

Financial Statements of

**THE TORONTO STAR  
CHILDREN'S CHARITIES**

And Independent Auditor's Report thereon

Year ended December 31, 2023



## INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Toronto Star Children's Charities

### ***Opinion***

We have audited the financial statements of The Toronto Star Children's Charities (the "Charity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at December 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 auditor's report.

We are independent of the Charity 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity'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 the financial statements.

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 Charity'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 Charity'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 Charity 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.
- 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.



Chartered Professional Accountants, Licensed Public Accountants



# THE TORONTO STAR CHILDREN'S CHARITIES

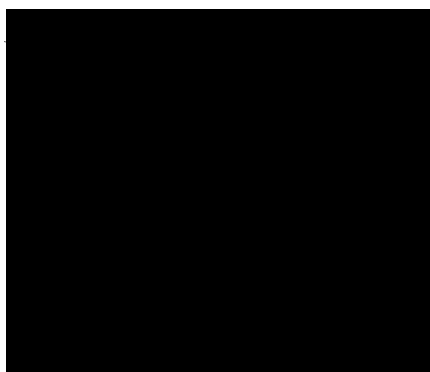
## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Cash	\$ 721,554	\$ 627,476
Investments (note 2)	4,111,767	4,472,568
Donations and other receivables	273,709	251,813
Prepaid expenses	966	-
	<u>\$ 5,107,996</u>	<u>\$ 5,351,857</u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 288,048	\$ 281
Fund balances:		
Operating Fund	4,252,413	4,771,541
Restricted Fund (notes 4 and 5)	567,535	580,035
	<u>4,819,948</u>	<u>5,351,576</u>
	<u>\$ 5,107,996</u>	<u>\$ 5,351,857</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director

Director

# THE TORONTO STAR CHILDREN'S CHARITIES

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	2023				2022	
	Operating Fund			Restricted Fund (notes 4 and 5)	Total	Total
	Santa Claus Fund	Fresh Air Fund	General Fund			
<b>Revenue:</b>						
Donations	\$ 1,245,210	\$ 582,119	\$ 43,834	\$ -	\$ 1,871,163	\$ 2,190,856
Bequests	250,250	250,000	222,338	-	722,588	400,569
Investment	66,266	81,900	3,368	-	151,534	34,153
	1,561,726	914,019	269,540	-	2,745,285	2,625,578
<b>Expenses:</b>						
Overnight and day camps	-	1,155,706	-	-	1,155,706	892,306
Gift boxes	1,884,982	-	-	-	1,884,982	1,672,908
Salaries and benefits	52,809	22,632	-	-	75,441	-
General expenses	53,824	36,941	458	-	91,223	-
Professional fees	49,067	20,494	-	-	69,561	-
	2,040,682	1,235,773	458	-	3,276,913	2,565,214
Excess (deficiency) of revenue over expenses	(478,956)	(321,754)	269,082	-	(531,628)	60,364
Fund balances, beginning of year	2,404,365	2,149,051	218,125	580,035	5,351,576	5,291,212
Transfer from Restricted Fund (notes 4 and 5)	-	12,500	-	(12,500)	-	-
<b>Fund balances, end of year</b>	<b>\$ 1,925,409</b>	<b>\$ 1,839,797</b>	<b>\$ 487,207</b>	<b>\$ 567,535</b>	<b>\$ 4,819,948</b>	<b>\$ 5,351,576</b>

See accompanying notes to financial statements.

# THE TORONTO STAR CHILDREN'S CHARITIES

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (531,628)	\$ 60,364
Items not involving cash:		
Donations of shares	(107,804)	(131,388)
Realized loss on sale of donated shares	1,727	1,426
Change in non-cash working capital balances related to operations:		
Donations and other receivables	(21,896)	(69,795)
Prepaid expenses	(966)	—
Accounts payable and accrued liabilities	287,767	(1,354)
	<u>(372,800)</u>	<u>(140,747)</u>
Investing activities:		
Net change in investments	360,801	402,737
Proceeds from sales of donated shares	106,077	129,962
	<u>466,878</u>	<u>532,699</u>
Increase in cash	94,078	391,952
Cash, beginning of year	627,476	235,524
Cash, end of year	<u>\$ 721,554</u>	<u>\$ 627,476</u>

See accompanying notes to financial statements.

# THE TORONTO STAR CHILDREN'S CHARITIES

Notes to Financial Statements

Year ended December 31, 2023

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The purpose of The Toronto Star Children's Charities (the "Charity") is to provide gifts at Christmas through the Santa Claus Fund and to provide summer camp experience to underprivileged children through the Fresh Air Fund.

The Charity was incorporated in 1961 under the laws of Ontario and is a registered charity under the Income Tax Act (Canada) and, as such, is not subject to income taxes.

## 1. Summary of significant accounting policies

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook and include the following significant accounting policies:

### (a) Revenue recognition:

The Charity follows the restricted fund method of accounting for contributions. The Operating Fund is an unrestricted fund used to record resources available for general purposes. The Restricted Fund is used to record resources restricted by donors or the Board of Trustees.

Unrestricted donations are recorded as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate restricted fund when received. Contributed services are not reflected in these financial statements.

Investment income, which consists of interest and realized and unrealized gains and losses, is recorded as investment income in the statement of operations and changes in fund balances.

### (b) Contributed goods and services:

Donated shares in publicly traded companies received by the Charity are included in donations in the statement of operations and changes in fund balances. The Charity's policy is to sell the shares soon after the receipt of the donated shares.

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.



# THE TORONTO STAR CHILDREN'S CHARITIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Charity has elected to carry investments at fair value. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred.

Other financial instruments, including donations and other receivables and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

### (d) Allocation of expenses:

The Charity allocates its own direct costs, recorded on the statement of operations and changes in Fund balances, including marketing, bookkeeping, audit, and legal expenses, between Funds, based on estimated usage.

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# THE TORONTO STAR CHILDREN'S CHARITIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 2. Investments:

Investments, being treasury bills, consist of the following:

2023	Maturity date	Fair value	Interest rate
Santa Claus Fund	September 12, 2024	\$ 1,453,733	4.76%
Fresh Air Fund	May 23, 2024	587,964	5.19%
	May 23, 2024	549,052	4.95%
	December 5, 2024	1,057,328	4.62%
General Fund	September 12, 2024	328,213	5.19%
	September 12, 2024	135,477	4.76%
		<b>\$ 4,111,767</b>	

2022	Maturity date	Fair value	Interest rate
Santa Claus Fund	September 14, 2023	\$ 2,034,606	4.53%
Fresh Air Fund	May 11, 2023	393,388	4.29%
	May 25, 2023	509,616	4.25%
	December 7, 2023	1,534,958	4.40%
		<b>\$ 4,472,568</b>	

# THE TORONTO STAR CHILDREN'S CHARITIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

### 3. Related party transactions:

Commencing in 2023, the Board of Trustees authorized the Charity to pay its own direct expenses including employee compensation, general expenses and professional fees. Previously, these costs were paid by the [REDACTED]. In 2023, expenses of \$109,211 (2022 - nil) were paid by the [REDACTED] on behalf of the Charity and subsequently reimbursed. At year end, the Charity owes \$4,379 (2022 - \$281) to the [REDACTED] and is included in accounts payable and accrued liabilities. In addition, the Star provides advertising space for the Charity across its media assets and certain employees of the [REDACTED] perform key administrative support in connection with the Charity.

### 4. Restricted Fund:

The Restricted Fund is made up of donations that will be transferred to the Operating Fund and disbursed in future periods. It contains externally restricted donations that will be used as stipulated by the contributors (note 5), and internally restricted funds that will be used at the discretion of the Board of Trustees.

The continuity of the Restricted Fund is as follows:

	Santa Claus Restricted Fund			Fresh Air Restricted Fund			Total
	Internal	External	Total	Internal	External	Total	
Balance, December 31, 2021	\$ 89,117	\$ -	\$ 89,117	\$ 465,918	\$ 37,500	\$ 503,418	\$ 592,535
Transfer from Operating Fund	-	-	-	-	-	-	-
Transfer to Operating Fund	-	-	-	-	(12,500)	(12,500)	(12,500)
Balance, December 31, 2022	89,117	-	89,117	465,918	25,000	490,918	580,035
Transfer from Operating Fund	-	-	-	-	-	-	-
Transfer to Operating Fund	-	-	-	-	(12,500)	(12,500)	(12,500)
Balance, December 31, 2023	\$ 89,117	\$ -	\$ 89,117	\$ 465,918	\$ 12,500	\$ 478,418	\$ 567,535

### 5. Externally restricted donations:

In 2003, the Fresh Air Fund received a bequest of \$250,000. The terms of the bequest require that \$12,500 of the principal amount of the donation be disbursed each year for 20 years. The entire amount of the bequest received in 2003 was recorded in the Fresh Air Restricted Fund. Beginning in 2005, and in each subsequent year, the amount required to be disbursed in accordance with the above-described restrictions will be transferred from the Fresh Air Restricted Fund to the Fresh Air Operating Fund. As at December 31, 2023, \$12,500 (2022 - \$25,000) related to this restricted bequest is included in the Fresh Air Restricted Fund balance and \$12,500 (2022 - \$12,500) was transferred to the Fresh Air Operating Fund.

# THE TORONTO STAR CHILDREN'S CHARITIES

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 6. Financial risks:

The financial risks to which the Charity is exposed are described below. There has been no significant change in the risk exposure of the Charity from the prior year.

### (a) Credit risk:

Credit risk is the risk of financial loss to the Charity if a counterparty to a financial instrument fails to meet its obligation to the Charity. The Charity is exposed to credit risk from financial assets including cash held at banks, investments, and donations and other receivables. The maximum credit exposure of the Charity is represented by the carrying amount of cash, investments and donations and other receivables as presented in the statement of financial position. Cash and investments present minimal credit risk to the Charity as the counterparties are a major Canadian financial institution and the federal government.

### (b) Market risk:

Market risk is the risk that changes in market prices will affect the Charity's income or the value of its holdings of financial instruments. The Charity is exposed to market risk with respect to its investments in fixed income investments because their fair value will fluctuate due to changes in market interest rates. Due to the short-term nature of the Charity's investments and the intent to hold the investments until maturity, a change in market interest rates would not have a significant impact on the Charity's operations.

### (c) Liquidity risk:

Liquidity risk is the risk the Charity will encounter difficulty in meeting the obligations associated with its financial liabilities. The Charity manages its liquidity risk by maintaining adequate cash reserves and monitoring its cash flows to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.