

Sun Youth Organization
Financial Statements
March 31, 2025

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Independent Auditor's Report

To the Directors of
Sun Youth Organization

**Raymond Chabot
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Qualified opinion

We have audited the financial statements of Sun Youth Organization (hereafter "the Organization"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including 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, 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 for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, emergency services and fund-raising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions 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 donations, emergency services and fund-raising events, excess of revenues over expenses and cash flows from operating activities for the years ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024 and net assets as at April 1, 2024 and 2023 and March 31, 2025 and 2024. Our opinion on the financial statements for the year ended March 31, 2024 was qualified 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 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.

*Raymond Chabot Grant Thornton LLP*¹

Montréal
June 19, 2025

¹ CPA auditor, public accountancy permit no. A117472

Sun Youth Organization

Operations

Year ended March 31, 2025

	2025	2024
	\$	\$
Revenues		
Contributions		
Government grants (Note 4)	927,222	870,486
Donations (Note 4)	5,502,000	5,215,735
Emergency services (Note 4)	3,368,814	6,005,347
Fund-raising events	379,118	355,421
Community services	171,963	159,413
Interest income	449,113	443,376
Miscellaneous income	281,697	319,802
	<u>11,079,927</u>	<u>13,369,580</u>
Expenses		
Emergency services	7,494,160	9,658,990
Camp operations	105,860	118,334
Community services	784,781	768,299
Commercial activities	187,879	287,423
Administration	814,239	716,728
Fund-raising events	126,878	93,255
Interest expense (Note 5)	342,015	409,762
	<u>9,855,812</u>	<u>12,052,791</u>
Excess of revenues over expenses before other expenses (revenues)	<u>1,224,115</u>	<u>1,316,789</u>
Other expenses (revenues)		
Amortization of tangible capital assets	1,292,529	1,311,473
Gain on assets held for resale	(510,912)	
	<u>781,617</u>	<u>1,311,473</u>
Excess of revenues over expenses	<u>442,498</u>	<u>5,316</u>

The accompanying notes are an integral part of the financial statements and Note 4 provides other information on operations.

Sun Youth Organization Changes in Net Assets

Year ended March 31, 2025

	2025			2024
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	1,351,573	1,908,897	3,260,470	3,255,154
Excess (deficiency) of revenues over expenses	(103,132)	545,627	442,495	5,316
Investment in tangible capital assets				
Repayment of long-term debt	306,879	(306,879)		
Proceeds of disposal of assets held for resale	(630,000)	630,000		
Contributions related to the acquisition of tangible capital assets	(6,069,641)	6,069,641		
Acquisition of tangible capital assets	6,337,303	(6,337,303)		
Balance, end of year	1,192,982	2,509,983	3,702,965	3,260,470

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

Sun Youth Organization

Cash Flows

Year ended March 31, 2025

	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	442,498	5,316
Non-cash items		
Amortization of tangible capital assets	1,292,529	1,311,473
Amortization of deferred contributions related to tangible capital assets	(678,485)	(678,839)
Gain on assets held for resale	(510,912)	
	545,630	637,950
Net change in working capital items (Note 6)	240,001	5,914,278
Cash flows from operating activities	785,631	6,552,228
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(4,389,298)	(1,387,312)
Disposal of assets held for resale	630,000	
Cash flows from investing activities	(3,759,298)	(1,387,312)
FINANCING ACTIVITIES		
Repayment of long-term debt	(306,879)	(318,880)
Contributions related to the acquisition of tangible capital assets	6,069,641	1,638,225
Cash flows from financing activities	5,762,762	1,319,345
Increase in cash and cash equivalents	2,789,095	6,484,261
Cash and cash equivalents, beginning of year	11,481,360	4,997,099
Cash and cash equivalents, end of year	14,270,455	11,481,360
CASH AND CASH EQUIVALENTS		
Cash	2,217,455	597,232
Term deposits	12,053,000	10,884,128
	14,270,455	11,481,360

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

Sun Youth Organization


Financial Position


March 31, 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
ASSETS		
Current		
Cash	2,217,455	597,232
Term deposits	12,053,000	10,884,128
Other receivables (Note 7)	991,617	289,202
Prepaid expenses and deposits	83,279	73,451
Assets held for resale		119,088
	<u>15,345,351</u>	11,963,101
Long-term		
Tangible capital assets (Note 8)	<u>14,462,261</u>	9,685,148
	<u><u>29,807,612</u></u>	<u><u>21,648,249</u></u>
LIABILITIES		
Current		
Trade payables and other operating liabilities	2,105,523	494,470
Other deferred contributions (Note 10)	10,729,845	9,708,306
Current portions of long-term debt		
Subject to renewal	<u>4,833,358</u>	5,140,238
	17,668,726	15,343,014
Long-term		
Deferred contributions related to tangible capital assets (Note 12)	<u>8,435,921</u>	3,044,765
	<u><u>26,104,647</u></u>	<u><u>18,387,779</u></u>
NET ASSETS		
Invested in capital assets	1,192,982	1,351,573
Unrestricted	<u>2,509,983</u>	1,908,897
	<u>3,702,965</u>	3,260,470
	<u><u>29,807,612</u></u>	<u><u>21,648,249</u></u>

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

On behalf of the Board,


Director


Director

Sun Youth Organization

Notes to Financial Statements

March 31, 2025

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization, incorporated under Part III of the *Companies Act (Quebec)*, is a registered charitable organization exempt from income taxes.

The primary objective of the Organization is to serve the needs of the community by providing emergency food, clothing, medication and crime prevention services. It also provides a wide range of sports and recreation programs for children and maintains a social recreation centre for seniors. The contributions to the Organization, except for government grants, come from corporate and private donors as well as not-for-profit organizations.

2 - ACCOUNTING CHANGE

On April 1, 2024, the Organization adopted the recommendations of the new Accounting Guideline AcG-20, Customer's Accounting for Cloud Computing Arrangements, of Part II of the *CPA Canada Handbook – Accounting*, which provides guidance on the customer's accounting treatment of costs relating to a cloud computing arrangement and on how to determine whether the arrangement includes a software intangible asset.

In accordance with the new requirements, the Organization must elect one of the following options:

- applying the simplification approach to recognize costs relating to cloud computing arrangements which are within the scope of AcG-20 and, accordingly, treat such costs as attributable to the provision of services and recognize them as expenses when the services are received; or
- analyzing the cloud computing arrangement to assess whether the software element is a software intangible asset and, accordingly, recognizing it as an intangible asset in accordance with Section 3064, Goodwill and Intangible Assets, or as a software as a service (SaaS) and, accordingly, recognizing the related costs as expenses as incurred.

The Organization elected to apply simplification approach provided.

In accordance with the transitional provisions, these requirements, applicable to fiscal years beginning on or after January 1, 2024, have been applied retrospectively.

Application of these new recommendations did not have any impact on the financial statements.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Sun Youth Organization
Notes to Financial Statements
March 31, 2025

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are reported as direct increases in net assets.

Net investment income and interest income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Interest income is recognized on a time apportionment basis and changes in fair value are recognized when they occur.

Contributed goods and services

The work of the Organization is dependent upon the receipt of donated goods such as clothing, food, supplies and the use of donated premises and vehicles. When it can be reasonably estimated and if the Organization would have had to otherwise acquire these supplies for its normal operations, the fair value of such donated goods and usage is recorded in the financial statements.

Sun Youth Organization
Notes to Financial Statements
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3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization would not be able to operate without the help of volunteers who dedicate a considerable number of hours to the Organization every year. Because of the difficulty in determining the fair value of contributed services, these services are not recognized in the financial statements.

Cash and cash equivalents

The Organization's policy is to present in cash and cash equivalents bank balances, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	<u>Periods</u>
Buildings	2 and 30 years
Furniture and equipment	5 years
Automotive equipment, software and building improvements	3 years

The building under construction will be amortized on a straight-line method over a period of 30 years when it is completed.

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Sun Youth Organization
Notes to Financial Statements
 March 31, 2025

4 - INFORMATION INCLUDED IN OPERATIONS

	<u>2025</u>	<u>2024</u>
	\$	\$
Contributions		
Government grants		
Federal	112,425	80,819
Provincial	156,078	151,753
Municipal	658,719	637,914
	<u>927,222</u>	<u>870,486</u>
Donations		
Deferred contributions related to tangible capital assets (Note 12)	678,485	678,839
Contributed goods and services (a)	803,977	503,068
Transfer from other deferred contributions	312,872	558,979
Estate settlements	300,362	492,274
Other donations from individuals, corporations and not-for-profit organizations	<u>3,406,304</u>	<u>2,982,575</u>
	<u>5,502,000</u>	<u>5,215,735</u>
Emergency services		
Food donations (a)	<u>3,368,814</u>	<u>6,005,347</u>

(a) An equivalent amount is included in the expenses of the emergency services.

5 - INTEREST EXPENSE

	<u>2025</u>	<u>2024</u>
	\$	\$
Interest on long-term debt	331,958	399,550
Interest on line of credit	10,057	10,212
	<u>342,015</u>	<u>409,762</u>

6 - INFORMATION INCLUDED IN CASH FLOWS

The net change in working capital items is detailed as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Other receivables	(702,415)	(193,906)
Prepaid expenses and deposits	(9,832)	32,296
Trade payables and other operating liabilities	(69,291)	62,233
Other deferred contributions	<u>1,021,539</u>	<u>6,013,655</u>
	<u>240,001</u>	<u>5,914,278</u>

Sun Youth Organization
Notes to Financial Statements
 March 31, 2025

7 - OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
	\$	\$
Sales taxes receivable	886,214	114,175
Interest receivable	10,849	105,033
Other	94,554	69,994
	<u>991,617</u>	<u>289,202</u>

8 - TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
	Net carrying	Net carrying
	amount	amount
Cost	Accumulated amortization	Net carrying amount
\$	\$	\$
Land	5,754,546	5,754,546
Buildings (a)	3,803,769	2,989,735
Building under construction (b)	7,820,938	7,820,938
Furniture and equipment	201,943	201,943
Automotive equipment	148,936	101,792
Software	91,541	65,942
Building improvements	409,295	409,295
	<u>18,230,968</u>	<u>3,768,707</u>
	<u>14,462,261</u>	<u>9,685,148</u>

- (a) During the year 2024, the Organization decided to demolish the building acquired in 2020. The building, which was previously amortized using the straight-line method over a period of 30 years, was now amortized over a period of two years. This change was adopted prospectively and led to an amortization expense of \$1,198,549 during the year (\$1,198,549 in 2024).
- (b) During the year, the Organization capitalized construction costs, of which an amount of \$1,948,005 (\$267,661 as at March 31, 2024) is included in trade payables and other operating liabilities.

9 - LINE OF CREDIT

The Organization has an authorized line of credit of up to \$900,000 with a Canadian chartered bank, which bears interest at prime rate (4.95%; 7.2% as at March 31, 2024). The line of credit is secured by a building and land having a net carrying amount of \$4,600,000 as at March 31, 2025. As at year-end, none of the line of credit was used (unused as at March 31, 2024). The line of credit is renewable annually and the next renewal is scheduled in August 2025.

Sun Youth Organization
Notes to Financial Statements
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10 - OTHER DEFERRED CONTRIBUTIONS

The other deferred contributions represent unused assets which are subject to external restrictions to cover specific operating expenses during the next year.

	2025	2024
	\$	\$
Balance, beginning of year	9,708,306	3,694,650
Contributions	7,740,973	8,210,860
Transfer to deferred contributions related to tangible capital assets (Note 12)	(6,013,070)	(1,638,225)
Amount recognized as revenue	(706,364)	(558,979)
Balance, end of year	<u>10,729,845</u>	<u>9,708,306</u>

11 - LONG-TERM DEBT

	2025	2024
	\$	\$
Term loan, prime rate plus 0.35% (5.30%; 7.55% as at March 31, 2024), secured by a hypothec of \$7,000,000 on a building and land with a net carrying amount of \$4,600,000 and a guarantee of a maximum of \$6,900,000 from an organization subject to significant influence, repayable in monthly instalments of \$25,573, capital only, maturing in March 2025 (a)	4,833,358	5,140,238
Current portions		
Subject to renewal	<u>4,833,358</u>	<u>5,140,238</u>
	<u>-</u>	<u>-</u>

(a) Subsequent to year-end date, the loan was renewed until March 2026 under the same terms and conditions.

Under the credit agreement, the Organization is subject to certain terms, conditions and covenants.

The Organization did not pay any consideration in exchange for this guarantee.

12 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

The following deferred contributions related to tangible capital assets only include contributions specifically received for the acquisition of tangible capital assets. Their recognition in operations is equivalent to their amortization.

	2025	2024
	\$	\$
Balance, beginning of year	3,044,765	2,085,379
Contributions	56,571	
Transfer from other deferred contributions (Note 10)	6,013,070	1,638,225
Amount recognized in operations	(678,485)	(678,839)
Balance, end of year	<u>8,435,921</u>	<u>3,044,765</u>

Sun Youth Organization

Notes to Financial Statements

March 31, 2025

13 - SUN YOUTH FOUNDATION

The Organization exercises a significant influence over the Sun Youth Foundation (hereafter "the Foundation") by virtue of the fact that the main objective of the Foundation is to donate some or all of its capital and proceeds from time to time to the Organization.

14 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are other receivables (excluding sales taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Market risk

The Organization's financial instruments expose it to market risk, in particular, to interest rate risk, resulting from its financing activities.

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed and variable interest rates.

The term deposits bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The line of credit and the term loan bear interest at a variable rate and the Organization is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

15 - COMMITMENTS

The Organization has entered into long-term lease agreements which call for lease payments of \$261,423 for the rental of an office and office equipment.

The contract for the office expires in December 2025, whereas the contracts for the office equipment expire on various dates until June 2027.

Minimum lease payments for the next years are \$252,735 in 2026, \$5,792 in 2027 and \$2,896 in 2028.

The Organization has entered into a contract for the construction of a new building. The committed amount is \$21,700,000 as of March 31, 2025. Current constructions costs as of March 31st 2025 are \$7,820,938.