

Financial Statements

City Kidz Ministry (Operating as CityKidz)

December 31, 2024

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Independent Auditor's Report

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To the Directors of
City Kidz Ministry (Operating as CityKidz)

Qualified Opinion

We have audited the financial statements of City Kidz Ministry (Operating as CityKidz) ("CityKidz"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in fund balances 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 effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of CityKidz as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Qualified Opinion

We were not able to complete audit procedures to satisfy ourselves concerning the completeness of donations for the year ended December 31, 2023. Verification of these revenues was limited to the amounts recorded in the records of CityKidz. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended December 31, 2023, current assets as at December 31, 2023, and net assets as at January 1, 2024 and 2023 and December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

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 CityKidz 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.

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 ASNPO, 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 CityKidz'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 CityKidz or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CityKidz's financial reporting process.

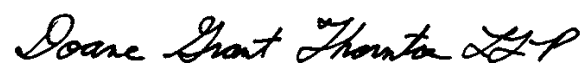
Auditor's Responsibilities for the Audit of the Financial Statements

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 CityKidz'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 CityKidz'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 CityKidz 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.



Mississauga, Canada
May 13, 2025

Chartered Professional Accountants
Licensed Public Accountants

City Kidz Ministry (Operating as CityKidz)

Statement of Financial Position

December 31

2024

2023

Assets

Current

Cash	\$ 865,681	\$ 682,432
Short-term investments	801,155	757,496
Accounts receivable	120,109	99,258
Prepaid expenses	<u>75,115</u>	<u>135,518</u>
	1,862,060	1,674,704

Investments	50,000	50,000
Capital assets (Note 3)	<u>932,194</u>	<u>1,009,785</u>
	<u>\$ 2,844,254</u>	<u>\$ 2,734,489</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 70,843	\$ 21,658
Deferred contributions (Note 4)	<u>139,900</u>	<u>131,750</u>
	210,743	153,408

Lease inducement (Note 5)	178,971	190,785
Deferred contributions (Note 4)	<u>46,675</u>	<u>72,154</u>
	<u>436,389</u>	<u>416,347</u>

Fund balances

Unrestricted	81,299	61,346
Internally restricted (Note 6)	1,162,450	1,071,880
Externally restricted	231,922	175,131
Invested in capital assets	<u>932,194</u>	<u>1,009,785</u>
	<u>2,407,865</u>	<u>2,318,142</u>
	<u>\$ 2,844,254</u>	<u>\$ 2,734,489</u>

Commitments (Note 7)

On behalf of the Board of Directors

 Director

 Director
Wendy Sherren (Jun 18, 2025 18:32 EDT)

City Kidz Ministry (Operating as CityKidz)

Statement of Operations

Year ended December 31

	General Fund	Capital Asset Fund	Total 2024	Total 2023
Revenue				
Donations	\$ 1,665,999	\$ -	\$ 1,665,999	\$ 1,615,378
Grants	490,260	100,000	590,260	551,561
Legacies	182,200	-	182,200	-
Other income	153,077	-	153,077	113,856
Government funding	12,504	-	12,504	-
	<u>2,504,040</u>	<u>100,000</u>	<u>2,604,040</u>	<u>2,280,795</u>
Expenses				
Wages and benefits	1,414,923	-	1,414,923	1,354,791
Fundraising	297,030	-	297,030	291,292
Program direct expenses	259,462	-	259,462	250,767
Building operations	246,790	-	246,790	236,742
Amortization	-	134,551	134,551	143,834
Office and general	96,008	-	96,008	85,818
Professional fees	28,147	-	28,147	27,319
Insurance	28,031	-	28,031	25,629
Gifts to other charities	9,375	-	9,375	20,600
	<u>2,379,766</u>	<u>134,551</u>	<u>2,514,317</u>	<u>2,436,792</u>
Excess (deficiency) of revenue over expenses	<u>\$ 124,274</u>	<u>\$ (34,551)</u>	<u>\$ 89,723</u>	<u>\$ (155,997)</u>

See accompanying notes to the financial statements.

City Kidz Ministry (Operating as CityKidz)

Statement of Changes in Fund Balances

Year ended December 31

	General Fund		Capital Asset Fund		Total 2024	Total 2023
	Unrestricted	Internally restricted	Externally restricted	Invested in capital assets		
Fund balance, beginning of year	\$ 61,346	\$ 1,071,880	\$ 175,131	\$ 1,009,785	\$ 2,318,142	\$ 2,474,139
Excess (deficiency) of revenue over expenses	124,274	-	100,000	(134,551)	89,723	(155,997)
Interfund transfers	(90,570)	90,570	-	-	-	-
Purchase of capital assets	(13,751)	-	(43,209)	56,960	-	-
Fund balance, end of year	<u>\$ 81,299</u>	<u>\$ 1,162,450</u>	<u>\$ 231,922</u>	<u>\$ 932,194</u>	<u>\$ 2,407,865</u>	<u>\$ 2,318,142</u>

See accompanying notes to the financial statements.

City Kidz Ministry (Operating as CityKidz)

Statement of Cash Flows

Year ended December 31

2024

2023

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses	\$ 89,723	\$ (155,997)
Items not affecting cash		
Amortization	134,551	143,834
(Decrease) increase in lease inducement	<u>(11,814)</u>	<u>12,090</u>
	212,460	(73)

Change in non-cash working capital items

Accounts receivable	(20,851)	52,097
Prepaid expenses	60,403	(1,126)
Accounts payable and accrued liabilities	49,185	(10,563)
Deferred contributions	<u>(17,329)</u>	<u>(39,053)</u>
	<u>283,868</u>	<u>1,282</u>

Investing

Purchase of investments (net)	(43,659)	(29,583)
Purchase of capital assets	<u>(56,960)</u>	<u>(80,614)</u>
	<u>(100,619)</u>	<u>(110,197)</u>

Increase (decrease) in cash 183,249 (108,915)

Cash, beginning of year 682,432 791,347

Cash, end of year \$ 865,681 \$ 682,432

See accompanying notes to the financial statements.

City Kidz Ministry (Operating as CityKidz)

Notes to the Financial Statements

December 31, 2024

1. Purpose of the Organization

City Kidz Ministry (Operating as CityKidz) ("CityKidz") exists to increase resiliency and inspire big dreams for Canadian children living in low-income communities by providing inspirational experiences and nurturing personal relationships, one child at a time. The aim of CityKidz programs is that all children will thrive so that they can have the opportunity to reach their full potential. Guided by faith, hope and love for the children and their families, CityKidz offers programs for children aged 3 to 18. Each program is designed using evidence-based research and outcomes.

CityKidz is incorporated, without share capital, under the Ontario Not-for-Profit Corporations Act, is a Canadian registered charity under the Income Tax Act and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by CityKidz and applied in these financial statements are as follows.

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of CityKidz are classified for accounting and reporting purposes into funds to be used according to the directions of the donor or as determined by CityKidz.

The General Fund accounts for CityKidz's program delivery and administrative activities. This fund includes unrestricted and internally restricted funds.

The unrestricted fund represents amounts held for CityKidz's program delivery and administrative activities outside of the purposes of the internally restricted funds.

The internally restricted funds are as follows:

Operating Reserve

The Operating Reserve is available to support short term operations depending on the anticipated variation of revenue compared to operations' needs at the beginning of the fiscal year. During fiscal 2024, \$443,570 (2023 - \$344,300) was utilized to support operations. In fiscal 2024, the Board of Directors (the "Board") approved an addition to this reserve in the amount of \$531,850 (2023 - \$443,570).

Long-Term Planning Reserve

The Long-Term Planning Reserve is available to provide a source of funds for capital priorities to facilitate ongoing operational needs and the development of future programs. During fiscal 2024, \$53,946 (2023 - \$71,560) was utilized to support capital purchases. In fiscal 2024, the Board approved an addition to this reserve in the amount of \$56,236 (2023 - \$74,870).

Contingency Reserve

The Contingency Reserve is available to ensure the stability of the mission, programs, employment, and ongoing operations of CityKidz in the event of unforeseen events or conditions.

City Kidz Ministry (Operating as CityKidz)

Notes to the Financial Statements

December 31, 2024

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to CityKidz's capital assets. This fund includes funds received externally restricted for capital assets as well as those invested in capital assets.

Revenue recognition

CityKidz follows the restricted fund method of accounting for contributions. Contributions and grants which are externally restricted by the donor are recorded as revenue of the appropriate restricted fund when received. Externally restricted contributions and grants for which there is no associated externally restricted fund are recorded as deferred contributions when received and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income is recognized as earned in the General Fund.

Contributed services and goods

Volunteers contribute their time during the year to assist CityKidz in carrying out its service delivery activities. However, because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed goods used in the normal course of operations that would have been purchased are recorded at their fair value at the date of contribution and are included in donations revenue. Included in donations revenue is contributed goods of \$48,621 (2023 - \$32,167). All other contributed goods are not recognized in the financial statements because of the difficulty in determining its fair value or use for CityKidz operations.

Financial instruments

CityKidz considers any contract creating a financial asset, liability or equity instrument as a financial instrument. CityKidz's financial instruments are comprised of cash, investments, accounts receivable and accounts payable.

CityKidz's financial instruments are initially recorded at fair value and subsequently measured at amortized cost. Short-term investments consist of balances in investment savings accounts of \$451,155 (2023 - \$707,496) and guaranteed investment certificates of \$350,000 (2023 - \$50,000) earning interest between 4.00% and 5.16% (2023 - 4.38%) and maturing between August and December 2025 (2023 - July 2024). Investments consist of a guaranteed investment certificate of \$50,000 (2023 - \$50,000) earning interest at 4.31% (2023 - 5.16%) and maturing in August 2026 (2023 - December 2025).

City Kidz Ministry (Operating as CityKidz)

Notes to the Financial Statements

December 31, 2024

2. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. CityKidz provides for amortization using the following methods and rates designed to amortize the cost of the capital assets over its estimated useful life. The annual amortization rates are as follows:

Furniture and fixtures	30% declining balance
Office equipment	30% declining balance
Audio video equipment	30% declining balance
Automotive equipment	30% declining balance
Leasehold improvements	5.5% - 20% straight-line or over the term of the lease
Computer hardware	55% declining balance

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the year they become known.

3. Capital assets

			2024	2023
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 78,833	\$ 76,136	\$ 2,697	\$ 3,853
Office equipment	126,916	121,953	4,963	2,934
Audio video equipment	161,350	159,594	1,756	2,510
Automotive equipment	101,490	81,848	19,642	28,060
Leasehold improvements	1,679,589	785,097	894,492	962,810
Computer hardware	73,593	64,949	8,644	9,618
	<u>\$ 2,221,771</u>	<u>\$ 1,289,577</u>	<u>\$ 932,194</u>	<u>\$ 1,009,785</u>

Included in leasehold improvements is \$99,078 (2023 - \$55,869) of assets that are not in use and accordingly, amortization has not commenced.

City Kidz Ministry (Operating as CityKidz)

Notes to the Financial Statements

December 31, 2024

4. Deferred contributions

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 203,904	\$ 242,957
Externally restricted contributions received or receivable	105,000	205,000
Revenue recognized	<u>(122,329)</u>	<u>(244,053)</u>
Balance, end of the year	186,575	203,904
Less current portion	<u>(139,900)</u>	<u>(131,750)</u>
Long term portion	<u>\$ 46,675</u>	<u>\$ 72,154</u>

5. Lease inducement

During fiscal 2016, CityKidz entered into a 15 year lease agreement which includes discounted rent for the first seven years of the lease for one of the two units rented.

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 190,785	\$ 178,695
(Decrease) increase of lease inducement	<u>(11,814)</u>	<u>12,090</u>
Balance, end of the year	<u>\$ 178,971</u>	<u>\$ 190,785</u>

6. Internally restricted funds

The internally restricted funds are comprised of the following:

	<u>2024</u>	<u>2023</u>
Operating Reserve	\$ 531,850	\$ 443,570
Long-Term Planning Reserve	230,600	228,310
Contingency Reserve	<u>400,000</u>	<u>400,000</u>
	<u>\$ 1,162,450</u>	<u>\$ 1,071,880</u>

7. Commitments

CityKidz has an operating lease commitment to August 2041 with respect to premises. At December 31, 2024, future payments are as follows:

2025	\$ 133,000
2026	135,000
2027	137,000
2028	139,000
2029	141,000
Thereafter	<u>1,811,000</u>
	<u>\$ 2,496,000</u>

City Kidz Ministry (Operating as CityKidz)

Notes to the Financial Statements

December 31, 2024

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes to CityKidz's risk exposures from prior years.

Liquidity risk

Liquidity risk is the risk that CityKidz will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CityKidz is exposed to liquidity risk in respect to its accounts payable. CityKidz manages its liquidity risk by monitoring its operating requirements. CityKidz prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Included in accounts payable and accrued liabilities is \$14,252 (2023 - \$Nil) in government remittances payable.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with CityKidz. CityKidz's main credit risks relate to its accounts receivable. CityKidz reduces its exposure to credit risk by creating an allowance for doubtful accounts when appropriate. As at December 31, 2024, the allowance for doubtful accounts is \$Nil (2023 - \$Nil).

Interest rate risk

Interest rate risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. CityKidz's exposure to interest rate risk is limited to its fixed and variable interest bearing investments. CityKidz mitigates its exposure by investing in accordance with the investment strategy developed by the Board.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.