

Financial Statements

Merry-Go-Round Children's Foundation
June 30, 2014



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Merry-Go-Round Children's Foundation

We have audited the accompanying financial statements of Merry-Go-Round Children's Foundation, which comprise the balance sheet as at June 30, 2014, and the statements of operations, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the auditors' 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 auditors 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 is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Merry-Go-Round Children's Foundation as at June 30, 2014 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Corporations Act (Canada), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
October 7, 2014.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Merry-Go-Round Children's Foundation

BALANCE SHEET

As at June 30

	2014	2013
	\$	\$
ASSETS		
Current		
Cash	146,796	163,755
Amounts receivable	17,793	—
Investments <i>[note 3]</i>	5,034	21,101
	169,623	184,856
LIABILITIES		
Current		
Accounts payable and accrued liabilities	11,300	—
Due to Merry-Go-Round Children's Fund <i>[note 4]</i>	48,356	22,642
	59,656	22,642
NET ASSETS		
Unrestricted	109,967	162,214
	169,623	184,856

See accompanying notes

On behalf of the Board:

Director

Director



Merry-Go-Round Children's Foundation

STATEMENT OF CHANGES IN NET ASSETS

Year ended June 30

	2014	2013
	\$	\$
Balance, beginning of year	162,214	153,937
Excess (deficiency) of revenue over expenses	(52,247)	8,277
Balance, end of year	109,967	162,214

See accompanying notes



Merry-Go-Round Children's Foundation

STATEMENT OF OPERATIONS

Year ended June 30

	2014	2013
	\$	\$
REVENUE		
Contributions	507,810	391,171
Interest and other	17,182	4,017
Gain on sale of investments	29,458	3,175
Unrealized loss on investments	(3,067)	(6,442)
	551,383	391,921
EXPENSES		
Administrative	13,780	2,044
Charitable donations <i>[note 4]</i>	589,850	381,600
	603,630	383,644
Excess (deficiency) of revenue over expenses	(52,247)	8,277

See accompanying notes



Merry-Go-Round Children's Foundation

STATEMENT OF CASH FLOWS

Year ended June 30

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(52,247)	8,277
Items not affecting cash		
Receipt of contributed investments	(25,772)	(21,175)
Gain on sale of investments	(29,458)	(3,175)
Unrealized loss on investments	3,067	6,442
Changes in non-cash working capital balances		
Donations receivable	—	19,500
Amounts receivable	(17,793)	—
Accounts payable and accrued liabilities	11,300	—
Due to Merry-Go-Round Children's Fund	25,714	—
Cash provided by (used in) operating activities	(85,189)	9,869
INVESTING ACTIVITIES		
Proceeds from sale of investments	68,230	6,850
Cash provided by investing activities	68,230	6,850
Increase (decrease) in cash during the year	(16,959)	16,719
Cash, beginning of year	163,755	147,036
Cash, end of year	146,796	163,755

See accompanying notes



Merry-Go-Round Children's Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

1. PURPOSE OF THE FOUNDATION

The Merry-Go-Round Children's Foundation [the "Foundation"] receives funds from the community for the Merry-Go-Round Children's Fund [the "Fund"], which is controlled by the Foundation. The Foundation was incorporated under the Canada Corporations Act and is a public foundation under the Income Tax Act (Canada). The Foundation and Fund were established in August 1996, to provide computers and support services to socially and economically disadvantaged children, to provide a meaningful impact on their academic achievements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ["CPA Canada"] Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Contributions are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.

Investment income, which consists of interest, dividends, and realized and unrealized gains and losses, is recorded in the statement of operations.

Contributed materials and services

The Foundation does not account for contributed materials or services.

Consolidation

The Foundation does not consolidate controlled not-for-profit organizations. The Foundation discloses the required information of controlled not-for-profit organizations.

Merry-Go-Round Children's Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Financial instruments

Investments are recorded at fair value. The fair value of investments is determined based on published price quotations in an active market. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

It is management's opinion that the Foundation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

3. INVESTMENTS

Investments at fair value are as follows:

	2014	2013
	\$	\$
12,274 common shares – Nippon Dragon Resources Inc. [2013 – 12,274 common shares]	859	614
50,000 common shares – Seafield Resources Ltd. [2013 – 50,000 common shares]	750	2,750
2,500 common shares – Suroco Energy Inc. [2013 – 2,500 common shares]	2,050	1,162
25,000 common shares – Manitou Gold Inc. [2013 – 25,000 common shares]	875	875
10,000 common shares – Oriana Resources Corp. [2013 – 10,000 common shares]	500	2,700
0 common shares – Prometic Life Sci Inc. [2013 – 40,000 common shares]	—	13,000
	5,034	21,101

Merry-Go-Round Children's Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

4. MERRY-GO-ROUND CHILDREN'S FUND

[a] The Fund is controlled by the Foundation, both entities have similar Boards of Directors, with the Foundation raising funding for the operations of the Fund. The Fund was incorporated under the Canada Corporation Act and is a charitable organization under the Income Tax Act (Canada).

Summary financial statements of the Fund are as follows:

	2014	2013
	\$	\$
Balance Sheet		
Assets	96,116	28,432
Liabilities	2,744	1,967
Net assets	93,372	26,465
Statement of Operations		
Revenue	589,862	426,600
Expenses	522,955	427,075
Cash Flows		
Cash provided by (used in) operating activities	41,461	(45,474)

[b] During the year, the Foundation made grants of \$589,850 [2013 - \$381,600] to the Fund for program expenses.

[c] During the year, the Fund provided other administrative services at no cost to the Foundation. During the year, the Foundation paid for certain administrative costs on behalf of the Fund in the amount of \$11,300.

[d] As at June 30, 2014, an amount of \$48,356 [2013 - \$22,642] was due to the Fund. The amount is non-interest-bearing and due on demand.

[e] Transactions with the Fund are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

