

Financial Statements of

**PATHWAYS TO EDUCATION  
CANADA/PASSEPORT POUR  
MA RÉUSSITE CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Pathways to Education Canada/  
Passeport pour ma réussite Canada

### ***Opinion***

We have audited the financial statements of Pathways to Education Canada/Passeport pour ma réussite Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, 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 Opinion***

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 auditor's report.

We are independent of the Entity 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.



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### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024 as at the date of this auditor's report.

If, based on the work we have performed in this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***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 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.

Those charged with governance are responsible for overseeing the Entity'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.



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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 the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 18, 2024

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA REUSSITE CANADA

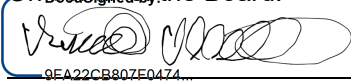
## Statement of Financial Position

March 31, 2024, with comparative information for 2023

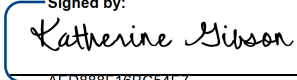
	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents:		
Unrestricted	\$ 5,205,991	\$ 3,258,193
Restricted	8,297,016	8,056,650
Short-term investments (note 2):		
Restricted	1,378,148	11,706,446
Amounts receivable (note 3)	1,825,812	2,655,073
Prepaid expenses	420,277	345,213
	<u>17,127,244</u>	<u>26,021,575</u>
Long-term investments (note 2)	3,991,033	–
Capital and intangible assets (note 4)	716,997	550
	<u>\$ 21,835,274</u>	<u>\$ 26,022,125</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,508,527	\$ 1,246,488
Deferred contributions (note 6):		
Program designated	2,900,747	8,120,389
Scholarship designated	4,000	791,874
Other designated	961,451	1,050,834
	<u>3,866,198</u>	<u>9,963,097</u>
	<u>5,374,725</u>	<u>11,209,585</u>
Long-term liabilities:		
Long-term deferred contributions (note 6)	522,870	1,407,557
Deferred capital contributions (note 7)	262,500	–
	<u>785,370</u>	<u>1,407,557</u>
Net assets:		
Internally restricted (note 8)	9,800,000	9,800,000
Unrestricted	5,875,179	3,604,983
	<u>15,675,179</u>	<u>13,404,983</u>
Lease commitments (note 10)		
	<u>\$ 21,835,274</u>	<u>\$ 26,022,125</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
9EA22CB807E0474... Director

Signed by:  
 Vincent Mercier

  
AED888F168C54E7... Director  
 Katherine Gibson

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

## Statement of Revenue and Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
<b>Revenue:</b>		
<b>Government:</b>		
Federal	\$ 9,500,260	\$ 9,519,390
Ontario	9,497,500	9,500,000
Quebec	2,520,000	3,713,099
<b>Private:</b>		
Foundations and agencies	9,869,912	8,748,266
Corporations	6,716,253	3,843,037
Individuals	2,108,260	2,093,787
Investments	891,973	844,151
	<u>41,104,158</u>	<u>38,261,730</u>
<b>Expenses:</b>		
<b>Grants in support of programs and students:</b>		
Operating grants (note 1(b))	23,854,455	21,423,209
Scholarships and bursaries	1,217,337	1,295,684
Pilot project grants (note 1(b))	1,032,243	2,167,338
	<u>26,104,035</u>	<u>24,886,231</u>
<b>Program management, support and initiatives:</b>		
Salaries and benefits	8,141,848	6,805,152
Marketing and communications	1,238,554	2,109,249
Purchased services	902,590	2,351,895
Information technology	500,009	488,242
Donor cultivation and stewardship	481,298	205,078
Events and stakeholder meetings	373,541	251,984
Office rent	365,269	353,584
Professional services fees	269,240	237,436
Training, recruitment and development	238,432	226,491
Travel and transportation	96,963	97,808
Community engagement	80,937	172,148
Office supplies, publications and printing	40,696	30,928
Amortization	550	45,504
	<u>12,729,927</u>	<u>13,375,499</u>
<b>Total expenses</b>	<b>38,833,962</b>	<b>38,261,730</b>
<b>Excess of revenue over expenses</b>	<b>\$ 2,270,196</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

## Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

			2024	2023
	Internally restricted	Unrestricted	Total	Total
Net assets, beginning of year	\$ 9,800,000	\$ 3,604,983	\$ 13,404,983	\$ 13,404,983
Excess of revenue over expenses	–	2,270,196	2,270,196	–
Net assets, end of year	\$ 9,800,000	\$ 5,875,179	\$ 15,675,179	\$ 13,404,983

See accompanying notes to financial statements.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,270,196	\$ –
Item not involving cash:		
Amortization	550	45,504
Change in non-cash operating working capital:		
Amounts receivable	829,261	(1,702,400)
Prepaid expenses	(75,064)	131,674
Accounts payable and accrued liabilities	262,039	(759,107)
Deferred contributions	(6,981,586)	(5,230,539)
	<u>(3,694,604)</u>	<u>(7,514,868)</u>
Financing activities:		
Additions to capital and intangible assets	(716,997)	–
Deferred capital contributions received	262,500	–
	<u>(454,497)</u>	<u>–</u>
Investing activities:		
Decrease in short-term investments, net	10,328,298	7,570,464
Increase in long-term investments, net	(3,991,033)	–
	<u>6,337,265</u>	<u>7,570,464</u>
Increase in cash and cash equivalents	2,188,164	55,596
Cash and cash equivalents, beginning of year	11,314,843	11,259,247
Cash and cash equivalents, end of year	<u>\$ 13,503,007</u>	<u>\$ 11,314,843</u>

See accompanying notes to financial statements.



# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements

Year ended March 31, 2024

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Pathways to Education Canada/Passeport pour ma réussite Canada ("Pathways") is a national, charitable organization breaking the cycle of poverty through education. Its award-winning program is creating positive social change by supporting youth living in low-income communities to overcome barriers to education, graduate from high school, and build the foundation for a successful future. Through the collective power of partnerships, Pathways' innovative program is preparing youth for tomorrow.

Pathways is a registered charity and is exempt from income taxes (and able to issue donation receipts for income tax purposes) provided certain requirements of the Income Tax Act (Canada) are met. Pathways is continued under the Canada Not-for-profit Corporations Act as a not-for-profit organization without share capital (registration number 861908499 RR0001).

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Revenue recognition:

Pathways follows the deferral method of accounting for contributions.

Restricted contributions containing conditions as to its use are deferred until the conditions are fulfilled or the related expenses are incurred. Contributions restricted for the development of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions without conditions as to its use are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, which is recognized on an accrual basis, includes interest, realized gains and changes in unrealized gains on investments.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (b) Operating and pilot project grants:

Pathways partners with well-established community organizations to deliver the Pathways to Education Program™ ("Pathways Program") directly to students in communities within British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia. Operating and pilot project grants consist of Pathways Program funding in support of the Pathways Program. Grants are recognized as expenses when they are spent by the Pathways partners.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash deposits redeemable on demand. Cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments.

Restricted cash represents amounts restricted by donors and the Board of Directors for Pathways' mission and strategic initiatives.

### (d) Capital and intangible assets:

Purchased capital assets are recorded at cost. Intangible assets consist of software development costs, and are recorded at cost.

Capital and intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

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Computer hardware	2 years
Computer software	5 years
Furniture and fixtures	4 years
Software development costs	5 years
Leasehold improvements	Term of lease

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Intangible assets attributable to capital projects that are not available for use are held as software under development and are not amortized until they are entered into use.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

Capital and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to Pathways' ability to provide services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

### (e) Donated goods and services:

The value of donated goods and services is recorded as revenue and expenses in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated.

Pathways benefits from the services of a substantial number of volunteers. Due to the difficulty in determining the fair value of these important contributions, volunteer services are not recorded in the financial statements.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. Pathways has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Pathways determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Pathways expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

### (g) 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Investments:

Investments consist of cash deposits redeemable on demand, and guaranteed investment certificates with varying maturity dates between December 2024 and December 2027 (2023 - between April 2023 and November 2023) and stated interest rates between 4.00% and 5.72% (2023 - between 2.15% and 5.14%).

As at March 31, 2023, certain cash balances have been included in short-term investments based on the intent of use, regardless of the liquid nature of these assets.

Restricted short-term investments represent amounts restricted by donors and the Board of Directors for Pathways' mission and strategic initiatives.

## 3. Contributions receivable:

Included in revenue is \$915,000 (2023 - \$1,750,000) of contributions receivable, which was received subsequent to year end.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 4. Capital and intangible assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 41,445	\$ 41,445	\$ –	\$ 550
Software under development	716,997	–	716,997	–
Computer hardware	47,476	47,476	–	–
Furniture and fixtures	138,407	138,407	–	–
Leasehold improvements	286,757	286,757	–	–
	\$ 1,231,082	\$ 514,085	\$ 716,997	\$ 550

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$51,541 (2023 - \$17,578).

## 6. Deferred contributions:

	2024	2023
Balance, beginning of year	\$ 11,370,654	\$ 16,601,193
Restricted contributions received	27,683,146	28,440,274
Restricted contributions recognized as revenue	(34,664,732)	(33,670,813)
Balance, end of year	\$ 4,389,068	\$ 11,370,654
Current	\$ 3,866,198	\$ 9,963,097
Long-term	522,870	1,407,557
	\$ 4,389,068	\$ 11,370,654

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 7. Deferred capital contributions:

Deferred capital contributions represents the unamortized amount of donations received for the purchase of capital and intangible assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses.

	2024	2023
Balance, beginning of year	\$ –	\$ –
Deferred capital contributions received	262,500	–
<b>Balance, end of year</b>	<b>\$ 262,500</b>	<b>\$ –</b>

## 8. Internally restricted net assets:

The Board of Directors has restricted certain funds to support the achievement of Pathways' mission, strategic plans, and provide reasonable operational stability in the event of financial risk. Fund amounts may be adjusted by the Board of Directors based on risk and economic conditions, and are only available for the following purposes:

	2024	2023
Programs and scholarships (a)	\$ 2,800,000	\$ 2,800,000
Strategic initiatives (b)	3,500,000	3,500,000
Operations (c)	3,500,000	3,500,000
	<b>\$ 9,800,000</b>	<b>\$ 9,800,000</b>

(a) The programs and scholarships reserve is to support costs of delivering Pathways Program resources, supports, and scholarships to students.

(b) The strategic initiatives reserve is to support Pathways approved strategic plan and project priorities.

# PATHWAYS TO EDUCATION CANADA/ PASSEPORT POUR MA RÉUSSITE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2024

**8. Internally restricted net assets (continued):**

(c) The operations reserve is for financial stability in the event of unforeseen events, adverse financial conditions, and temporary cash flow fluctuations.

All reserves approximate established targets or sufficiency.

**9. United Way contribution:**

The United Way of Kingston, Frontenac, Lennox, and Addington contributed \$50,000 (2023 - \$50,000) towards the Pathways Program in Kingston, which is included in revenue from foundations and agencies. This amount was included in operating grants to Kingston Community Health Centres for the Pathways Program.

**10. Lease commitments:**

Pathways has lease agreements for office premises and equipment with approximate annual commitments (exclusive of certain operating costs) as follows:

2025	\$ 207,180
2026	189,800
2027	198,200
2028	50,100
	<b>\$ 645,280</b>

**11. Risk management:**

Pathways is not exposed to any significant market, price, liquidity, or credit risks. No changes in these risks from the prior year.

**12. Payments to directors or connected persons:**

Pathways uses the Royal Bank of Canada, the employer of Katherine Gibson, a director of the charitable organization, for banking and placement of guaranteed investment certificates.