

OUTWARD BOUND CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

HILBORN  **LLP**

Independent Auditor's Report

To the Members of Outward Bound Canada

Opinion

We have audited the financial statements of Outward Bound Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Organization has a working capital deficit of \$1,279,944, a deficiency of assets in the amount of \$1,700,000 in its unrestricted net assets and an excess of expenses over revenues for the year of \$1,907,266. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Organization to continue as a going concern. Our opinion is not modified in respect of this matter.

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 ability of the Organization 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 financial reporting process of the Organization.

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 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 the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Organization.
- 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 ability of the Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
May 1, 2025

Chartered Professional Accountants
Licensed Public Accountants

OUTWARD BOUND CANADA

Statement of Financial Position

December 31	2024 \$	2023 \$
ASSETS		
Current assets		
Cash	65,093	1,305,912
Short-term investments	11,345	19,653
Accounts receivable	94,931	47,029
Supplies	-	22,505
Prepaid expenses	106,888	117,536
	278,257	1,512,635
Capital assets (note 5)	282,473	276,196
	560,730	1,788,831
LIABILITIES		
Current liabilities		
Bank indebtedness (note 6)	255,000	-
Accounts payable and accrued liabilities (note 7)	1,053,554	613,714
Deferred course and contract fees	208,503	230,496
Current portion of vehicle loans payable (note 8)	41,144	32,984
	1,558,201	877,194
Vehicle loans payable (note 8)	112,144	113,986
	1,670,345	991,180
NET ASSETS (DEFICIENCY IN ASSETS)		
Invested in capital assets	129,185	129,226
Restricted for Program Delivery	113,784	105,249
Restricted for The Academy (note 12)	48,091	2,160,725
Sustainability Fund (note 10)	-	32,000
Restricted for YESS grant (note 13)	299,325	-
Unrestricted (note 9)	(1,700,000)	(1,629,549)
	(1,109,615)	797,651
	560,730	1,788,831

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director


Mark Burton (May 14, 2025 19:30 EDT)

Director


G. David Cole (May 14, 2025 19:32 EDT)

OUTWARD BOUND CANADA

Statement of Operations

Year ended December 31	2024 \$	2023 \$
Revenues		
Course fees	1,262,734	1,911,059
Contributions, grants and bursaries (notes 12 and 13)	2,640,057	5,311,581
Donations and fundraising	1,538,240	1,101,809
Donations from Outward Bound Canada Foundation (note 4)	-	8,237
Other revenue	132,485	116,990
	5,573,516	8,449,676
Expenses		
Program (schedule 1)	1,834,482	2,110,140
Administration (schedule 2)	858,521	1,019,366
Salaries and benefits (schedule 3)	4,858,917	4,868,178
	7,551,920	7,997,684
Excess of revenues over expenses (expenses over revenues) before other income	(1,978,404)	451,992
Proceeds from insurance (note 5)	71,138	-
Excess of revenues over expenses (expenses over revenues) for year	(1,907,266)	451,992

The accompanying notes are an integral part of these financial statements

OUTWARD BOUND CANADA

Statement of Changes in Net Assets

Year ended December 31

2024

	Invested in Capital Assets \$	Restricted for Program Delivery \$	Restricted for The Academy (note 12) \$	Sustainability Fund (note 10) \$	Restricted for Youth Career Catalyst Program (note 13) \$	Unrestricted (note 1) \$	Total \$
Balance, beginning of year	129,226	105,249	2,160,725	32,000	-	(1,629,549)	797,651
Excess of revenues over expenses (expenses over revenues)	-	8,535	(2,112,634)	-	299,325	(102,492)	(1,907,266)
interfund transfer	-	-	-	(32,000)	-	32,000	-
Purchase of capital assets	58,077	-	-	-	-	(58,077)	-
Amortization	(51,800)	-	-	-	-	51,800	-
Proceeds received from vehicle loans net of repayments	(6,318)	-	-	-	-	6,318	-
Balance, end of year	129,185	113,784	48,091	-	299,325	(1,700,000)	(1,109,615)

2023

	Invested in Capital Assets \$	Restricted for Program Delivery \$	Restricted for The Academy (note 12) \$	Sustainability Fund (note 10) \$	Restricted for Youth Career Catalyst Program (note 13) \$	Unrestricted (note 1) \$	Total \$
Balance, beginning of year	177,892	447,129	475,743	32,000	-	(787,105)	345,659
Excess of revenues over expenses (expenses over revenues)	-	(341,880)	1,684,982	-	-	(891,110)	451,992
Purchase of capital assets	74,013	-	-	-	-	(74,013)	-
Amortization	(77,019)	-	-	-	-	77,019	-
Proceeds received from vehicle loans net of repayments	(45,660)	-	-	-	-	45,660	-
Balance, end of year	129,226	105,249	2,160,725	32,000	-	(1,629,549)	797,651

The accompanying notes are an integral part of these financial statements

OUTWARD BOUND CANADA

Statement of Cash Flows

Year ended December 31	2024 \$	2023 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(1,907,266)	451,992
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	51,800	77,019
	(1,855,466)	529,011
Change in non-cash working capital items		
Decrease in short term investments	8,308	20,133
Decrease (increase) in accounts receivable	(47,902)	190,869
Decrease in inventory	22,505	-
Decrease (increase) in prepaid expenses	10,648	(33,868)
Increase in accounts payable and accrued liabilities	439,840	234,196
Decrease in deferred course and contract fees	(21,993)	(40,055)
	(1,444,060)	900,286
Cash flows from investing activities		
Purchase of capital assets	(58,077)	(74,013)
Cash flows from financing activities		
Decrease (increase) in due from Outward Bound Canada Foundation	-	400,000
Proceeds received from line of credit, net of repayments	255,000	(60,000)
Proceeds received from vehicle loans	41,246	82,716
Repayment of vehicle loans	(34,928)	(37,056)
	261,318	385,660
Net change in cash	(1,240,819)	1,211,933
Cash, beginning of year	1,305,912	93,979
Cash, end of year	65,093	1,305,912

The accompanying notes are an integral part of these financial statements

OUTWARD BOUND CANADA

Schedules to Financial Statements

Year ended December 31

Schedule of program expenses

Schedule 1

	2024 \$	2023 \$
Program supplies and services	1,308,676	1,514,903
Food	334,131	334,705
Transportation	191,675	260,532
	1,834,482	2,110,140

Schedule of administration expenses

Schedule 2

	2024 \$	2023 \$
Office and communications	116,736	169,700
Marketing	144,065	243,375
Fundraising	29,908	5,783
Travel	40,327	109,260
Insurance	95,949	83,059
Amortization	51,800	77,019
Dues and fees (note 4)	217,070	232,656
Interest and credit card charges	49,691	33,859
Professional fees	35,164	28,590
Rent	49,554	32,566
Board expenditures	28,257	3,499
	858,521	1,019,366

Schedule of salaries and benefits (note 7)

Schedule 3

	2024 \$	2023 \$
Direct program delivery	4,063,496	4,066,293
Administration and program supervision	795,421	801,885
	4,858,917	4,868,178

The accompanying notes are an integral part of these financial statements

OUTWARD BOUND CANADA

Notes to Financial Statements

December 31, 2024

Purpose of the organization

Outward Bound Canada (the "Organization") was incorporated as a not-for-profit corporation without share capital under the Canada Corporations Act, and received its certificate of continuance under the Canada Not-for-profit Corporations Act. The Organization is a registered charity in Canada and is exempt from income taxes.

The Organization's mission is to cultivate resilience, leadership, connections and compassion through inspiring and challenging journeys of self-discovery in the natural world. The Organization's experiential educational process is based upon the philosophy that learning and understanding take place when people engage in and reflect upon experiences in challenging environments in which they must acquire new skills and work with each other.

The Organization is partnered with high schools, universities, community groups, government agencies, corporate groups and learning institutes across Canada to provide a wide range of services that enhance capacity and leadership and assist youth and adults in challenging times of transition in urban and wilderness settings.

1. Going concern

The Organization has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") on a going concern basis, which contemplates that the Organization will continue its operations in the foreseeable future and will realize its assets and settle its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast doubt upon the Organization's ability to continue as a going concern.

The Organization has been significantly impacted by the COVID-19 pandemic and the related restrictions, which had limited the Organization's ability to run its core programming. The Organization received government funding post-COVID that led to the establishment of the Training Academy (note 12) which required an infrastructure expansion. Anticipating continued federal funding, the Organization maintained this expanded scale until October 2024 when the Organization was informed that funding for this initiative was no longer going to be provided by the government. This has resulted in excessive debt and expenses significantly in excess of revenue during the year. At December 31, 2024, the Organization had a working capital deficit of \$1,279,944, a deficiency of assets in the amount of \$1,700,000 in its unrestricted net assets, an excess of expenses over revenues of \$1,907,266 for the year then ended, and the temporary borrowing of \$396,107 of funds otherwise restricted (note 9) to fund ongoing operations.

Subsequent to year end, the Organization has implemented a number of measures to address the Organization's short-term liquidity and long-term viability (note 14). Management and the Board of Directors believe the Organization has the ability to realize its assets and discharge its liabilities and commitments in the normal course of operations for the next 12 months.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Management feels that the measures taken subsequent to year end will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption. However, if adjustments were necessary, such adjustments could be material.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions, grants and bursaries whereby all contributions, grants and bursaries are recorded as revenue of the applicable fund when received or receivable. The Organization maintains the following externally restricted funds:

Restricted for Program Delivery

These funds are used by the Organization to deliver its core outdoor education programs.

Restricted for The Academy

These funds are used by the Organization to deliver training under The Academy program (note 12).

Restricted for YESS Grant

These funds are used by the Organization to deliver training under the Youth Employment and Skills Strategy program (note 13).

Course fee revenue is recognized on a pro-rata basis over the term of the related course.

Donations, fundraising and other revenue are recognized as revenue, and proceeds from insurance are recognized as other income, when received or, if the amount to be received can be reasonably estimated and collection is reasonably assured, when receivable.

(b) Short-term investments

Short-term investments consist of guaranteed investment certificates that are readily convertible into cash and are not subject to significant risk of change in values.

(c) Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities, except for related party financial instruments (note 2(c)(ii)), at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost. Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Measurement of financial instruments (continued)

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities and vehicle loans payable.

(ii) Related Party Financial Instruments

The Organization initially measures its related party financial instruments as follows:

- at fair value if a derivative contract or quoted in an active market;
- at cost, determined using undiscounted cash flows excluding interest and dividend payments, less any impairment losses previously recognized by the transferor, if the financial instrument has repayment terms;
- at cost, determined using the amount of consideration transferred or received, if the financial instrument does not have repayment terms.

Subsequently, all related party financial instruments quoted in an active market and derivatives are measured at fair value. All other related party financial instruments are subsequently measured at cost less impairment.

Related party financial assets and liabilities that are forgiven are recognized in net income if the original transaction was in the normal course of operations, and within equity if the original transaction was not in the normal course of operations.

The Organization initially measures non-financial items transferred in a related party transaction at the carrying amount, unless the transaction meets all of the following criteria, as defined in Section 3840, Related Party Transactions;

- the transaction has commercial substance,
- the change in ownership interests is substantive, and
- the amount of consideration is supported by independent evidence.

The Organization does not have any related party financial instruments at December 31, 2024.

(iii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Impairment (continued)

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(d) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as an asset; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The estimated useful lives are as follows:

Program and computer equipment	5 - 7 years
Vehicles	6 years

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. Any impairment of capital assets is charged to income in the period in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(e) Related parties

For the purposes of these financial statements, a party is considered to be related to the Organization if such party or the Organization has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Organization and such party are subject to common significant influence. Related parties may be individuals or other entities.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

2. Significant accounting policies (continued)

(f) Contributed materials and services

Volunteers contributed time to assist the Organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available as of the date of issuance of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. Financial instrument risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Organization's financial instruments.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X				
Short-term investments	X			X	
Accounts receivable	X				
Bank indebtedness		X		X	
Accounts payable and accrued liabilities		X			
Vehicle loans payable		X			

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

3. Financial instrument risk management (continued)

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk associated with cash and short-term investments by holding these balances in a major Canadian institutions. The Organization reduces its exposure to credit risk associated with accounts receivable by performing credit evaluations on a regular basis, granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The maximum exposures of the Organization to credit risk are as follows:

	2024 \$	2023 \$
Cash	65,093	1,305,912
Short-term investments	11,345	19,653
Accounts receivable	94,931	47,029
	<u>171,369</u>	<u>1,372,594</u>

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains adequate credit facilities (note 6) to repay its trade creditors as they become due, anticipating investing and financing activities and holding assets that can be readily converted into cash. During the current year, the Organization was also required to extend its payables beyond its normal payment terms, utilize its credit facilities and continue to temporarily borrow from restricted funds (note 9) to manage its liquidity risk (note 1). The maximum exposure of the Organization to liquidity risk is as follows:

	2024 \$	2023 \$
Bank indebtedness	255,000	-
Accounts payable and accrued liabilities	1,053,554	613,714
Vehicle loans payable	153,288	146,970
	<u>1,461,842</u>	<u>760,684</u>

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 is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Organization by a customer, or that an obligation in a foreign currency was entered into by the Organization to a supplier, is different at the time of settlement than it was at time that the obligation originated. The Organization's exposure to foreign exchange risk is minimal as it does not have any significant foreign denominated financial instruments at year end.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

3. Financial instrument risk management (continued)

Market risk (continued)

ii) 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 market interest rates. The Organization is exposed to interest rate risk on its bank indebtedness the maturity of its short-term investments.

iii) 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 interest rate risk or currency 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 Organization is not exposed to other price risk as it has no investments in marketable securities.

Changes in risk

The Organization's exposure to liquidity risk has increased during the year as a result of the increase in bank indebtedness and accounts payable and accrued liabilities.

4. Related party transactions

During the year, the Organization paid dues to Outward Bound International ("OBI"), a membership organization of all the Outward Bound Centres worldwide, in the amount of \$50,180 (2023 - \$52,807).

In 2023, Outward Bound Canada Foundation ("OBCF"), an entity under common control which was established to help the Organization reach its fundraising and other objectives, transferred all of its remaining assets to the Organization. No related party transactions occurred between the Organization and OBCF in 2024.

5. Capital assets

	2024		
	Cost \$	Accumulated Amortization \$	Net \$
Program and computer equipment	98,596	62,273	36,323
Vehicles (note 8)	379,830	133,680	246,150
	478,426	195,953	282,473

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

5. Capital assets (continued)

	2023		
	Cost \$	Accumulated Amortization \$	Net \$
Program and computer equipment	422,311	374,519	47,792
Vehicles (note 8)	368,894	140,490	228,404
	791,205	515,009	276,196

During the year, fully amortized program and computer equipment with a cost of \$323,714 was written off by the Organization with no resulting gain or loss being recognized. Additionally, a fully amortized truck with a cost base of \$47,140 was written off after being damaged in a flood. No gain or loss was recognized on disposition; however, the Organization received \$22,758 of insurance proceeds as a result of the flood damage incurred. The other insurance proceeds received relate to other non-capital assets that were damaged in the flood that were required to be repaired or replaced.

6. Credit facilities

Under the terms of a credit facility agreement dated December 27, 2017 with the Royal Bank of Canada ("RBC") the Organization has available to it a revolving demand facility to a maximum of \$200,000. In September 2024, RBC increased the Organization's borrowing limit to \$500,000 until May 31, 2025, with no changes to the lending terms or underlying security pledged.

Borrowings under this facility are due on demand with no specific terms of repayment and bear interest at RBC prime rate plus 1.80%. At year end, the Organization has \$255,000 (2023 - \$nil) outstanding under this facility.

Additionally, the Organization has available to it a Visa Business card with a credit limit of \$100,000. Included in accounts payable and accrued liabilities (note 7) at year end is \$71,832 (2023 - \$8,175) outstanding on this card.

All borrowings under these facilities are secured by a general security agreement constituting a first ranking security interest on all of the Organization's assets.

7. Accounts payable and accrued liabilities

	2024 \$	2023 \$
Accounts payable and accrued liabilities (notes 1 and 6)	739,656	498,224
Government remittances	313,898	115,490
	1,053,554	613,714

Included in accounts payable and accrued liabilities is \$83,611 (2023 - \$nil) of salary continuance payments resulting from current year staffing restructuring (note 1). These costs are included in salaries and benefits expense during the year.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

8. Vehicle loans payable

The Organization has entered into the following vehicle loan agreements to finance the purchase of the following vehicles:

	2024 \$	2023 \$
Ford F250 - bearing interest at 3.99%, repayable in blended monthly payments of \$534, maturing in May 2028	20,428	25,900
Ford F250 - bearing interest at 4.49%, repayable in blended monthly payments of \$1,196, maturing in June 2027	33,884	46,410
Ford F150 - bearing interest at 0.99%, repayable in blended bi-weekly payments of \$652, maturing in November 2028	59,673	74,660
Ford Ranger - bearing interest at 7.49%, repayable in blended bi-weekly payments of \$381, maturing in August 2029	39,303	-
	153,288	146,970
Less: current portion	41,144	32,984
	112,144	113,986

These loans are secured by the vehicles for which the loans were advanced. The net book value of these vehicles is \$192,394 (2023 - \$170,648).

The annual principal repayments on the vehicle loans payable are as follows:

	\$
2025	41,144
2026	42,687
2027	37,067
2028	25,485
2029	6,905
	153,288

9. Interfund loans

The Organization may temporarily utilize funds from internally and externally restricted resources to fund current operations. These interfund loans fluctuate throughout the year and do not have fixed terms of repayment. At December 31, 2024, the unrestricted fund has utilized \$396,107 (2023 - \$992,062) of funds otherwise restricted.

10. Sustainability fund

The sustainability fund was established in recognition of the need to maintain working capital for continuing operations, and for the purpose of putting income aside in surplus years in order to offset deficits in other years. During the year, these funds were transferred to the Organization's unrestricted fund to reduce the deficit in unrestricted net assets (note 1).

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

11. Commitments

The Organization is committed to the following minimum lease payments for various premises with commitments expiring at various dates until January 2027.

	\$
2025	108,945
2026	60,793
2027	2,486
	<u>172,224</u>

12. The Training Academy for Outdoor Professionals

In March 2022, the Organization entered into an agreement (the "Agreement") with Employment and Social Development Canada ("ESDC") to receive funding under the Sectoral Initiatives Program (the "Program"). Funding received from this Program is to be used by the Organization to increase access to employment in the outdoor leadership industry through the creation of an innovative recruitment and training program titled The Training Academy for Outdoor Professionals ("The Academy").

Under the terms of the Agreement, the Organization is eligible to receive non-repayable contributions of up to \$8,640,975 over the period from March 7, 2022 through March 31, 2025. The maximum amount payable to the Organization by government funded year is as follows:

	\$
March 7, 2022 to March 31, 2022	669,738
April 1, 2022 to March 31, 2023	2,761,219
April 1, 2023 to March 31, 2024	3,238,144
April 1, 2024 to March 31, 2025	1,971,874
	<u>8,640,975</u>

During the year, the Organization recognized the following revenues and expenditures related to the operations of The Academy:

	2024 \$	2023 \$
Restricted net assets, beginning of year	2,160,725	475,743
Funding collected during the year	1,559,874	4,852,542
Program expenditures incurred	<u>(3,672,508)</u>	<u>(3,167,560)</u>
Restricted net assets, end of year	<u>48,091</u>	<u>2,160,725</u>

Funding collected during the year is recognized as revenue in contributions, grants and bursaries and expenditures are recognized as program, administration or salaries and benefits cost, as applicable, in the statement of operations.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

12. The Training Academy for Outdoor Professionals (continued)

In October 2024, the Organization was informed by ESDC that the project would not be extended beyond March 31, 2025. Subsequent to year end, the Organization collected an additional \$311,001 of funding under this agreement and incurred additional expenditures in the amount of \$199,273. The Organization is in the process of completing the allocation of 2025 expenditures to this program and preparing a final report to the ESDC reporting on the use of the funds during the course of the project. If surplus funds exist after the report has been accepted by ESDC, the Organization would be required to return the excess funds to ESDC.

The funding received under this program is not subject to any specific future terms or conditions; however, the Government of Canada has the right to conduct an audit, at any time from the completion of the project to March 31, 2031, to verify compliance with the terms and conditions of the Agreement and verify expenses claimed by the Organization are eligible expenditures as defined in the Agreement.

13. Youth Career Catalyst Program

In November 2024, the Organization entered into an agreement (the "Agreement") with Employment and Social Development Canada ("ESDC") to receive funding under the Youth Employment and Skills Strategy ("YESS") funding program. Funding received from YESS is to be used by the Organization to establish the Youth Career Catalyst program (the "Program"). This Program helps youth develop foundational employable skills by providing core outdoor education

Under the terms of the Agreement, the Organization is eligible to receive non-repayable contributions of up to \$4,999,993 over the period from November 25, 2024 through January 28, 2028. The maximum amount payable to the Organization by government funded year is as follows:

	\$
November 25, 2024 to March 31, 2025	1,250,000
Thereafter	3,749,993
	<u>4,999,993</u>

Future funding to the Organization will be paid on a quarterly basis based on the anticipated spending of the Organization related to the Project.

During the year, the Organization recognized the following revenues and expenditures related to the Project:

	\$
Funding collected during the year	375,000
Program expenditures incurred	<u>(75,675)</u>
Restricted net assets, end of year	<u>299,325</u>

Funding collected during the year is recognized as revenue in contributions, grants and bursaries and expenditures are recognized as program, administration or salaries and benefits cost, as applicable, in the statement of operations.

OUTWARD BOUND CANADA

Notes to Financial Statements (continued)

December 31, 2024

13. **Youth Career Catalyst Program (continued)**

The funding received under this program is not subject to any specific future terms or conditions; however, the Government of Canada has the right to conduct an audit, at any time from the completion of the project to January 28, 2034, to verify compliance with the terms and conditions of the Agreement and verify expenses claimed by the Organization are eligible expenditures as defined in the Agreement.

14. **Subsequent events**

Subsequent to year end, the Organization has undertaken several immediate actions to remain solvent in the short-term and to position the Organization for continued operations in the long-term. Staffing has been reduced (note 7) by 11 positions (representing a 30% reduction in workforce). Temporary layoffs from January to April 2025 further reduced payroll costs by 12%. Cost savings are expected to result from the closure of the Toronto administrative office on May 31, 2025 and the relocation of the Rockies base to a less expensive location on February 28, 2025. The Organization's lease commitments (note 11) at December 31, 2024 have been adjusted to reflect the early termination of these leases, which was done without penalty.

Board-driven fundraising initiatives have generated unrestricted donations of \$520,000 in Q1 2025, which are being used to address outstanding accounts payables as at December 31, 2024 (note 7).



Outward Bound Canada 12-31-24 Final FS

Final Audit Report

2025-05-14

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