

**LIBERTY FOR YOUTH**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Liberty for Youth

### *Qualified Opinion*

We have audited the financial statements of Liberty for Youth (the "organization"), which comprise the balance sheet as at March 31, 2024, and the statement of revenue and expenses, statement of changes in fund balances and statement of 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 the organization as at March 31, 2024, and its results of 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 not-for-profit organizations, the organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and March 31, 2023, current assets and net assets as at March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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 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 qualified 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 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 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.

## INDEPENDENT AUDITOR'S REPORT, continued

### *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 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.

*DBK Accounting Professional Corporation*

**DBK Accounting Professional Corporation**  
Chartered Professional Accountants  
Authorized to practice public accounting by the Chartered  
Professional Accountants of Ontario

Hamilton, Ontario  
June 21, 2024

**LIBERTY FOR YOUTH**

**BALANCE SHEET  
AS AT MARCH 31, 2024**

	General Fund 2024	Capital Fund 2024	Total 2024	Total 2023
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 38	\$ -	\$ 38	\$ 70,770
Accounts receivable	9,385	-	9,385	454
Government receivables	24,095	-	24,095	41,991
Prepaid expenses	7,622	-	7,622	2,849
Short term investment (Note 3)	201,738	-	201,738	104,890
Interfund balances (Note 4)	722,707	(722,707)	-	-
	965,585	(722,707)	242,878	220,954
<b>CAPITAL ASSETS (Note 5)</b>				
	-	2,230,644	2,230,644	2,330,172
	<u>\$ 965,585</u>	<u>\$ 1,507,937</u>	<u>\$ 2,473,522</u>	<u>\$ 2,551,126</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 48,284	\$ -	\$ 48,284	\$ 34,623
Government remittances payable	12,720	-	12,720	12,021
Deferred revenue (Note 6)	104,805	1,839	106,644	101,125
Current portion of long term debt (Note 7)	-	1,085,138	1,085,138	27,847
	165,809	1,086,977	1,252,786	175,616
<b>LONG-TERM DEBT (Note 7)</b>				
	-	139,556	139,556	1,222,401
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 8)</b>				
	-	214,504	214,504	254,475
	-	354,060	354,060	1,476,876
	165,809	1,441,037	1,606,846	1,652,492
<b>FUND BALANCES</b>				
<b>BALANCE</b>				
	799,776	66,900	866,676	898,634
	<u>\$ 965,585</u>	<u>\$ 1,507,937</u>	<u>\$ 2,473,522</u>	<u>\$ 2,551,126</u>

Approved on behalf of the board  
Director, 



Director,

# LIBERTY FOR YOUTH

## STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2024

	General Fund 2024	Capital Fund 2024	March 31 2024	March 31 2023
<b>REVENUE</b>				
Donations from individuals and corporations	\$ 606,761	\$ 2,940	\$ 609,701	\$ 628,128
Fundraising income	242,859	-	242,859	246,901
Grants from other than government	215,452	-	215,452	229,516
Amortization of deferred capital contributions	-	41,071	41,071	30,422
Gifts in kind	32,780	-	32,780	-
Rental income	20,218	-	20,218	31,122
Interest income and other	7,330	-	7,330	5,085
Donations from churches and other charities	3,920	-	3,920	4,300
Book sales	1,863	-	1,863	5,342
Federal grants	-	-	-	7,781
	<u>1,131,183</u>	<u>44,011</u>	<u>1,175,194</u>	<u>1,188,597</u>
<b>EXPENSES</b>				
Advertising and promotion	1,850	-	1,850	3,012
Amortization	-	112,677	112,677	102,569
Animal care	1,866	-	1,866	27,596
Bank charges and interest	10,397	-	10,397	9,719
Building repairs and maintenance	27,001	-	27,001	30,191
Fundraising expenses	55,521	-	55,521	78,184
Grants to other charities	5,638	-	5,638	5,234
HCF - emergency community support	73	-	73	688
Insurance	12,283	-	12,283	9,136
Interest on long-term debt	-	74,528	74,528	46,734
Office and administration	27,750	-	27,750	18,462
Other Staffing expenses	31,153	-	31,153	5,121
Professional fees	13,712	-	13,712	11,506
Program expenses	162,782	-	162,782	71,460
Property taxes	16,027	-	16,027	13,271
Salaries and benefits	572,225	-	572,225	511,773
Support to youth	16,250	-	16,250	10,690
Telecommunication	13,340	-	13,340	14,277
Utilities	6,656	-	6,656	6,147
Vehicle expenses	45,424	-	45,424	43,184
	<u>1,019,948</u>	<u>187,205</u>	<u>1,207,153</u>	<u>1,018,954</u>
Excess (deficiency) of revenues over expenses before other income	<u>111,235</u>	<u>(143,194)</u>	<u>(31,959)</u>	<u>169,643</u>
Excess (deficiency) of revenues over expenses	<u>\$ 111,235</u>	<u>\$ (143,194)</u>	<u>\$ (31,959)</u>	<u>\$ 169,643</u>

LIBERTY FOR YOUTH

STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2024

	General Fund 2024	Capital Fund 2024	March 31 2024	March 31 2023
BALANCE, BEGINNING OF YEAR	\$ 688,540	\$ 210,095	\$ 898,635	\$ 728,992
Excess (deficiency) of revenues over expenses	111,235	(143,194)	(31,959)	169,643
BALANCE, ENDING OF YEAR	<u>\$ 799,775</u>	<u>\$ 66,901</u>	<u>\$ 866,676</u>	<u>\$ 898,635</u>

# LIBERTY FOR YOUTH

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (31,958)	\$ 169,643
Adjustments for		
Amortization	112,677	102,569
Amortization of deferred capital contributions	(41,071)	(30,422)
	39,648	241,790
Change in non-cash working capital items		
Accounts receivable	1,868	99,546
Prepaid expenses	(4,773)	(2,849)
Short term investment	(96,848)	(104,890)
Accounts payable and accrued liabilities	13,661	(16,363)
Government remittances recoverable	7,096	14,761
Government remittances payable	699	15,968
Deferred revenue	5,520	(76,506)
	(33,129)	171,457
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(13,150)	(150,557)
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions received	1,100	109,000
Repayment of long-term debt	(25,553)	(40,120)
	(24,453)	68,880
Increase (decrease) in cash	(70,732)	89,780
Cash (bank indebtedness), beginning of year	70,770	(19,010)
Cash, end of year	\$ 38	\$ 70,770

# LIBERTY FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2024

### 1. PURPOSE OF THE ORGANIZATION

The organization was founded in 2003 and was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on April 28, 2003. Under an application for supplementary letters patent dated December 8, 2006, the name was changed from Liberty Community Youth Centre to Liberty For Youth. The corporation is a registered charity and is therefore exempt from payment of income taxes as provided under the Income Tax Act.

Its current activities include encouraging youth to become better citizens, eliminating racial prejudice and discrimination through workshops and seminars and educating youth on the dangers of drugs, violence and other destructive behaviour.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

#### (a) FUND ACCOUNTING

All revenues, expenses, assets and liabilities relating to the day to day operations of the organization are reported in the organization's general fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

#### (b) REVENUE RECOGNITION

Restricted donations and grants related to the Capital Fund are recognized into income at the same rate the associated capital asset is depreciated on an annual basis, over the useful life of the asset.

All other restricted funds are recognized as revenue in the General Fund in the year in which the related expenses are incurred.

Unrestricted donations, grants and government assistance are recognized as revenue in the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising income and rental revenue is recognized as revenue in the year in which the event or service takes place.

#### (c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.



# LIBERTY FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2024

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) CAPITAL ASSETS

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on capital assets using the declining balance method over the useful life of the assets at the following annual rates:

Buildings	Declining balance	4%
Vehicles	Declining balance	30%
Basketball court	Declining balance	8%
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	55%
Production equipment	Declining balance	45%
Livestock	Declining balance	14%

#### (e) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are amortization of capital assets and the amount of deferred revenue.

#### (f) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, short-term investments, government sales tax recoverable and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances payable.

At the end of reporting period, the organization assesses whether there are any indications that a financial asset may be impaired. When there is an indication of impairment, the carrying amount of the asset is reduced and the amount of the reduction is recognized as an impairment loss in the statement of revenues and expenses.

#### (g) CONTRIBUTED SERVICES

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

# LIBERTY FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2024

### 3. SHORT TERM INVESTMENT

Short term investment consists of a GICs with interest rates of 4.5% and maturing July of 2024.

### 4. INTERFUND BALANCES

The interfund loans between the General Fund and Capital Fund are non-interest bearing and have no specific terms of repayment.

### 5. CAPITAL ASSETS

	2023	2023	2024	2023
	Cost	Accumulated Amortization	Net	Net
Land	\$ 598,400	\$ -	\$ 598,400	\$ 598,400
Buildings	1,683,607	307,040	1,376,567	1,433,924
Vehicles	169,685	94,803	74,882	106,974
Basketball court	191,707	34,773	156,934	162,621
Furniture and equipment	31,012	22,426	8,586	9,607
Computer equipment	41,250	34,477	6,773	7,767
Production equipment	10,553	10,327	226	412
Livestock	15,650	7,374	8,276	10,467
	<u>\$ 2,741,864</u>	<u>\$ 511,220</u>	<u>\$ 2,230,644</u>	<u>\$ 2,330,172</u>

### 6. DEFERRED REVENUE

	2024	2023
Prodigal Sonz program	\$ -	\$ 4,987
Character Development program	10,909	14,531
Scholarships program	15,014	15,014
Recovery Run program	78,882	64,753
Rent	1,840	1,840
	<u>\$ 106,645</u>	<u>\$ 101,125</u>

# LIBERTY FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2024

### 7. LONG-TERM DEBT

	2024	2023
RBC mortgage, fixed interest rate of 5.80%, payable in blended monthly payments of \$7,090, due Nov 2024, secured by land and buildings (net book value - \$1,974,967)	\$ 1,053,075	\$ 1,074,141
RBC loan, fixed interest rate of 7.14%, payable in blended monthly payments of \$1,361, due September 2044, secured by land and buildings (net book value - \$1,974,967)	171,619	176,107
	1,224,694	1,250,248
Less current portion	1,085,138	27,847
Due beyond one year	\$ 139,556	\$ 1,222,401

Estimated principal re-payments are as follows:

2025		\$ 1,057,291
2026		4,526
2027		4,860
2028		5,219
2029		5,604
2030		6,017
Subsequent		141,176
		\$ 1,224,695

### 8. DEFERRED CAPITAL CONTRIBUTIONS

Capital grants are being recognized as revenue over the same period in which the related assets purchased are being amortized. The activity for this account is as follows:

	2024	2023
Opening Balance	254,475	161,102
Grants for capital assets received in the year	1,100	123,795
Less: amortization in the current year	(41,071)	(30,422)
Ending Balance	214,504	254,475

### 9. RELATED PARTY TRANSACTIONS

The organization received rental income of \$16,200 (2023 - \$16,200) from the Executive Director.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# LIBERTY FOR YOUTH

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2024

### 10. COMMITMENTS

The organization's total obligation, under various operating leases are as follows:

2025	\$	8,451
2026		<u>3,610</u>
	\$	<u>12,061</u>

### 11. FINANCIAL INSTRUMENTS

Unless other noted, it is management's opinion that the organization is not exposed to significant interest or credit risks arising from their financial instruments. Their fair value approximates their carrying values.

#### (a) LIQUIDITY RISK

Liquidity risk arises through having excess financial obligations over available financial assets at any point in time. The organization's objective in managing liquidity is to maintain sufficient readily available reserves to meet its liquidity requirements at any point in time. The organization achieves this by maintaining sufficient cash and cash equivalents.

#### (b) INTEREST RATE RISK

The organization is exposed to interest rate risk since the organization's investments consist of bank certificates and liabilities include loans. This risk is reduced by varying the due dates on its investments. The risk on the long-term debt is low due to having fixed interest rate on the loans. Management does not expect interest rates to vary significantly in the next year.