

HELP A CHILD SMILE

Financial Statements (unaudited)
for the Year Ended December 31, 2021
and Independent Practitioner's Review Engagement Report

HELP A CHILD SMILE
FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of
Help A Child Smile:

We have reviewed the accompanying financial statements of Help A Child Smile that comprise the balance sheet as at December 31, 2021 and the statements of loss and changes in surplus and of 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Help A Child Smile derives revenue from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Help A Child Smile. Therefore, we were unable to determine whether any adjustment might have been found necessary with respect to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and surplus as at January 1 and December 31 for both the 2021 and 2020 year end. Our review conclusion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Help A Child Smile as at December 31, 2021, 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

April 20, 2022

HELP A CHILD SMILE
 STATEMENT OF LOSS AND CHANGES IN SURPLUS
 YEAR ENDED DECEMBER 31, 2021
 (unaudited)

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$ 77,732	\$ 75,995
Fundraising		
- Mystique Marketing	-	12,000
- March Magic	-	2,386
- 50/50 Raffle	23,660	-
- Catch the Ace	3,846	-
- 3rd Party Fundraisers	12,812	3,095
- Other	120	270
Interest income	8	199
	118,178	93,945
EXPENDITURES - Page 8		
Administration costs	22,677	21,201
Program costs	101,704	77,310
Fundraising costs	21,497	5,914
	145,878	104,425
EXCESS OF EXPENDITURES OVER REVENUE	(27,700)	(10,480)
UNRESTRICTED SURPLUS, BEGINNING OF YEAR	175,495	140,975
CHANGE IN INTERNALLY RESTRICTED FUNDS - DISNEY (Note 2)	(5,000)	45,000
UNRESTRICTED SURPLUS, END OF YEAR	\$ 142,795	\$ 175,495

HELP A CHILD SMILE

BALANCE SHEET
AS AT DECEMBER 31, 2021
(unaudited)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 195,399	\$ 218,057
HST receivable	3,803	1,184
Prepaid expenses	4,735	4,954
	<u>\$ 203,937</u>	<u>\$ 224,195</u>
LIABILITY		
Current liability		
Accounts payable and accrued liabilities	\$ 11,142	\$ 3,700
SURPLUS		
Unrestricted	142,795	175,495
Internally restricted surplus - Disney (Note 2)	50,000	45,000
	<u>192,795</u>	<u>220,495</u>
	<u>\$ 203,937</u>	<u>\$ 224,195</u>

HELP A CHILD SMILE
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2021
 (unaudited)

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of expenditures over revenue	\$ (27,700)	\$ (10,480)
Changes in non-cash operating assets and liabilities		
HST receivable	(2,619)	9,718
Prepaid expenses	219	848
Accounts payable and accrued liabilities	7,442	1,309
INCREASE (DECREASE) IN CASH	(22,658)	1,395
CASH, BEGINNING OF YEAR	218,057	216,662
CASH, END OF YEAR	\$ 195,399	\$ 218,057

HELP A CHILD SMILE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

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

Nature of operations

The non-profit Organization was incorporated without share capital under the Ontario Business Corporations Act and is a registered charity under the Income Tax Act. The Organization's primary purpose is to assist children diagnosed with cancer in fulfilling a dream and arranging special trips and outings for these children.

Revenue recognition

The Organization recognizes unrestricted donations and revenue from various fundraising events as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Organization follows the deferral method of accounting for restricted contributions whereby contributions are recognized in revenue in the year which the related expenses are incurred.

Program costs

The costs to be incurred for future trips to Walt Disney World will be recorded as internally restricted surplus and expensed as program costs in the year paid.

Contributed services

The value of volunteer and other services contributed to the Organization is not reported in the financial statements. There is no objective basis available to measure the value of the services and the Organization does not maintain detailed records of these services.

Foreign currency translation

The carrying amount of foreign currency-denominated assets included on the balance sheet are translated into Canadian dollars at year-end rates of exchange. The resulting foreign currency translation gains and losses are included in the determination of excess of revenue over expenditures.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the company is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

HELP A CHILD SMILE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than 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 income.

Financial assets measured at amortized cost include cash.

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

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. INTERNALLY RESTRICTED SURPLUS - DISNEY

The Organization has identified that 10 trips (2020 - 9 trips) to Walt Disney World will be funded in a future year. The approximate cost of each trip is \$5,000 and a total of \$50,000 (2020 - \$45,000) surplus has been internally restricted accordingly.

HELP A CHILD SMILE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
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3. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 12% (2020 - 14%) of the Organization's program costs are in a foreign currency. Consequently, these expenses are exposed to foreign exchange fluctuations. As at December 31, 2021, cash of \$21,147 (2020 - \$2,842) is denominated in US dollars and converted into Canadian dollars.

It is management's opinion that the Organization is not exposed to significant interest rate, market (other price), credit, or liquidity risks arising from its financial instruments.

4. IMPACT OF COVID-19 PANDEMIC

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Organization has determined that adjustments to the financial statements are not required as a result of these events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

HELP A CHILD SMILE
 SCHEDULE OF EXPENDITURES
 YEAR ENDED DECEMBER 31, 2021
 (unaudited)

	<u>2021</u>	<u>2020</u>
ADMINISTRATION COSTS		
Accounting	\$ 3,014	\$ 2,910
Administrator	8,271	7,208
Bank charges and interest	691	954
Directors meetings and mileage	870	954
Insurance	4,462	2,273
Gain on foreign exchange	(447)	(287)
Office and miscellaneous	4,741	5,165
Postage	209	269
Printing	525	840
Telecommunications	341	915
	\$ 22,677	\$ 21,201
PROGRAM COSTS		
African Lion Safari (Recovery)	\$ 1,481	\$ (70)
Bingemans Centre	2,204	1,885
Can Jam	96	705
Christmas party	-	-
Epic books	1,737	-
Fertility clinic	3,950	3,600
Hospital	1,052	2,833
March magic	874	5,388
Safari Niagara	11,004	3,041
Summer Picnic	5,816	-
Teen group	813	500
Niagara Go Karts	4,270	2,966
Walt Disney World vacations	12,500	10,652
Welcome packages	55,907	45,810
	\$ 101,704	\$ 77,310
FUNDRAISING COSTS		
Public relations	\$ 1,076	\$ 3,967
Storage Unit	1,829	1,815
T-shirts, sweatshirts and toys	2,152	132
50/50 raffle and catch the ace expenses and payouts	16,440	-
	\$ 21,497	\$ 5,914