

DAN'S LEGACY FOUNDATION

FINANCIAL STATEMENTS

31 MARCH 2025

DAN'S LEGACY FOUNDATION

Financial Statements

For the year ended 31 March 2025

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INDEPENDENT AUDITORS' REPORT

To the Members,
Dan's Legacy Foundation

Qualified Opinion

We have audited the financial statements of Dan's Legacy Foundation, (the "Foundation") which comprise the statement of financial position as at 31 March 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2025, 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from the general public in the form of fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended 31 March 2025 and 2024, current assets as at 31 March 2025 and 2024 and net assets as at 1 April and 31 March for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended 31 March 2024 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with 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.

INDEPENDENT AUDITORS' REPORT - Continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT - Continued

- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Rolfe Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
24 June 2025

DAN'S LEGACY FOUNDATION
Statement of Financial Position
31 March 2025

	2025	2024
Assets		
Current		
Cash	\$ 1,348,482	\$ 1,189,720
Accounts receivable	111,385	150,296
Prepaid expenses and deposits	124,162	30,572
Restricted cash (Note 12)	1,470	17,028
GST receivable	7,186	25,422
	1,592,685	1,413,038
Tangible capital assets (Note 4)	245,838	173,982
	\$ 1,838,523	\$ 1,587,020

Liabilities



Current		
Accounts payable and accrued liabilities (Note 5)	\$ 196,989	\$ 135,652
Deferred operating contributions (Note 6)	510,266	662,699
Funds held in trust (Note 13)	1,470	17,028
Current portion of capital lease obligation (Note 8)	16,479	-
	725,204	815,379
Deferred capital contributions (Note 7)	4,508	6,440
Capital lease obligation (Note 8)	101,937	-
	831,649	821,819

Commitments (Note 9)
Contingent liabilities (Note 10)

Net Assets

Invested in tangible capital assets	122,914	167,543
Internally restricted (Note 3)	157,000	-
Unrestricted	726,960	597,658
	1,006,874	765,201
	\$ 1,838,523	\$ 1,587,020

APPROVED BY THE BOARD:


Director

Director

The accompanying notes are an integral part of these financial statements

DAN'S LEGACY FOUNDATION
Statement of Changes in Net Assets
For the year ended 31 March 2025

	Invested in tangible capital assets	Unrestricted	Internally restricted (Note 3)	Total 2025	Total 2024
Balance - beginning of year	\$ 167,543	\$ 597,658	\$ -	\$ 765,201	\$ 559,725
Excess (deficiency) of revenues over expenses for the year	(79,679)	321,352	-	241,673	205,476
Net additions to tangible capital assets	35,050	(35,050)	-	-	-
Transfer to internally restricted net assets (Note 3)	-	(157,000)	157,000	-	-
Balance - end of year	\$ 122,914	\$ 726,960	\$ 157,000	\$ 1,006,874	\$ 765,201

The accompanying notes are an integral part of these financial statements

DAN'S LEGACY FOUNDATION
Statement of Operations
For the year ended 31 March 2025

	2025	2024
Revenues		
Grants (Note 14)	\$ 3,715,043	\$ 2,967,014
Fundraising and donations	107,961	76,327
Dan's Diner	102,741	68,061
Program revenue	23,242	18,229
Counselling (Note 13)	9,229	21,328
Amortization of deferred capital contribution (Note 7)	1,932	2,760
	3,960,148	3,153,719
Expenses		
Salaries and related benefits (Note 12)	2,300,564	1,594,917
Office and administration	547,447	467,638
Program costs	430,541	339,128
Counsellor fees	289,537	472,014
Accounting and legal	46,390	28,210
Fundraising	34,499	20,170
Insurance	25,508	15,682
Bank charges and interest	4,535	2,808
Website	1,752	2,044
Advertising and promotion	1,652	3,821
Amortization	81,611	44,539
	3,764,036	2,990,971
Excess of revenues over expenses from operations	196,112	162,748
Other income		
Interest income	34,385	38,449
Miscellaneous	11,176	4,279
	45,561	42,728
Excess of revenues over expenses for the year	\$ 241,673	\$ 205,476

The accompanying notes are an integral part of these financial statements

DAN'S LEGACY FOUNDATION
Statement of Cash Flows
For the year ended 31 March 2025

	2025	2024
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses for the year	\$ 241,673	\$ 205,476
Items not involving cash		
Amortization of tangible capital assets	81,611	44,539
Amortization of deferred capital contribution	(1,932)	(2,761)
	321,352	247,254
Changes in non-cash working capital balances		
Accounts receivable	38,911	(78,040)
Prepaid expenses and deposits	(93,590)	37,951
GST receivable	18,236	(12,650)
Accounts payable and accrued liabilities	61,337	(6,951)
Deferred operating contributions	(152,433)	203,358
	193,813	390,922
Investing activity		
Purchase of tangible capital assets	(25,557)	(145,477)
Financing activity		
Repayment of capital lease obligation, net	(9,494)	-
Net increase in cash	158,762	245,445
Cash - beginning of year	1,189,720	944,275
Cash - end of year	\$ 1,348,482	\$ 1,189,720
Supplemental Cash Flow Information		
Vehicles acquired under capital leases, net	\$ 130,938	\$ -
Decrease in funds held in trust (Note 13)	15,558	-

The accompanying notes are an integral part of these financial statements

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

1. Incorporation

Dan's Legacy Foundation (the "Foundation") is a not for profit organization incorporated under the Societies Act (British Columbia), and is a registered charity under the Income Tax Act. The Foundation provides youth who have experienced trauma with counselling, education, vocational and other support programming. As a registered charity, the Foundation is not subject to income taxes.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Financial instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, deposits and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, funds held in trust and capital lease obligation.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction costs

The Foundation recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

2. Summary of significant accounting policies - Continued

(b) Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Externally restricted contributions, are recognized as revenue in the year in which the related expenses are incurred or the restrictions are fulfilled. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at the rate corresponding with the amortization rate for the related tangible capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Dan's Diner revenue represent funds received for periodic sale of donated food items to the general public with revenue recognized as received.

Interest income is recognized as revenue when received or earned and reported in the statement of operations.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accounts subject to estimates include amortization of tangible capital assets and accrued liabilities. Management believes that the estimates utilized in preparation its financial statements are reasonable and prudent; however, actual results could differ from these estimates.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	20%
Vehicle	30%
Office equipment	20%
Furniture and fixtures	20%
Computer equipment	55%
Vehicle under capital lease	30%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the three year renewal option.

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

2. Summary of significant accounting policies - Continued

(d) Tangible capital assets - Continued

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

3. Internally restricted

During the year, the Board of Directors internally restricted \$157,000 (2024 - \$Nil) to be maintained by the Foundation for future operations to ensure financial stability and operational continuity.

	2025	2024
Future payments related to credit card purchases	\$ 15,000	\$ -
Future payments related to vehicle replacement costs	142,000	-
	\$ 157,000	\$ -

4. Tangible capital assets

	Cost	Accumulated Amortization	2025 Net	2024 Net
Equipment	\$ 77,832	\$ 32,076	\$ 45,756	\$ 57,195
Vehicle	17,000	12,492	4,508	6,440
Office equipment	16,421	9,560	6,861	8,576
Furniture and fixtures	3,029	637	2,392	888
Leasehold improvements	113,607	46,845	66,762	85,080
Computer equipment	38,177	31,066	7,111	15,803
	266,066	132,676	133,390	173,982
Vehicle under capital lease	132,292	19,844	112,448	-
	\$ 398,358	\$ 152,520	\$ 245,838	\$ 173,982

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

5. Accounts payable and accrued liabilities

	2025	2024
Accounts payables and accrued liabilities	\$ 144,678	\$ 81,777
Government remittances payable	52,311	53,875
	\$ 196,989	\$ 135,652

6. Deferred operating contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
Ministry of Mental Health and Addictions	\$ 651,939	\$ 1,730,000	\$ (2,192,519)	\$ 189,420
Community - University Engagement Support (Note 13)	5,760	-	(5,760)	-
BC General Employees' Union	5,000	5,000	(5,000)	5,000
AL Roadburg Foundation	-	300,000	-	300,000
Co-operators Community Fund	-	20,000	(4,154)	15,846
	\$ 662,699	\$ 2,055,000	\$ (2,207,433)	\$ 510,266

7. Deferred capital contributions

In previous years, the Foundation received contributed materials in the form of a vehicle to be used for the Cook Training, Dan's Diner Social Enterprise and the Warehouse and Swamping programs. As the fair value of the vehicle was determinable and the vehicle would otherwise have been purchased, the vehicle which had a fair value of \$17,000 was included in tangible capital assets and deferred capital contributions. In accordance with the deferral method of accounting for contributed tangible capital assets, the contributions have been deferred and are being amortized in the Foundation's revenue at the same rate that the related assets are being amortized to expense.

	2025	2024
Opening balance	\$ 6,440	\$ 9,201
Amortization	(1,932)	(2,761)
Ending balance	\$ 4,508	\$ 6,440

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

8. Capital lease obligation

	2025	2024
Sonoma Capital vehicle lease, repayable in monthly instalments of \$2,275 including interest at 9.75% per annum with a maturity date of November 2030.	\$ 118,416	\$ -
Less current portion	16,479	-
Due beyond one year	\$ 101,937	\$ -
2026	\$ 27,301	
2027	27,301	
2028	27,301	
2029	27,301	
2030	27,301	
Subsequent years	<u>18,051</u>	
Total future lease payments	154,556	
Less amount representing interest	<u>36,140</u>	
Total principal lease payments	118,416	
Less current portion	<u>16,479</u>	
	\$ 101,937	

9. Commitments

The Foundation has entered into various lease agreements for premises and storage which expire between 30 April 2025 and 31 March 2028. The required lease payments are as follows:

2026	\$ 103,376
2027	87,517
2028	<u>91,892</u>
	\$ 282,785

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

10. Contingent liabilities

The Foundation has been named in a legal action alleging an insufficient severance package regarding a dismissal, without cause, of a former employee. It is management's opinion that this legal action is without merit, and the resulting liability, if any, to settle this claim is undeterminable at this point in time. The legal action concluded subsequent to year end with no liability to the Foundation.

The Foundation has also been named in two complaints, one with the BC Human Rights Tribunal and one with the BC Association of Clinical Counsellors. It is management's opinion that these complaints are without merit, and the resulting liability, if any, to settle these claims are undeterminable at this point in time. Any resulting liability will be recorded as a charge to income in the period in which the settlement occurs.

11. Financial instruments

The Foundation is exposed to various financial risks through transactions in financial instruments. The following provides a measure of the Foundation's risk exposure and concentrations at the statement of financial position date, 31 March 2025.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The Foundation is exposed to this risk mainly in respect to its accounts payable and accrued liabilities, funds held in trust and capital lease obligation. The Foundation manages liquidity risk by maintaining adequate cash. There has been no change to this risk exposure from the prior year.

(b) 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 Foundation's main credit risk relates to cash and accounts receivable. Cash is maintained with a large federally regulated financial institution in Canada. The Foundation provide credits to its clients in the normal course of operations. Assessment for uncollectible accounts receivable are performed by management and amounts that are not collectible are provided for in the allowance for doubtful accounts. There has been no change in the risk exposure from the prior year.

(c) 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 foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed rate instruments subject the Foundation to a fair value risk.

DAN'S LEGACY FOUNDATION
Notes to the Financial Statements
For the year ended 31 March 2025

12. Remuneration of employees, contractors and directors

The Societies Act (British Columbia) requires a society (other than a society designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors and the remuneration paid to all employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 31 March 2025, the Foundation had eleven employees with remuneration in excess of \$75,000 (2024 - four). The total amount paid to these individuals was \$950,266 (2024 - \$339,850) and is included in salaries and related benefits. The directors of the Foundation did not receive any remuneration during the 2025 or 2024 fiscal years.

13. Funds held in trust

During 2023, the Foundation entered into a contract with the University of British Columbia ("UBC") to act as agent for UBC and distribute the funds held in trust to support counselling and wrap around services for the youth. The contract commenced on 1 March 2023 and was due to expire on 31 December 2023. The contract was amended to extend to September 2024. The original funding amount received by the Foundation was \$22,788. The amount included \$5,760 administrative fee provided to the Foundation to cover the costs of administering the project (Note 6) and \$17,028 to be distributed to UBC. Of this amount, the Foundation has distributed \$15,558 as of 31 March 2025, with \$1,470 held by Foundation to be distributed in future years or returned to UBC. As of 31 March 2025, \$5,760 (2024 - \$Nil) have been recorded under counselling in the statement of operations. The balance of funds held in trust are recorded on the statement of financial position. As the Foundation is acting as an agent on behalf of UBC, the receipt of funds and subsequent disbursements have not been reported as revenues or expenses of the Foundation.

14. Grants

	2025	2024
Ministry of Mental Health and Addictions	\$ 2,192,519	\$ 1,520,723
Health Canada	1,190,775	1,138,472
City of New Westminster	211,600	145,989
City of Surrey	80,400	103,886
Ministry of Social Development and Poverty Reduction	34,595	-
Foundations and other charities	5,154	57,944
	\$ 3,715,043	\$ 2,967,014