Frontenac Youth Services
Financial Statements
For the year ended March 31, 2025

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Independent Auditor's Report

To the Members of Frontenac Youth Services

Qualified Opinion
We have audited the financial statements of Frontenac Youth Services (the Organization), which comprise the statement of financial position as at March 31, 2025, and the statements of changes in fund balances, operations 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 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 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 not-for-profit organizations, the Organization derives revenue from donations 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 donations and fundraising revenue, excess (deficiency) of revenue over expenses and cash flows from 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 and March 31 for both the 2025 and 2024 years. 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 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.

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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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
August 13, 2026

Frontenac Youth Services
Statement of Financial Position

March 31	Unrestricted	Invested in Capital Assets	2025	2024
Assets				
Current				
Cash	$ 30,571	$ -	$ 30,571	$ 230,742
Accounts receivable	32,919	-	32,919	55,475
Prepaid and deposits	1,335	-	1,335	28,360
Due from Ministry of Health (Note 4)	60,879	-	60,879	-
	125,704	-	125,704	314,577
Capital assets (Note 2)	-	455,983	455,983	536,910
	$ 125,704	$ 455,983	$ 581,687	$ 851,487
Liabilities and Fund Balances				
Current				
Bank indebtedness (Note 3)	$ 125,904	$ -	$ 125,904	$ -
Accounts payable and accrued liabilities	420,772	-	420,772	$ 402,369
Due to Ministry of Health (Note 4)	148,503	-	148,503	31,722
	695,179	-	695,179	434,091
Fund balances	(569,475)	455,983	(113,492)	417,396
	$ 125,704	$ 455,983	$ 581,687	$ 851,487

On behalf of the Board:

_____ Director

_____ Director

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

Frontenac Youth Services
Statement of Changes in Fund Balances

For the year ended March 31			2025	2024
	Unrestricted	Invested in Capital Assets	Total	Total
Balance, beginning of year	**$ (119,514)**	**$ 536,910**	**$ 417,396**	$ 782,687
Deficiency of revenue over expenses	**(433,354)**	**(97,534)**	**(530,888)**	(365,291)
Purchase of capital assets	**(16,607)**	**16,607**	**-**	-
Balance, end of year	**$ (569,475)**	**$ 455,983**	**$ (113,492)**	$ 417,396

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

Frontenac Youth Services
Statement of Operations

For the year ended March 31	Unrestricted	Invested in Capital Assets	2025 Total	2024 Total
Revenue				
Provincial grants	$ 5,310,608	$ -	$ 5,310,608	$ 5,101,944
YSP Entrusted Funds	300	-	300	-
Durham Board (outside resources)	142,483	-	142,483	185,432
COVID-19 funds	-	-	-	100,580
Donations and fundraising revenue	13,242	-	13,242	5,035
	5,466,633	-	5,466,633	5,392,991
Expenses				
Amortization	-	97,534	97,534	85,499
Benefits	747,180	-	747,180	709,550
Building occupancy	252,688	-	252,688	273,841
Client expenses	9,961	-	9,961	18,051
COVID-19 related expenses	-	-	-	21,563
Food services	38,414	-	38,414	53,279
Fundraising expenses	-	-	-	30
Insurance	6,568	-	6,568	6,568
Medical and related	132,418	-	132,418	100,925
Miscellaneous	43,765	-	43,765	37,635
Office administration	122,944	-	122,944	141,943
Outside agency support	15,333	-	15,333	6,730
Outside resources	193,545	-	193,545	187,656
Professional services	119,248	-	119,248	87,449
Program expenses	119,100	-	119,100	120,164
Salaries	4,025,474	-	4,025,474	3,863,527
Training and recruitment	44,379	-	44,379	14,426
Travel	28,970	-	28,970	29,446
	5,899,987	97,534	5,997,521	5,758,282
Deficiency of revenue over expenses	$ (433,354)	$ (97,534)	$ (530,888)	$ (365,291)

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

Frontenac Youth Services
Statement of Cash Flows

For the year ended March 31	2025	2024
Operating activities		
Deficiency of revenue over expenses	**$ (530,888)**	$ (365,291)
Items not affecting cash		
Amortization	**97,534**	85,499
	(433,354)	(279,792)
Changes in non-cash working capital balances		
Accounts receivable	**22,556**	53,907
Prepaid and deposits	**27,025**	42,789
Accounts payable and accrued liabilities	**18,403**	55,189
Due to Ministry of Health	**116,781**	(3,922)
Due from Ministry of Health	**(60,879)**	-
	(309,468)	(131,829)
Investing activities		
Purchase of capital assets	**(16,607)**	(40,532)
	(16,607)	(40,532)
Financing activities		
Increase in bank indebtedness	**125,904**	-
	125,904	-
Net change in cash	**(200,171)**	(172,361)
Cash, beginning of year	**230,742**	403,103
Cash, end of year	**$ 30,571**	$ 230,742

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

March 31, 2025

1. Significant Accounting Policies

Nature and Purpose of Organization

Frontenac Youth Services is a not-for-profit Canadian charity which operates a Licensed Children's Mental Health Centre that has been continuously providing services to adolescents and their families, throughout the Durham and Northumberland/Clarington area since 1972.

The Organization is a registered charity, and as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

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

Fund Accounting

The Organization follows the Restricted Fund method of accounting for contributions.

The Unrestricted Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted donations related to general operations.

The Invested in Capital Assets Fund represents the net book value of capital assets.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Funds.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

1. Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost. Amortization based on the estimated useful life of the assets is as follows:

Automotive equipment	- 30% diminishing balance basis
Building	- 30-year straight-line basis with a residual value of 25% of cost including any major renovations
Capital improvements	- 5-year straight-line basis with half-year rule
Computer equipment	- 55% diminishing balance basis
Equipment and furnishings	- 20% diminishing balance basis

Capital purchases with a cost in excess of $4,000 have been capitalized.

Impairment of Long-lived Assets

The Organization monitors its use of capital assets and when the capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, an impairment is recognized as an expense in the statement of operations.

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and judgments used in the preparation of these financial statements include, but are not limited to the determination of accruals, the estimated useful life of capital assets and the determination of any impairment in capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant Accounting Policies (continued)

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Capital Assets

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 110,000**	**$ -**	$ 110,000	$ -
Automotive equipment	**170,466**	**125,217**	170,466	105,825
Building	**466,896**	**317,432**	466,896	305,759
Capital improvements	**96,092**	**46,345**	96,092	27,127
Computer equipment	**125,396**	**102,899**	114,509	75,404
Equipment and furnishings	**199,856**	**120,830**	194,136	101,074
	$ 1,168,706	**$ 712,723**	$ 1,152,099	$ 615,189
Cost less accumulated amortization		**$ 455,983**		$ 536,910

3. Bank Indebtedness

The Organization has a revolving credit facility available to a maximum of $375,000 (2024 - $375,000). The revolving credit facility is due on demand, bears interest at the bank's prime rate plus 1.0% and is secured by the Watersdown property. The agreement contains a covenant which requires no outstanding debt or liability under the revolving credit facility for at least one day each 6-month period.

The Organization also has a business credit card facility available to a maximum of $20,000 (2024 - $20,000).

Subsequent to year end, the Organization was not in compliance with a covenant requiring the submission of audited financial statements within 120 days of year end. The lender waived its right to demand immediate repayment as a result of the non-compliance. Accordingly, the related indebtedness continued to be repayable in accordance with the original terms of the agreement.

4. Due from/Due to Ministry of Health

Due from Ministry of Health represents funding receivable by Frontenac Youth Services from the Ministry of Health. The balance reflects funding amounts earned and claimable under the Organization's funding agreements with the Ministry of Health.

Due to Ministry of Health represents fiscal 2020 to 2023 funding that is due back to the Ministry of Health. The amount payable is based on annual funding reconciliations and assessments performed by the Ministry of Health. The Due to Ministry of Health balance represents management's estimate of amounts owing to the Ministry and is subject to review and approval by the Ministry. These estimates are revised on a prospective basis based on the final determinations made by the Ministry of Health.

5. Commitments

The Organization has entered into a premise lease agreement expiring in January 2027. The minimum annual lease payments for the next two years is as follows:

Year	Amount
2026	$ 173,232
2027	148,401
	$ 321,633

6. Economic Dependence

The Organization has contribution arrangements with the Ministry of Health and Ministry of Children, Community and Social Services to provide funds to administer operations and provide services. These contributions constitute 95% (2024 - 98%) of the Organization's total revenue and, as such, its ability to continue viable operations is dependent upon maintaining these funding arrangements.

7. Provincial Subsidy

The Organization is required to file Final Reports relating to the programs funded by the Ministry of Health and Ministry of Children, Community and Social Services. The Final Reports will be filed for 2024/2025 upon finalization of the accounts. Any adjustments required to be made with respect to funding received will be reflected in the year that the adjustment is determined.

8. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial instruments that are exposed to credit risk relate primarily to cash. The Organization limits its exposure to credit risk by maintaining its cash with a major financial institution.

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 this risk through its bank indebtedness. The Organization holds revolving line of credit with a variable interest rate which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, amounts due to the Ministry of Health and Ministry of Children, Community and Social Services and commitments.

There have not been any changes in the risks from the prior year.

9. Contingent Liability

The Organization continues to assess matters related to Bill 124 and, as at March 31, 2025, the financial impact, if any, cannot be reasonably determined.