

The Children's Bridge



Financial Statements

For the year ended July 31, 2023

The Children's Bridge
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Independent Auditor's Report

**To the Members of
The Children's Bridge**

Opinion

We have audited the financial statements of The Children's Bridge (the "Organization") which comprise the statement of financial position as at July 31, 2023, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

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 Organization in accordance with the ethical requirements that are relevant to our audit of the 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 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 Organization's ability 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Organization's internal control.
- 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 Organization's ability 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 Organization 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
October 27, 2023
Ottawa, Ontario

The Children's Bridge Statement of Financial Position

July 31	2023	2022
Assets		
Current		
Cash (Note 1)	\$ 825,786	\$ 841,458
Funds held in trust (Note 4)	325,995	308,345
Accounts receivable	23,841	-
Prepaid expense	3,355	924
Investment (Note 2)	310,781	-
	1,489,758	1,150,727
Investment	-	300,000
Tangible capital assets (Note 3)	8,131	2,697
Intangible assets (Note 3)	54	504
	\$ 1,497,943	\$ 1,453,928

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 42,852	\$ 61,293
Government remittances payable	7,766	-
Deferred membership revenue	2,600	2,340
	53,218	63,633
Trust liability (Note 4)	325,995	308,345
	379,213	371,978
Net assets		
Unrestricted	1,118,730	1,081,950
	\$ 1,497,943	\$ 1,453,928

On behalf of the Board:

_____ Director _____ Director

The Children's Bridge
Statement of Changes in Net Assets

For the year ended July 31	2023	2022
Balance, beginning of year	\$ 1,081,950	\$ 1,056,894
Excess of revenue over expenses for the year	36,780	25,056
Balance, end of year	\$ 1,118,730	\$ 1,081,950

The Children's Bridge Statement of Operations

For the year ended July 31	2023	2022
Revenue		
General		
Facilitation fees	\$ 241,500	\$ 282,000
Membership fees	4,320	2,000
Post placement fees	28,662	38,250
Travel services	7,771	9,492
	282,253	331,742
Direct		
Pre/post adoption services	67,793	82,660
Investment income	43,207	5,130
Administration fees	112,817	116,029
	223,817	203,819
Other revenues	1,195	1,650
	507,265	537,211
Expenses		
Direct costs		
Cost of product sales	11,191	9,078
Pre/post adoption services	2,885	1,300
Translation fees	14,092	7,063
	28,168	17,441
General and administrative costs		
Amortization of capital assets	4,273	5,803
Bad debts	2,750	-
Bank and credit card charges	4,930	4,633
Communications and meetings	6,098	4,430
Donations and gifts	300	2,000
Foreign exchange loss (gain)	(4,710)	-
Insurance and licenses	24,650	23,016
Office and general expenses	21,647	31,489
Professional fees	75,674	94,305
Program expenses	1,891	2,121
Salaries and wages	300,164	325,002
Travel	4,650	1,915
	442,317	494,714
	470,485	512,155
Excess of revenue over expenses for the year	\$ 36,780	\$ 25,056

The Children's Bridge Statement of Cash Flows

For the year ended July 31	2023	2022
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 36,780	\$ 25,056
Adjustments for		
Amortization of tangible capital assets	3,716	5,299
Amortization of intangible assets	557	504
	41,053	30,859
Changes in non-cash working capital items		
Accounts receivable	(23,841)	-
Prepaid expense	(2,431)	(924)
Accounts payable and accrued liabilities	(18,441)	19,994
Government remittances payable	7,766	(21,503)
Deferred membership revenue	260	2,340
	4,366	30,766
Cash flows from investing activities		
Purchase of tangible capital assets	(9,150)	-
Purchase of intangible assets	(107)	(1,008)
Accrued interest on investments	(10,781)	-
Purchase of investment	-	(300,000)
Redemption of investment	-	257,571
	(20,038)	(43,437)
Decrease in cash during the year	(15,672)	(12,671)
Cash, beginning of year	841,458	854,129
Cash, end of year	\$ 825,786	\$ 841,458

The Children's Bridge

Summary of Significant Accounting Policies

July 31, 2023

Nature of the Organization The Children's Bridge is incorporated under the Canada Not-for-profit Corporations Act. The Organization is working to educate families on the subject of adopting a child, providing assistance to families who are interested in international adoption and to assist children who are in need in orphanages in foreign countries. The Organization is a not-for-profit organization as defined in Section 149(1)(L) of the Income Tax Act and, as such is exempt from income tax.

Basis of Presentation The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

Financial Instruments Financial instruments are financial assets or liabilities of the Organization where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.

Measurement of arm's length financial instruments

The Organization initially measures its arm's length financial assets and liabilities at fair value. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Arm's length financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, funds held in trust, investment, accounts payable and accrued liabilities and trust liability.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 excess of revenue over expenses.

Transaction costs

The Organization recognizes its transaction costs in excess in revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

The Children's Bridge

Summary of Significant Accounting Policies

July 31, 2023

Use of Estimates	<p>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.</p> <p>Significant estimates include assumptions used in estimating the useful lives and related amortization of tangible capital assets and intangible assets and provisions for certain accrued liabilities.</p>		
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives at the following annual rates:</p> <table><tr><td style="padding-left: 20px;">Computer equipment</td><td style="padding-left: 100px;">3 years straight-line basis</td></tr></table> <p>A half-rate is used in the year of acquisition.</p> <p>Tangible capital assets are written down to the fair value or replacement cost when conditions indicate that the assets no longer contribute to the Organization's ability to provide services.</p>	Computer equipment	3 years straight-line basis
Computer equipment	3 years straight-line basis		
Intangible Assets	<p>Intangible assets consists of software, is recorded at cost and amortized on a straight-line basis over an estimated useful life of 2 years.</p>		
Revenue Recognition	<p>Fee and service revenues are recognized as revenue and receivable when the service has been rendered and when collection is reasonably assured.</p> <p>Investment income and other revenues are recognized as revenue when earned.</p>		
Volunteer Services	<p>The Organization receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.</p>		
Foreign Currency	<p>Transactions during the year in U.S. dollars have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in U.S. dollars have been converted to Canadian dollars at the exchange rates in effect at the date of the statement of financial position. Gains or losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.</p>		

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Notes to Financial Statements

July 31, 2023

1. Cash

The Organization's bank accounts are held at one chartered bank. Bank balances include \$66,890 (2022 - \$67,188) denominated in U.S. dollars.

2. Investment

Investment is held with a chartered bank and consists of a guaranteed investment certificate with an effective interest rate of 3.45% (2022 - 3.45%) and maturing January 2024.

3. Tangible Capital Assets and Intangible Assets

	2023			2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Tangible Capital Assets						
Computer equipment	\$ 21,818	\$ 13,687	\$ 8,131	\$ 12,668	\$ 9,971	\$ 2,697
Intangible Asset						
Software	\$ 7,835	\$ 7,781	\$ 54	\$ 7,728	\$ 7,224	\$ 504

During the year, the organization wrote off \$nil (2022 - \$23,094) in fully amortized assets.

4. Assets Held in Trust

	2023		2022	
Canadian dollar trust account	\$ 182,526		\$ 162,747	
US dollar trust account - U.S. \$108,878 (2022 - U.S. \$113,535)		143,469		145,598
Ending balance	\$ 325,995		\$ 308,345	

Monies held in trust on behalf of clients are recorded as Assets Held in Trust and Trust Liability. These funds are used to cover the expenses incurred on behalf of the client.

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Notes to Financial Statements

July 31, 2023

5. **Credit Facility**

The Organization has access to \$50,000 of unsecured credit cards with a financial institution, bearing interest at 19.99% per annum. As at July 31, 2023, \$1,316 was used.

6. **Risks and Concentrations**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at July 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to currency rate risk and interest rate risk.

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. The Organization is exposed to this risk mainly in respect of cash held in U.S. dollars as disclosed in Note 1 and 4.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Organization is mainly exposed to fair value risk as a result of its interest-bearing investment with a fixed interest rate.

Changes in risk

There have been no significant changes in the Organization risk exposures from the previous fiscal year.
