase) in HST receivable	195	(3,019)
Decrease (increase) in prepaid expenses and deposits	2,339	(2,319)
Increase in accounts payable and accrued liabilities	1,040	1
Increase (decrease) in unearned revenue	(15,750)	15,750
	<u>344,901</u>	<u>397,175</u>
Investing activities:		
Increase in investments	(100,000)	(200,000)
Contributions to benefiting parties	(303,594)	(306,072)
	<u>(403,594)</u>	<u>(506,072)</u>
Decrease in cash	(58,693)	(108,897)
Cash, beginning of year	172,230	281,127
Cash, end of year	<u>\$ 113,537</u>	<u>\$ 172,230</u>

See accompanying notes to financial statements.

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

Windsor-Essex Care for Kids Foundation (the "Foundation") was incorporated on April 8, 2005. The Foundation is dedicated to enhancing the health and wellness of children in Windsor and Essex County through fundraising initiatives.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1 (1)(g) of the Income Tax Act (Canada) and as such, is exempt from income tax.

On January 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There are no adjustments recorded to net assets as at January 1, 2011 or the excess of revenue over expenditures as at December 31, 2011 as a result of the transition to Canadian Accounting Standards for Not-For-Profit Organizations.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook.

(a) Revenue recognition:

The Foundation follows the restricted fund method of accounting under which restricted contributions are recognized as revenue of the restricted fund when received.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(c) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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 not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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.

2. Investments:

The Foundation's investments at December 31, 2012 consist of guaranteed investment certificates amounting to \$300,000 (December 31, 2011 - \$200,000, January 1, 2011 - \$nil) that are scheduled to mature between May 16, 2013 and November 29, 2013. The interest rates for the GIC's outstanding at year end of \$225,000 and \$75,000 are 0.80% and 1.00%, respectively.

3. Contributions to benefiting parties:

During the year, the Foundation transferred the following amounts to benefiting parties:

	2012	2011
Windsor Regional Hospital	\$ 264,078	\$ 193,094
Hotel Dieu Grace Hospital	22,164	36,766
Leamington District Memorial Hospital	14,426	15,180
John McGivney Children's Centre	2,926	27,300
Windsor-Essex Therapeutic Riding Association	—	33,732
	<u>\$ 303,594</u>	<u>\$ 306,072</u>

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

4. Internally restricted fund balance:

The internally restricted fund balance consists of amounts to be paid to:

	December 31, 2012	December 31, 2011	January 1, 2011
Windsor Regional Hospital	\$ 322,803	\$ 243,363	\$ 162,100
Hotel Dieu Grace Hospital	–	22,164	36,766
Leamington District Memorial Hospital	43,938	14,426	15,180
John McGivney Children's Centre	10,000	2,926	27,300
Windsor-Essex Therapeutic Riding Association	958	–	33,732
	<u>\$ 377,699</u>	<u>\$ 282,879</u>	<u>\$ 275,078</u>

5. Lottery raffle activity:

During the 2012 year, the Foundation had the following lottery raffle activity:

	2012 General lottery raffle	2012 Gala lottery raffle
Revenue	\$ 10,515	\$ 2,540
Less: expenses	365	108
	<u>10,150</u>	<u>2,432</u>
Less: hold backs	(150)	(137)
Add: previous years holdbacks	–	105
	<u>\$ 10,000</u>	<u>\$ 2,400</u>

WINDSOR-ESSEX CARE FOR KIDS FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

5. Lottery raffle activity (continued):

During the 2011 year, the Foundation had the following lottery raffle activity:

	2011 General lottery raffle	2011 Gala lottery raffle
Revenue	\$ 13,870	\$ 3,780
Less: expenses	501	575
	13,369	3,205
Less: hold backs	–	(105)
Add: previous years holdbacks	1,406	–
Paid to Windsor Regional Hospital	\$ 14,775	\$ 3,100

The amounts above were included in contributions paid to benefiting parties in 2012 and 2011 (note 3).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (December 31, 2011 - \$nil, January 1, 2011 - \$nil).

7. Financial risks and concentration of credit risk:

The Foundation manages its investment portfolio to earn investment income. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are cashable and can be disposed of to settle commitments.