
**TAKE A HIKE YOUTH AT RISK FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT

To the Members of Take a Hike Youth at Risk Foundation

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Take a Hike Youth at Risk Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Foundation as at June 30, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, assets, and changes in net assets as at June 30, 2022 and for the year then ended. Our audit opinion on the financial statements for the period ended June 30, 2021 was also modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
November 9, 2022

TAKE A HIKE YOUTH AT RISK FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

| | 2022 | 2021 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 1,213,716 | \$ 1,679,090 |
| Accounts receivable | - | 7,124 |
| GST receivable | 11,550 | 5,873 |
| Government subsidies receivable | - | 155,945 |
| Prepaid expenses and other current assets | 32,270 | 17,276 |
| | 1,257,536 | 1,865,308 |
| VEHICLE DEPOSIT | - | 51,527 |
| CAPITAL ASSETS (Note 4) | 223,971 | 176,910 |
| | \$ 1,481,507 | \$ 2,093,745 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 101,784 | \$ 153,598 |
| Current portion of deferred contributions (Note 5) | 149,859 | 914,914 |
| | 251,643 | 1,068,512 |
| DEFERRED CONTRIBUTIONS (Note 5) | 135,351 | 134,878 |
| DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6) | 248,433 | 109,654 |
| | 635,427 | 1,313,044 |
| COMMITMENT (Note 7) | | |
| NET ASSETS | 846,080 | 780,701 |
| | \$ 1,481,507 | \$ 2,093,745 |

Approved by the Board

_____ Director

_____ Director

TAKE A HIKE YOUTH AT RISK FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

| | <i>Year ended</i> June 30, 2022 | <i>10-month</i> <i>period ended</i> June 30, 2021 <i>(Note 2)</i> |
|--|---|--|
| REVENUE | | |
| Donations | \$ 2,039,593 | \$ 1,300,451 |
| Deferred contributions recognized <i>(Note 5)</i> | 713,055 | 188,746 |
| Interest revenue | 8,208 | 2,359 |
| | 2,760,856 | 1,491,556 |
| DIRECT PROGRAM EXPENSES | | |
| Clinical counselling | 624,743 | 434,448 |
| Program support | 474,966 | 354,873 |
| Adventure-based learning | 309,657 | 311,219 |
| Expansion | 282,785 | 194,513 |
| Student engagement and other | 22,558 | 19,462 |
| Total direct program expenses | 1,714,709 | 1,314,515 |
| INDIRECT PROGRAM EXPENSES | | |
| Fund development | 757,871 | 539,620 |
| Administration | 317,880 | 256,861 |
| Total indirect program expenses | 1,075,751 | 796,481 |
| | 2,790,460 | 2,110,996 |
| DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS | (29,604) | (619,440) |
| OTHER INCOME (EXPENSES) | | |
| Government subsidies | 108,434 | 674,495 |
| Amortization of deferred contributions related to capital assets <i>(Note 6)</i> | 42,542 | 27,414 |
| Amortization expense | (55,993) | (44,227) |
| Gain on disposal of capital assets | - | 22,583 |
| | 94,983 | 680,265 |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | 65,379 | 60,825 |
| NET ASSETS, BEGINNING OF YEAR | 780,701 | 719,876 |
| NET ASSETS, END OF YEAR | \$ 846,080 | \$ 780,701 |

TAKE A HIKE YOUTH AT RISK FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | Year ended June 30, 2022 | <i>10-month period ended June 30, 2021 (Note 2)</i> |
|---|-------------------------------------|---|
| OPERATING ACTIVITIES | | |
| Cash receipts from donors for operations | \$ 2,154,366 | \$ 1,190,271 |
| Cash paid to suppliers, employees and contractors | (2,763,122) | (1,967,590) |
| Interest received | 8,208 | 2,359 |
| Government subsidies | 108,434 | 605,667 |
| | (492,114) | (169,293) |
| INVESTING AND FINANCING ACTIVITIES | | |
| Receipt of deferred contributions from donors | - | 683,074 |
| Receipt of deferred contributions related to capital assets | 129,794 | 76,202 |
| Purchase of capital assets | (103,054) | (94,777) |
| Proceeds on disposal of capital assets | - | 24,500 |
| | 26,740 | 688,999 |
| (DECREASE) INCREASE IN CASH | (465,374) | 519,706 |
| CASH, BEGINNING OF YEAR | 1,679,090 | 1,159,384 |
| CASH, END OF YEAR | \$ 1,213,716 | \$ 1,679,090 |

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

PURPOSE OF THE FOUNDATION

Take a Hike Youth at Risk Foundation (the "Foundation") was incorporated on October 5, 2000, under the Society Act of the Province of British Columbia, and subsequently transitioned to the British Columbia Societies Act. The Foundation is a registered charity under the Income Tax Act (Canada) and is accordingly exempt from income taxes (charity number: 89139 4611 RR 0001).

The purpose of the Foundation is to fund and deliver the full-time mental health and emotional well-being program it operates in partnership with the Vancouver, Kootenay-Columbia, Burnaby, Delta, Nanaimo/Ladysmith, Cowichan Valley, and Saanich school districts. The Foundation's 2021-2026 Strategic Plan calls for the Foundation to grow to 16 programs in the Lower Mainland, Vancouver Island, and Thompson-Okanagan region. The Foundation's future growth plan is to partner with every school district in British Columbia with the desire, need, and capacity to offer the Take a Hike program.

The Foundation empowers youth experiencing vulnerability to change the trajectory of their lives with a full-time mental health and emotional well-being program embedded in an alternate education classroom. The Foundation engages youth with intentional, continuous clinical counselling, outdoor experiential learning, and community. Our public school district partners provide high quality education. Together we empower youth with the skills and resilience they need to graduate high school, build healthy relationships, and achieve success – however they define it.

The continued operation of the Foundation's programs is dependent on the contributions received from donors and requires the Foundation to make ongoing commitments to youth, school districts, staff members and communities. The Foundation's fundraising revenues are uncertain from year-to-year, while committed expenses are certain. It has set a goal of having cash reserves at least equal to five months of operating expenses.

The COVID-19 health pandemic has continued to impact the Foundation's operations and the delivery of its programs. The Foundation has continued the use of the COVID-19 Response and Recovery Fund which provides much needed mental health support to vulnerable youth across British Columbia and will help recover the Foundation's organizational capacity once the pandemic is over. However, the continuing impact of the COVID-19 health pandemic on the Foundation remains indeterminable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP"). These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Financial instruments

The Foundation's financial instruments consist of cash and accounts payable. The Foundation initially measures all of its financial assets and liabilities at fair value. The Foundation subsequently measures all of its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(b) Cash

Cash consists of cash on deposit and guaranteed investment certificates.

(c) Capital assets

Capital assets are recorded at historical cost and amortized over their estimated useful lives applying the following annual rates and methods:

| | | |
|-------------------|---------|--------------------------|
| Automobiles | 20% | declining balance method |
| Computer software | 3 years | straight-line method |
| Equipment | 30% | declining balance method |

The Foundation's policy is to record a write-down of a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to the Foundation's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized in the statement of operations and are not reversed.

(d) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are amortized to revenue at the same rate as the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

The Foundation records contributed materials and services at their fair value when fair value is readily determinable and when the materials and services are used in the normal course of operations and would otherwise have been purchased. In accordance with this policy, the Foundation does not record the contributions of its partner school districts that are provided to operate the alternative education program at their respective district. Such contributions include providing the teacher and youth worker, classroom space and administrative support. The Foundation has otherwise recognized contributed materials with a fair value of \$42,619 (2021 - \$113,991) which have been recognized as a revenue and expense during the current fiscal year.

(e) Allocation of expenses

The Foundation reports its expenses by function with each of the functions being allocated a portion of the Foundation's total salaries and benefits and overhead costs. The allocation of salaries and benefits is based on the relative amount of time the Foundation's employees work on each function. The allocation of overhead costs is based on each function's proportionate usage of the Foundation's office space. Details of the amounts allocated are disclosed in Note 8.

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of capital assets used for calculating amortization, recognition of deferred contributions, and the amounts recorded as accrued liabilities.

2. CHANGE OF YEAR END

During the prior year, the Foundation received approval from the Canada Revenue Agency to change its fiscal year-end from August 31 to June 30. Accordingly, the financial statements present the Foundation's results of operations and cash flows for the year ended June 30, 2022 and the ten-month period ended June 30, 2021.

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3. FINANCIAL INSTRUMENTS RISKS

The Foundation's financial instruments are described in Note 1(a). In management's opinion, the Foundation is not exposed to significant financial instruments risk except as outlined below. In addition, the Foundation is not exposed to any material concentrations of risk and there have been no changes in risk exposure from the prior year.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is not exposed to significant credit risk from its receivables as government remittances recoverable from the Canada Revenue Agency are at no risk of default.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable. The Foundation mitigates this risk by maintaining sufficient cash reserves and monitoring timely collections of its donations.

The COVID-19 health pandemic could impact the timing of cash inflows from donors that support the Foundation. The Foundation has proactively worked with its donors to manage any disruption to its regular balance of working capital and anticipates that its cash reserves will adequately minimize liquidity risk.

(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 other price risk.

(d) Currency risk

Currency risk arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is not exposed to currency risk as all of its financial instruments are denominated in Canadian dollars.

(e) 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 interest rates. The Foundation is not exposed to interest rate risk.

(f) Other price risk

Other 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is not exposed to other price risk.

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|-------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Automobiles | \$ 390,374 | \$ 168,408 | \$ 221,966 | \$ 174,404 |
| Computer software | 18,450 | 18,450 | - | - |
| Equipment | 21,158 | 19,153 | 2,005 | 2,506 |
| | \$ 429,982 | \$ 206,011 | \$ 223,971 | \$ 176,910 |

5. DEFERRED CONTRIBUTIONS

Deferred contributions of \$285,210 (2021 - \$1,049,792) represent donations which have certain use restrictions set by the donors. As at June 30, 2022, the use restrictions relate to the Foundation's planned expansion of its programs to additional school districts and the Foundation's COVID-19 Response and Recovery Fund.

The continuity of deferred contributions received and spent during the year is as follows:

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Opening balance | \$ 1,049,792 | \$ 574,039 |
| Contributions received during the year | - | 683,074 |
| Amounts spent during the year | (713,055) | (188,746) |
| Transfer to deferred contributions related to capital assets | (51,527) | (18,575) |
| | 285,210 | 1,049,792 |
| Current portion of deferred contributions | (149,859) | (914,914) |
| | \$ 135,351 | \$ 134,878 |

The current portion of deferred contributions are anticipated by management to be spent within the following fiscal year.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Opening balance | \$ 109,654 | \$ 67,035 |
| Received during the year | 129,794 | 76,202 |
| Transfer from deferred contributions | 51,527 | 18,575 |
| Amortized to revenue | (42,542) | (27,414) |
| Deferred contributions recognized on sale of contributed capital assets | - | (24,744) |
| | \$ 248,433 | \$ 109,654 |

TAKE A HIKE YOUTH AT RISK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

7. COMMITMENT

The Foundation leases its office premises under an agreement with an expiration date of April 30, 2027. Minimum payments including basic rent and occupancy costs over the next five years are anticipated to be as follows:

| | | |
|------|----|----------------|
| 2023 | \$ | 84,375 |
| 2024 | | 88,585 |
| 2025 | | 92,094 |
| 2026 | | 92,795 |
| 2027 | | 80,253 |
| | | <u>438,102</u> |
| | \$ | <u>438,102</u> |

8. ALLOCATION OF EXPENSES

Pursuant to the policy described in Note 1(e), the Foundation's administration expenditures which have been allocated to other programs are as follows:

| | Program Support | Fund Development | Expansion | Administration |
|-----------------------|--------------------|---------------------|------------|----------------|
| Overhead costs | \$ 44,816 | \$ 38,050 | \$ 45,925 | \$ (128,791) |
| Salaries and benefits | 107,817 | 90,618 | 158,741 | (357,176) |
| | \$ 152,633 | \$ 128,668 | \$ 204,666 | \$ (485,967) |

9. SOCIETIES ACT OF BRITISH COLUMBIA

In accordance with the Societies Act of British Columbia, the Foundation is required to provide the total number of employees and/or contractors, including corporations, whose annual remuneration is greater than \$75,000.

During the year ended June 30, 2022, the Foundation's employees included six staff members who were remunerated greater than \$75,000 per annum, for a total of \$658,373 (2021 - six staff members for a total of \$611,458).

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation. Such reclassification does not have any impact on the excess of revenues over expenses, total assets, and net assets previously reported.