

## TRAILS YOUTH INITIATIVES INC.

### FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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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, 2022, 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, 2022, 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.

**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  
January 24, 2023

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF FUND OPERATIONS**  
**SEPTEMBER 30, 2022**

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	Note Reference	General Fund	D. Dion Memorial Fund	Total 2022	Total 2021
		\$	\$	\$	\$
<b>REVENUES</b>					
Donations	3	1,029,478	-	1,029,478	2,128,088
Fundraising		325,571	-	325,571	193,764
Other income		41,717	-	41,717	8,811
Rental income		12,000	-	12,000	12,000
Investment income		365,222	10,175	375,397	319,946
Realized gain on investments		122,853	-	122,853	-
Unrealized gain/(loss) on investments		(935,897)	(64,743)	(1,000,640)	730,704
		960,944	(54,568)	906,376	3,393,313
<b>PROGRAM EXPENDITURES</b>					
Salaries and wages		625,584	-	625,584	495,762
Food		103,099	-	103,099	50,453
Facility		107,638	-	107,638	113,161
Transportation		17,893	-	17,893	10,772
Bursary payments		185,580	-	185,580	120,868
Insurance		24,505	-	24,505	19,532
Programming		63,992	-	63,992	55,674
Amortization		59,406	-	59,406	55,432
		1,187,697	-	1,187,697	921,654
<b>FUNDRAISING AND ADMINISTRATION</b>					
Fundraising salaries		215,580	-	215,580	194,410
Direct fundraising expenses		30,937	-	30,937	31,138
Administrative salaries		51,157	-	51,157	52,953
Office		31,097	-	31,097	26,249
Insurance		2,952	-	2,952	2,566
Professional fees		34,369	-	34,369	39,203
Administration fees		11,878	-	11,878	10,497
Investment management fees		30,480	2,942	33,422	27,227
		408,450	2,942	411,392	384,243
<b>TOTAL EXPENDITURES</b>		1,596,147	2,942	1,599,089	1,305,897
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		(635,203)	(57,510)	(692,713)	2,087,416

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**SEPTEMBER 30, 2022**

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	General Fund	D. Dion Memorial Fund	2022	2021
	\$	\$	\$	\$
<b>NET ASSETS</b> - Beginning of year	8,825,202	492,981	<b>9,318,183</b>	7,230,767
Excess/(deficiency) of revenues over expenditures	(635,203)	(57,510)	<b>(692,713)</b>	2,087,416
<b>NET ASSETS</b> - End of year	8,189,999	435,471	<b>8,625,470</b>	9,318,183

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022**


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	Note Reference	General Fund	D. Dion Memorial Fund	2022	2021
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	4	242,954	-	<b>242,954</b>	524,293
Marketable securities		6,050,537	438,413	<b>6,488,950</b>	7,897,186
Amounts receivable		28,766	-	<b>28,766</b>	22,314
Prepaid expenses		26,386	-	<b>26,386</b>	-
		6,348,643	438,413	<b>6,787,056</b>	8,443,793
Investments		1,045,270	-	<b>1,045,270</b>	109,552
Capital assets	5	888,608	-	<b>888,608</b>	909,397
<b>TOTAL ASSETS</b>		<b>8,282,521</b>	<b>438,413</b>	<b>8,720,934</b>	<b>9,462,742</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accruals		81,522	2,942	<b>84,464</b>	132,559
Deferred contributions	6	11,000	-	<b>11,000</b>	12,000
		92,522	2,942	<b>95,464</b>	144,559
<b>NET ASSETS</b>					
Invested in capital assets		888,608	-	<b>888,608</b>	909,397
Externally restricted		-	435,471	<b>435,471</b>	492,981
Unrestricted		7,301,391	-	<b>7,301,391</b>	7,915,805
		8,189,999	435,471	<b>8,625,470</b>	9,318,183
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>8,282,521</b>	<b>438,413</b>	<b>8,720,934</b>	<b>9,462,742</b>

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

Approved on behalf of the Board:

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 Director

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 Director

**TRAILS YOUTH INITIATIVES INC.**  
**STATEMENT OF CASH FLOWS**  
**SEPTEMBER 30, 2022**

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	General Fund	D. Dion Memorial Fund	2022	2021
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Excess/(deficiency) of revenues over expenditures	(635,203)	(57,510)	<b>(692,713)</b>	2,087,416
Expenditures not requiring cash:				
Unrealized (gain)/loss	935,897	64,743	<b>1,000,640</b>	(730,704)
Amortization	59,406	-	<b>59,406</b>	55,432
	360,100	7,233	<b>367,333</b>	1,412,144
Non-cash working capital items:				
Amounts receivable	(6,452)	-	<b>(6,452)</b>	(13,533)
Prepaid expenses	(26,386)	-	<b>(26,386)</b>	4,573
Accounts payable and accruals	(51,036)	2,942	<b>(48,094)</b>	66,529
Revenue received in advance	-	-	-	(48,146)
	276,226	10,175	<b>286,401</b>	1,421,567
<b>FINANCING ACTIVITIES</b>				
Deferred contributions	(1,000)	-	<b>(1,000)</b>	(7,703)
<b>INVESTING ACTIVITIES</b>				
Marketable securities	417,770	(10,175)	<b>407,595</b>	(1,263,806)
Investments	(935,718)	-	<b>(935,718)</b>	(2,703)
Acquisition of capital assets	(38,617)	-	<b>(38,617)</b>	(63,903)
	(556,565)	(10,175)	<b>(566,740)</b>	(1,330,412)
<b>INCREASE/(DECREASE) IN CASH AND EQUIVALENTS</b>	(281,339)	-	<b>(281,339)</b>	83,452
<b>CASH AND EQUIVALENTS - Beginning of year</b>	524,293	-	<b>524,293</b>	440,841
<b>CASH AND EQUIVALENTS - End of year</b>	242,954	-	<b>242,954</b>	524,293

**TRAILS YOUTH INITIATIVES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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## 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:

The D. Dion Memorial Fund contributions are recognized 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.

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. The marketable securities in this fund are under the custody of CI Institutional Asset Management.

#### *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.

### 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, 2022**

**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, completeness of accounts payable and accruals, the fair market value of non-monetary transactions, deferred contributions and the allocation of salaries to programming, administration and fundraising expenses based on time spent on various function areas. 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, accounts payable and accruals and deferred contributions are approximately equal to their carrying values.

**TRAILS YOUTH INITIATIVES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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### 3. DONATIONS

Donations received are comprised of the following:

	2022	2021
	\$	\$
Individuals	104,562	90,963
Corporations	194,102	188,955
Foundations	537,128	546,627
Board of governors	193,686	1,281,840
Bryce Hunter Memorial fund	-	19,703
	<b>1,029,478</b>	<b>2,128,088</b>

### 4. CASH AND EQUIVALENTS

The cash and equivalents are comprised of the following:

	2022	2021
	\$	\$
Cash	242,954	310,162
Canadian short-term investment certificates	-	214,131
	<b>242,954</b>	<b>524,293</b>

### 5. CAPITAL ASSETS

	2022		2021	
	Original Cost	Accumulated Amortization	Original Cost	Accumulated Amortization
	\$	\$	\$	\$
Building	1,425,593	644,668	1,405,866	612,541
Computer equipment	2,139	1,436	2,139	1,135
Furniture and kitchen equipment	27,094	15,044	43,897	39,363
Outdoor operations equipment	72,037	46,352	124,349	99,229
Indoor operations equipment	50,563	14,157	50,563	5,056
Vehicles	47,586	33,383	47,586	27,296
Dock	21,736	3,100	21,736	2,119
	<b>1,646,748</b>	<b>758,140</b>	<b>1,696,136</b>	<b>786,739</b>
<b>Net Book Value</b>		<b>888,608</b>		<b>909,397</b>

**TRAILS YOUTH INITIATIVES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**6. DEFERRED CONTRIBUTIONS**

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

	2022	2021
	\$	\$
Balance - beginning of year	12,000	19,703
Externally restricted revenues received	-	13,000
Recognized as revenue in General Fund	(1,000)	(20,703)
	<b>11,000</b>	<b>12,000</b>

The deferred contributions as at September 30, 2022 consist of the Bob and Joan Northey Bursary. The bursary was established in 2021. The funds are restricted to distributing bursaries of \$1,000 annually to new students of the Organization's bursary program.

**7. 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, 2023	7,970
September 30, 2024	8,270
September 30, 2025	8,270
September 30, 2026	8,270
September 30, 2027	8,270
September 30, 2028 and subsequent	86,080
	<b>127,130</b>

**8. RELATED PARTY TRANSACTIONS**

During the year, the Organization received rental income in the amount of \$6,000 (2021 - \$6,000) from the President 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.

**TRAILS YOUTH INITIATIVES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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**9. ALLOCATION OF EXPENDITURES**

Salaries and wage costs of \$182,848 (2021 - \$199,142) have been allocated to various function areas based on management's estimate of time spent as follows:

	2022	2021
	\$	\$
Program	81,671	71,789
Fundraising	50,021	74,398
Administration	51,156	52,955
	<b>182,848</b>	<b>199,142</b>

**10. CREDIT FACILITY**

The Organization has two credit cards with a combined limit of \$20,000. The balance as at September 30, 2022 is nil (2021 - \$3,790).

**11. 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 2021.

**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 - 69% (2021 - 75%) and International - 2% (2021 - 2%). The marketable securities in the General Fund are denominated in approximately the following foreign currencies: United States - 35% (2021 - 37%) and International - 4% (2021 - 6%).

**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.