

**THE COALITION FOR THE  
PROTECTION OF CHILDREN**

Financial Statements  
(With Independent Auditor's Report Thereon)

For the year ended June 30, 2019



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## INDEPENDENT AUDITOR'S REPORT

To the Members of The Coalition for the Protection of Children

### Qualified Opinion

We have audited the financial statements of The Coalition for the Protection of Children (the "Coalition"), which comprise the statement of financial position as at June 30, 2019, the statements of operations and changes in fund balance and cash flows for the year then ended, and notes, comprising 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada ("ASNFP").

### Basis for Qualified Opinion

The Coalition derives its revenue of \$582,711 (2018 - \$520,547) from donations, the completeness of which is not susceptible to satisfactory audit verification. We were unable to obtain sufficient appropriate audit evidence over the completeness of donations revenue. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Coalition. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue and net deficiency (2018 – surplus) of revenues over expenditures included in the statement of operations and changes in fund balances for the years ended June 30, 2019 and 2018, and cash and cash equivalents and accumulated fund included in the statement of financial position as at June 30, 2019 and 2018.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Coalition in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, 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 qualified 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 ASNFP 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 Coalition'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 Coalition or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Coalition'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 ISA 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 ISA, 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 Coalition'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 Coalition'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 Coalition 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.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
January 7, 2020

**THE COALITION FOR THE PROTECTION OF CHILDREN**

Statement of Financial Position

June 30, 2019

(Expressed in Bermuda Dollars)

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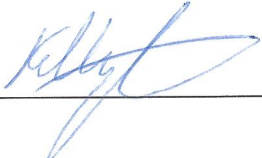
	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 171,974	\$ 157,560
Accounts receivable and prepayments	<u>2,036</u>	<u>12,355</u>
Total assets	<u>\$ 174,010</u>	<u>\$ 169,915</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	<u>\$ 22,649</u>	<u>\$ 18,145</u>
<b>Total liabilities</b>	<u>22,649</u>	<u>18,145</u>
<b>Fund balance</b>		
Accumulated fund (Note 5)	<u>151,361</u>	<u>151,770</u>
<b>Total liabilities and fund balance</b>	<u>\$ 174,010</u>	<u>\$ 169,915</u>

*The accompanying notes are an integral part of the financial statements.*

Signed on behalf of the Board of Directors

  
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Director

  
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Director

## THE COALITION FOR THE PROTECTION OF CHILDREN

### Statement of Operations and Changes in Fund Balances

For the year ended June 30, 2019  
(Expressed in Bermuda Dollars)

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	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Corporate donations	\$ 374,954	\$ 214,165
Foundation and trust donations	145,495	104,000
Individual donations	41,349	44,929
Other revenue	20,913	62,245
Speak Up Be Safe	<u>—</u>	<u>95,208</u>
<b>Total revenue</b>	<u>582,711</u>	<u>520,547</u>
<b>Expenditure</b>		
Salaries and wages	262,372	141,374
Breakfast program	100,601	66,308
Business operations	86,966	78,479
Roots for Success	45,151	—
Emergency hardship support	42,267	64,908
Speak Up Be Safe	28,621	89,035
Other expenses	<u>17,142</u>	<u>13,902</u>
<b>Total expenditure</b>	<u>583,120</u>	<u>454,006</u>
Net (deficiency) surplus of revenue over expenditures	(409)	66,541
Fund balance – beginning of year	<u>151,770</u>	<u>85,229</u>
Fund balance – end of year	<u>\$ 151,361</u>	<u>\$ 151,770</u>

*The accompanying notes are an integral part of the financial statements.*



## THE COALITION FOR THE PROTECTION OF CHILDREN

### Statement of Cash Flows

For the year ended June 30, 2019  
(Expressed in Bermuda Dollars)

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	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Net (deficiency) surplus of revenues over expenditures	\$ (409)	\$ 66,541
Changes in non-cash working capital balances:		
Decrease in accounts receivable and prepayments	10,319	70,645
Decrease in deferred contributions	—	(95,209)
Increase (decrease) in accounts payable and accrued liabilities	<u>4,504</u>	<u>(17,675)</u>
Net cash provided by operating activities	<u>14,414</u>	<u>24,302</u>
Net increase in cash and cash equivalents	14,414	24,302
Cash and cash equivalents at beginning of year	<u>157,560</u>	<u>133,258</u>
Cash and cash equivalents at end of year	<u>\$ 171,974</u>	<u>\$ 157,560</u>

*The accompanying notes are an integral part of the financial statements.*

## THE COALITION FOR THE PROTECTION OF CHILDREN

### Notes to the Financial Statements

June 30, 2019

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#### 1. **Nature of business**

The Coalition for the Protection of Children (the "Coalition") is a charitable organization dedicated to meeting the needs of children and their families. The Coalition is a registered charity under the Bermuda Charities Act, 2014.

#### 2. **Basis of preparation**

The Coalition prepares its financial statements in accordance with the requirements of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook – Accounting Part III: Accounting Standards for Not-for-Profit Organizations ("ASNFPPO").

These financial statements have been prepared on a going concern basis, which assumes that the Coalition will continue as a going concern for the foreseeable future.

The ability of the Coalition to continue as a going concern and realize its assets and discharge its liabilities is dependent on the ongoing generation of donation revenue from corporate and individual donors.

Based on its latest operating budget and future cash flow projections, the Coalition's Board of Directors considers that the Coalition has the ability to meet its ongoing obligations for the foreseeable future and that the going concern basis of preparation is appropriate.

Accordingly, these financial statements do not reflect any adjustments to the carrying value or classification of the Coalition's assets and liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments would be material to these financial statements.

#### 3. **Significant accounting policies**

The significant accounting policies set out below have been applied consistently in preparing the financial statements which are in accordance with ASNFPPO.

##### *a) Use of estimates*

The preparation of financial statements in accordance with ASNFPPO 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 revenue and expenditure during the period. Actual results could differ from those estimates.

##### *b) Revenue recognition*

The Coalition follows the deferral method of accounting for contributions under which restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenue is recognized on the accruals basis.

## THE COALITION FOR THE PROTECTION OF CHILDREN

Notes to the Financial Statements

June 30, 2019

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### 3. Significant accounting policies (continued)

#### c) *Donated goods and contributed services*

Donated goods and contributed services are recorded as revenue when a fair value can be reasonably estimated and when the goods and services would otherwise have been purchased or incurred.

Volunteers contribute time to assist the Coalition in carrying out its activities. Contributed volunteer services are not recognized in the financial statements due to the difficulty in determining their value.

#### d) *Cash and cash equivalents*

For the purpose of the statement of cash flows, the Coalition considers all time deposits with an original maturity of 90 days or less as equivalent to cash.

#### e) *Operating leases*

Rentals payable under operating leases are charged to expenses on a straight line basis over the term of the relevant lease.

#### f) *Financial instruments*

Financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The Coalition initially measures its financial assets and financial liabilities at cost being fair value of the consideration paid or received. The Coalition subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets are tested for impairment when there are indicators of impairment. The amount of any impairment write-down is recognized in the statement of operations. Any 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 the statement of operations.

#### g) *Foreign currencies*

Transactions denominated in foreign currencies have been converted to Bermuda dollars at the appropriate prevailing rate of exchange at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bermuda dollars at the rates of exchange prevailing at the year-end date. Resulting gains or losses are recorded in the statement of operations.

#### h) *Government grants*

Government grants are recognized over the period to which the grant relates when there is reasonable assurance that the Coalition will comply with any conditions attached to the grant and that the grant will be received.



# THE COALITION FOR THE PROTECTION OF CHILDREN

## Notes to the Financial Statements

June 30, 2019

### 4. Accounts payable and accrued liabilities

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 9,427	\$ 9,567
Payroll related liabilities	8,072	3,578
Accrued liabilities	<u>5,150</u>	<u>5,000</u>
Total	<u>\$ 22,649</u>	<u>\$ 18,145</u>

Payroll related liabilities comprise government remittances payable as follows:

	<u>2019</u>	<u>2018</u>
Payroll tax	\$ 4,998	\$ 2,774
Social insurance	1,587	804
Government pension	<u>1,487</u>	<u>—</u>
	<u>\$ 8,072</u>	<u>\$ 3,578</u>

### 5. Capital management

The Coalition defines capital, for its own purposes, as its accumulated fund balance. The Coalition's objective when managing capital is to hold sufficient fund balances to enable it to withstand negative unexpected financial events and continue as a going concern. The Coalition seeks to achieve this objective by minimizing its exposure to variable financial obligations and by holding cash to maintain sufficient liquidity to enable it to meet its obligations as they become due. As at June 30, 2019, the Coalition's accumulated fund balances amounted to \$151,361 (2018 - \$151,770). The Coalition is not subject to any externally imposed requirements on capital.

### 6. Financial instruments

#### *Fair values*

The estimated fair values of the Coalition's financial instruments approximate their carrying values because of their short-term nature, or the fact they attract market rates of interest.

#### *Liquidity risk*

Liquidity risk is the risk that the Coalition will encounter difficulty in meeting obligations associated with its financial liabilities. The Coalition is exposed to this risk mainly in respect of its accounts payable. The Coalition manages liquidity risk by holding sufficient cash and cash equivalents to enable it to meet its liabilities as they fall due.

#### *Credit risk*

Credit risk is the risk that a member or counterparty to a financial instrument fails to meet its contractual obligations to the Coalition, and arises principally from cash and cash equivalents and accounts receivable. The Coalition deposits all cash surpluses with a Bermuda-based financial institution. Management believes that the Coalition is not exposed to any significant credit risk in relation to these deposits and accounts receivable balances.

## THE COALITION FOR THE PROTECTION OF CHILDREN

Notes to the Financial Statements

June 30, 2019

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### 6. Financial instruments (continued)

#### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, market prices and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Coalition.

#### *(i) Foreign exchange risk*

The Coalition's transactions are mainly conducted in Bermuda dollars and, as such, it has minimal exposure to foreign exchange risk.

#### *(ii) Interest rate risk*

The Coalition is exposed to changes in interest rates, which may impact interest revenue on cash deposits.

#### *(iii) Other price risk*

The Coalition is not exposed to other price risk.

### 7. Related party transactions

During the year ended June 30, 2019, the Coalition received donations of \$3,000 (2018 - \$nil) from a director. This amount is included in individual donations in the statement of operations and changes in fund balances.

All relevant party transactions are recorded at the exchange amount which is the consideration established and agreed between the related parties.