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**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Take a Hike Youth Mental Health Foundation

### Report on the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Take a Hike Youth Mental Health Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 2023, 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, 2023, 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, 2023 and for the year then ended. Our audit opinion on the financial statements for the year ended June 30, 2022 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.

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## INDEPENDENT AUDITORS' REPORT

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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 British Columbia Societies Act, 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*

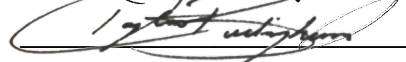
MANNING ELLIOTT LLP  
Chartered Professional Accountants  
Vancouver, British Columbia  
November 30, 2023

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 2,178,681	\$ 1,213,716
GST receivable	36,255	11,550
Interest receivable	26,332	-
Prepaid expenses and other current assets	17,171	32,270
	<b>2,258,439</b>	1,257,536
<b>CAPITAL ASSETS (Note 3)</b>	<b>434,362</b>	223,971
	<b>\$ 2,692,801</b>	<b>\$ 1,481,507</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 99,493	\$ 101,784
Current portion of deferred contributions (Note 4)	1,187,205	149,859
	<b>1,286,698</b>	251,643
<b>DEFERRED CONTRIBUTIONS (Note 4)</b>	<b>-</b>	135,351
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)</b>	<b>334,650</b>	248,433
	<b>1,621,348</b>	635,427
<b>COMMITMENT (Note 6)</b>		
<b>NET ASSETS</b>	<b>1,071,453</b>	846,080
	<b>\$ 2,692,801</b>	<b>\$ 1,481,507</b>

Approved by the Board

 Director

 Director

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
<b>REVENUE</b>		
Donations	\$ 2,578,877	\$ 2,039,593
Federal government funding	1,079,938	-
Deferred contributions recognized (Note 4)	285,210	713,055
Interest revenue	31,799	8,208
	<b>3,975,824</b>	<b>2,760,856</b>
<b>DIRECT PROGRAM EXPENSES</b>		
Clinical counselling	852,440	624,743
Program support	808,234	474,966
Land-based learning	364,027	309,657
Expansion	363,406	282,785
Student engagement and other	36,273	22,558
Total direct program expenses	<b>2,424,380</b>	<b>1,714,709</b>
<b>INDIRECT PROGRAM EXPENSES</b>		
Fund development	944,427	757,871
Administration	361,142	317,880
Total indirect program expenses	<b>1,305,569</b>	<b>1,075,751</b>
	<b>3,729,949</b>	<b>2,790,460</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>245,875</b>	<b>(29,604)</b>
<b>OTHER INCOME (EXPENSES)</b>		
Amortization of deferred contributions related to capital assets (Note 5)	41,984	42,542
Government subsidies	-	108,434
Loss on disposal of capital assets	(9,419)	-
Amortization expense	(53,067)	(55,993)
	<b>(20,502)</b>	<b>94,983</b>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>225,373</b>	<b>65,379</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>846,080</b>	<b>780,701</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,071,453</b>	<b>\$ 846,080</b>

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Cash receipts from donors and government funding for operations	\$ 3,634,110	\$ 2,154,366
Cash paid to suppliers, employees and contractors	(3,717,141)	(2,763,122)
Interest received	5,467	8,208
Government subsidies	-	108,434
	<b>(77,564)</b>	<b>(492,114)</b>
<b>INVESTING AND FINANCING ACTIVITIES</b>		
Receipt of deferred contributions from donors	1,187,205	-
Receipt of deferred contributions related to capital assets	128,201	129,794
Purchase of capital assets	(272,877)	(103,054)
	<b>1,042,529</b>	<b>26,740</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>964,965</b>	<b>(465,374)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,213,716</b>	<b>1,679,090</b>
<b>CASH, END OF YEAR</b>	<b>\$ 2,178,681</b>	<b>\$ 1,213,716</b>

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**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PURPOSE OF THE FOUNDATION**

Take a Hike Youth Mental Health Foundation (the "Foundation"), formerly operating as Take a Hike Youth at Risk 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, Saanich, Sooke and Nicola-Similkameen school districts and Stz'uminus Education Society. 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, while developing a plan for growth beyond BC. 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.

**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.

**(b) Cash**

Cash consists of cash on deposit and guaranteed investment certificates.

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**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

(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. During the year, the Foundation recognized contributed materials with a fair value of \$Nil (2022 - \$42,619) in the statement of operations.

(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 7.

(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.

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

2. 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 amounts 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.

(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.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Automobiles	\$ 640,256	\$ 207,498	\$ 432,758	\$ 221,966
Computer software	18,450	18,450	-	-
Equipment	21,158	19,554	1,604	2,005
	\$ 679,864	\$ 245,502	\$ 434,362	\$ 223,971

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

4. DEFERRED CONTRIBUTIONS

Deferred contributions of \$1,187,205 (2022 - \$285,210) represent donations which have certain use restrictions set by the donors. As at June 30, 2023, the use restrictions relate to the use of funds for the following fiscal year.

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

	<b>2023</b>	2022
Opening balance	\$ 285,210	\$ 1,049,792
Contributions received during the year	<b>1,187,205</b>	-
Amounts spent during the year	<b>(285,210)</b>	(713,055)
Transfer from deferred contributions related to capital assets	-	(51,527)
	<b>1,187,205</b>	285,210
Current portion of deferred contributions	<b>(1,187,205)</b>	(149,859)
	<b>\$ -</b>	<b>\$ 135,351</b>

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

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<b>2023</b>	2022
Opening balance	\$ 248,433	\$ 109,654
Received during the year	<b>128,201</b>	129,794
Transfer from deferred contributions	-	51,527
Amortized to revenue	<b>(41,984)</b>	(42,542)
	<b>\$ 334,650</b>	<b>\$ 248,433</b>

**TAKE A HIKE YOUTH MENTAL HEALTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

6. COMMITMENT

The Foundation leases its office premises under an agreement with an expiration date of April 30, 2027. Subsequent to year end, the Foundation entered into a new lease agreement commencing on December 1, 2023 for the expansion of its office premises with an expiration date of November 30, 2028. Minimum payments including basic rent and occupancy costs over the next five years are anticipated to be as follows:

2024	\$	174,483
2025		239,347
2026		241,988
2027		230,830
2028		152,516
		<u>\$ 1,039,164</u>

7. 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	\$ 80,181	\$ 72,084	\$ 61,030	\$ (213,295)
Salaries and benefits	237,946	115,484	159,180	(512,610)
	<u>\$ 318,127</u>	<u>\$ 187,568</u>	<u>\$ 220,210</u>	<u>\$ (725,905)</u>

8. BRITISH COLUMBIA SOCIETIES ACT

In accordance with the British Columbia Societies Act, 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, 2023, the Foundation's employees included 13 staff members who were remunerated greater than \$75,000 per annum, for a total of \$1,426,343 (2022 - 6 staff members for a total of \$658,373).