

# TRAILS YOUTH INITIATIVES INC.

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Trails Youth Initiatives Inc.

#### Qualified Opinion:

We have audited the accompanying financial statements of Trails Youth Initiatives Inc., which comprises the statement of financial position as at September 30, 2020, the statements of fund operations, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2020, and the statements of fund operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.

#### Basis for Qualified Opinion:

The Organization derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues and excess of revenues over expenditures for the years ended September 30, 2020 and September 30, 2019, and assets and net assets as at September 30, 2020 and September 30, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Responsibilities of Management and Those Charged With Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

*Millard Foteu Thibeault Youell*

**CHARTERED PROFESSIONAL ACCOUNTANTS  
AUTHORIZED TO PRACTISE PUBLIC ACCOUNTING BY THE  
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**

Aurora, Ontario  
March 9, 2021

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF FUND OPERATIONS**  
**SEPTEMBER 30, 2020**

	General Fund	D. Dion Memorial Fund	Total 2020	Total 2019
	\$	\$	\$	\$
<b>REVENUES</b>				
Donations	2,239,130	-	<b>2,239,130</b>	2,125,010
Amortization of deferred contributions	821	-	<b>821</b>	855
Fundraising	138,629	-	<b>138,629</b>	225,248
Other income	4,558	-	<b>4,558</b>	35,601
Rental income	12,000	-	<b>12,000</b>	12,000
Fees and investment income	220,170	(6,072)	<b>214,098</b>	183,771
	2,615,308	(6,072)	<b>2,609,236</b>	2,582,485
<b>PROGRAM EXPENDITURES</b>				
Salaries and wages	484,650	-	<b>484,650</b>	540,652
Food	30,499	-	<b>30,499</b>	28,579
Facility	77,452	-	<b>77,452</b>	99,687
Transportation	9,605	-	<b>9,605</b>	19,591
Bursary payments	1,200	116,997	<b>118,197</b>	217,746
Insurance	26,889	-	<b>26,889</b>	30,722
Programming	29,662	-	<b>29,662</b>	55,283
Amortization	53,526	-	<b>53,526</b>	45,501
	713,483	116,997	<b>830,480</b>	1,037,761
<b>FUNDRAISING AND ADMINISTRATION</b>				
Fundraising salaries	115,360	-	<b>115,360</b>	80,883
Direct fundraising expenses	20,474	-	<b>20,474</b>	21,357
Administrative salaries	56,412	-	<b>56,412</b>	48,673
Office	23,352	-	<b>23,352</b>	95,174
Insurance	2,333	-	<b>2,333</b>	2,207
Professional fees	22,367	-	<b>22,367</b>	17,945
Interest and bank charges	19,761	2,148	<b>21,909</b>	18,204
	260,059	2,148	<b>262,207</b>	284,443
<b>TOTAL EXPENDITURES</b>	973,542	119,145	<b>1,092,687</b>	1,322,204
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,641,766	(125,217)	<b>1,516,549</b>	1,260,281

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**SEPTEMBER 30, 2020**

	General Fund	D. Dion Memorial Fund	2020	2019
	\$	\$	\$	\$
<b>NET ASSETS</b> - Beginning of year	5,121,960	592,258	<b>5,714,218</b>	4,453,937
Excess/(deficiency) of revenues over expenditures	1,641,766	(125,217)	<b>1,516,549</b>	1,260,281
<b>NET ASSETS</b> - End of year	6,763,726	467,041	<b>7,230,767</b>	5,714,218

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020**

	Note Reference	General Fund	D. Dion Memorial Fund	2020	2019
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	3	420,064	20,777	<b>440,841</b>	431,276
Restricted cash	4	-	-	-	219,631
Marketable securities		4,884,750	471,484	<b>5,356,234</b>	3,267,155
Amounts receivable		8,781	-	<b>8,781</b>	9,110
Prepaid expenses		4,573	-	<b>4,573</b>	-
		5,318,168	492,261	<b>5,810,429</b>	3,927,172
Investments		653,290	-	<b>653,290</b>	104,211
Restricted investments	5	-	-	-	852,124
Capital assets	6	900,926	-	<b>900,926</b>	930,801
<b>TOTAL ASSETS</b>		<b>6,872,384</b>	<b>492,261</b>	<b>7,364,645</b>	<b>5,814,308</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accruals		40,809	25,220	<b>66,029</b>	58,463
Revenue received in advance		48,146	-	<b>48,146</b>	-
Deferred contributions	7	19,703	-	<b>19,703</b>	41,627
		108,658	25,220	<b>133,878</b>	100,090
<b>NET ASSETS</b>					
Invested in capital assets		881,223	-	<b>881,223</b>	910,277
Externally restricted		-	467,041	<b>467,041</b>	613,362
Internally restricted	4	-	-	-	1,050,652
Unrestricted		5,882,503	-	<b>5,882,503</b>	3,139,927
		6,763,726	467,041	<b>7,230,767</b>	5,714,218
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>6,872,384</b>	<b>492,261</b>	<b>7,364,645</b>	<b>5,814,308</b>

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

Approved on behalf of the Board:

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF CASH FLOWS**  
**SEPTEMBER 30, 2020**

	General Fund	D. Dion Memorial Fund	2020	2019
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Excess/(deficiency) of revenues over expenditures	1,641,766	(125,217)	<b>1,516,549</b>	1,260,281
Expenditures not requiring cash:				
Unrealized gain/(loss)	48,686	(6,072)	<b>42,614</b>	8,165
Amortization	53,526	-	<b>53,526</b>	45,501
	1,743,978	(131,289)	<b>1,612,689</b>	1,313,947
Non-cash working capital items:				
Amounts receivable	329	-	<b>329</b>	7,607
Prepaid expenses	(4,573)	-	<b>(4,573)</b>	1,533
Accounts payable and accruals	(358)	7,924	<b>7,566</b>	(35,384)
Revenue received in advance	48,146	-	<b>48,146</b>	-
	1,787,522	(123,365)	<b>1,664,157</b>	1,287,703
<b>FINANCING ACTIVITIES</b>				
Deferred contributions	(21,924)	-	<b>(21,924)</b>	(9,666)
<b>INVESTING ACTIVITIES</b>				
Restricted cash	219,631	-	<b>219,631</b>	(63,609)
Marketable securities	(2,259,860)	128,167	<b>(2,131,693)</b>	(2,779,291)
Investments	(549,079)	-	<b>(549,079)</b>	(2,571)
Restricted investments	852,124	-	<b>852,124</b>	(19,356)
Acquisition of capital assets	(28,151)	-	<b>(28,151)</b>	(69,011)
Proceeds on disposal of capital assets	4,500	-	<b>4,500</b>	-
	(1,760,835)	128,167	<b>(1,632,668)</b>	(2,933,838)
<b>INCREASE/(DECREASE) IN CASH AND EQUIVALENTS</b>	4,763	4,802	<b>9,565</b>	(1,655,801)
<b>CASH AND EQUIVALENTS - Beginning of year</b>	415,301	15,975	<b>431,276</b>	2,087,077
<b>CASH AND EQUIVALENTS - End of year</b>	420,064	20,777	<b>440,841</b>	431,276

## **1. PURPOSE OF THE ORGANIZATION**

Trails Youth Initiatives Inc. was established to help vulnerable youth in the Greater Toronto Area reach their full potential. The Organization's four-year program has helped hundreds of children become active participants in their communities. The Organization was incorporated without share capital on May 4, 1992, qualifies as a charitable organization under the Income Tax Act, and is exempt from income tax.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of presentation:**

These financial statements have been prepared using Canadian accounting standards for Not-for-Profit Organizations.

### **b) Revenue recognition:**

Restricted contributions for the D. Dion Memorial Fund are recognized in the D. Dion Memorial Fund in accordance with the restricted fund method where restricted contributions are recognized as revenues when earned and collectibility is reasonably assured. Restricted contributions for which there is no corresponding restricted fund are recognized in the general fund in accordance with the deferral method where contributions are recognized as revenues in the year in which the related expenditures are incurred.

All other revenues, including unrestricted contributions, are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when received or receivable and collection is reasonably assured.

### **c) Fund accounting:**

#### *Unrestricted Funds*

Revenues and expenditures for ongoing activities, including education expenses, are recorded in the General Fund.

#### *Restricted Funds*

D. Dion Memorial Fund was established in memory of Danielle Dion in 2000. The funds are restricted to helping current and former participants of the Organization's program in the continuation of their education. The marketable securities in this fund are under the custody of RBC Investor Services.

Restricted cash and investments held in the general fund are used for program expenditures or capital investments as per contractual funding agreements or approval for disbursement by the Board of Directors.

### **d) Contributed services:**

A substantial number of volunteers have made significant contributions of their time to the Organization's operations. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.



## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **e) Marketable securities:**

Marketable securities held have been designated as held for trading assets by management and are recorded at fair market value with unrealized holding gains and losses adjusted to the applicable statement of fund operations. Fair market value is based on the closing prices from publicly traded stock exchanges.

### **f) Cash and equivalents:**

Cash and equivalents are defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

### **g) Amortization:**

Capital assets are recorded at cost and are being amortized on the diminishing balance basis at the following annual rates -

Building	4%
Computer equipment	30%
Furniture and kitchen equipment	20%
Outdoor operations equipment	30%
Vehicles	30%
Dock	5%

In the year of acquisition or disposal, and provided the asset is available for its intended use, amortization is recorded at 50% of the annual rate.

### **h) Management's estimates:**

The preparation of financial statements in conformity with Canadian accounting standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the period. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets and time spent on various function areas used for allocation of salaries to administrative expenses. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period they become known.

### **i) Financial instruments:**

The fair values of cash and equivalents, restricted cash, marketable securities, amounts receivable, investments, restricted investments, and accounts payable and accruals are approximately equal to their carrying values.

**3. CASH AND EQUIVALENTS**

The cash and equivalents are comprised of the following:

	2020	2019
	\$	\$
Cash	226,977	324,006
Canadian short-term investment certificates	213,864	107,270
	<b>440,841</b>	<b>431,276</b>

**4. RESTRICTED CASH**

Restricted cash consists of the following:

	2020	2019
	\$	\$
Internally restricted:		
Outreach	-	86,036
Donna H. Nicholas	-	112,491
	-	198,527
Externally restricted:		
Brooke and Mark - Bridge the Gap	-	2,517
Roots & Wings Support Fund	-	16,348
Bryce Hunter Memorial Fund	-	2,239
	-	21,104
	-	219,631

In 2020 The Board of Directors passed a resolution to move funds in both the Outreach Account and the Donna H. Nicholas Fund into the general operating funds of the Organization to be expended in the manner determined by management of the Organization. Any approvals by the Board of Directors for any such expenditures are no longer necessary.

**5. RESTRICTED INVESTMENTS**

Restricted investments are invested in Canadian long-term guaranteed investment certificates. In fiscal 2020 these funds were transferred to the general operating funds. See Note 4 for further details.

	2020	2019
	\$	\$
Internally restricted:		
Outreach	-	331,166
Donna H. Nicholas	-	520,958
	-	852,124

**6. CAPITAL ASSETS**

	2020		2019	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
	\$	\$	\$	\$
Building	1,405,866	579,486	1,405,866	545,054
Computer equipment	2,139	705	2,139	91
Furniture and kitchen equipment	43,897	38,229	40,015	37,297
Outdoor operations equipment	111,009	93,200	97,937	93,608
Vehicles	47,586	18,600	44,086	6,928
Dock	21,736	1,087	23,736	-
	1,632,233	731,307	1,613,779	682,978
<b>Net Book Value</b>		<b>900,926</b>		<b>930,801</b>

**7. DEFERRED CONTRIBUTIONS**

The changes to deferred contributions during the year were as follows:

	2020	2019
	\$	\$
Balance - beginning of year	41,627	51,294
Externally restricted revenues received	5,000	-
Recognized as revenue in General Fund	(26,103)	(8,812)
Amortization of deferred contributions	(821)	(855)
	<b>19,703</b>	<b>41,627</b>

**7. DEFERRED CONTRIBUTIONS (continued)**

The deferred contributions as at September 30, 2020 consist of the following:

	2020	2019
	\$	\$
Brooke and Mark Bridge the Gap	-	2,516
Roots & Wings Support Fund	-	16,348
Bryce Hunter Memorial Fund	-	2,239
Bryce Hunter Memorial Fund for investments in capital assets	<b>19,703</b>	20,524
	<b>19,703</b>	41,627

See Note 4 for further details on the deferred contributions.

**8. LEASE COMMITMENT**

The Organization renewed its lease for the second twenty year term stipulated in the lease. The renewed lease expires on June 30, 2037. If the lease is not in default after this second twenty year term, the Organization has the option to renew the lease for another ten years upon the terms and conditions then prevailing. The minimum annual rentals payable under this long term lease, exclusive of certain operating costs for which the Organization is responsible, are approximately as follows:

	\$
Year ending: September 30, 2021	7,880
September 30, 2022	7,880
September 30, 2023	7,970
September 30, 2024	8,270
September 30, 2025	8,270
September 30, 2026 and subsequent	102,610
	<b>142,880</b>

**9. RELATED PARTY TRANSACTIONS**

Included in donations revenues are the following amounts received from members of the Board of Governors or affiliated foundations:

	2020	2019
	\$	\$
Brookfield Partners Foundation	1,077,000	1,074,458
Jack Cockwell	50,000	49,988
Susan Armitage	41,000	40,000
The Regent Family Foundation	32,000	-

During the year, the Organization received rental income in the amount of \$6,000 (2019 - \$6,000) from the President of the Organization and purchased a vehicle in the amount of \$3,500 from a Co-Founder of the Organization.

These transactions are in the normal course of business and are measured and recorded at the cash exchange amount, which is the amount of monetary consideration established and agreed to by the related parties.

**10. ALLOCATION OF EXPENDITURES**

Salaries and wage costs of \$180,659 (2019 - \$176,396) have been allocated to various function areas based on management's estimate of time spent as follows:

	2020	2019
	\$	\$
Program	64,059	88,509
Fundraising	60,187	38,869
Administration	56,413	49,018
	<b>180,659</b>	<b>176,396</b>

**11. CREDIT FACILITY**

The Organization has two credit cards with a combined limit of \$4,000.

## **12. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The financial risks and concentration of risks are as follows. There has been no change to the nature of any of the risk exposures from 2019.

### **a) Credit risk:**

The Organization maintains its cash and deposits with a single federally regulated Canadian financial institution.

### **b) Currency risk:**

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of those rates. The marketable securities in the D. Dion Memorial Fund are denominated in approximately the following foreign currencies: United States - 38% (2019 - 38%) and United Kingdom - 7% (2019 - 8%). The marketable securities in the General Fund are denominated in approximately the following foreign currencies: United States - 31% (2019 - 18%) and International - 8% (2019 - 13%).

### **c) Other price risk:**

The Organization's marketable securities are invested in various securities and bonds that are publicly traded. Accordingly, these marketable securities are subject to other price risks whereby the future cash flows will fluctuate because of changes in market price and interest markets. A decline in the equity markets will result in a decrease to the fair value of the assets held.

## **13. SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, resulting in the federal, provincial, local governments and private entities mandating various restrictions, including but not limited to travel restrictions, restrictions on public gatherings, closure of non-essential businesses, and stay at home advisories. These restrictions have extended to educational programs and fundraising events that this Organization provides. In recognition of this public health emergency, the Organization restricted on-site programming and postponed certain events indefinitely.

Due to the uncertainty of the pandemic, the Organization will continue to monitor developments, recommendations and mandates at the national, provincial and local level in order to evaluate the possible extension of the postponement. However, the Organization's plans may drastically change as new information is revealed. The full extent and duration of the impact of COVID-19 on the Organization's statement of fund operations, net assets, financial position and cash flows is currently unknown and depends on future developments that are uncertain and unpredictable, including the duration and severity of the pandemic.