

Keystone Child, Youth and Family
Services
Financial Statements
For the year ended March 31, 2024

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Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Keystone Child, Youth and Family Services (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of surplus (deficit), donation equity, operations, 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 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 Organization as at March 31, 2024, and its results of operations 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, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and fund balances as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the 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 audit 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.

Responsibilities of Management 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
August 28, 2024

Keystone Child, Youth and Family Services Statement of Financial Position

March 31 2024 2023

Assets

Current

Cash and bank (Note 2)
Accounts receivable
Prepaid expenses

\$ 1,435,857	\$ 1,025,577
298,014	110,875
<u>150,857</u>	-

Liabilities

Current

Accounts payable and accrued liabilities (Note 3)	\$ 1,700,435	\$ 1,047,813
Deferred revenue (Note 4)	122,301	40,965
	1,822,736	1,088,778

Commitments including mortgage payable (Note 11)

Fund balances

Surplus (Page 6)	- 61,992	47,674
Donation equity (Page 6)	<u>61,992</u>	<u>47,674</u>
	\$ 1,884,728	\$ 1,136,452

Approved on behalf of the Board:

Karen

Director

Maura Kade

Director

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

<u>For the year ended March 31</u>	2024	2023
Surplus, beginning of the year	\$ -	\$ -
Surplus (deficit) for the year (Page 7)	14,318	(190,674)
Transfer (to) from donation equity	<u>(14,318)</u>	<u>190,674</u>
Surplus, end of the year	\$ -	\$ -

Statement of Donation Equity

<u>For the year ended March 31</u>	2024	2023
Donation equity, beginning of the year	\$ 47,674	\$ 238,348
Transfers from (to) surplus	<u>14,318</u>	<u>(190,674)</u>
Donation equity, end of the year	\$ 61,992	\$ 47,674

Keystone Child, Youth and Family Services
Statement of Operations

For the year ended March 31	2024	2023
Revenue		
Province of Ontario - operating	\$ 8,165,552	\$ 7,368,256
- pay equity	19,797	19,797
- one time funding	990,000	208,716
Government of Canada	581,060	581,060
Early Years funding - Grey County	268,801	245,104
WRAP funding - Grey County	97,715	97,715
Building Resiliency - Grey County	118,854	118,854
Ontario Trillium funding	149,600	114,000
Bruce Power	151,874	207,996
Kiwanis	-	5,200
Brightshores Health Services	23,000	23,000
Hanover PMA funding	3,773	22,196
Canadian Red Cross	66,405	-
Youth Justice Services	68,250	68,243
Other income	<u>175,055</u>	<u>231,688</u>
	<u>10,879,736</u>	<u>9,311,825</u>
Expenditures		
Advertising and promotion	4,763	6,722
Building occupancy	314,350	320,683
Communication costs	51,294	58,722
Roof repairs and paving	170,028	256,677
Insurance	64,729	78,882
Minor capital	320,252	-
Program costs	3,284,932	3,017,453
Professional services	238,974	66,515
Salaries and benefits	5,332,243	5,492,047
Technology, equipment, furniture and supplies	202,018	55,647
Training	86,595	15,526
Travel	<u>80,110</u>	<u>69,608</u>
	<u>10,150,288</u>	<u>9,438,482</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	729,448	(126,657)
Unexpended revenue - funds to be recovered by the Ministry	<u>(715,130)</u>	<u>(64,017)</u>
Surplus (deficit) for the year	\$ 14,318	\$ (190,674)

**Keystone Child, Youth and Family Services
Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2024</u>	<u>2023</u>
Cash provided by (used)		
Operating activities		
Surplus (deficit) for the year (Page 6)	\$ 14,318	\$ (190,674)
Changes in non-cash working capital balances		
Accounts receivable	(187,139)	35,607
Prepaid expenses	(150,857)	-
Accounts payable and accrued liabilities	652,622	298,531
Deferred revenue	81,336	38,353
	<u>395,962</u>	<u>372,491</u>
Increase in cash during the year	410,280	181,817
Cash, beginning of the year	<u>1,025,577</u>	<u>843,760</u>
Cash, end of the year	<u>\$ 1,435,857</u>	<u>\$ 1,025,577</u>
Represented by		
General fund	\$ 1,114,677	\$ 750,571
Donations account	<u>321,180</u>	<u>275,006</u>
	<u>\$ 1,435,857</u>	<u>\$ 1,025,577</u>

Keystone Child, Youth and Family Services Notes to Financial Statements

March 31, 2024

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. 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, 2024

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, 2024

2. Cash and Bank

	2024	2023
Unrestricted	\$ 1,435,857	\$ 1,025,577

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, 2024 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 \$78,275 (2023 - \$78,286).

4. Deferred Revenue

	2024	2023
Deferred donations	\$ 8,316	\$ -
FASD Community Group	1,300	1,500
Southwest Ontario Aboriginal Health Access Centre	556	1,112
Community Foundation Grey Bruce furniture grant	-	26,883
Bruce Grey Child and Family Services	27,325	-
2022 Golf tournament - Biimadziwin project	11,470	11,470
Other income	17,200	-
Bruce Power	56,134	-
	<hr/>	<hr/>
	\$ 122,301	\$ 40,965

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, 2024

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 2024 was \$332,210 (2023 - \$378,251) 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, 2023. The plan reported a \$10.18 billion actuarial surplus (2022 - \$10.96 billion surplus) at that time based on actuarial liabilities of \$193.58 billion (2022 - \$174.14 billion) and actuarial assets of \$203.76 billion (2022 - \$185.10 billion).

Keystone Child, Youth and Family Services Notes to Financial Statements

March 31, 2024

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:

	2024	2023
Workforce capacity 2023/2024	\$ 13,459	\$ -
Complex Special Needs 2023/2024	212,462	-
Wage enhancements 2023/2024	(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
Complex Special Needs 2021/2022	-	13,235
Court Ordered Assessments 2021/2022	-	22,116
Youth Justice Section 34 Court Assessments 2020/2021	-	26,029
Complex Special Needs 2020/2021	-	10,511
Youth Justice Section 34 Court Assessments 2019/2020	-	14,555
Intensive Services 2018/2019	-	3,489
Complex Special Needs 2018/2019	-	1,097
Youth Justice Section 34 Court Assessments 2018/2019	-	7,658
Complex Special Needs 2017/2018	-	78,534
Coordinated Service Planning 2017/2018	-	5,686
ASD Respite 2017/2018	-	5,491
Youth Justice Section 34 Court Assessments 2017/2018	-	5,144
Flex Funding 2017/2018	-	4,398
FASD 2017/2018	-	9,970
Other ASD Respite 2017/2018	-	2,027
ASD Respite 2016/2017	1,670	1,670
Complex Special Needs 2014/2015	16,902	16,902
	<hr/>	<hr/>
	\$ 301,327	\$ 292,529

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

Keystone Child, Youth and Family Services Notes to Financial Statements

March 31, 2024

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:

	2024	2023
One-time funding for live in treatment 2023/2024	\$ 475,889	\$ -
Lead Agency 2023/2024	<u>\$ 9,746</u>	<u>\$ -</u>
	<u><u>\$ 485,635</u></u>	<u><u>\$ -</u></u>

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:

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

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

Keystone Child, Youth and Family Services Notes to Financial Statements

March 31, 2024

11. Commitments Including Mortgage Payable

- (a) At March 31, 2024, Keystone Child, Youth and Family Services is liable for unpaid vacation pay and overtime to its employees of approximately \$101,664 (2023 - \$185,306). 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 4.0% annual interest, is amortized over 25 years, has blended monthly payments of \$9,846 and is due January 2025. 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 year are due as follows:

2025	<u>\$ 1,673,362</u>
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12. 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.

11. Subsequent Event

The organization has entered into an Agreement of Purchase and Sale to acquire Brightshores mental health building located in Owen Sound at a cost of \$2.
