

FONDATION LA CLÉ
FINANCIAL STATEMENTS
JUNE 30, 2025

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CONTENTS

Independent auditor's report	
Statement of operations	1
Changes in net assets	2
Statement of financial position	3
Cash flows	4
Notes to the financial statements	5 - 12
Supplementary information	
Schedule A - Unrestricted contributions	13
Schedule B - Net investment income	13
Schedule C - Fund restriction - scholarships and financial assistance	13

To the members of Fondation La Clé

Qualified opinion

We have audited the accompanying financial statements of Fondation La Clé (the "Foundation"), which comprise the statement of financial position as at June 30, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended and the notes to the 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 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

Like many non-profit organizations, the Foundation derives income from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Consequently, verification of these revenues was limited to the amounts recorded in the Foundation's records, and we were unable to determine whether any adjustments might be necessary to the amounts of donations and fundraising revenues, excess of revenues over expenditures, and cash flows from operations for the years ended June 30, 2025, and 2024, current assets as at June 30, 2025 and 2024, and net assets as at July 1, 2025, and 2024, and June 30, 2025 and 2024. The possible effects of this limitation in scope have caused us to qualify our audit opinion on the financial statements for the year ended June 30, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under these standards are further described in the section of our report entitled "Auditor's Responsibilities for the Audit of the Financial Statements." 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 qualified opinion.

Other matter

The financial statements for the period ended June 30, 2024, were audited by another auditor who expressed a qualified opinion on these statements on September 18, 2024, for the reasons described in the paragraph entitled "Basis for qualified opinion."

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

As concerns our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge gained during the audit, or whether the other information otherwise appears to contain a material misstatement. We obtained the annual report prior to the date of this auditor's report. If, based on the work we performed on the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to declare in this respect.

Management's responsibilities 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, where applicable, matters relating to going concern; management must also use the going concern basis of accounting unless they intend to either liquidate the Foundation or to cease operations or unless they have 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 containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect any 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 conducted in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We 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 it would be for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- We obtain an understanding of the 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 evidence obtained up to the date of our auditor's report. Future events or circumstances could also cause the Foundation to cease operations.
- We 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 things, 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.

Brossard (Quebec)

September 17, 2025

¹ By CPA auditor, public accountancy permit no. A125715

FONDATION LA CLÉ**STATEMENT OF OPERATIONS****FISCAL YEAR ENDING JUNE 30, 2025****1**

	2025	2024
	\$	\$
REVENUES		
Unrestricted contributions (Schedule A)	554,640	421,301
Annual fundraising event (note 10)	126,393	99,255
Donations from the OMHM (note 11)	50,000	50,000
Énergir subsidy	7,800	40,050
Net investment income (Schedule B)	<u>3,779</u>	<u>35,950</u>
	<u>742,612</u>	<u>646,556</u>
ADMINISTRATIVE EXPENSES		
Salaries and benefits	183,490	161,488
Expenses related to the annual fundraising event	39,494	31,391
Communication and public relations expenses	32,245	42,075
Office supplies	11,707	3,532
Insurance	3,265	2,843
Professional fees	7,309	4,719
Administrative fees for awarding scholarships	5,985	5,085
Telecommunications	1,557	1,478
Taxes and permits	39	38
Bank and credit card fees	2,764	1,881
Amortization of intangible assets	<u>2,891</u>	<u>2,895</u>
	<u>290,746</u>	<u>257,425</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE FUND RESTRICTION	451,866	389,131
FUND RESTRICTION - SCHOLARSHIPS AND FINANCIAL ASSISTANCE (Schedule C) (note 3)	<u>437,897</u>	<u>263,039</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,969</u>	<u>126,092</u>

The notes to the financial statements and additional information form an integral part of the financial statements.

FONDATION LA CLÉ

CHANGES IN NET ASSETS

FISCAL YEAR ENDING JUNE 30, 2025

2

	Invested in intangible assets \$	Internal restrictions \$	Not restricted \$	2025 Total \$	2024 Total \$
BALANCE AT BEGINNING	2,891	1,011,226	7,268	1,021,385	895,293
EXCESS OF REVENUES OVER EXPENDITURES	(2,891)	(437,897)	454,757	13,969	126,092
INCREASE IN INTERNAL RESTRICTIONS (note 3)		307,807	(307,807)		
		881,136	154,218	1035,354	1,021,385

BALANCE AT END

The notes to the financial statements form an integral part of the financial statements.

FONDATION LA CLÉ**STATEMENT OF FINANCIAL POSITION****JUNE 30, 2025****3**

	2025 \$	2024 \$
ASSETS		
CURRENT ASSETS		
Cash on hand	174,615	46,027
Reserved cash (note 3)	270,134	361,476
Accounts receivable (note 4)	70,171	49,729
Prepaid expenses	<u>19,057</u>	<u>26,498</u>
	533,977	483,730
RESERVED CASH (note 3)	611,002	649,750
INVESTMENTS (note 6)	2,265	3,323
INTANGIBLE ASSETS (note 7)	<u>-</u>	<u>2,891</u>
	<u>1,147,244</u>	<u>1,139,694</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (note 8)	45,653	63,251
Deferred contributions (note 9)	<u>66,237</u>	<u>55,058</u>
	<u>111,890</u>	<u>118,309</u>
NET ASSETS		
INVESTED IN INTANGIBLE ASSETS	-	2,891
INTERNAL RESTRICTIONS (note 3)	881,136	1,011,226
NOT RESTRICTED	<u>154,218</u>	<u>7,268</u>
	<u>1,035,354</u>	<u>1,021,385</u>
	<u>1,147,244</u>	<u>1,139,694</u>

The notes to the financial statements form an integral part of the financial statements.

On behalf of the Board of Directors,

_____, director

_____, director

FONDATION LA CLÉ**STATEMENT OF CASH FLOWS FOR THE****YEAR ENDED JUNE 30, 2025****4**

	2025 \$	2024 \$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	13,969	126,092
Items not affecting cash flow: Amortization of intangible assets	2,891	2,895
Unrealized loss on change in fair market value of investments	<u>1,058</u>	<u>1,207</u>
	<u>17,918</u>	<u>130,194</u>
Net change in non-cash items related to operations:		
Accounts receivable	(20,442)	(42,730)
Reserved cash	91,342	(110,127)
Prepaid expenses	7,441	(21,703)
Accounts payable	(17,598)	18,964
Deferred contributions	<u>11,179</u>	<u>7,079</u>
	<u>71,922</u>	<u>(148,517)</u>
	89,840	(18,323)
INVESTMENT ACTIVITY		
Decrease (increase) in cash reserves	<u>38,748</u>	<u>(11,187)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	128,588	(29,510)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>46,027</u>	<u>75,537</u>
CASH AND CASH EQUIVALENTS AT THE END	<u><u>174,615</u></u>	<u><u>46,027</u></u>

Cash and cash equivalents consist of cash on hand. The notes to the financial statements form an integral part of the financial statements.

1. ARTICLES OF ASSOCIATION AND OBJECTIVES

Fondation La Clé (the “Foundation”) was incorporated as a non-profit organization under Part III of the Quebec *Companies Act* on March 7, 2007, and is a charitable organization within the meaning of the *Income Tax Act*.

The Foundation’s mission is to help young people living in low-rent housing provided by the Office municipal d’habitation de Montréal (OMHM) to persevere in their studies and reach their full potential. It promotes school retention, increased self-esteem, and the development of initiative among these young people.

2. MAIN ACCOUNTING METHODS

The Foundation applies Canadian accounting standards for non-profit organizations.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenditure during the fiscal years in question. Actual results may differ from these estimates. The main estimate relates to the write-down of financial assets.

REVENUE RECOGNITION

The Foundation applies the deferral method for accounting for contributions. Restricted contributions are recognized as revenue in the fiscal year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount receivable can reasonably be estimated and its receipt is reasonably assured. Endowment contributions are recognized as a direct increase in net assets.

Investment transactions are recorded on the transaction date and the resulting revenue is recognized on an accrual accounting basis.

Interest revenue is recognized on the basis of time lapsed, while dividend revenue is recognized on the date of declaration. Gains on investments are recognized when they occur.

CONTRIBUTIONS RECEIVED IN THE FORM OF GOODS AND SERVICES

The Foundation receives contributions in the form of goods and services from donors. Contributions in the form of goods and services used in the normal course of business, which would have had to be purchased by the Foundation in the absence of a contribution and the fair value of which can be reasonably estimated, are valued at their fair value. Other contributions in the form of goods and services are not recognized in the financial statements.

2. MAIN ACCOUNTING METHODS (continuation)

TRANSLATION OF TRANSACTIONS AND ITEMS DENOMINATED IN FOREIGN CURRENCIES

The Foundation uses the temporal method of translation for its transactions denominated in foreign currencies.

Monetary assets and liabilities are translated at the exchange rate at the closing date. Other assets and liabilities are translated at the exchange rate in effect on the transaction date. Revenue and expenses are translated at the exchange rate in effect on the transaction date. Foreign exchange gains and losses are included in the results for the fiscal year.

CASH AND CASH EQUIVALENTS

The Foundation's policy is to present bank balances, including bank overdrafts, in cash and cash equivalents when bank balances frequently fluctuate above and below zero.

RECOGNITION OF PLEDGES

Given the uncertainty regarding the collection of the amounts in question, pledges received prior to the statement of financial position date are recognized only if they have been collected prior to the financial statement completion date.

FINANCIAL INSTRUMENTS

Initial measurement

The Foundation initially measures its financial assets and liabilities created or exchanged in arm's length transactions at fair value. Financial assets and liabilities that have been created or exchanged in transactions between related parties, except for parties that have no relationship with the Foundation other than in their capacity as members of management, are initially measured at cost.

Subsequent measurement

The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments listed in an active market, which are measured at fair value. Changes in the fair value of such financial instruments are recognized in income in the period in which they occur.

Financial assets measured at amortized cost consist of cash, cash reserves and receivables, excluding taxes on commercial transactions.

Financial assets measured at fair value consist of shares of publicly traded companies and mutual funds and equivalents.

2. MAIN ACCOUNTING METHODS (continuation)**FINANCIAL INSTRUMENTS (continuation)***Impairment*

Regarding financial assets measured at amortized cost, the Foundation determines whether there are indications of possible impairment. If so, and if the Foundation determines that there has been a significant adverse change in the timing or amount of future cash flows during the fiscal year, an impairment loss is recognized in income. If the indications of impairment diminish or disappear, the impairment loss already recognized must be reversed to the extent of the improvement. The carrying amount of the financial asset cannot exceed what it would have been on the date of the reversal if the impairment loss had never been recognized. The reversal of impairment is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and those created or exchanged in a transaction between related parties are recognized in income in the period in which they are incurred. Transaction costs relating to financial instruments created or exchanged in arm's length conditions that are subsequently measured at amortized cost are recognized at the initial cost of the instrument. When the instrument is measured at amortized cost, transaction costs are then recognized in income over the term of the instrument on a straight-line basis.

3. INTERNAL RESTRICTIONS

During the fiscal year ending June 30, 2025, the Foundation's Board of Directors resolved to restrict \$307,807 (\$384,354 in 2024) to scholarship programs relating to agreements with various partners, and \$437,897 (\$263,039 in 2024) was used. The Foundation may not use these internally restricted amounts for other purposes without the prior consent of the Board of Directors.

Short-term cash amounts of \$270,134 (\$361,476 in 2024) and long-term cash amounts of \$611,002 (\$649,750 in 2024) for a total amount of \$881,136 (\$1,011,226 in 2024) have been reserved for these purposes.

An expense of \$437,897 (\$263,039 in 2024) was recorded in the Foundation's statement of operations in accordance with these agreements and is included under "Fund restriction - scholarships and financial assistance."

3. INTERNAL RESTRICTIONS (continuation)

	2025 \$	2024 \$
Internal restrictions are broken down as follows:		
Educaid	177,500	177,500
Videotron - digital divide	474,636	610,476
Community organizations	105,000	135,000
Postsecondary scholarships	54,000	17,250
Passion program	20,000	-
Collège de Montréal Foundation	50,000	71,000
	<u>881,136</u>	<u>1,011,226</u>

4. ACCOUNTS RECEIVABLE

	2025 \$	2024 \$
Other donations	48,273	1,064
Other accounts receivable	9,171	1,899
Taxes on commercial transactions	8,077	5,726
Énergir subsidy	4,650	3,150
Accrued interest	-	2,890
Donations from the OMHM	-	35,000
	<u>70,171</u>	<u>49,729</u>

5. PLEDGES

As part of its major fundraising campaign in 2021, the Foundation secured pledges totaling \$2,083,262 (\$2,097,541 in 2024). During previous fiscal years, the Foundation received \$1,430,099 in pledges. In accordance with the Foundation's policy, as described in Note 2, only \$321,350 (\$321,450 in 2024) has been recognized as revenue for the year. Over the next fiscal years, the Foundation expects to receive the following amounts: \$222,631 in 2026, \$103,582 in 2027 and \$5,600 in 2028.

FONDATION LA CLÉ

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

9

6. INVESTMENTS

	2025 \$	2024 \$
Shares in publicly traded companies, valued at fair value (cost of \$4,782 in 2025 and 2024)	<u>2,265</u>	<u>3,323</u>

7. INTANGIBLE ASSETS

	2025		2024
	Cost \$	Accumulated amortization \$	Net value \$
Website	<u>11,576</u>	<u>11,576</u>	<u>2,891</u>

8. ACCOUNTS PAYABLE

	2025 \$	2024 \$
Suppliers and accrued expenses	32,747	44,246
Salaries and vacation pay	11,323	16,168
Withholding taxes	<u>1,583</u>	<u>2,837</u>
	<u>45,653</u>	<u>63,251</u>

9. DEFERRED CONTRIBUTIONS

	2025 \$	2024 \$
The deferred contributions are broken down as follows:		
Scotiabank	<u>66,237</u>	<u>55,058</u>

9. DEFERRED CONTRIBUTIONS (continuation)

	2025 \$	2024 \$
Balance at beginning	55,058	47,979
Plus: amount received for subsequent fiscal years	<u>32,979</u>	<u>55,058</u>
	88,037	103,037
Less: amount recognized as revenue for the period	<u>(21,800)</u>	<u>(47,979)</u>
Balance at end	<u><u>66,237</u></u>	<u><u>55,058</u></u>

10. DONATIONS IN KIND

During the fiscal year, the Foundation received various items for the silent auction held at the annual fundraising event, representing a total value of \$3,454. These donations were recorded at their fair value on the date the goods were received and are included in the proceeds from the annual fundraising event and in the expenses related to the annual fundraising event.

11. TRANSACTIONS WITH THE OMHM

The OMHM provides the Foundation with administrative support from its Executive Management, General Secretariat, and Finance Department, advisory services from its Social and Community Development Department, collaboration from its Communications Department, and volunteer participation from OMHM employees. The Foundation also conducts its activities in premises provided free of charge by the OMHM. Given the difficulty in determining the fair value of contributions received in the form of services and premises, these are not recognized in the financial statements.

In addition, during the fiscal year, the OMHM Board of Directors voted on a resolution for a collaboration agreement between the OMHM and the Foundation. Under this agreement, an amount of \$50,000 for annual operating expenses for the fiscal year ending June 30, 2025, was paid (\$50,000 in 2024). This amount is authorized each year.

12. CONTRACTUAL UNDERTAKINGS

The Foundation's commitments under agreements with partners total \$734,671, and the payments to be made in future fiscal years are as follows:

	\$
2026	293,534
2027	226,304
2028	172,038
2029	26,030
2030	14,265
Other	<u>2,500</u>
	<u><u>734,671</u></u>

13. FINANCIAL INSTRUMENTS**FINANCIAL RISKS**

The material risks arising from financial instruments to which the Foundation is exposed as of June 30, 2025, are detailed below.

CREDIT RISK

Credit risk is the risk that a party to a financial asset will fail to meet one of its obligations thereby causing the Foundation to suffer a financial loss. The credit risk for the Foundation is mainly related to subsidies receivable, donations receivable and other accounts receivable.

For receivable subsidies, the Foundation continuously assesses the amounts receivable based on the amounts it is virtually certain to receive, using their estimated realizable value.

For pledges, the Foundation recognizes only those amounts that have been received by the date of completion of the financial statements at the end of the fiscal year.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices. Certain financial instruments held by the Foundation expose it to this risk, which consists of currency risk, interest rate risk, and other price risk.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in currency exchange rates.

13. FINANCIAL INSTRUMENTS (continuation)**CURRENCY RISK (continuation)**

The Foundation makes sales and purchases in foreign currencies. Consequently, certain assets and liabilities are exposed to currency fluctuations. As of June 30, 2025, assets and liabilities denominated in foreign currencies and translated into Canadian dollars are as follows:

	2025		2024	
	US dollars USD	Canadian dollars CAD	US dollars USD	Canadian dollars CAD
Cash on hand	39,279	53,506	39,279	53,770

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in interest rates. The Foundation is exposed to interest rate risk as concerns its variable-rate financial instruments. Variable-rate instruments subject the Foundation to fluctuations in related future cash flows.

OTHER PRICE RISK

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether caused by factors specific to the instrument or factors affecting the market in which the instrument is traded. The Foundation is primarily exposed to other price risk through investments in publicly traded equities, the value of which fluctuates with stock market prices.

LIQUIDITY RISK

Liquidity risk is the risk that the Foundation will experience difficulties in meeting its financial liabilities. The Foundation is exposed to this risk mainly where its accounts payable are involved.

14. COMPARATIVE FIGURES

Certain figures for fiscal year 2024 have been reclassified to make their presentation identical to that of fiscal year 2025.

FONDATION LA CLÉ**ADDITIONAL INFORMATION FISCAL YEAR ENDED****JUNE 30, 2025****13**

	2025 \$	2024 \$
SCHEDULE A - UNRESTRICTED CONTRIBUTIONS		
Donations associated with the major fundraising campaign (note 5)	321,350	321,450
Corporate donations	125,158	33,243
Other fundraising activities	52,571	-
Donations from OMHM employees	22,857	22,705
Charity challenge donations	17,414	26,554
Donations from individuals	15,290	17,349
	<u>554,640</u>	<u>421,301</u>

SCHEDULE B - NET INVESTMENT INCOME

Interest income	4,802	35,093
Dividend income	299	292
Unrealized foreign exchange gain (loss)	(264)	1,772
Unrealized loss on change in fair market value of investments	(1,058)	(1,207)
	<u>3,779</u>	<u>35,950</u>

SCHEDULE C - FUND RESTRICTION - SCHOLARSHIPS AND FINANCIAL ASSISTANCE

Digital divide	135,840	62,943
Aid to community organizations	135,000	135,000
High school scholarships	89,100	65,096
External activities	58,082	
Passion des jeunes	12,000	
Postsecondary scholarships	7,875	
	<u>437,897</u>	<u>263,039</u>