

**STRONG START CHARITABLE ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

# **STRONG START CHARITABLE ORGANIZATION**

## **INDEX TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of: Strong Start Charitable Organization

### **Opinion**

We have audited the accompanying financial statements of Strong Start Charitable Organization, which comprise the statement of financial position as at June 30, 2025 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, these financial statements present fairly, in all material respects, the financial position of Strong Start Charitable Organization as at June 30, 2025 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 of 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 Strong Start Charitable 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 a 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. 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 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.




Kitchener, Ontario  
October 7, 2025


Chartered Professional Accountants  
Licensed Public Accountants

**STRONG START CHARITABLE ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2025**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 629,182	\$ 201,225
Investments (note 3)	734,522	1,141,764
Accounts receivable	36,143	37,886
HST receivable	116,084	61,891
Prepaid expenses	<u>103,118</u>	<u>110,136</u>
	1,619,049	1,552,902
<b>RESTRICTED INVESTMENTS</b> (note 3)	893,897	860,349
<b>TANGIBLE CAPITAL ASSETS</b> (note 4)	<u>1,243,342</u>	<u>1,149,854</u>
	<u><u>\$ 3,756,288</u></u>	<u><u>\$ 3,563,105</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 125,233	\$ 138,028
Deferred contributions (note 5)	893,897	860,349
Current portion of loan payable (note 6)	<u>40,000</u>	<u>40,000</u>
	1,059,130	1,038,377
<b>LOANS PAYABLE</b> (note 6)	180,000	220,000
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (note 7)	<u>724,522</u>	<u>550,469</u>
	<u>1,963,652</u>	<u>1,808,846</u>
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<u>1,792,636</u>	<u>1,754,259</u>
	<u><u>\$ 3,756,288</u></u>	<u><u>\$ 3,563,105</u></u>

**APPROVED ON BEHALF OF THE BOARD:**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**STRONG START CHARITABLE ORGANIZATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Contributions (note 8)	\$ 2,186,832	\$ 1,849,707
Program fees	166,418	186,213
Interest and other income	102,431	125,299
Property tax rebate / Landlord contribution	35,279	33,744
Amortization of deferred capital contributions (note 7)	16,673	17,374
	<u>2,507,633</u>	<u>2,212,337</u>
<b>EXPENSES</b>		
Letters Sounds & Words Program	816,728	634,305
Get Ready for School Program	631,010	578,067
Salaries, benefits and office administration	463,690	366,612
Program deployment centre	368,338	358,334
Amortization of tangible capital assets	129,025	135,681
Baby Connections Program	32,377	35,350
Professional fees	28,088	38,833
	<u>2,469,256</u>	<u>2,147,182</u>
<b>SURPLUS BEFORE OTHER</b>	<u>38,377</u>	<u>65,155</u>
<b>OTHER</b>		
Loss on disposal of tangible capital assets	<u>0</u>	<u>(2,718)</u>
<b>EXCESS OF REVENUES OVER EXPENSES for the year</b>	38,377	62,437
<b>NET ASSETS, beginning of year</b>	<u>1,754,259</u>	<u>1,691,822</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,792,636</u>	<u>\$ 1,754,259</u>

**STRONG START CHARITABLE ORGANIZATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>2025</b>	<b>2024</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 38,377	\$ 62,437
Items not requiring an outlay of cash		
Amortization of tangible capital assets	129,025	135,681
Loss on disposal of tangible capital assets	<u>0</u>	<u>2,718</u>
	167,402	200,836
Changes in non-cash working capital		
Accounts receivable	1,743	27,857
HST receivable	(54,193)	(9,645)
Prepaid expenses	7,018	7,400
Accounts payable and accrued liabilities	(12,795)	57,779
Deferred contributions	33,548	(72,246)
Deferred capital contributions	<u>174,053</u>	<u>154,971</u>
	<u>316,776</u>	<u>366,952</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Loans payable	<u>(40,000)</u>	<u>(80,000)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	(222,513)	(238,822)
Investments	407,242	(66,606)
Restricted investments	<u>(33,548)</u>	<u>72,246</u>
	<u>151,181</u>	<u>(233,182)</u>
<b>NET INCREASE IN CASH</b>	427,957	53,770
<b>CASH, BEGINNING OF YEAR</b>	<u>201,225</u>	<u>147,455</u>
<b>CASH, END OF YEAR</b>	<u>\$ 629,182</u>	<u>\$ 201,225</u>

# **STRONG START CHARITABLE ORGANIZATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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### **1. PURPOSE OF THE ORGANIZATION**

Strong Start Charitable Organization is a charitable organization whose mission is to provide programs and services through community-wide partnerships to help children learn to read. Using direct delivery for pre-school aged children and trained community volunteers for school-aged children, Strong Start programs ensure children who are either disadvantaged or struggling with early literacy, receive an early intervention, to help ensure reading and learning success.

The organization is a federal organization continued under the Canada Not-for-Profit Corporations Act on December 6, 2012. It is registered as a charitable organization under the Income Tax Act (Canada) and, while registered, is exempt from income taxes.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(a) 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 recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the contribution that is not recognized as revenue in the period is deferred to a future period when the related expenses will be incurred.

Program fee revenues are recognized in the period they relate to when collection is reasonably assured

Interest and other income is recognized as revenue when earned.

#### **(b) CONTRIBUTED MATERIALS AND SERVICES**

During the year, a number of organizations and individuals donate materials to the organization and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

#### **(c) TANGIBLE CAPITAL ASSETS**

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Computers and devices	- 30 % declining balance basis
Office furniture	- 20 % declining balance basis
Program kits	- 10 years straight line basis
Leaseholds	- 10 years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition. Amortization commences when the capital asset is put into use.

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value on a settlement basis when the organization becomes a party to the contractual provisions of the financial instrument. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(f) **DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions are amortized at the same rate as the tangible capital assets to which they relate.

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**3. INVESTMENTS**

Investments are comprised of the following:

	<b>2025</b>	<b>2024</b>
Term deposit, maturing July 7, 2025, interest at 3.30%	\$ 410,543	\$ 0
Term deposit, maturing October 8, 2025, interest at 2.95%	503,354	0
Term deposit, maturing November 26, 2025, interest at 2.95%	303,063	0
Term deposit, maturing December 16, 2025, interest at 2.90%	411,459	0
Term deposits, matured during the year	<u>0</u>	<u>2,002,113</u>
	1,628,419	2,002,113
Less: restricted investments	<u>(893,897)</u>	<u>(860,349)</u>
	<u>\$ 734,522</u>	<u>\$ 1,141,764</u>

Included in investments is a portion that is internally restricted by the board of directors for use toward expenditures intended by the original donor or grantor. This amount is consistent with deferred contributions at year end of \$893,897 (2024 - \$860,349).

**4. TANGIBLE CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2025</b>	<b>Net 2024</b>
Computer hardware	\$ 176,289	\$ 114,962	\$ 61,327	\$ 82,214
Office furniture	239,436	124,192	115,244	136,984
Program kits	867,839	127,165	740,674	546,227
Leaseholds	<u>583,321</u>	<u>257,224</u>	<u>326,097</u>	<u>384,429</u>
	<u>\$ 1,866,885</u>	<u>\$ 623,543</u>	<u>\$ 1,243,342</u>	<u>\$ 1,149,854</u>

There is \$657,890 (2024 - \$461,015) in program kits that are not amortized and are in readiness for planned program expansion.

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions, which consist of the unexpended portion of restricted donation and grant revenues, are as follows:

	<b>2025</b>	<b>2024</b>
Balance, beginning of the year	\$ 860,349	\$ 932,595
Plus amounts received in the year	1,029,514	516,147
Less amounts recognized as revenue in the year	<u>(995,966)</u>	<u>(588,393)</u>
Balance, end of year	<u>\$ 893,897</u>	<u>\$ 860,349</u>

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**5. DEFERRED CONTRIBUTIONS (continued)**

At year end, deferred contributions are comprised of:

	<b>2025</b>	<b>2024</b>
Walton Foundation	\$ 770,000	\$ 381,000
Waterloo Region Community Foundation	66,095	67,777
Towcon Holdings	12,500	0
100 Men Who Care	8,797	0
Gore Mutual Foundation	6,000	0
Josslin Insurance	6,000	0
Norfolk County Health Services	5,505	5,505
City of Guelph	5,000	5,000
Norfolk County Community Grant	5,000	0
Brant Community Foundation	4,750	0
United Way	3,750	6,450
Elmira Maple Syrup Festival	500	500
TD Ready Challenge	0	341,000
Cowan Foundation Grant	0	32,980
Lyle S. Hallman Foundation	<u>0</u>	<u>20,137</u>
	<u>\$ 893,897</u>	<u>\$ 860,349</u>

The deferred contributions are restricted toward program funding including development and enhancement.

During the fiscal year, the organization received the installments of one three year funding contributions for the expansion of the Letters, Sounds & Words program. The Walton Foundation advanced \$970,000 during the year which has been included in deferred revenue. The remaining \$470,000 is anticipated in fiscal 2026.

**6. LOANS PAYABLE**

	<b>2025</b>	<b>2024</b>
Promissory note payable, interest at 4% per annum, repayable in quarterly installments of \$10,000 plus interest, unsecured, due January 4, 2031	\$ <u>220,000</u>	\$ <u>260,000</u>
Less current portion:		
Cash repayments required within 12 months	<u>40,000</u>	<u>40,000</u>
	<u>\$ 180,000</u>	<u>\$ 220,000</u>

Future minimum payments on loans payable are as follows:

2026	\$ 40,000
2027	40,000
2028	40,000
2029	40,000
2030	40,000
Thereafter	<u>20,000</u>
	<u>\$ 220,000</u>

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions, which reflect the unamortized portion of funded tangible capital assets, are as follows:

	<b>2025</b>	<b>2024</b>
Balance, beginning of the year	\$ 550,469	\$ 395,498
Plus amounts transferred from deferred contributions	190,726	172,345
Less amortization of deferred capital contributions	<u>(16,673)</u>	<u>(17,374)</u>
Balance, end of year	<u>\$ 724,522</u>	<u>\$ 550,469</u>

At year end, deferred capital contributions are comprised of:

Walton Foundation	\$ 534,636	\$ 370,103
Lyle S. Hallman Foundation	185,938	173,822
Ontario Trillium Grant	2,756	4,879
Kitchener-Conestoga Rotary Club - Dream Home	1,017	1,415
Waterloo Regional Community Foundation	<u>175</u>	<u>250</u>
	<u>\$ 724,522</u>	<u>\$ 550,469</u>

**8. CONTRIBUTIONS**

Major sources of contributions are as follows:

	<b>2025</b>	<b>2024</b>
Foundations	\$ 1,670,251	\$ 1,450,358
Corporate	430,106	300,708
Individuals	36,036	37,749
Service clubs	35,896	26,192
Government	10,100	5,000
Gifts in kind	<u>4,443</u>	<u>29,700</u>
	<u>\$ 2,186,832</u>	<u>\$ 1,849,707</u>

**9. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2025 compared to the previous period.

The organization does have significant exposure to individual customers or counterparts as 56% of the current year's revenue was received from two Foundations (2024 - 46% from two Foundations).

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**10. COMMITMENTS**

The organization has various operating leases for the premises, furniture and equipment. Future minimum lease payments are as follows:

2026	\$ 181,270
2027	193,503
2028	193,503
2029	193,503
2030	<u>193,503</u>
	<u>\$ 955,282</u>

**11. VOLUNTEER HOURS**

During the year, the organization enlisted the help of 2,372 volunteers (2024 - 2,124) who contributed approximately 41,264 volunteer hours (2024 - 34,976). Of these volunteers, 1,974 (2024 - 1,714) were working directly with children to impact their learning with a gift of 37,332 hours (2024 - 32,490). The organization had a total of 349 locations (2024 - 349) running its programs during the year which helped 4,273 children (2024 - 3,997). Some programs continued to be done online. Strong Start's volunteers were willing and able to provide the programs, but were significantly impacted in the year due to factors outside of the organization's control.