
KERR STREET COMMUNITY SERVICES
NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Kerr Street Community Services
OAKVILLE
Ontario

Qualified Opinion

We have audited the accompanying non-consolidated financial statements of Kerr Street Community Services which comprise the non-consolidated statement of financial position as at December 31, 2024 and the non-consolidated statement of operations, non-consolidated statement of changes in net assets and non-consolidated statement of cash flows for the year then ended and notes to the non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the entity as at December 31, 2024 and the results of its non-consolidated operations and its non-consolidated 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, Kerr Street Community Services derives revenue from the general public in the form of contributions, 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 entity. Therefore, we were not able to determine whether any adjustments might be necessary to contributions revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years.

Our audit opinion on the non-consolidated financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of their 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 entity in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other 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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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JENNIFER A. STALEY, CPA

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 entity'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 entity'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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

April 23, 2025

KERR STREET COMMUNITY SERVICES**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31,

2024

2023

ASSETS**Current**

Cash (Note 2)	\$ 988,852	\$ 1,630,103
Short-term investments (Note 3)	712,379	2,563,995
Marketable securities, at fair value	1,508	4,775
Accounts receivable	42,821	97,391
HST refundable	28,003	29,121
Due from Kerr Street Mission Foundation (Note 6)	1,044	-
Prepaid expenses	31,478	26,310
	<u>\$ 1,806,085</u>	<u>\$ 4,351,695</u>

Long-Term Investments (Note 3)

2,887,641 400,000

Capital Assets (Note 4)3,903,590 3,975,736\$ 8,597,316 \$ 8,727,431

LIABILITIES**Current**

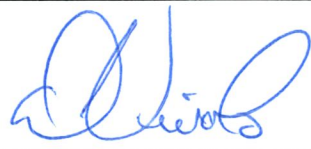
Accounts payable and accrued liabilities	\$ 110,062	\$ 84,137
Deferred contributions (Note 5)	218,198	405,477
Due to Kerr Street Mission Foundation (Note 6)	-	14,689
	<u>\$ 328,260</u>	<u>\$ 504,303</u>

NET ASSETS

Unrestricted	\$ 6,255,145	\$ 6,209,217
Internally restricted (Note 10)	2,013,911	2,013,911
	<u>\$ 8,269,056</u>	<u>\$ 8,223,128</u>
	<u>\$ 8,597,316</u>	<u>\$ 8,727,431</u>

Commitments (Note 11)

Approved by the Board:

 Director Director

See accompanying notes

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KERR STREET COMMUNITY SERVICES**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

For the year ended December 31,

2024

2023

	Unrestricted	Internally Restricted	Total	Total
NET ASSETS - Beginning	\$ 6,209,217	\$ 2,013,911	\$ 8,223,128	\$ 7,938,336
Excess of revenues over expenses	<u>45,928</u>	<u>-</u>	<u>45,928</u>	<u>284,792</u>
NET ASSETS - Ending	<u>\$ 6,255,145</u>	<u>\$ 2,013,911</u>	<u>\$ 8,269,056</u>	<u>\$ 8,223,128</u>

See accompanying notes

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KERR STREET COMMUNITY SERVICES

NON-CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31,

2024

2023

REVENUES

Individuals (Note 12)	\$ 1,761,901	\$ 1,738,668
Corporations	496,032	405,561
Grants (Note 7)	458,076	308,024
Foundations	418,145	366,875
Investment income (Note 9)	268,509	109,465
Other (Notes 6 and 8)	170,130	207,216
Gifts-in-kind (Note 12)	162,196	200,688
Churches	140,276	305,438
Service clubs	51,968	55,159
Gain on sale of asset	592	-
	<u>\$ 3,927,825</u>	<u>\$ 3,697,094</u>

EXPENSES

Programs

Food services program	\$ 1,270,882	\$ 1,135,444
Family program	787,804	648,237
Children's program	575,280	505,480
Youth program	419,749	357,695

Support

Administration (Note 6)	336,811	266,825
Development and marketing	327,083	342,199
	<u>\$ 3,717,609</u>	<u>\$ 3,255,880</u>

EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:

	\$ 210,216	\$ 441,214
Amortization	<u>164,288</u>	<u>156,422</u>

EXCESS OF REVENUES OVER EXPENSES

	<u>\$ 45,928</u>	<u>\$ 284,792</u>
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See accompanying notes

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KERR STREET COMMUNITY SERVICES**NON-CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31,

2024**2023**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess of revenues over expenses	\$ 45,928	\$ 284,792
Items not affecting cash:		
Contributed marketable securities	(146,926)	(57,780)
Contributed food and clothing	(162,196)	(200,688)
Contributed food and clothing donated	162,196	200,688
Gain on sale of capital assets	(592)	-
Unrealized gain on investments	(121,438)	-
Gain on investments	(7,441)	-
Loss on marketable securities	734	299
Amortization	164,288	156,422
	<u>\$ (65,447)</u>	<u>\$ 383,733</u>

Net change in non-cash working capital balances:

Accounts receivable	54,570	(60,814)
HST refundable	1,118	24,978
Prepaid expenses	(5,168)	5,250
Accounts payable and accrued liabilities	25,925	(16,639)
Deferred contributions	(187,279)	(24,719)
Due to (from) Kerr Street Mission Foundation	(15,733)	14,689
	<u>\$ (192,014)</u>	<u>\$ 326,478</u>

INVESTING ACTIVITIES

Purchase of capital assets	\$ (92,143)	\$ (30,071)
Purchase of investments	(524,614)	(556,698)
Proceeds from sale of marketable securities	149,460	57,439
Proceeds from sale of investments	17,468	-
Proceeds from sale of capital assets	592	-
	<u>\$ (449,237)</u>	<u>\$ (529,330)</u>

DECREASE IN CASH**\$ (641,251) \$ (202,852)****CASH - Beginning****1,630,103** **1,832,955****CASH - Ending****\$ 988,852** **\$ 1,630,103**

See accompanying notes

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KERR STREET COMMUNITY SERVICES

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

NATURE OF OPERATIONS

Kerr Street Community Services (the "Organization") operates in the community under the name of Kerr Street Mission ("KSM"). Following in the example of Jesus Christ, KSM is called to transform lives by serving people in Oakville living in economic, social and spiritual poverty. As a charitable Christian organization, KSM is committed to providing relief for the present and hope for the future to people of all walks of life. KSM was incorporated under the Ontario Corporations Act as a not-for-profit organization on March 12, 1996 and is a registered charity under the Income Tax Act and, therefore, is exempt from

1. SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) **Non-Consolidated Financial Statements**

The Organization issues only non-consolidated financial statements.

b) **Use of Estimates**

The preparation of non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

c) **Cash and Cash Equivalents**

Cash and cash equivalents includes cash held in the Organization's bank accounts, cash held in trust, petty cash and gift cards.

d) **Capital Assets**

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	Rate	Method
Buildings	4%	declining balance
Motor vehicles	30%	declining balance
Computer equipment and software	30%	declining balance
Furniture and equipment	20%	declining balance

KERR STREET COMMUNITY SERVICES
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

f) Revenue Recognition - Deferral Method

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Rental revenue is recognized when service is provided and collection is reasonably assured.

Grants for the purpose of funding current expenses are recognized as revenue in the current period. Grants for the purpose of funding expenses in another period are accounted for as deferred contributions and recognized as revenue in the same period as the related expenses.

g) Contributed Items and Services

The Organization occasionally receives contributed items, including securities, and services. These contributions are only recognized in the financial statements when the fair value of the contributed items or services can be reasonably estimated, the items are used in the normal course of the Organization's operations and they would otherwise have been purchased. Items and services for which fair value cannot be reasonably estimated are not recognized in the non-consolidated financial statements.

h) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures all of its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. The Organization subsequently measures its financial assets and liabilities at amortized cost, except for marketable securities consisting of investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Financial assets subsequently measured at amortized cost include cash, high-interest savings accounts, guaranteed investment certificates, and accounts receivable. Financial liabilities subsequently measured at amortized cost includes accounts payable and accrued liabilities.

Other than marketable securities, the Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

KERR STREET COMMUNITY SERVICES
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

h) Financial Instruments - Continued

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There were no impairment indicators in the current year.

i) Allocation of Expenses

The Organization reports expenses based on various operating functions as disclosed on the non-consolidated statement of operations. The costs of each function include salaries and benefits, supplies and other expenses that are directly related to the function. The Organization also incurs a number of operations and facilities support expenses that are common to various functions, and allocates certain common expenses.

Facilities support, consisting of materials and supplies, maintenance, utilities, property insurance and telephone is allocated to Food Services, Family, Children's, Youth, Development and Marketing programs and Administration based on a combination of their relative square foot usage of the facilities and the square footage used by support staff allocated based on staff hours incurred to support a particular function.

Operations support, consisting of materials, supplies, computer and equipment maintenance, directors' and officers' liability insurance, telephone, internet and postage is allocated to the Food Services, Family, Children's, Youth, Development and Marketing programs and Administration based on a combination of their relative square foot usage of the facilities and the square footage used by support staff allocated based on staff hours incurred to support a particular function.

Support staff, consisting of the executive director, finance department, development department, administrative assistants, volunteer coordinator and front line staff is allocated to the Food Services, Family, Children's, Youth, Development and Marketing programs and Administration based on the relative hours performed in support of a particular function.

2. CASH

Cash consists of the following:

	2024	2023
Cash	\$ 943,154	\$ 1,597,040
Gift cards	28,889	33,063
	<u>\$ 972,043</u>	<u>\$ 1,630,103</u>
Cash held in trust by Kerr Street Mission Foundation	16,809	-
	<u>\$ 988,852</u>	<u>\$ 1,630,103</u>

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KERR STREET COMMUNITY SERVICES

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

3. INVESTMENTS

Investments consist of both investments held directly by the Organization and investments held in trust by Kerr Street Mission Foundation ("KSMF"), a related party. The investments held in trust by KSMF benefit the Organization and its charitable activities. A summary of all investments is as follows:

	2024	2023
Investments Held in Trust by KSMF:		
Bond pooled fund, measured at fair value	\$ 634,272	\$ -
Stable inc. equity pooled fund, measured at fair value	590,372	-
Private client bond pooled fund, measured at fair value	528,256	-
Global stable equity pool fund, measured at fair value	425,989	-
BNS investment savings account, measured at amortized cost	360,654	-
CI high interest savings account, measured at amortized cost	348,098	-
Guaranteed investment certificate, measured at amortized cost, maturing April 16, 2025, 4.30%	309,098	-
Guaranteed investment certificate, measured at amortized cost, maturing February 8, 2025, 4.10%	3,281	-
	<u>\$ 3,200,020</u>	<u>\$ -</u>
Investments Held Directly by the Organization:		
Guaranteed investment certificate, measured at amortized cost, maturing August 22, 2025, 4.25%	400,000	400,000
Guaranteed investment certificate, measured at amortized cost, matured January 15, 2024, 1.50%	-	200,000
Guaranteed investment certificate, measured at amortized cost, matured January 16, 2024, 4.75%	-	351,950
Guaranteed investment certificate, measured at amortized cost, matured January 20, 2024, 4.75%	-	384,026
Guaranteed investment certificate, measured at amortized cost, matured January 21, 2024, 4.75%	-	486,829
Guaranteed investment certificate, measured at amortized cost, matured April 1, 2024, 3.50%	-	800,000
Guaranteed investment certificate, measured at amortized cost, matured July 25, 2024, 4.25%	-	200,000
Guaranteed investment certificate, measured at amortized cost, matured September 14, 2024, 3.95%	-	141,190
	<u>\$ 3,600,020</u>	<u>\$ 2,963,995</u>
Less: Current portion	<u>(712,379)</u>	<u>(2,563,995)</u>
	<u>\$ 2,887,641</u>	<u>\$ 400,000</u>

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KERR STREET COMMUNITY SERVICES
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. CAPITAL ASSETS

Capital assets consist of the following:

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,050,000	\$ -	\$ 1,050,000	\$ 1,050,000
Buildings	4,792,790	2,144,964	2,647,826	2,758,152
Motor vehicles	117,405	81,453	35,952	51,360
Computer equipment and software	91,477	73,485	17,992	15,939
Furniture and equipment	506,670	354,850	151,820	100,285
	<u>\$ 6,558,342</u>	<u>\$ 2,654,752</u>	<u>\$ 3,903,590</u>	<u>\$ 3,975,736</u>

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of the following:

	2024	2023
Balance - Beginning	\$ 405,477	\$ 430,196
Less: amounts recognized as revenue in the year	(301,433)	(202,824)
Add: amounts received	<u>114,154</u>	<u>178,105</u>
Balance - Ending	<u>\$ 218,198</u>	<u>\$ 405,477</u>

6. RELATED PARTY BALANCES AND TRANSACTIONS

The following related party has engaged in transactions with the Organization:

Kerr Street Mission Foundation ("KSMF") The Organization is the sole member of KSMF

Amounts owing from (to) related parties are as follows:

	2024	2023
Due from (to) related parties		
Kerr Street Mission Foundation	<u>\$ 1,044</u>	<u>\$ (14,689)</u>

All amounts due from (to) related parties are non-interest bearing and have no specified terms of repayment.

KERR STREET COMMUNITY SERVICES
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. RELATED PARTY BALANCES AND TRANSACTIONS - Continued

The Company engaged with KSMF in the following transactions:

	2024	2023
Management service fee	<u>\$ 5,000</u>	<u>\$ 2,301</u>
Investment management fee	<u>\$ (7,240)</u>	<u>\$ (939)</u>

These transactions were carried out in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration agreed upon by the related parties.

7. GRANT REVENUES

Grant revenues consist of the following:

	2024	2023
The Regional Municipality of Halton - Halton Food Connect	\$ 228,797	\$ 148,409
Other	82,989	52,360
Food Banks Canada	77,960	33,377
Canada Summer Jobs	54,473	54,090
The Regional Municipality of Halton	13,857	-
Government of Canada	<u>-</u>	<u>19,788</u>
	<u>\$ 458,076</u>	<u>\$ 308,024</u>

KERR STREET COMMUNITY SERVICES
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. OTHER REVENUES

Other revenues consist of the following:

	2024	2023
Agencies	\$ 111,463	\$ 95,140
Rental revenue	41,579	44,309
Other contributions	17,571	31,314
Halton Region	-	36,494
Exchange loss	(483)	(41)
	<u>\$ 170,130</u>	<u>\$ 207,216</u>

Other contributions consists of contributions from schools, colleges, agencies and other charities.

9. INVESTMENT INCOME

Investment income consists of the following:

	2024	2023
Interest income	\$ 149,404	\$ 109,764
Unrealized gain on investment	121,438	-
Gain on sale of investments	7,441	-
Loss on sale of marketable securities	(734)	(299)
Investment management fees	(9,040)	-
	<u>\$ 268,509</u>	<u>\$ 109,465</u>

10. INTERNAL RESTRICTIONS

The Board of Directors resolved to restrict \$Nil (2023 - \$211,868) to be used at the Board's discretion for operating or other approved expenditures. The Board of Directors resolved to restrict \$Nil (2023 - \$64,746) to be used at the Board's discretion for capital items. The Organization may not use these internally restricted amounts without the approval of the Board of Directors. Internal restrictions are as follows:

	2024	2023
Board restricted reserve fund	\$ 1,512,974	\$ 1,512,974
Board restricted capital reserve fund	500,937	500,937
	<u>\$ 2,013,911</u>	<u>\$ 2,013,911</u>

KERR STREET COMMUNITY SERVICES**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2024**

11. COMMITMENTS

The Organization has an operating lease for printers which expires in September 2027 and a five-month winter maintenance contract which expires in April 2025. Future minimum annual lease payments are as follows:

2025	\$ 8,821
2026	6,060
2027	<u>4,545</u>
	<u>\$ 19,426</u>

12. NON-MONETARY TRANSACTIONS

The Organization regularly receives contributions in kind in support of operations. These transactions are accounted for at the fair value of the items provided. Contributed marketable securities are sold immediately to minimize any loss on disposition. During the year, the Organization recognized the following non-monetary contributions:

	2024	2023
Contributed food and clothing	\$ 162,196	\$ 200,688
Contributed marketable securities - included in Individuals	<u>146,926</u>	<u>57,780</u>
	<u>\$ 309,122</u>	<u>\$ 258,468</u>

KERR STREET COMMUNITY SERVICES

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

13. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at December 31, 2024:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to significant credit risk. There has been no change in the assessment of credit risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and mitigates this risk by managing its working capital, generating sufficient cash flow from operations and by establishing and maintaining an internally restricted reserve. There has been no change in the assessment of liquidity risk from the prior year.

c) 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 comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to interest rate risk and price risk as follows:

i) Interest Rate Risk

Interest rate 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. The Organization is exposed to interest rate risk with respect to its short-term and long-term investments. The exposure to this risk fluctuates as the investments and related interest rates change from year to year.

ii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to price risk through its investments in marketable securities. The exposure to this risk fluctuates as the Organization's investments change from year to year.

KERR STREET COMMUNITY SERVICES**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2024**

14. ALLOCATION OF EXPENSES

Facilities support expenses including maintenance, utilities, materials and supplies, property insurance and telephone and internet totaling \$171,340 (2023 - \$156,372) have been allocated to the following functions:

	2024	2023
Youth program	\$ 65,109	\$ 59,421
Children's program	42,835	39,093
Food services program	34,268	31,274
Family program	20,561	18,765
Administration	6,854	7,819
Development and marketing	1,713	-
	<u>\$ 171,340</u>	<u>\$ 156,372</u>

Operations support expenses including computer and equipment maintenance, materials and supplies, directors' liability insurance, telephone and internet and postage totaling \$120,349 (2023 - \$94,088) have been allocated to the following functions:

	2024	2023
Food services program	\$ 28,884	\$ 22,581
Children's program	28,884	22,581
Family program	18,052	14,113
Administration	16,849	8,468
Youth program	14,442	9,409
Development and marketing	13,238	16,936
	<u>\$ 120,349</u>	<u>\$ 94,088</u>

Support staff payroll totaling \$1,176,578 (2023 - \$878,642) has been allocated to the following functions:

	2024	2023
Food services program	\$ 282,379	\$ 210,855
Development and marketing	223,550	166,945
Youth program	211,784	158,159
Children's program	188,252	140,592
Administration	164,721	123,012
Family program	105,892	79,079
	<u>\$ 1,176,578</u>	<u>\$ 878,642</u>

KERR STREET COMMUNITY SERVICES**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2024**

15. EXPENSES

The Organization presents its expenses by function on the statement of operations. A breakdown of expenses by object is as follows:

	2024	2023
Salaries, wages, benefits	\$ 1,989,060	\$ 1,734,604
Food, materials, supplies	823,931	693,285
Christmas Wonders	231,920	190,482
Other	156,761	128,540
Facility	151,621	177,341
Communication and events	150,525	183,920
Computer software and equipment maintenance fees	82,743	56,307
Staff travel and engagement fees	50,524	18,072
Bank and investment management fees	41,808	39,627
Professional fees	38,716	33,702
	<u>\$ 3,717,609</u>	<u>\$ 3,255,880</u>

16. DISCLOSURE OF UNCONSOLIDATED CONTROLLED NOT-FOR-PROFIT ORGANIZATIONS

The Organization controls a not-for-profit organization, Kerr Street Mission Foundation ("KSMF"). KSMF was established to support long-term sustainability of Kerr Street Community Services. KSMF was incorporated under the Ontario Corporations Act as a not-for-profit organization on January 1, 2023 and is a registered charity under the Income Tax Act and, therefore, is exempt from income taxes.

KSMF has not been consolidated in the Organization's financial statements. Unaudited financial statements for KSMF are available on request. Summary financial statements for this unconsolidated not-for-profit organization as at December 31, 2024 for the year then ended is as follows:

	2024 (unaudited)	2023 (unaudited)
Financial Position		
Total assets	<u>\$ 69,718</u>	<u>\$ 19,270</u>
Total liabilities	<u>\$ 1,043</u>	<u>\$ 2,301</u>
Total net assets	<u>68,675</u>	<u>16,969</u>
	<u>\$ 69,718</u>	<u>\$ 19,270</u>

KERR STREET COMMUNITY SERVICES**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2024**

16. DISCLOSURE OF UNCONSOLIDATED CONTROLLED NOT-FOR-PROFIT ORGANIZATIONS - Continued

	2024 (unaudited)	2023 (unaudited)
Results of Operations		
Total revenues	\$ 57,335	\$ 32,319
Total expenses	<u>5,628</u>	<u>15,350</u>
Excess of revenues over expenses	<u>\$ 51,707</u>	<u>\$ 16,969</u>
Cash Flows		
Cash from operating activities	\$ 47,414	\$ 1,168
Cash used in investing activities	(25,738)	-
Cash used in financing activities	<u>-</u>	<u>-</u>
Increase in cash	<u>\$ 21,676</u>	<u>\$ 1,168</u>

17. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.