

**STRONG START CHARITABLE ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

# **STRONG START CHARITABLE ORGANIZATION**

## **INDEX TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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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, 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, these financial statements present fairly, in all material respects, the financial position of Strong Start Charitable Organization as at June 30, 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 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.

### **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 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.

Handwritten signature in black ink, appearing to read "RLB LLP".

Kitchener, Ontario  
October 3, 2023

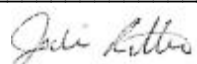
Chartered Professional Accountants  
Licensed Public Accountants

**STRONG START CHARITABLE ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 147,455	\$ 151,913
Investments (note 6)	1,075,158	995,909
Accounts receivable	65,743	40,203
HST receivable	52,246	46,195
Prepaid expenses	<u>96,875</u>	<u>101,534</u>
	1,437,477	1,335,754
<b>RESTRICTED INVESTMENTS</b> (note 6)	932,595	978,110
<b>TANGIBLE CAPITAL ASSETS</b> (note 4)	<u>818,702</u>	<u>822,880</u>
	<u><u>\$ 3,188,774</u></u>	<u><u>\$ 3,136,744</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 80,249	\$ 68,117
Deferred contributions (note 7)	932,595	978,110
Current portion of loan payable (note 5)	<u>80,000</u>	<u>40,000</u>
	1,092,844	1,086,227
<b>LOANS PAYABLE</b> (note 5)	260,000	340,000
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (note 8)	<u>164,769</u>	<u>181,566</u>
	<u>1,517,613</u>	<u>1,607,793</u>
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<u>1,671,161</u>	<u>1,528,951</u>
	<u><u>\$ 3,188,774</u></u>	<u><u>\$ 3,136,744</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, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Contributions (note 3)	\$ 2,050,696	\$ 1,382,237
Program fees	225,724	98,703
Interest and other income	89,582	16,497
Property tax rebate / Landlord contribution	25,491	25,656
Amortization of deferred capital contributions (note 8)	16,797	27,668
Rental	200	500
Federal wage subsidy	0	32,683
	<u>2,408,490</u>	<u>1,583,944</u>
<b>EXPENSES</b>		
Letters Sounds & Words Program	835,833	271,732
Get Ready for School Program	540,733	445,195
Salaries, benefits and office administration	395,150	447,628
Program deployment centre	311,860	311,438
Amortization of tangible capital assets	124,893	120,389
Baby Connections Program	41,064	24,165
Professional fees	16,747	23,723
	<u>2,266,280</u>	<u>1,644,270</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES for the year</b>	142,210	(60,326)
<b>NET ASSETS, beginning of year</b>	<u>1,528,951</u>	<u>1,589,277</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,671,161</u>	<u>\$ 1,528,951</u>

**STRONG START CHARITABLE ORGANIZATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 142,210	\$ (60,326)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	<u>124,893</u>	<u>120,389</u>
	267,103	60,063
Changes in non-cash working capital		
Accounts receivable	(25,540)	(40,203)
HST receivable	(6,051)	26,204
Prepaid expenses	4,659	(37,204)
Accounts payable and accrued liabilities	12,132	21,136
Government remittances payable	0	(27,699)
Deferred contributions	(45,515)	757,108
Deferred capital contributions	(16,797)	(27,668)
Federal wage subsidy receivable	<u>0</u>	<u>31,078</u>
	<u>189,991</u>	<u>762,815</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Loans payable	<u>(40,000)</u>	<u>(40,000)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to tangible capital assets	(120,715)	(54,837)
Investments	(79,249)	(78,882)
Restricted investments	<u>45,515</u>	<u>(757,108)</u>
	<u>(154,449)</u>	<u>(890,827)</u>
<b>NET DECREASE IN CASH</b>	(4,458)	(168,012)
<b>CASH, BEGINNING OF YEAR</b>	<u>151,913</u>	<u>319,925</u>
<b>CASH, END OF YEAR</b>	<u>\$ 147,455</u>	<u>\$ 151,913</u>

## **STRONG START CHARITABLE ORGANIZATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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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.

##### **(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, 2023**

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

(d) 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

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

(e) DEFERRED CAPITAL CONTRIBUTIONS

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

**3. CONTRIBUTIONS**

Major sources of contributions are as follows:

	<b>2023</b>	<b>2022</b>
Foundations	\$ 1,478,016	\$ 1,220,530
Corporate	526,429	116,736
Individuals	32,777	26,661
Service clubs, school councils, and other groups	11,265	14,200
Municipal government - community support	<u>2,209</u>	<u>4,110</u>
	<u>\$ 2,050,696</u>	<u>\$ 1,382,237</u>

**4. TANGIBLE CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2023</b>	<b>Net 2022</b>
Computers and devices	\$ 187,566	\$ 89,827	\$ 97,739	\$ 54,510
Office furniture	189,865	72,758	117,107	95,373
Program kits	252,981	91,886	161,095	177,333
Leaseholds	<u>583,321</u>	<u>140,560</u>	<u>442,761</u>	<u>495,664</u>
	<u>\$ 1,213,733</u>	<u>\$ 395,031</u>	<u>\$ 818,702</u>	<u>\$ 822,880</u>

There is \$73,561 (2022 - \$107,641) in program kits that are not amortized and are in readiness for planned program expansion.

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**5. LOANS PAYABLE**

	<b>2023</b>	<b>2022</b>
Canada Emergency Business Account (CEBA) loan payable	\$ 40,000	\$ 40,000
Promissory note payable, interest at 4% per annum, repayable in quarterly installments of \$10,000 plus interest, unsecured, due January 4, 2026.	<u>300,000</u>	<u>340,000</u>
	340,000	380,000
Less current portion:		
Cash repayments required within 12 months	<u>80,000</u>	<u>40,000</u>
	<u>\$ 260,000</u>	<u>\$ 340,000</u>

The CEBA loan is non-interest bearing with no scheduled repayments until December 31, 2023. Subsequent to this date, the CEBA loan can be converted to an interest only loan with 5% interest paid monthly until the principal is due on December 31, 2025. If repaid by December 31, 2023, 25% of the \$40,000 principal and 50% of the \$20,000 principal will be forgiven. As the organization expects to meet these terms, \$10,000 of the principal loan forgiveness was recorded in interest and other income in fiscal 2021. The other \$10,000 forgiven was recorded in fiscal 2020. The organization plans to repay the amount due by December 31, 2023 in order to qualify for the loan forgiveness.

Future minimum payments on loans payable are as follows:

2024	\$ 80,000
2025	40,000
2026	<u>220,000</u>
	<u>\$ 340,000</u>

**6. INVESTMENTS**

Investments are comprised of the following:

	<b>2023</b>	<b>2022</b>
Term deposit, maturing August 9, 2023, interest at 4.85%	\$ 782,878	\$ 0
Term deposit, maturing August 23, 2023, interest at 3.75%	773,964	0
Term deposit, maturing July 24, 2023, interest at 4.95%	450,911	0
Term deposits, matured during the year	<u>0</u>	<u>1,974,019</u>
	2,007,753	1,974,019
Less: restricted investments	<u>(932,595)</u>	<u>(978,110)</u>
	<u>\$ 1,075,158</u>	<u>\$ 995,909</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 \$932,595 (2022 - \$978,110).

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**7. DEFERRED CONTRIBUTIONS**

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

	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 978,110	\$ 221,002
Plus amounts received in the year	720,116	931,000
Less amounts recognized as revenue in the year	<u>(765,631)</u>	<u>(173,892)</u>
Balance, end of year	<u>\$ 932,595</u>	<u>\$ 978,110</u>

At year end, deferred contributions are comprised of:

	<b>2023</b>	<b>2022</b>
Anonymous Foundation	\$ 570,000	\$ 407,632
TD Ready Challenge	226,000	407,632
Waterloo Region Community Foundation	68,676	66,751
Lyle S. Hallman Foundation	36,482	78,566
Cowan Foundation Grant	17,982	4,529
Norfolk County Health Services	5,505	0
United Way	5,450	0
Caledonia Community Foundation	1,000	0
Centre Wellington Community Foundation	1,000	0
Elmira Maple Syrup Festival	500	500
Cambridge & North Dumfries Community Foundation	0	5,000
City of Guelph	0	2,000
Excellence in Literacy Foundation	0	2,000
Rotary Club of Grand River	0	1,500
Rotary Club of Norfolk	0	1,000
Simcoe Lions	<u>0</u>	<u>1,000</u>
	<u>\$ 932,595</u>	<u>\$ 978,110</u>

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

During the fiscal year, the organization received the installments of two three year funding contributions for the expansion of the Letters, Sounds & Words program. An Anonymous Foundation advanced and additional \$470,000 during the year which has been included in deferred revenue. The remaining \$1,750,000 is anticipated in fiscal 2024 and 2025. In addition, the TD Ready Challenge advanced \$226,000, which is included in deferred revenue. The remaining \$341,000 is anticipated in fiscal 2024.

**STRONG START CHARITABLE ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**8. DEFERRED CAPITAL CONTRIBUTIONS**

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

	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 181,566	\$ 209,234
Less amortization of deferred capital contributions	<u>(16,797)</u>	<u>(27,668)</u>
Balance, end of year	<u>\$ 164,769</u>	<u>\$ 181,566</u>

At year end, deferred capital contributions are comprised of:

Lyle S. Hallman Foundation	\$ 153,776	\$ 164,471
Ontario Trillium Grant	8,662	13,266
Kitchener-Conestoga Rotary Club - Dream Home	1,974	2,760
Waterloo Regional Community Foundation	<u>357</u>	<u>1,069</u>
	<u>\$ 164,769</u>	<u>\$ 181,566</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 2023 compared to the previous period.

**10. COMMITMENTS**

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

2024	\$ 180,158
2025	180,158
2026	199,549
2027	193,503
2028	<u>193,503</u>
	<u>\$ 946,871</u>

**11. VOLUNTEER HOURS**

During the year, the organization enlisted the help of 2,002 volunteers (2022 - 1,379) who contributed approximately 40,512 volunteer hours (2022 - 24,478). Of these volunteers, 1,908 (2022 - 1,085) were working directly with children to impact their learning with a gift of 36,071 hours (2022 - 18,494). The organization had a total of 238 locations (2022 - 148) running its programs during the year which helped 3,194 children (2022 - 1,377). 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.