

Start2Finish Canada
Financial Statements
For the year ended March 31, 2023

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For the year ended March 31, 2023

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Independent Auditor's Report

To the Directors of Start2Finish Canada

Qualified Opinion

We have audited the accompanying financial statements of Start2Finish Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2023 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023 and its results of operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, donations-in-kind and 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 not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, assets as at March 31, 2023 and 2022 and the operating fund as at April 1 and March 31 for both 2023 and 2022 years. 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 audit 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 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.

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.

A handwritten signature in black ink that reads "BDO Canada LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
July 21, 2023

Start2Finish Canada Statement of Financial Position

For the year ended March 31

2023

2022

Assets

Cash	\$ 1,579,095	\$ 1,751,215
Accounts receivable	41,784	12,491
Prepaid expenses	16,909	6,584
Short-term investments (Note 3)	<u>100,000</u>	<u>-</u>
	1,737,788	1,770,290
Long-term investments (Note 3)	400,000	-
Intangible assets (Note 2)	230,569	181,645
Capital assets	<u>7,049</u>	<u>-</u>
	<u>\$ 2,375,406</u>	<u>\$ 1,951,935</u>

Liabilities

Accounts payable and accrued liabilities	\$ 55,916	\$ 28,618
Scholarship plan (Note 5)	668	668
Deferred revenue (Note 6)	1,371,052	976,421
Deferred capital contributions (Note 7)	<u>230,569</u>	<u>181,645</u>
	1,658,205	1,187,352
Government loan	<u>-</u>	<u>30,000</u>
	1,658,205	1,217,352

Surplus

Operating fund	217,201	234,583
Reserve fund	<u>500,000</u>	<u>500,000</u>
	717,201	734,583
	<u>\$ 2,375,406</u>	<u>\$ 1,951,935</u>

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Start2Finish Canada Statement of Revenue and Expenses

For the year ended March 31	2023	2022
Revenue		
Donations		
- Backpack Program	\$ 86,653	\$ 69,805
- Daily 20	9,522	151
- Junior coach	-	16,443
- Running & Reading Clubs	782,541	264,802
- Brainworx!/Virtual learning	104,546	270,352
- Scholarship plan	-	575
- Unrestricted	177,603	233,986
Donations-in-kind		
- Backpack Program	108,580	2,947
- Running & Reading Clubs	115,499	129,096
Amortization of deferred capital contributions (Note 7)	60,032	9,560
Fundraising events	55,452	51,593
Other income (Note 9)	3,560	78,168
	1,503,988	1,127,478
Expenses		
Advertising and promotion	34,842	48,810
Amortization	60,032	9,560
Bank charges and interest	1,599	2,300
Fundraising	22,695	23,620
Insurance	15,036	11,314
Meeting	11,446	7,174
Office supplies	48,585	38,345
Professional fees	51,090	54,151
Program costs	614,215	352,575
Rent	25,372	27,486
Salaries, benefits and contract labour	592,668	445,884
Scholarship plan	1,000	11,000
Telephone	9,798	6,116
Training	4,592	5,461
Travel and vehicle	24,763	19,139
Volunteer recognition	3,637	4,848
	1,521,370	1,067,783
(Deficiency) excess of revenue over expenses for the year	(17,382)	59,695
Operating fund, beginning of year	734,583	674,888
Operating fund, end of year	\$ 717,201	\$ 734,583

The accompanying notes are an integral part of these financial statements.

Start2Finish Canada Statement of Changes in Net Assets

For the year ended March 31 **2023** 2022

	Operating Fund	Reserve Fund	Total	Total
Balance, beginning of year	\$ 234,583	\$ 500,000	\$ 734,583	\$ 674,888
(Deficiency) excess of revenue over expenditures	(17,382)	-	(17,382)	59,695
Balance, end of year	\$ 217,201	\$ 500,000	\$ 717,201	\$ 734,583

The accompanying notes are an integral part of these financial statements.

Start2Finish Canada Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows provided by operating activities		
(Deficiency) excess of revenue over expenses for the year	\$ (17,382)	\$ 59,695
Adjustments for items not affecting cash		
Amortization of deferred capital contributions	(60,032)	(9,560)
Amortization of tangible capital assets	4,950	-
Amortization of intangible assets	60,032	9,560
Changes in non-cash working capital balances		
Accounts receivable	(29,293)	24,130
Prepaid expenses	(10,325)	(1,646)
Accounts payable and accrued liabilities	27,298	14,371
Deferred revenue	394,631	223,391
Deferred capital contributions	108,956	191,205
	<u>478,835</u>	<u>511,146</u>
Cash flows provided by (used in) investing activities		
Purchase of capital assets	(11,999)	(191,205)
Purchase of intangible assets	(108,956)	-
Purchase of investments	(500,000)	-
Proceeds on maturity of investments	-	200,000
	<u>(620,955)</u>	<u>8,795</u>
Cash flows provided by financing activities		
Repayment of government loan	(30,000)	-
Increase (decrease) in cash	(172,120)	519,941
Cash, beginning of year	<u>1,751,215</u>	<u>1,231,274</u>
Cash, end of year	\$ 1,579,095	\$ 1,751,215

The accompanying notes are an integral part of these financial statements.

Start2Finish Canada Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies

Nature of Organization

The Organization is a registered charity and accordingly is not subject to income tax. Its mission is to break the cycle of child poverty by providing ongoing educational support to Canada's at-risk children throughout their school years, nurturing mind, body and social health so they are empowered to succeed and become role models for change.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Contributions restricted for a specific purpose are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising events are recognized when the amounts are received and the event has occurred.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on the following basis:

Computer equipment	-	45% diminishing balance
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Intangible Assets

Purchased intangible assets are initially recorded at cost. Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

	<u>Method</u>	<u>Rate</u>
Virtual learning platform	Straight-line	5 years

Intangible assets with finite useful lives are tested for impairment when events or circumstances indicate that their carrying amount may not be recoverable. The impairment test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to fair value is required.

Contributed Materials and Services

Volunteers contribute a substantial number of hours each year to assist the Organization in carrying out its activities. Donations of such services are not recognized in the financial statements unless the value is readily determinable.

Donations of program supplies, food vouchers, equipment, sundry items and volunteer time which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded as donations-in-kind at their fair market value at the date of contribution, when the amounts are readily determinable. These donations also represent an expense included in program costs.

Start2Finish Canada Notes to Financial Statements

March 31, 2023

1. Significant Accounting Policies (Continued)

Fund Accounting

Revenue expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Reserve Fund has been established as an internally restricted reserve fund for the use for special targets of opportunity, innovation or need that further the mission of the organization. The use of the reserve funds are at the discretion and approval by the Board of Directors.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements in accordance 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 amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Government Assistance

The Organization makes periodic applications for financial assistance under the government incentive programs. Government subsidies received during the year are accounted for as revenue in the year they relate.

2. Intangible Asset

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Virtual Learning Website	\$ 300,161	\$ 69,592	\$ 191,205	\$ 9,560
Net book value		\$ 230,569		\$ 181,645

Start2Finish Canada Notes to Financial Statements

March 31, 2023

3. Investments

- a) Short-term investment consist of a Guaranteed Investment Certificate worth \$100,000 CAD, earning interest at 4.30% and maturing on September 2023.
- b) Long-term investments consist of Guaranteed Investment Certificates worth \$400,000 CAD, earning interest of 4.40% to 4.55% and maturing between September 2024 and September 2027.

4. Capital assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 11,999	\$ 4,950	\$ -	\$ -
	11,999	4,950	-	-
Net book value		\$ 7,049		\$ -

5. Scholarship Plan

The scholarship plan represents deferred contributions that are externally restricted for the Pathway of Hope Scholarship Plan. Amounts will be spent in subsequent years and will be recognized in revenue during those periods.

6. Deferred Revenue

Deferred revenue consists of donations received in the year to be used towards various programs. This revenue will be recognized as related expenses are incurred.

	2023	2022
Brainworx!/Virtual Learning	\$ 647,202	\$ 476,025
Running & Reading Clubs	704,092	460,963
Daily 20	19,758	25,528
Backpack Program	-	13,905
	\$ 1,371,052	\$ 976,421

Start2Finish Canada Notes to Financial Statements

March 31, 2023

7. Deferred Capital Contribution

Deferred capital contributions represents the unamortized amount of contributions received for the purchase of intangible assets.

The changes in the deferred contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	\$ 181,645	\$ -
Additions during the year	108,956	191,205
Recognized in revenue	(60,032)	(9,560)
Balance, end of year	<u>\$ 230,569</u>	<u>\$ 181,645</u>

8. Commitments

The Organization has leased premises and a vehicle at annual base rentals as follows:

2024	\$	4,150
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The vehicle lease expires in October 2023. The premises lease expired in during the year and the landlord has been invoicing the Organization for rent on a monthly basis.

9. Government Assistance

The Organization applied for the Canada Emergency Wage Subsidy ("CEWS") from the Government of Canada. The total amount of CEWS applied for and recorded as other income in the statement of revenue and expenses was \$2,916 (2022 - \$76,660).

10. Donations Revenue

During the year, NIB Trust Fund donated \$250,000 (2022 - \$Nil) to the Organization. \$250,000 was recognized as donation revenue during the year (2022 - \$Nil) as \$250,000 (2022 - \$Nil) was incurred in related expenses during the year.