

SMILE CANADA - SUPPORT SERVICES

Financial Statements

Year Ended - June 30, 2023



SMILE CANADA - SUPPORT SERVICES

Year Ended - June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the SMILE Canada - Support Services

We have audited the accompanying financial statements of SMILE Canada - Support Services which comprise the statement of financial position as at June 30, 2023 and the statements of operations and changes in fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SMILE Canada - Support Services as at June 30, 2023, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under these standards are further described in the Auditors' 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 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.

In common with many not-for-profit organizations and charities; SMILE Canada - Support Services derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of SMILE Canada - Support Services. Therefore, we are unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and

2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 year-ends. Our opinion on the financial statements as at and for the year ended June 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Management's Responsibilities and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing as applicable, matters relating 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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.

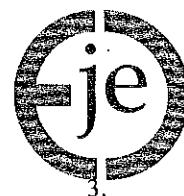
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- * Evaluate the appropriateness of accounting 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 auditors' 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 auditors' 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.

E. J. Schmidt

Markham, Ontario
December 21, 2023

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The Chartered Professional Accountants of Ontario



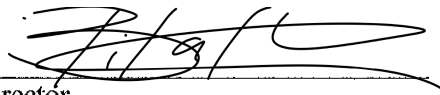
SMILE CANADA - SUPPORT SERVICES
Statement of Financial Position
June 30, 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
ASSETS			
CURRENT			
Cash		\$ 59,756	\$ 172,176
Accounts receivable		37,500	2,060
HST rebate receivable		12,360	4,358
Prepaid expenses and deposits		-	1,424
Restricted cash	3	458,391	210,404
		<u>\$ 568,007</u>	<u>\$ 390,422</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	4	\$ 36,254	\$ 227,575
Deferred grants	5	277,318	10,404
Deferred contributions	6	181,073	-
		<u>494,645</u>	<u>237,979</u>
FUND BALANCE			
FUND BALANCE		<u>73,362</u>	<u>152,443</u>
		<u>\$ 568,007</u>	<u>\$ 390,422</u>

APPROVED ON BEHALF OF THE BOARD



Director



Director



SMILE CANADA - SUPPORT SERVICES
Statement of Operations and Changes in Fund Balance
Year Ended - June 30, 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
REVENUES			
Contributions		\$ 319,419	\$ 288,426
Contributions - Zakat	6	122,985	92,132
Fundraising income		69,246	-
Grants	7	286,632	211,747
Non-receipted donations from charities		2,500	110,048
Other revenue		1,866	6,990
		<u>802,648</u>	<u>709,343</u>
EXPENSES			
Bank charges		941	328
Family support services	8	672,379	607,367
Fundraising costs		107,922	40,956
Office general and administrative expenses		82,039	54,398
Professional fees		18,448	11,598
		<u>881,729</u>	<u>714,647</u>
DEFICIENCY OF REVENUES OVER EXPENSES		(79,081)	(5,304)
Fund balance, beginning of year		<u>152,443</u>	<u>157,747</u>
FUND BALANCE, end of year		<u><u>\$ 73,362</u></u>	<u><u>\$ 152,443</u></u>

SMILE CANADA - SUPPORT SERVICES
Statement of Cash Flows
Year Ended - June 30, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Cash received from donors, funders, grants and events	\$ 1,207,193	\$ 591,089
Cash paid to beneficiaries and suppliers	<u>(1,071,626)</u>	<u>(637,658)</u>
NET CASH INCREASE (DECREASE), during the year	135,567	(46,569)
Cash, beginning of year	<u>382,580</u>	<u>429,149</u>
CASH, end of year	\$ 518,147	\$ 382,580
 Cash is defined as cash and restricted cash.		
Cash	59,756	172,176
Restricted cash	<u>458,391</u>	<u>210,404</u>
	<u>518,147</u>	<u>382,580</u>

1. PURPOSE OF THE ORGANIZATION

SMILE Canada - Support Services is a not-for-profit organization registered without share capital under the laws of the province of Ontario dedicated to supporting individual and families within communities in Canada from impacts of physical, intellectual or other limitations as the result of disability or disease. The Organization was registered on August 6, 2008. The Organization received its charity status on July 1, 2018.

The head office, principal and registered address of the Organization is located at 904 Cob Court, Mississauga, Ontario L5V 1X8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

Financial instruments including cash, accounts receivable, accounts payable and accrued liabilities are recorded at fair value on initial recognition and then subsequently at cost or amortized cost, unless management has elected to carry the instruments at fair value. Management has not elected to carry any such financial instruments at fair value.

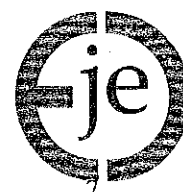
Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, management determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

b) Basis of accounting

(i) The financial statements have been prepared using Canadian accounting standards for not-for-profit enterprises (ASNPO).

(ii) These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and expenditures during the reporting period. Actual results could differ from those estimates.

The significant areas requiring management's judgments related to the provision for doubtful accounts and accruals. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

d) Revenue recognition

SMILE Canada - Support Services follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Grants that are received during the year but are not yet earned are recorded as deferred grants.

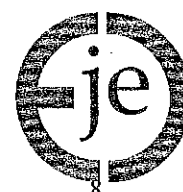
e) Contributed materials and services

Members of the organization's Board of Directors and other individuals volunteer their time to the ongoing programs and projects of SMILE Canada - Support Services. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Contributed materials and services, other than volunteer time, are recognized in the financial statements when a fair value can be reasonably estimated.

3. RESTRICTED CASH

	2023	2022
Scholarship liability	\$ -	\$ 200,000
Deferred grants	277,318	10,404
Deferred contributions	181,073	-
	\$ 458,391	\$ 210,404

This is an internal restriction and the cash is not kept in a separate bank account.



SMILE CANADA - SUPPORT SERVICES
Notes to Financial Statements
June 30, 2023

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Scholarship liability	\$ -	\$ 200,000
Accounts payable	7,054	5,699
Payroll and related liabilities	29,200	21,876
	\$ 36,254	\$ 227,575

5. DEFERRED GRANTS

	2023	2022
Opening balance	\$ 10,404	\$ 119,838
Deferred grants utilized during the year	(4,731)	(109,434)
Grants received and deferred in the year	271,645	-
Ending balance	\$ 277,318	\$ 10,404

Deferred grants include funds received for specific uses for which the related expenditures have not been incurred.

6. DEFERRED CONTRIBUTIONS

	2023	2022
Opening balance	\$ -	\$ 4,028
Zakat contributions utilized during the year	(122,985)	(92,132)
Zakat contributions received during the year	304,058	88,104
	\$ 181,073	\$ -

Deferred contributions include funds received for specific uses for which the related expenditures have not been incurred.

7. GRANTS

	2023	2022
Canada post grant	\$ 4,731	\$ 14,596
Canada summer jobs - Federal Government grants	37,228	24,204
Canadian Tire jump start	-	8,809
Human Concern International	100,000	92,563
IRC Inclusion Partnership for Ramadan	37,500	-
Ontario Trillium Fund	13,032	-
Penny appeal grant - caregiver and respite	-	34,800
Surrey Place	26,433	-
TD Grant	23,985	-
United Way - winter tool kit	43,723	9,500
United Way - Virtual respite mentorship program	-	27,275
	\$ 286,632	\$ 211,747

SMILE CANADA - SUPPORT SERVICES
Notes to Financial Statements
June 30, 2023

8. FAMILY SUPPORT SERVICES

	2023	2022
Assessment program and service navigation wages	\$ 322,796	\$ 227,767
Community awareness	4,309	-
Emergency relief funds	3,767	11,203
Grant expenses	227,545	51,303
Other family support expense	14,706	1,416
Parent coaching therapy	3,020	14,329
Parent and youth events	46,591	6,857
Scholarships	49,645	294,492
	\$ 672,379	\$ 607,367

9. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk with respect to accounts receivable from members and donors. The organization believes there is minimal risk associated with amounts receivable from donors as the donations are being processed and transferred through a third part charitable organization.

(b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. It also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price. The organization meets its liquidity requirements by preparing and monitoring an annual financial budget and holding assets that can be readily converted into cash.

10. ECONOMIC DEPENDENCE

These statements have been prepared on the basis that SMILE Canada - Support Services is a going concern. However, SMILE Canada - Support Services relies heavily on government grants and other grants for specific projects and programs which are applied for annually or periodically. Should these grants not be renewed or be reduced substantially, the existence of these projects and programs would be in doubt and therefore the ability of the Organization to continue might be jeopardized. Government grants and other grants total \$286,632 and represent approximately 36% of total revenues (2022 - \$211,747 and 30%).

11. COMPARATIVE FIGURES

(a) Certain figures for the year 2022 have been reclassified to conform to that of the current year's presentation.

(b) The 2022 comparative financial statements were audited by another firm of chartered professional accountants.