

TRAILS YOUTH INITIATIVES INC.

FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Trails Youth Initiatives Inc.

Opinion:

We have audited the accompanying financial statements of Trails Youth Initiatives Inc., which comprises the statement of financial position as at September 30, 2021, 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, the financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2021, 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 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 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 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.

Trails Youth Initiatives Inc.

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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.



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

Aurora, Ontario
March 14, 2022

TRAILS YOUTH INITIATIVES INC.
STATEMENT OF FUND OPERATIONS
SEPTEMBER 30, 2021

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	General Fund	D. Dion Memorial Fund	Total 2021	Total 2020
	\$	\$	\$	\$
REVENUES				
Donations	2,128,088	-	2,128,088	2,239,130
Amortization of deferred contributions	-	-	-	821
Fundraising	193,764	-	193,764	138,629
Other income	8,411	-	8,411	4,558
Rental income	12,000	-	12,000	12,000
Fees and investment income	977,561	73,489	1,051,050	214,098
	3,319,824	73,489	3,393,313	2,609,236
PROGRAM EXPENDITURES				
Salaries and wages	495,762	-	495,762	484,650
Food	50,453	-	50,453	30,499
Facility	113,161	-	113,161	77,452
Transportation	10,772	-	10,772	9,605
Bursary payments	74,280	46,588	120,868	118,197
Insurance	19,532	-	19,532	26,889
Programming	55,674	-	55,674	29,662
Amortization	55,432	-	55,432	53,526
	875,066	46,588	921,654	830,480
FUNDRAISING AND ADMINISTRATION				
Fundraising salaries	194,410	-	194,410	115,360
Direct fundraising expenses	31,138	-	31,138	20,474
Administrative salaries	52,953	-	52,953	56,412
Office	26,249	-	26,249	23,352
Insurance	2,566	-	2,566	2,333
Professional fees	39,203	-	39,203	22,367
Interest and bank charges	36,763	961	37,724	21,909
	383,282	961	384,243	262,207
TOTAL EXPENDITURES	1,258,348	47,549	1,305,897	1,092,687
EXCESS OF REVENUES OVER EXPENDITURES	2,061,476	25,940	2,087,416	1,516,549

TRAILS YOUTH INITIATIVES INC.
STATEMENT OF CHANGES IN NET ASSETS
SEPTEMBER 30, 2021

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	General Fund	D. Dion Memorial Fund	2021	2020
	\$	\$	\$	\$
NET ASSETS - Beginning of year	6,763,726	467,041	7,230,767	5,714,218
Excess of revenues over expenditures	2,061,476	25,940	2,087,416	1,516,549
NET ASSETS - End of year	8,825,202	492,981	9,318,183	7,230,767

TRAILS YOUTH INITIATIVES INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

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	Note Reference	General Fund	D. Dion Memorial Fund	2021	2020
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3	524,293	-	524,293	440,841
Marketable securities		7,513,756	492,981	8,006,737	5,356,234
Amounts receivable		22,314	-	22,314	8,781
Prepaid expenses		-	-	-	4,573
		8,060,363	492,981	8,553,344	5,810,429
Investments		-	-	-	653,290
Capital assets	4	909,397	-	909,397	900,926
TOTAL ASSETS		8,969,760	492,981	9,462,741	7,364,645
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accruals		132,558	-	132,558	66,029
Revenue received in advance		-	-	-	48,146
Deferred contributions	5	12,000	-	12,000	19,703
		144,558	-	144,558	133,878
NET ASSETS					
Invested in capital assets		909,397	-	909,397	881,223
Externally restricted		-	492,981	492,981	467,041
Unrestricted		7,915,805	-	7,915,805	5,882,503
		8,825,202	492,981	9,318,183	7,230,767
TOTAL LIABILITIES AND NET ASSETS		8,969,760	492,981	9,462,741	7,364,645

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

Approved on behalf of the Board:

DocuSigned by:

Greg Ryan

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Director

Director

TRAILS YOUTH INITIATIVES INC.
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2021

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	General Fund	D. Dion Memorial Fund	2021	2020
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Excess of revenues over expenditures	2,061,476	25,940	2,087,416	1,516,549
Expenditures not requiring cash:				
Unrealized gain/(loss)	794,477	(63,773)	730,704	42,614
Amortization	55,432	-	55,432	53,526
	2,911,385	(37,833)	2,873,552	1,612,689
Non-cash working capital items:				
Amounts receivable	(13,533)	-	(13,533)	329
Prepaid expenses	4,573	-	4,573	(4,573)
Accounts payable and accruals	91,749	(25,219)	66,530	7,566
Revenue received in advance	(48,146)	-	(48,146)	48,146
	2,946,028	(63,052)	2,882,976	1,664,157
FINANCING ACTIVITIES				
Deferred contributions	(7,703)	-	(7,703)	(21,924)
INVESTING ACTIVITIES				
Restricted cash	-	-	-	219,631
Marketable securities	(3,423,483)	42,275	(3,381,208)	(2,131,693)
Investments	653,290	-	653,290	(549,079)
Restricted investments	-	-	-	852,124
Acquisition of capital assets	(63,903)	-	(63,903)	(28,151)
Proceeds on disposal of capital assets	-	-	-	4,500
	(2,834,096)	42,275	(2,791,821)	(1,632,668)
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	104,229	(20,777)	83,452	9,565
CASH AND EQUIVALENTS - Beginning of year	420,064	20,777	440,841	431,276
CASH AND EQUIVALENTS - End of year	524,293	-	524,293	440,841

TRAILS YOUTH INITIATIVES INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 CI Institutional Asset Management.

Marketable securities 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.

TRAILS YOUTH INITIATIVES INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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%
Indoor operations equipment	20%
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, accounts payable and accrued liabilities, deferred revenue 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, marketable securities, amounts receivable and accounts payable and accruals are approximately equal to their carrying values.

TRAILS YOUTH INITIATIVES INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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3. CASH AND EQUIVALENTS

The cash and equivalents are comprised of the following:

	2021	2020
	\$	\$
Cash	310,162	226,977
Canadian short-term investment certificates	214,131	213,864
	524,293	440,841

4. CAPITAL ASSETS

	2021		2020	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
	\$	\$	\$	\$
Building	1,405,866	612,541	1,405,866	579,486
Computer equipment	2,139	1,135	2,139	705
Furniture and kitchen equipment	43,897	39,363	43,897	38,229
Outdoor operations equipment	124,349	99,229	111,009	93,200
Indoor operations equipment	50,563	5,056	-	-
Vehicles	47,586	27,296	47,586	18,600
Dock	21,736	2,119	21,736	1,087
	1,696,136	786,739	1,632,233	731,307
Net Book Value		909,397		900,926

5. DEFERRED CONTRIBUTIONS

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

	2021	2020
	\$	\$
Balance - beginning of year	19,703	41,627
Externally restricted revenues received	13,000	5,000
Recognized as revenue in General Fund	(20,703)	(26,103)
Amortization of deferred contributions	-	(821)
	12,000	19,703

TRAILS YOUTH INITIATIVES INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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5. DEFERRED CONTRIBUTIONS (continued)

The deferred contributions as at September 30, 2021 consist of the following:

	2021	2020
	\$	\$
Bob and Joan Northey Bursary	12,000	-
Bryce Hunter Memorial Fund for investments in capital assets	-	19,703
	12,000	19,703

6. 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, 2022	7,880
September 30, 2023	7,970
September 30, 2024	8,270
September 30, 2025	8,270
September 30, 2026	8,270
September 30, 2027 and subsequent	94,340
	135,000

7. ALLOCATION OF EXPENDITURES

Salaries and wage costs of \$199,142 (2020 - \$180,659) have been allocated to various function areas based on management's estimate of time spent as follows:

	2021	2020
	\$	\$
Program	71,789	64,059
Fundraising	74,398	60,187
Administration	52,955	56,413
	199,142	180,659