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**STEPSTONES FOR YOUTH**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of StepStones for Youth,

### Opinion

We have audited the financial statements of StepStones for Youth (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of StepStones for Youth as at December 31, 2023 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.

### 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 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 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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

June 24, 2024  
Toronto, Ontario

# STEPSTONES FOR YOUTH

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash	\$ 864,391	\$ 1,232,708
Guaranteed investment certificates (note 3)	1,000,000	402,482
Amounts receivable	38,433	2,984
HST rebate recoverable	18,215	6,904
Prepaid expenses	<u>62,855</u>	<u>4,185</u>
	<u>\$ 1,983,894</u>	<u>\$ 1,649,263</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 95,600	\$ 66,582
Deferred contributions (note 5)	<u>475,180</u>	<u>284,484</u>
	<u>570,780</u>	<u>351,066</u>
Net assets		
Designated (note 6)	1,017,500	1,017,500
Unrestricted	<u>395,614</u>	<u>280,697</u>
	<u>1,413,114</u>	<u>1,298,197</u>
	<u>\$ 1,983,894</u>	<u>\$ 1,649,263</u>

Approved on behalf of the Board:

Diavin Miller, Director

 , Director

see accompanying notes

# STEPSTONES FOR YOUTH

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
<b>REVENUE</b>		
Contributions		
Foundations	\$ 943,230	\$ 773,166
Governments	891,711	236,243
Corporations	222,611	315,849
Individuals	155,883	98,879
Fundraising and other	81,466	124,546
Interest	<u>46,774</u>	<u>3,762</u>
	<u>2,341,675</u>	<u>1,552,445</u>
<b>EXPENSES</b> (see notes 7 and 8)		
Personnel	1,626,528	1,230,909
Program	322,284	184,387
Fundraising	141,724	80,003
Professional fees	57,702	27,897
Communications	48,082	1,537
Office and general	18,466	17,000
Insurance	<u>11,972</u>	<u>7,871</u>
	<u>2,226,758</u>	<u>1,549,604</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	114,917	2,841
Net assets, beginning of year	<u>1,298,197</u>	<u>1,295,356</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,413,114</u>	<u>\$ 1,298,197</u>

see accompanying notes

# STEPSTONES FOR YOUTH

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 114,917	\$ 2,841
Net change in non-cash working capital items (see below)	<u>114,285</u>	<u>84,737</u>
Net cash generated from operating activities	229,202	87,578
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates redeemed (purchased)	<u>(597,519)</u>	<u>369,898</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(368,317)	457,476
Cash, beginning of year	<u>1,232,708</u>	<u>775,232</u>
<b>CASH, END OF YEAR</b>	<u>\$ 864,391</u>	<u>\$ 1,232,708</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (35,449)	\$ 7,912
Canada Emergency Wage Subsidy receivable	-	14,651
HST rebate recoverable	(11,311)	(363)
Prepaid expenses	(58,669)	(1,733)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	29,018	8,951
Deferred contributions	<u>190,696</u>	<u>55,319</u>
	<u>\$ 114,285</u>	<u>\$ 84,737</u>

see accompanying notes

# STEPSTONES FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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StepStones for Youth (the organization) is incorporated without share capital in the Province of Ontario. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization helps unlock the potential of vulnerable children and youth who have experienced trauma and abuse and are living in poverty, many of whom are from foster care and child welfare system. The organization's prevention and intervention services result in education success, secure employment, safe and stable housing, positive connections, and long-lasting support networks which reduce isolation, homelessness, criminal involvement, adverse physical and mental health, and long-term dependency on social services.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

#### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

#### *Contributed materials and services*

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

#### *Interest income*

Interest income is recognized as revenue when earned.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued and held by a major Canadian chartered bank (the bank), bear interest rate of 4.70% and mature in May 2024.

# STEPSTONES FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. CREDIT FACILITY

The organization has a \$15,000 unsecured operating line of credit with the bank, which bears interest at the bank's prime rate plus 2.10% per annum. None of the line of credit was used at year end (\$nil as at December 31, 2022).

### 5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2023	2022
Deferred contributions, beginning of year	\$ 284,484	\$ 229,166
Add cash received from contributions	2,404,131	1,479,455
Less contribution revenue recognized	<u>(2,213,435)</u>	<u>(1,424,137)</u>
Deferred contribution, end of year	<u>\$ 475,180</u>	<u>\$ 284,484</u>

### 6. DESIGNATED NET ASSETS

The Board of Directors has designated net assets of \$1,017,500 as at December 31, 2023 to provide continued funding for operations and to ensure financial stability (\$1,017,500 as at December 31, 2022). It is the Board's goal to maintain a designated net asset balance of approximately six months of operating expenses at all times. The use of designated net assets requires the Board of Directors' approval.

### 7. DIRECT PROGRAM EXPENSES

Direct program expenses are as follows:

	2023	2022
Personnel	\$ 1,458,688	\$ 1,175,528
Program	322,284	184,387
Insurance	<u>2,395</u>	<u>5,787</u>
	<u>\$ 1,783,367</u>	<u>\$ 1,365,702</u>
Youth Support Services	\$ 1,779,266	\$ 1,360,042
Camp	<u>4,101</u>	<u>5,660</u>
	<u>\$ 1,783,367</u>	<u>\$ 1,365,702</u>



# STEPSTONES FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. ADMINISTRATIVE AND INDIRECT PROGRAM EXPENSES

Administrative and indirect program expenses are as follows:

	2023	2022
Personnel	\$ 167,840	\$ 55,381
Professional fees	57,702	27,897
Communications	48,082	1,538
Office and general	18,467	17,000
Insurance	<u>9,578</u>	<u>2,084</u>
	<u>\$ 301,669</u>	<u>\$ 103,900</u>