

Adoption Council of Ontario

Financial Statements

For the year ended March 31, 2017



Independent Auditor's Report

To the Directors of Adoption Council of Ontario

I have audited the accompanying financial statements of Adoption Council of Ontario which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's 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, the auditor considers 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Adoption Council of Ontario and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenditures and cash flows from operations for the year ended March 31, 2017, current assets and net assets as at March 31, 2017.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Adoption Council of Ontario as at March 31, 2017, 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.

Edmonds Professional Corporation

Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario
Toronto, Canada
June 7, 2017

Adoption Council of Ontario
Statement of Financial Position
As at March 31,

	2017	2016
Assets		
Current		
Cash and cash equivalents	\$ 143,408	\$ 198,389
Amounts receivable	152,719	31,364
Prepaid expenses	36,630	32,448
	<u>332,757</u>	<u>262,201</u>
Property and equipment (Note 3)	12,308	18,675
	<u>345,065</u>	<u>280,876</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	182,994	182,079
Deferred revenue (Note 5)	168,377	131,250
	<u>351,371</u>	<u>313,329</u>
Net deficiency	(6,306)	(32,453)
	<u>\$ 345,065</u>	<u>\$ 280,876</u>

Contingent liability (Note 6)

APPROVED ON BEHALF OF THE BOARD:

_____, Director

_____, Director

Adoption Council of Ontario
Statement of Operations and Changes in Net Assets
For the year ended March 31,

	2017	2016
Revenue		
Dedicated funding		
Ministry of Children and Youth Services	\$ 1,130,247	\$ 687,347
Permanency and Adoption Support Services	173,724	165,025
Trillium Foundation Assistance	-	50,112
Education and information sessions	96,605	71,520
Fundraising	69,798	61,742
Membership and donations	78,739	59,632
Private grants	-	69,000
	1,549,113	1,164,378
Expenses		
General, training and office	411,838	275,780
Promotional materials	20,004	14,932
Rent	61,693	62,507
Salaries and consulting	816,608	656,637
Travel and meetings	6,551	18,313
Website hosting and maintenance	198,928	115,825
Amortization	7,344	26,360
	1,522,966	1,170,354
Excess (deficiency) of revenue over expenditures for the year	26,147	(5,976)
Net deficiency, beginning of year	(32,453)	(26,477)
Net deficiency, end of year	\$ (6,306)	\$ (32,453)

Adoption Council of Ontario
Statement of Cash Flows
For the year ended March 31,

	2017	2016
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenditures for the year	\$ 26,147	\$ (5,976)
Items not affecting cash		
Amortization	7,344	26,360
	33,491	20,384
Net changes in non-cash working capital		
Amounts receivable	(121,355)	32,741
Prepaid expenses	(4,182)	1,007
Accounts payable and accrued liabilities	915	21,906
Deferred revenue	37,127	(125,905)
	(54,004)	(49,867)
Investing		
Purchase of property and equipment	(977)	(45,035)
Net change in cash	(54,981)	(94,902)
Cash, beginning of year	198,389	293,291
Cash, end of year	\$ 143,408	\$ 198,389

1. NATURE OF THE ORGANIZATION

Adoption Council of Ontario ("the ACO") was founded in 1987 and incorporated in 1991 as a not-for-profit corporation. Its mission is to educate, support, connect and advocate on behalf of those touched by adoption in Ontario by providing information, programs and resources. The ACO is a registered charity for tax purposes and consequently is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the ACO.

Revenue Recognition

The ACO uses the deferral method of accounting for contributions. Restricted contributions are deferred and recognized into revenue when related expenses are incurred. Pledges are recognized as revenue when the amount or value of the pledge is reasonably estimated and collection is reasonably assured. Government grants are recorded when there is a reasonable assurance that the ACO has complied with and will continue to comply with all the necessary conditions of the grant. Program fees are recognized as revenue when related services are completed.

Contributions in kind are recorded at fair value on receipt, with the exception of donated services. The ACO does not record the value of donated services.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank and cashable GICs.

Equipment

Equipment is recorded at cost less accumulated amortization. Contributed property is recorded at the fair value at the date of the gift. When property and equipment no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Adoption Council of Ontario
Notes to the Financial Statements
For the year ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Equipment (Cont'd)

The Organization amortizes its property and equipment on the diminishing balance method at the following rates per annum:

Computers	55%
Office equipment	20%
Website	30%

Financial Instruments

The ACO initially measures its financial assets and liabilities at fair value. The ACO subsequently measures its financial assets and financial liabilities at amortized cost.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess of revenue over expenditures. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenue over expenditures.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Computers	\$ 27,524	\$ 23,416	\$ 4,108	\$ 8,849
Office equipment	10,984	4,315	6,669	7,639
Website	7,504	5,973	1,531	2,187
	\$ 46,012	\$ 33,704	\$ 12,308	\$ 18,675

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances of \$4,413 (2016 - \$13,152).

5. DEFERRED REVENUE

Deferred revenue consists of contributions from The Circle for Children Foundation (Permanency and Adoption Support Services Program) and funding for various ACT Programs to be conducted next year (2016 - The Circle for Children Foundation (Permanency and Adoption Support Services Program)).

6. CONTINGENT LIABILITY

The ACO is contingently liable to return all or a portion of grants received for expenditures should it not use the grant funds as set out in the terms of the respective agreements. The amount of any such losses or repayments are not currently significant or determinable. In the event of repayment of a grant, the losses will be recorded if and when it becomes anticipated and determinable.

7. ECONOMIC DEPENDENCE

For the year ended March 31, 2017, dedicated funding from the Ministry of Children and Youth Services ("MCYS") represented 73% (2016 - 59%) of the ACO's total revenue. An annual extension agreement for this funding has traditionally been approved by MCYS in August or September each year. MCYS has also traditionally continued to fund the ACO with regular bi-weekly payments until the extension is formally announced. The agreement extending the funding for the fiscal year ending March 31, 2018 is expected to be signed in September 2017 and the ACO has continued to receive monthly funding subsequent to March 31, 2017. Without this funding, the ACO would have to reduce the size and scope of its operations significantly.