

**Keystone Child, Youth and Family
Services**
Financial Statements
For the year ended March 31, 2025

Keystone Child, Youth and Family Services
Financial Statements
For the year ended March 31, 2025

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To the Board of Directors of Keystone Child, Youth and Family Services:

Qualified Opinion

We have audited the financial statements of Keystone Child, Youth and Family Services (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, surplus (deficit), donation equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 Organization as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting as described in note 1.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024, and fund balances as at April 1 and March 31 for both the 2025 and 2024 years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of possible effects of this limitation in scope.

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 report. We are independent of the Organization 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 qualified opinion.

Emphasis of Matter - Basis for Accounting

Without modifying our opinion, we draw attention to note 1 to the financial statements which describes the basis of accounting. These financial statements are prepared to assist Keystone Child, Youth and Family Services to comply with accounting policies prescribed by the Ministries of the Province of Ontario, the Departments of the Government of Canada and by the Counties of Bruce and of Grey. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statement for the year ended March 31, 2024 were audited by another auditor who expressed a qualified opinion on those statements on August 28, 2024 for the reasons described in the basis for Qualified Opinion paragraph.

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 the basis of accounting as described in note 1, this includes the determination that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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 related 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.

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 these 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 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 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 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.

MNP LLP

Owen Sound, Ontario

Chartered Professional Accountants

June 20, 2025

Licensed Public Accountants

Keystone Child, Youth and Family Services

Statement of Financial Position

March 31	2025	2024
Assets		
Current		
Cash and bank (Note 2)	\$ 2,336,130	\$ 1,435,857
Accounts receivable	395,792	298,014
Prepaid expenses	168,880	150,857
	<u>\$ 2,900,802</u>	<u>\$ 1,884,728</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 2,483,293	\$ 1,700,435
Deferred revenue (Note 4)	340,055	122,301
	<u>2,823,348</u>	<u>1,822,736</u>
Commitments including mortgage payable (Note 11)		
Fund balances		
Surplus (Page 6)	-	-
Donation equity (Page 6)	77,454	61,992
	<u>77,454</u>	<u>61,992</u>
	<u>\$ 2,900,802</u>	<u>\$ 1,884,728</u>

Approved on behalf of the Board:

e-Signed by Deborah Hogan-Thompson
2025-06-20 12:40:11:11 EDT

Director

e-Signed by Alanna Kade
2025-06-20 11:09:35:35 EDT

Director

The accompanying notes are an integral part of these financial statements.

Keystone Child, Youth and Family Services
Statement of Surplus (Deficit)

For the year ended March 31	2025	2024
Surplus, beginning of the year	\$ -	\$ -
Surplus for the year (Page 7)	15,462	14,318
Transfer (to) from donation equity	<u>(15,462)</u>	<u>(14,318)</u>
Surplus, end of the year	<u>\$ -</u>	<u>\$ -</u>

Statement of Donation Equity

For the year ended March 31	2025	2024
Donation equity, beginning of the year	\$ 61,992	\$ 47,674
Transfers from (to) surplus	<u>15,462</u>	<u>14,318</u>
Donation equity, end of the year	<u>\$ 77,454</u>	<u>\$ 61,992</u>

The accompanying notes are an integral part of these financial statements.

Keystone Child, Youth and Family Services

Statement of Operations

For the year ended March 31	2025	2024
Revenue		
Province of Ontario - operating	\$10,418,198	\$ 8,165,552
- pay equity	20,267	19,797
- one time funding	356,507	990,000
Government of Canada	581,059	581,060
Early Years funding - Grey County	290,091	268,801
WRAP funding - Grey County	97,715	97,715
Building Resiliency - Grey County	119,658	118,854
Ontario Trillium funding	-	149,600
Bruce Power	42,054	151,874
Brightshores Health Services	23,000	23,000
Hanover PMA funding	-	3,773
Canadian Red Cross	-	66,405
Youth Justice Services	69,613	68,250
Other income	166,034	175,055
	<u>12,184,196</u>	<u>10,879,736</u>
Expenditures		
Advertising and promotion	3,332	4,763
Building occupancy	377,521	314,350
Communication costs	57,427	51,294
Roof repairs and paving	-	170,028
Insurance	77,490	64,729
Minor capital	77,005	320,252
Intensive Treatment Center Upgrades	1,717,413	-
Program costs	2,870,407	3,284,932
Professional services	565,047	238,974
Salaries and benefits	5,544,176	5,332,243
Technology, equipment, furniture and supplies	350,912	202,018
Training	287,607	86,595
Travel	77,209	80,110
	<u>12,005,546</u>	<u>10,150,288</u>
Excess of revenue over expenditures for the year	178,650	729,448
Unexpended revenue - funds to be recovered by the Ministry	<u>(163,188)</u>	<u>(715,130)</u>
Surplus for the year	\$ 15,462	\$ 14,318

The accompanying notes are an integral part of these financial statements.

Keystone Child, Youth and Family Services
Statement of Cash Flows

For the year ended March 31	2025	2024
Cash provided by (used)		
Operating activities		
Surplus for the year (Page 6)	\$ 15,462	\$ 14,318
Changes in non-cash working capital balances		
Accounts receivable	(97,778)	(187,139)
Prepaid expenses	(18,023)	(150,857)
Accounts payable and accrued liabilities	782,858	652,622
Deferred revenue	217,754	81,336
	884,811	395,962
Increase in cash during the year	900,273	410,280
Cash, beginning of the year	1,435,857	1,025,577
Cash, end of the year	\$ 2,336,130	\$ 1,435,857
Represented by		
General fund	\$ 1,993,974	\$ 1,114,677
Donations account	342,156	321,180
	\$ 2,336,130	\$ 1,435,857

The accompanying notes are an integral part of these financial statements.

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies

Management Responsibility The management of Keystone Child, Youth and Family Services is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.

Nature of Business Keystone Child, Youth and Family Services is an organization operating programs to promote the well being of children, youth and families in the Grey-Bruce area.

Basis of Accounting The financial statements of the Keystone Child, Youth and Family Services are the representation of management prepared in accordance with the significant accounting policies set out below pursuant to the operating agreements with the funders. The basis of accounting used in these financial statements differs from Canadian accounting standards for not-for-profit organizations (ASNPO) in the following ways:

Capital assets purchased with cash are charged to operations in the year the expenditure is incurred rather than being capitalized on the balance sheet and amortized over their estimated useful lives. Capital assets purchased through debt are expensed to the statement of operations as the principal payments are repaid. Capital assets purchased in the year included furniture and equipment, vehicles purchased for use in program activities, and renovations to building and facilities. The mortgage payable has not been recorded on the balance sheet as the organization uses a modified basis of accounting excluding the inclusion of long-term accruals.

Revenue and expenditures are accrued using the modified basis of accounting. This method requires the inclusion of short-term accruals in the determination of operating results provided they are payable or receivable within 30 days of the budget year-end. Unpaid vacation and overtime amounts have not been accrued on the balance sheet as they are payable in excess of 30 days after year-end.

Income Taxes Keystone Child, Youth and Family Services is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is exempt from tax by virtue of that section.

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recorded as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributed assets which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of contribution.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements in accordance with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates include receivables, allowance for doubtful accounts and payables and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Grant Receivable and Unexpended Grants

Grant applications made on behalf of the Keystone Child, Youth and Family Services are obtained to assist in the funding of certain expenses. If expenses are made in advance of the grant being received, the grant is reflected as accounts receivable on the balance sheet. If the grant is received in advance of the expense being made, the unexpended portion of the grant is reflected as deferred revenue on the balance sheet. Each grant is accounted for separately.

These grants and claims are subject to review and settlement with respective funding agencies subsequent to year-end. Should adjustments to reported revenue be required they will be recorded in the year of settlement.

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

2. Cash and Bank

	2025	2024
Unrestricted	<u>\$ 2,336,130</u>	<u>\$ 1,435,857</u>

The organization's bank accounts are held at a chartered bank. The operating bank account and donation bank account earn interest at a rate of prime minus 2.35%. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor per financial institution.

The organization also has an agreement for a line of credit with a chartered bank to borrow up to \$100,000 at the bank's prime rate plus 1%. At March 31, 2025 the organization had undrawn credit capacity under this agreement of \$100,000.

3. Accounts Payable and Accrued Liabilities

Included within accounts payable and accrued liabilities are government remittances of \$ 46,501 (2024 - \$78,275).

4. Deferred Revenue

	2025	2024
Deferred donations	8,316	8,316
FASD Community Group	999	1,300
Southwest Ontario Aboriginal Health Access Centre	2,676	556
2022 Golf tournament - Biimadziwin project	11,470	11,470
Bruce Power	222,080	56,134
Bruce Grey Child and Family Services	58,423	27,325
Home Depot Orange Door Program	14,714	-
Other income	21,377	17,200
	<u>340,055</u>	<u>122,301</u>

5. Endowment Fund

Keystone Child, Youth and Family Services established a designated Agency Fund with the Community Foundation Grey Bruce to be maintained in perpetuity by the Foundation. The assets held by the Endowment Fund are restricted such that the income earned may only be used to promote the emotional and physical well-being and educational advancement of children in Grey and Bruce counties. The balance of the endowment as of December 31, 2023 was \$48,315 (2022 - \$43,750).

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

6. Economic Dependence

Keystone Child, Youth and Family Services receives a substantial amount of its revenue from the Province of Ontario and is financially dependent on the Province for funding.

7. Pension Agreements

Keystone Child, Youth and Family Services makes contributions to the Hospitals of Ontario Pension Plans (HOOPP), which is a multi-employer defined benefit plan on behalf of its employees. Employees and employers contribute jointly to the plan. The amount contributed by Keystone Child, Youth and Family Services for 2025 was \$385,365 (2024 - \$332,210) for current service and is included as expenditures in the Statement of Operations.

HOOPP is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of the employers. Keystone Child, Youth and Family Services does not recognize any share of the HOOPP surplus or deficit. The last available actuarial report for the HOOPP pension plan was at December 31, 2024. The plan reported a \$10.438 billion actuarial surplus (2023 - \$10.181 billion surplus) at that time based on actuarial liabilities of \$230.059 billion (2023 - \$193.58 billion) and actuarial assets of \$240.497 billion (2023 - \$203.76 billion).

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

8. Surplus/Deficit - Ministry of Children, Community and Social Services

Keystone Child, Youth and Family Services has a service contract with the Ministry of Children, Community and Social Services. The detailed program statements summarize all revenue and expenditures and identify any resulting surplus or deficit that relates to the service contract.

A review of the program statements shows the following services to be in a surplus (deficit) position as at March 31:

	2025	2024
Complex Special Needs 2024/2025	83,742	-
Workforce Capacity 2023/2024	13,459	13,459
Complex Special Needs 2023/2024	212,462	212,462
Wage enhancements 2023/2024	(7,183)	(7,183)
Ministry of Health Wage Enhancement 2022/2023	14,132	14,132
Complex Special Needs 2022/2023	18,114	18,114
Court Ordered Assessments 2022/2023	31,771	31,771
ASD Respite 2016/2017	1,670	1,670
Complex Special Needs 2014/2015	16,902	16,902
	385,069	301,327

The surplus amounts are included in accounts payable and accrued liabilities.

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

9. Surplus/Deficit - Ministry of Health

Keystone Child, Youth and Family Services has a service contract with the Ministry of Health. The detailed program statements summarize all revenue and expenditures and identify any resulting surplus or deficit that relates to the service contract.

A review of the program statements shows the following services to be in a surplus position as at March 31:

	2025	2024
Live in treatment 2024/2025	\$ 37,160	\$ -
One-time funding for live in treatment 2023/2024	475,889	475,889
Lead Agency 2023/2024	9,746	9,746
	\$522,795	\$ 485,635

The surplus amounts are included in accounts payable and accrued liabilities.

10. Surplus/Deficit - Public Health Agency of Canada

Keystone Child, Youth and Family Services has a service contract with the Public Health Agency of Canada. The detailed program statements summarize all revenue and expenditures and identify any resulting surplus or deficit that relates to the service contract.

A review of the program statements shows the following services to be in a surplus (deficit) position as at March 31:

	2025	2024
Community Action Program for Children (CAPC) 2023/2024	\$ -	\$ 10,756

The surplus amounts are included in accounts payable and accrued liabilities.

11. Surplus/Deficit - Reach Out Centre for Kids

Keystone Child, Youth and Family Services signed one-time service contract with the Reach Out Centre for Kids. The detailed program statements summarize all revenue and expenditures and identify any resulting surplus or deficit that relates to the service contract.

A review of the program statements shows the following services to be in a surplus (deficit) position as at March 31:

	2025	2024
One-Time OITP Funding	\$ 42,286	\$ -

The surplus amounts are included in accounts payable and accrued liabilities.

Keystone Child, Youth and Family Services

Notes to Financial Statements

March 31, 2025

12. Commitments Including Mortgage Payable

- (a) At March 31, 2025, Keystone Child, Youth and Family Services is liable for unpaid vacation pay and overtime to its employees of approximately \$97,265 (2024 - \$101,664). This liability is not reflected in the financial statements as the financial statements are prepared using the modified basis of accounting as disclosed in the summary of significant accounting policies. The liability will be charged to operations in the year it is paid.
- (b) Keystone Child, Youth and Family Services purchased a building to house their operations during the 2020 year end. This purchase was financed through a \$500,000 gift in kind and a mortgage payable. The Mortgage payable has 5.65% annual interest, is amortized over 25 years, has blended monthly payments of \$11,265 and is due January 2027. The mortgage is secured by property and assignment of insurance. Also included in the mortgage agreement are certain financial and reporting covenants. This liability is not reflected in the financial statements in accordance with the modified basis of accounting as disclosed in the summary of significant accounting policies. The expenditures towards principal and interest will be reflected through the statement of operations in the year of payment. Principal payments over the next two years are due as follows:

2026	\$ 45,732
2027	<u>1,576,237</u>
	<u>\$ 1,621,969</u>

13. Financial Instrument Risk

The organization utilizes various financial instruments consisting of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest or currency risk arising from these financial instruments. The organization is exposed to credit risk arising from its cash and accounts receivable and liquidity risk arising from its accounts payable and accrued liabilities.

14. Contributed Property

During the year the organization executed an Agreement of Purchase and Sale to acquire Brightshores mental health building located in Owen Sound at a cost of \$2, the fair value of the building is assessed at \$500,000. This property has been upgraded to host the Intensive Treatment Program.
