

Financial Statements

Merry-Go-Round Children's Fund

June 30, 2014



Building a better
working world

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Merry-Go-Round Children's Fund, 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 Fund 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 Fund

BALANCE SHEET

As at June 30

	2014	2013
	\$	\$
ASSETS		
Current		
Cash	47,251	5,790
Prepaid expenses <i>[note 4]</i>	509	—
Due from Merry-Go-Round Children's Foundation <i>[note 3[d]]</i>	48,356	22,642
	96,116	28,432
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,744	1,967
NET ASSETS		
Unrestricted	93,372	26,465
	96,116	28,432

See accompanying notes

On behalf of the Board:

Director

Director



Merry-Go-Round Children's Fund

STATEMENT OF CHANGES IN NET ASSETS

Year ended June 30

	2014	2013
	\$	\$
Balance, beginning of year	26,465	26,940
Excess (deficiency) of revenue over expenses	66,907	(475)
Balance, end of year	93,372	26,465

See accompanying notes



Merry-Go-Round Children's Fund

STATEMENT OF OPERATIONS

Year ended June 30

	2014	2013
	\$	\$
REVENUE		
Contributions from Merry-Go-Round Children's Foundation <i>[note 3[b]]</i>	589,850	381,600
Other contributions	12	45,000
	589,862	426,600
EXPENSES		
Administration		
Office and general	4,024	6,512
Premises <i>[note 4]</i>	6,103	5,989
	10,127	12,501
Charitable		
Kids, Cops & Computers program	435,482	348,112
Fundraising events	77,346	66,462
	512,828	414,574
	522,955	427,075
Excess (deficiency) of revenue over expenses	66,907	(475)

See accompanying notes



Merry-Go-Round Children's Fund

STATEMENT OF CASH FLOWS

Year ended June 30

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	66,907	(475)
Changes in non-cash working capital balances		
Prepaid expenses	(509)	—
Due from Merry-Go-Round Children's Foundation	(25,714)	—
Accounts payable and accrued liabilities	777	(44,999)
Cash provided by (used in) operating activities and increase (decrease) in cash during the year	41,461	(45,474)
Cash, beginning of year	5,790	51,264
Cash, end of year	47,251	5,790

See accompanying notes



Merry-Go-Round Children's Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

1. PURPOSE OF THE FUND

The Merry-Go-Round Children's Fund [the "Fund"] receives donations from Merry-Go-Round Children's Foundation [the "Foundation"], which controls the Fund. The Fund was incorporated under the Canada Corporations Act and is a charitable organization under the Income Tax Act (Canada). The Fund and Foundation 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 Fund 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.

Contributed materials and services

The Fund does not account for contributed materials or services.

Financial instruments

Financial instruments, including accounts payable and accrued liabilities, are initially recorded at fair value and subsequently measured at amortized cost.

Merry-Go-Round Children's Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

3. MERRY-GO-ROUND CHILDREN'S FOUNDATION

[a] Merry-Go-Round Children's Foundation [the "Foundation"] receives donations which are used to support the charitable activities of the Fund. The Foundation has its own Board of Directors and is independent of the Fund. The assets, liabilities, revenue and expenses of the Foundation have not been included in these financial statements.

The Foundation is incorporated under the laws of Canada. It is registered as a public foundation and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

[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 from the Foundation. The amount is non-interest-bearing and due on demand.

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

4. RELATED PARTY TRANSACTIONS

The Fund leases premises for office space from a company affiliated with the Chair of the Board of Directors. The terms of the rental agreement are on a month to month basis. During the year, \$6,103 [2013 - \$5,989] of rent expense was recognized. As at June 30, 2014, an amount of \$509 of rent expense was recorded as a prepaid expense. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

5. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2014 financial statements.

