



Financial Statements

City Kidz Ministry (Operating as CityKidz)

December 31, 2023

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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, 2023, 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, 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 ("ASNPO").

## Basis for Qualified Opinion

In common with many charitable organizations, CityKidz derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue 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 years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1, 2023 and 2022 and December 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 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 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.

*Grant Thornton LLP*

Mississauga, Canada  
April 26, 2024

Chartered Professional Accountants  
Licensed Public Accountants

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**City Kidz Ministry (Operating as CityKidz)**  
**Statement of Financial Position**

December 31

2023

2022

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**Assets**

## Current

Cash	\$ 682,432	\$ 791,347
Short-term investments	757,496	727,913
Accounts receivable	99,258	151,355
Prepaid expenses	<u>135,518</u>	<u>134,392</u>
	<b>1,674,704</b>	1,805,007

Investments	50,000	50,000
Capital assets (Note 3)	<u>1,009,785</u>	<u>1,073,005</u>
	<b>\$ 2,734,489</b>	<b>\$ 2,928,012</b>

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**Liabilities**

## Current

Accounts payable and accrued liabilities	\$ 21,658	\$ 32,221
Deferred contributions (Note 4)	<u>131,750</u>	<u>154,053</u>
	<b>153,408</b>	186,274

Lease inducement (Note 5)	190,785	178,695
Deferred contributions (Note 4)	<u>72,154</u>	<u>88,904</u>
	<b>416,347</b>	453,873

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**Fund balances**

Unrestricted	61,346	400,834
Internally restricted (Note 6)	1,071,880	969,300
Externally restricted	175,131	31,000
Invested in capital assets	<u>1,009,785</u>	<u>1,073,005</u>
	<b>2,318,142</b>	2,474,139
	<b>\$ 2,734,489</b>	<b>\$ 2,928,012</b>

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Commitments (Note 7)

On behalf of the Board of Directors

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

# City Kidz Ministry (Operating as CityKidz)

## Statement of Operations

Year ended December 31

	General Fund	Capital Asset Fund	Total 2023	Total 2022
<b>Revenue</b>				
Donations	\$ 1,615,378	\$ -	\$ 1,615,378	\$ 2,056,855
Grants	351,561	200,000	551,561	656,279
Other income	113,856	-	113,856	52,500
Government funding	-	-	-	18,759
	<u>2,080,795</u>	<u>200,000</u>	<u>2,280,795</u>	<u>2,784,393</u>
<b>Expenses</b>				
Wages and benefits	1,354,791	-	1,354,791	1,440,724
Fundraising	291,292	-	291,292	235,920
Program direct expenses	250,767	-	250,767	314,234
Building operations	236,742	-	236,742	228,703
Amortization	-	143,834	143,834	128,926
Office and general	85,818	-	85,818	98,081
Professional fees	27,319	-	27,319	36,521
Insurance	25,629	-	25,629	25,514
Gifts to other charities	20,600	-	20,600	18,850
	<u>2,292,958</u>	<u>143,834</u>	<u>2,436,792</u>	<u>2,527,473</u>
(Deficiency) excess of revenue over expenses	<u>\$ (212,163)</u>	<u>\$ 56,166</u>	<u>\$ (155,997)</u>	<u>\$ 256,920</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 2023	Total 2022
	Unrestricted	Internally restricted	Externally restricted	Invested in capital assets		
Fund balance, beginning of year	\$ 400,834	\$ 969,300	\$ 31,000	\$ 1,073,005	\$ 2,474,139	\$ 2,217,219
(Deficiency) excess of revenue over expenses	(212,163)	-	200,000	(143,834)	(155,997)	256,920
Interfund transfers	(102,580)	102,580	-	-	-	-
Purchase of capital assets	(24,745)	-	(55,869)	80,614	-	-
Fund balance, end of year	\$ 61,346	\$ 1,071,880	\$ 175,131	\$ 1,009,785	\$ 2,318,142	\$ 2,474,139

See accompanying notes to the financial statements.

# City Kidz Ministry (Operating as CityKidz)

## Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

### Operating

(Deficiency) excess of revenue over expenses	\$ (155,997)	\$ 256,920
Items not affecting cash		
Amortization	143,834	128,926
Increase in lease inducement	<u>12,090</u>	<u>24,660</u>
	(73)	410,506

Change in non-cash working capital items

Accounts receivable	52,097	(8,233)
Prepaid expenses	(1,126)	(22,730)
Accounts payable and accrued liabilities	(10,563)	2,619
Deferred contributions	<u>(39,053)</u>	<u>(8,127)</u>
	<u>1,282</u>	<u>374,035</u>

### Investing

Purchase of investments (net)	(29,583)	(61,359)
Purchase of capital assets	<u>(80,614)</u>	<u>(282,636)</u>
	<u>(110,197)</u>	<u>(343,995)</u>

(Decrease) increase in cash

(108,915)      30,040

Cash, beginning of year

791,347      761,307

Cash, end of year

\$ 682,432      \$ 791,347

See accompanying notes to the financial statements.



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# City Kidz Ministry (Operating as CityKidz)

## Notes to the Financial Statements

December 31, 2023

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### 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 Business Corporations Act as a not-for-profit organization and is a Canadian registered charity under the Income Tax Act and is exempt from income taxes.

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### 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 2023, \$344,300 (2022 - \$251,381) was utilized to support operations. In fiscal 2023, the Board approved an addition to this reserve in the amount of \$443,570 (2022 - \$344,300).

#### 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 2023, \$71,560 (2022 - \$15,000) was utilized to support capital purchases. In fiscal 2023, the Board approved an addition to this reserve in the amount of \$74,870 (2022 - \$59,550).

#### 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.

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# City Kidz Ministry (Operating as CityKidz)

## Notes to the Financial Statements

December 31, 2023

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### 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 \$32,167 (2022 - \$43,146). 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 \$707,496 (2022 - \$677,913) and a guaranteed investment certificate of \$50,000 (2022 - \$50,000) earning interest at 4.38% (2022 - 1.93%) and maturing in July 2024 (2022 - December 2023). Investments consist of a guaranteed investment certificate of \$50,000 (2022 - \$50,000) earning interest at 5.16% (2022 - 4.38%) and maturing in December 2025 (2022 - July 2024).

# City Kidz Ministry (Operating as CityKidz)

## Notes to the Financial Statements

December 31, 2023

### 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 and software 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 – theatre	over the term of the lease
Leasehold improvements – other	5.5% - 20% straight-line
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

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 78,833	\$ 74,980	\$ 3,853	\$ 6,743
Office equipment	124,793	121,859	2,934	3,886
Audio video equipment	161,350	158,840	2,510	3,324
Automotive equipment	101,490	73,430	28,060	40,604
Leasehold improvements - theatre	1,100,212	493,733	606,479	692,046
Leasehold improvements - other	530,565	174,234	356,331	303,716
Computer hardware	67,568	57,950	9,618	22,686
	<u>\$ 2,164,811</u>	<u>\$ 1,155,026</u>	<u>\$ 1,009,785</u>	<u>\$ 1,073,005</u>

Included in lease improvements – other is \$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, 2023

### 4. Deferred contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 242,957	\$ 251,084
Externally restricted contributions received or receivable	205,000	125,000
Revenue recognized	<u>(244,053)</u>	<u>(133,127)</u>
Balance, end of the year	203,904	242,957
Current portion	<u>131,750</u>	<u>154,053</u>
Long term portion	<u>\$ 72,154</u>	<u>\$ 88,904</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>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 178,695	\$ 154,035
Increase of lease inducement	<u>12,090</u>	<u>24,660</u>
Balance, end of the year	<u>\$ 190,785</u>	<u>\$ 178,695</u>

### 6. Internally restricted funds

The internally restricted funds are comprised of the following:

	<u>2023</u>	<u>2022</u>
Operating Reserve	\$ 443,570	\$ 344,300
Long-Term Planning Reserve	228,310	225,000
Contingency Reserve	<u>400,000</u>	<u>400,000</u>
	<u>\$ 1,071,880</u>	<u>\$ 969,300</u>

### 7. Commitments

CityKidz has an operating lease commitment to August 2041 with respect to premises. At December 31, 2023, future payments are as follows:

2024	\$ 130,000
2025	133,000
2026	135,000
2027	137,000
2028	139,000
Thereafter	<u>1,952,000</u>
	<u>\$ 2,626,000</u>

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# City Kidz Ministry (Operating as CityKidz)

## Notes to the Financial Statements

December 31, 2023

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### 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.

#### 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, 2023, the allowance for doubtful accounts is \$Nil (2022 - \$Nil).