

HELP A CHILD SMILE

Financial Statements (unaudited)
for the Year Ended December 31, 2022
and Independent Practitioner's Review Engagement Report

HELP A CHILD SMILE

FINANCIAL STATEMENTS

DECEMBER 31, 2022

(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, 2022 and the statements of income 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and surplus as at January 1 and December 31 for both the 2022 and 2021 year end. Our review conclusion on the financial statements for the year ended December 31, 2021 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, 2022, 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

May 31, 2023

HELP A CHILD SMILE
 STATEMENT OF INCOME AND CHANGES IN SURPLUS
 YEAR ENDED DECEMBER 31, 2022
 (unaudited)

	<u>2022</u>	<u>2021</u>
REVENUE		
Donations	\$ 140,761	\$ 77,732
Fundraising		
- Mystique Marketing	5,000	-
- 50/50 Raffle	-	23,660
- Catch the Ace	3,440	3,846
- 3rd Party Fundraisers	44,703	12,812
- Other	181	120
Interest income	-	8
	194,085	118,178
EXPENDITURES - Page 8		
Administration costs	14,142	22,002
Program costs	162,942	102,380
Fundraising costs	12,309	21,497
	189,393	145,879
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	4,692	(27,701)
UNRESTRICTED SURPLUS, BEGINNING OF YEAR	142,794	175,495
CHANGE IN INTERNALLY RESTRICTED FUNDS - DISNEY (Note 2)	50,000	(5,000)
UNRESTRICTED SURPLUS, END OF YEAR	\$ 197,486	\$ 142,794

HELP A CHILD SMILE
BALANCE SHEET
AS AT DECEMBER 31, 2022
(unaudited)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash	\$ 205,748	\$ 195,399
HST receivable	2,453	3,803
Prepaid expenses	3,617	4,735
	\$ 211,818	\$ 203,937
LIABILITY		
Current liability		
Accounts payable and accrued liabilities	\$ 14,332	\$ 11,143
SURPLUS		
Unrestricted	197,486	142,794
Internally restricted surplus - Disney (Note 2)	-	50,000
	197,486	192,794
	\$ 211,818	\$ 203,937

HELP A CHILD SMILE
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2022
 (unaudited)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	\$ 4,692	\$ (27,700)
Changes in non-cash operating assets and liabilities		
HST receivable	1,350	(2,619)
Prepaid expenses	1,118	219
Accounts payable and accrued liabilities	3,189	7,442
INCREASE (DECREASE) IN CASH	10,349	(22,658)
CASH, BEGINNING OF YEAR	195,399	218,057
CASH, END OF YEAR	\$ 205,748	\$ 195,399

HELP A CHILD SMILE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(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 organization 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, 2022
(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

During the year, the Organization has decided that they will no longer be awarding and paying for trips to Disney World.

HELP A CHILD SMILE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(unaudited)

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 12.5% (2021 - 12%) of the Organization's program costs are in a foreign currency. Consequently, these expenses are exposed to foreign exchange fluctuations. As at December 31, 2022, cash of \$20,307 (2021 - \$21,147) 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

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an entity's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still 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, 2022
 (unaudited)

	<u>2022</u>	<u>2021</u>
ADMINISTRATION COSTS		
Accounting	\$ 3,014	\$ 3,014
Administrator	7,839	8,271
Bank charges and interest	485	691
Directors meetings and mileage	65	195
Insurance	2,066	4,462
Gain on foreign exchange	(1,980)	(447)
Office and miscellaneous	2,241	4,741
Postage	-	209
Printing	-	525
Telecommunications	412	341
	\$ 14,142	\$ 22,002
PROGRAM COSTS		
African Lion Safari	\$ 5,321	\$ 1,481
Bingemans Centre	-	2,204
Can Jam	-	96
Christmas party	2,888	-
Epic books	-	1,737
Fertility clinic	1,700	3,950
Fishing derby	4,668	-
HHS Parking	70,984	46,506
Hospital	3,198	2,927
March magic	-	874
Miscellaneous	1,684	676
Safari Niagara	4,430	11,004
Sandra Allen memorial award	15,000	-
Skyzone	4,530	-
Summer Picnic	5,701	5,816
Teen group	75	813
Niagara Go Karts	5,229	4,270
Walt Disney On Ice	5,966	-
Walt Disney World vacations	24,172	12,500
Welcome packages	7,396	7,526
	\$ 162,942	\$ 102,380
FUNDRAISING COSTS		
Public relations	\$ 2,305	\$ 1,076
Storage Unit	1,943	1,829
T-shirts, sweatshirts and toys	2,506	2,152
50/50 raffle and catch the ace expenses and payouts	5,555	16,440
	\$ 12,309	\$ 21,497