

Financial Statements

Kids Kottage Foundation

March 31, 2025

Kids Kottage Foundation

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Independent Auditor's Report

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To the Members of
Kids Kottage Foundation

Opinion

We have audited the financial statements of Kids Kottage Foundation ("the Foundation"), 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 the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2025, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations or fundraising, excess (deficiency) of revenue over expenses, or cash flows provided by (used in) operations 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, 2023 and 2024 and March 31, 2024 and 2025. Our audit opinion on the financial statements for the year ended March 31, 2024 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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 "Doane Grant Thornton LLP".

Edmonton, Canada
June 24, 2025

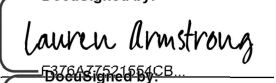

Chartered Professional Accountants

Kids Kottage Foundation
Statement of Financial Position

March 31	2025	2024
Assets		
Current		
Cash	\$ 539,819	\$ 515,188
Restricted cash (Note 3)	38	81,118
Short-term investments (Note 4)	1,274,193	1,191,586
Accounts receivable (Note 5)	113,079	56,419
Prepaid expenses	27,522	14,436
Endowment fund receivable (Note 6)	14,807	13,500
	1,969,458	1,872,247
Long-term investments (Note 4)	191,566	218,937
Tangible capital assets (Note 7)	202,131	88,730
	\$ 2,363,155	\$ 2,179,914
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 137,594	\$ 117,204
Deferred contributions (Note 9)	170,000	206,098
	307,594	323,302
Deferred capital contributions (Note 10)	140,568	62,976
	448,162	386,278
Net Assets		
Invested in tangible capital assets	61,562	25,753
Unrestricted fund	1,453,431	1,367,883
Internally restricted fund (Note 14)	400,000	400,000
	1,914,993	1,793,636
	\$ 2,363,155	\$ 2,179,914

Commitments (Note 12)

On behalf of the Board

	Director	Lauren Armstrong	Chairperson
	Director	Todd Schnirer	X

Kids Kottage Foundation Statement of Operations

Year ended March 31

2025

2024

Revenues

Province of Alberta	\$ 1,234,499	\$ 1,268,007
City of Edmonton	300,000	300,000
Donations and fundraising events	996,940	1,054,240
Grants	161,388	85,648
Unrealized gain on marketable securities	48,719	75,951
Amortization of deferred capital contributions (Note 10)	21,872	18,584
Interest and investment income	21,788	23,545
Income from endowment fund (Note 6)	14,788	13,500
	<u>2,799,994</u>	<u>2,839,475</u>

Program expenses

Wages and benefits	1,749,708	1,708,389
Program costs	118,247	108,958
Office	66,737	64,075
Rent expense (Note 12)	64,153	65,485
Amortization	41,837	22,572
Repairs and maintenance	26,717	12,705
Insurance	10,745	3,725
Telephone	9,365	17,046
Staff training, education and recruitment	5,602	2,787
Program advertising	1,094	2,350
Travel	455	1,781
	<u>2,094,660</u>	<u>2,009,873</u>

Excess of revenues over expenses before administrative expenses

<u>705,334</u>	<u>829,602</u>
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Administrative expenses

Fundraising (Note 11)	289,213	261,811
Salaries and benefits	197,503	192,068
Professional fees	36,783	27,037
Office equipment rentals	15,628	6,306
Office	13,070	17,731
Amortization	11,216	23,923
Telephone and utilities	9,089	1,837
Insurance	7,675	14,902
Staff training, education and recruitment	1,729	979
Repairs and maintenance	1,589	4,557
Bank charges and interest	482	177
	<u>583,977</u>	<u>551,328</u>

Excess of revenues over expenses

<u>\$ 121,357</u>	<u>\$ 278,274</u>
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Kids Kottage Foundation						
Statement of Changes in Net Assets						
Year ended March 31						
	Internally Restricted Fund	Unrestricted Fund	Invested in Tangible Capital Assets	Total 2025	Total 2024	
Balance, beginning of year	\$ 400,000	\$ 1,367,883	\$ 25,753	\$ 1,793,636	\$ 1,515,362	
Excess (deficiency) of revenues over expenses	-	152,538	(31,181)	121,357	278,274	
Receipt of capital contributions	-	99,464	(99,464)	-	-	
Purchase of tangible capital assets	-	(166,454)	166,454	-	-	
Balance, end of year	\$ 400,000	\$ 1,453,431	\$ 61,562	\$ 1,914,993	\$ 1,793,636	

Kids Kottage Foundation

Statement of Cash Flows

Year ended March 31

2025

2024

Increase (decrease) in cash

Cash provided by (used in) operating activities

Cash receipts from funders	\$ 2,661,674	\$ 2,849,367
Cash paid to suppliers and employees	(2,618,280)	(2,529,334)
Interest and investment income	21,788	23,545
	<u>65,182</u>	<u>343,578</u>

Cash (used in) provided by investing activities

Purchase of tangible capital assets	(166,454)	(16,831)
Purchase of investments, net	(6,807)	(12,004)
Decrease (increase) in restricted cash	81,080	(78,385)
	<u>(92,181)</u>	<u>(107,220)</u>

Cash provided by (used in) financing activities

Repayment of Canada Emergency Business Account	-	(40,000)
Deferred capital contributions received	51,630	40,000
	<u>51,630</u>	<u>-</u>

Increase in cash

24,631 236,358

Cash

Beginning of year	<u>515,188</u>	<u>278,830</u>
End of year	<u>\$ 539,819</u>	<u>\$ 515,188</u>

See accompanying notes to the financial statements.

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

1. Nature of operations

The Kids Kottage Foundation (the "Foundation") is a registered charitable organization and, as such, is exempt from taxation under paragraph 149(1)(f) of the Income Tax Act (Canada). The Foundation was incorporated under the Societies Act (Alberta) as a not-for-profit organization. The Foundation provides crisis prevention and early intervention services that keep infants and children safe and families strong.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses for the reporting period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the estimated useful lives of tangible capital assets and valuation of the allowance for doubtful accounts receivable. Actual results could differ from those estimates.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions 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 related to the acquired capital assets. 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.

Financial instruments

Initial measurement

The Foundation's financial instruments, except for those with non-arm's length parties, are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Kids Kottage Foundation
Notes to the Financial Statements
March 31, 2025

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets) with the exception of investments in equity instruments which are measured at fair value. The Foundation uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash, restricted cash, short-term and long-term investments (excluding marketable securities), accounts receivable, endowment fund income receivable, accounts payable and accrued liabilities, and Canada Emergency Business Account. Marketable securities are measured at fair value at each reporting date. The carrying value of the financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Related party financial instruments

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. Subsequent measurement is based on how the Foundation initially measured the instrument. The Foundation does not have any financial assets or financial liabilities in related party transactions measured at fair value.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed tangible capital assets is considered to be fair value at the date of the contribution. The cost of tangible capital assets comprised of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

Tangible capital assets are amortized over their estimates useful lives on a straight-line basis at the following rates:

Computer equipment	2 years
Kottage equipment	5 years
Leasehold improvements	Remaining lease term
Office equipment	5 years

Impairment of long-lived assets

The Foundation tests long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Cash

Cash consists of bank balances at Canadian financial institutions net of outstanding cheques.

Donated materials and contributed services

Donated materials and services are recorded at fair value when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Foundation. The Foundation is dependent upon the services provided by its volunteers. Volunteers contributed numerous hours in carrying out the activities of the Foundation. Due to the difficulty in determining the fair value, contributed services of volunteers are not recognized in the financial statements.

Allocation of expenses

The Foundation operates three general programs – client services, fundraising and administration. The costs of each program includes all costs directly related to that program, including wages and benefits, training, occupancy costs, and supplies. The Foundation also incurs general expenses that are shared amongst the three general programs.

The Foundation allocates these general expenses by identifying the appropriate basis for allocating each expense, which is applied consistently each year. Expenses that are not allocated include corporate governance and general management. Other general expenses are allocated as follows:

- i. Administrative and support staff wages and benefits are allocated proportionately based on the standard hours each position is expected to devote to each of the three general programs.
- ii. Other support costs including advertising, telephone and office expenses are charged directly to programs wherever possible. Costs that cannot be specifically identified between programs are allocated evenly amongst the programs they relate to.

3. Restricted cash

The Foundation receives proceeds from casinos and raffles under the authority of Alberta Gaming, Liquor and Cannabis. These funds are kept in separate bank accounts and can only be expended for approved purposes.

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

4. Investments

Investments consist of the following:

	<u>Cost</u>	<u>2025 Market</u>	<u>2024 Market</u>
Short-term:			
Mutual funds	\$ 800,813	\$ 837,297	\$ 399,870
High interest savings and cash in broker accounts	318,193	318,193	565,203
Marketable securities	<u>100,381</u>	<u>118,703</u>	<u>226,513</u>
	1,219,387	1,274,193	1,191,586
Long-term:			
Bonds	<u>193,955</u>	<u>191,566</u>	<u>218,937</u>
Total investments	<u>\$ 1,413,342</u>	<u>\$ 1,465,759</u>	<u>\$ 1,410,523</u>

5. Accounts receivable

	<u>2025</u>	<u>2024</u>
Funding receivable	\$ 74,511	\$ 30,274
Goods and Services Tax recoverable	<u>38,568</u>	<u>26,145</u>
	<u>\$ 113,079</u>	<u>\$ 56,419</u>

6. Endowment fund

The Foundation has entered into an agreement with the Edmonton Community Foundation and the family of the late Lilly Schmidt to create a permanent endowment fund, known as the "Kids Kottage Fund", to support the building of strong families and ensure the safe-keeping and well-being of all children during times of family crisis. The Kids Kottage Fund was established with a \$300,000 contribution from the Estate of Lilly Schmidt and can accept donations from the general public.

The Fund is administered by the Edmonton Community Fund and, under the terms of the agreement, 4% of the value of the fund at December 31 each year is available for disbursement. The Foundation is entitled to receive the entire disbursement as long as it remains a registered charity that continues to carry out the aims of the fund. The disbursement for the year ended December 31, 2024 was \$14,807 (2023 - \$13,500). This payment is recognized as revenue once the amount can be determined, and collection is reasonably assured.

The value of the fund at December 31, 2024 was \$370,187 (2023 - \$337,041). However, since the Foundation has no control over the management, investing or disbursing of the endowment fund, it is not included in the Foundation's assets.

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

7. Tangible capital assets

			2025	2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 305,087	\$ 209,077	\$ 96,010	\$ 63,528
Kottage equipment	123,652	56,923	66,729	14,749
Computer equipment	147,557	110,918	36,639	10,453
Office equipment	14,400	11,647	2,753	-
	<u>\$ 590,696</u>	<u>\$ 388,565</u>	<u>\$ 202,131</u>	<u>\$ 88,730</u>

8. Accounts payable and accrued liabilities

	2025	2024
Salaries and wages	\$ 68,446	\$ 75,507
Trade and other accounts payable	69,148	41,697
	<u>\$ 137,594</u>	<u>\$ 117,204</u>

9. Deferred contributions

Deferred contributions include amounts that are externally restricted for specific programs or purposes which have not yet been expended for the specified purposes.

	Balance, beginning of year	Amounts received	Amounts expended	Transferred to capital contributions	Balance, end of year
Casino fund	\$ 81,118	\$ -	\$ (81,118)	\$ -	\$ -
Basic Shelf	19,761	-	-	(19,761)	-
Emergency					
Counselling Fund	509	-	(509)	-	-
Inter Pipelines -					
Community Navigator					
Salary	10,887	-	(10,887)	-	-
Inter Pipelines - Crisis					
Line	20,000	-	(20,000)	-	-
Eldon & Anne Foote					
Fund - playground	28,073	-	-	(28,073)	-
Stollery Grant for					
data analyst	1,683	-	(1,683)	-	-
GoA - Digital					
infrastructure Grant	44,062	-	(44,062)	-	-
Gala Sponsorship -					
Various	-	96,000	-	-	96,000
Community Initiatives					
Program Grant					
Funding	-	74,000	-	-	74,000
	<u>\$ 206,093</u>	<u>\$ 170,000</u>	<u>\$ (158,259)</u>	<u>\$ (47,834)</u>	<u>\$ 170,000</u>

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

10. Deferred capital contributions

	2025	2024
Balance, beginning of year	\$ 62,976	\$ 41,560
Add: contributions received	51,630	40,000
Add: contributions transferred (Note 9)	47,834	-
Less: amortization of deferred capital contributions	(21,872)	(18,584)
Balance, end of year	\$ 140,568	\$ 62,976

11. Fundraising expenses

	2025	2024
Fundraising wages and benefits	\$ 136,306	\$ 121,526
Direct costs of fundraising events	54,609	91,254
Fundraising administration	98,298	49,031
	\$ 289,213	\$ 261,811

12. Commitments

The Foundation has entered into a lease agreement with Government of Alberta, represented by the Minister of Infrastructure, with a total annual lease payment of \$64,153. The agreement commenced on April 1, 2022 and has a lease term of 5 years. It is agreed between the Foundation and the Government of Alberta, represented by the Minister of Children and Family Services, that \$62,820 will be reimbursed annually for the period from April 1, 2024 to March 31, 2026.

Additionally, the Foundation has entered into various operating leases for its equipment, each with various expiring dates.

Minimum annual lease payments over the next 5 years are as follows:

2026	\$ 75,302
2027	73,982
2028	1,897
2029	1,265
2030	-

13. Financial instruments

The Foundation's assets and liabilities are exposed to certain risks. Unless otherwise noted, the Foundation's risk exposure has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations on a timely basis or at a reasonable cost.

Kids Kottage Foundation

Notes to the Financial Statements

March 31, 2025

13. Financial instruments (continued)

The Foundation's operations are primarily funded by the Province of Alberta and the City of Edmonton, supplemented by community fundraising. The Foundation's ability to continue operating is dependent upon maintaining these sources of funding. Should funding be significantly reduced, the Foundation would need to find an alternative source of stable funding. Similarly, a significant reduction in the proceeds from community fundraising would force the Foundation to seek government or other institutional funding. The Foundation has adequate reserves to enable it to continue operating temporarily while searching for alternative funding sources.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligation, resulting in a financial loss.

Operating cash is held at a major Canadian chartered bank, and short-term and long-term investments are held by a variety of Canadian banks and trust companies. The Foundation is exposed to risk to the extent that these deposits exceed the amounts guaranteed by the Canada Deposit Insurance Corporation and the Canadian Investor Protection Fund.

Interest risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate instruments subject the Foundation to a fair value risk and floating-rate instruments subject to a cash flow risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to currency risk, interest rate risk and the risk of market fluctuations with respect to market traded securities and bonds.

14. Internally restricted fund

The Board of Directors has internally restricted certain net assets for the possible future expansion of the Foundation. Use of the funds requires approval by the Board of Directors.
