

June 1, 2018

Dear *Power To Be* stakeholder,

We are pleased to present you the 2017 audited financial statements which in the opinion of KPMG are fairly presented. As an entrepreneurial social impact organization, the audited financials are a key component of our commitment to accountability and evidence of sound financial management. More importantly, the audit process is viewed as an opportunity to engage with experts to further enhance our practices and mitigate against emerging risks.

In terms of 2017 results, a key (proud) achievement was our revenue of more than \$3 million and continued investment in our operating reserve fund signaling our capacity to make long-term commitments to our participants and community. Our mission delivery was also enhanced by more than \$800,000 of additional donated products and services. Due to amortization of capital assets and timing of several year-end donations, there is small net loss in operations, however, cash flow was managed to support continuity.

#### SOURCES OF REVENUE



We continue to make progress at our site at Prospect Lake to create an inclusive home for *Power To Be* (“Basecamp”). 2017 priority investment in Basecamp was focused on actualization of program on the site including an accessible dock, kayak storage and camp area enhancements. We also partnered with Christine Lintott Architects to begin distilling the ideas of our team and community into plans to facilitate belonging and transition to the beautiful natural elements of the site via built infrastructure. Basecamp will be informed by the values of inclusion, fiscal and operational responsibility, and environmental stewardship. Due to the size of investment in Basecamp and the importance of the transparency, in 2017 the board and management made the decision to present separately in the financial statements the costs attributable to Basecamp. We are pleased to announce that in 2018 we received a \$5-million anonymous donation and commitment for an additional \$5 million in 2019 to see our dream come true. These critical funds have mitigated the risk of running a public capital campaign which could dilute fundraising efforts for our programs. In short, we can make this build possible while focusing our energy on raising money for programs.

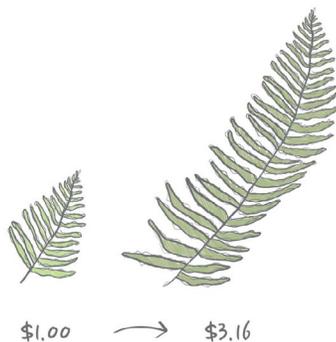
*Power To Be* is in the business of making a difference. We like to refer to ourselves not as a non-profit organization but as a business making significant impact in the human services sector. Like any business we need adequate resources to attain real social impact. We pride ourselves in spending wisely and effectively to help realize real impact.

Overhead such as marketing, administration and fundraising is necessary to support our long-term goals that ultimately will address larger-scale social change. We need investment in drivers of growth to support our vision. For example, with advertising we can build more retail demand for donations, which gives us the ability to attract talented staff and volunteers to meet the multiple needs of our participants. 100 per cent of our programs continue to be subsidized as we continue to explore strategic options to further diversify our revenue streams.

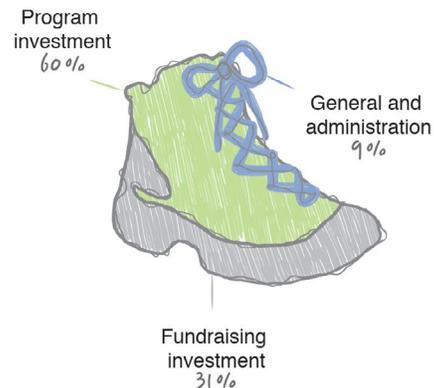
Fundraising investment remains well within Canada Revenue Agency guidelines. We are grateful for the generosity and confidence of a single-source anonymous donor for funding more than 80 per cent of overhead. As a result, much of our fundraising efforts are directed to sustaining our programs and the lasting social impact we are striving to achieve. This is also a signal of this donor's confidence in our decision-making and belief in our staff.

#### RETURN ON INVESTMENT

For every dollar invested in fundraising, we return \$3.16 to support our mission.

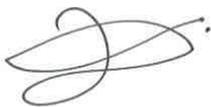


#### DISTRIBUTION OF EXPENSES



As we embark on our 20<sup>th</sup> anniversary in 2018, we are excited about continuing to ensure community relevance, diversifying revenue and creating an inspiring and inclusive home at Prospect Lake to serve our South Vancouver Island and Lower Mainland stakeholders. We are paying attention to the risks facing all non-profits in our region including escalating construction costs, enhanced penalties associated with privacy breaches and a constrained labour market. Through collaboration with our staff team and board of directors, we anticipate 2018 to be the year we look back on as the year *Power To Be* leapt forward in being a catalyst for good.

Sincerely,



Jennifer Garrett  
Director of Finance and Operations

Financial Statements of

**POWER TO BE ADVENTURE  
THERAPY SOCIETY**

Year ended December 31, 2017



KPMG LLP  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada  
Telephone 250-480-3500  
Fax 250-480-3539

## INDEPENDENT AUDITORS' REPORT

To the Members of Power To Be Adventure Therapy Society

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Power To Be Adventure Therapy Society, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Power To Be Adventure Therapy Society as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**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 the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada

May 14, 2018

# POWER TO BE ADVENTURE THERAPY SOCIETY

## Financial Statements

Year ended December 31, 2017

### Financial Statements

Statement of Financial Position	1
Statements of Operations	2
Statements of Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5

# POWER TO BE ADVENTURE THERAPY SOCIETY

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	Operating Fund	Basecamp Fund	2017 Total	2016 Total
<b>Assets</b>				
Current assets:				
Cash	\$ 213,242	\$ -	\$ 213,242	\$ 386,136
Accounts receivable	10,022	-	10,022	11,423
Due to/from other funds	(30,702)	30,702	-	-
Due from government agencies	13,004	-	13,004	10,147
Prepaid expenses and deposits	13,966	-	13,966	22,690
	219,532	30,702	250,234	430,396
Funds restricted for operating reserve (note 2)	725,692	-	725,692	537,137
Capital assets (note 3)	192,221	236,248	428,469	142,028
	\$ 1,137,445	\$ 266,950	\$ 1,404,395	\$ 1,109,561

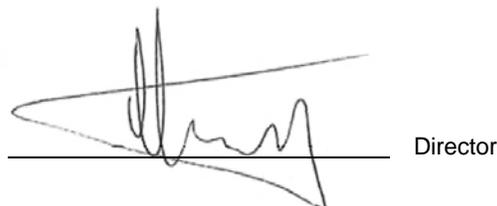
## Liabilities and Net Assets

Current liabilities:				
Accounts payable and accrued liabilities	\$ 131,395	\$ 8,264	\$ 139,659	\$ 114,037
Due to government agencies	18,986	-	18,986	14,842
Deferred contributions related to operations (note 5)	24,172	-	24,172	46,930
Other liabilities	-	-	-	30,000
Current portion of obligations under capital lease	13,167	-	13,167	9,595
	187,720	8,264	195,984	215,404
Obligations under capital lease (note 6)	32,338	-	32,338	34,910
Deferred contributions related to capital assets (note 7)	141,127	236,248	377,375	33,993
	361,185	244,512	605,697	284,307
Net assets:				
Invested in capital assets	5,589	-	5,589	63,531
Internally restricted for operating reserve (note 2)	725,692	22,438	748,130	537,137
Unrestricted	44,979	-	44,979	224,586
	776,260	22,438	798,698	825,254
Commitments (note 10)				
	\$ 1,137,445	\$ 266,950	\$ 1,404,395	\$ 1,109,561

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors

 Director

 Director

# POWER TO BE ADVENTURE THERAPY SOCIETY

## Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Operating Fund	Basecamp Fund	2017 Total	2016 Total
Revenue:				
Fundraising	\$ 2,925,599	\$ -	\$ 2,925,599	\$ 2,799,358
Program fees	53,037	-	53,037	42,443
Amortization of deferred contributions	13,493	5,898	19,391	12,407
Other revenue	24,542	-	24,542	16,689
	<u>3,016,671</u>	<u>5,898</u>	<u>3,022,569</u>	<u>2,870,897</u>
Expenses (note 8):				
Program costs	1,790,479	-	1,790,479	1,599,974
Fundraising	926,956	-	926,956	775,908
General and administrative	281,134	-	281,134	195,593
Amortization of capital assets	44,658	5,898	50,556	25,525
	<u>3,043,227</u>	<u>5,898</u>	<u>3,049,125</u>	<u>2,597,000</u>
Excess (deficiency) of revenue over expenses	\$ (26,556)	\$ -	\$ (26,556)	\$ 273,897

See accompanying notes to financial statements.

# POWER TO BE ADVENTURE THERAPY SOCIETY

## Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Operating Fund				Basecamp Fund		
	Invested in capital assets	Internally restricted for operating reserve	Unrestricted	Total	Internally restricted	2017 Total	2016 Total
Net assets, beginning of year	\$ 63,531	\$ 537,137	\$ 224,586	825,254	\$ -	\$ 825,254	\$ 551,357
Excess (deficiency) of revenue over expenses	(36,547)	-	9,991	(26,556)	-	(26,556)	273,897
Investment in capital assets	(21,395)	-	21,395	-	-	-	-
Transfer from unrestricted to internally restricted	-	200,000	(200,000)	-	-	-	-
Transfer from Operating Fund to Basecamp Fund	-	(22,438)	-	(22,438)	22,438	-	-
Interest income	-	10,993	(10,993)	-	-	-	-
Net assets, end of year	\$ 5,589	\$ 725,692	\$ 44,979	776,260	\$ 22,438	\$ 798,698	\$ 825,254

See accompanying notes to financial statements.

# POWER TO BE ADVENTURE THERAPY SOCIETY

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (26,556)	\$ 273,897
Items not involving cash:		
Amortization of capital assets	50,556	25,525
Amortization of deferred contributions related to capital assets	(19,391)	(12,407)
Loss on disposal of capital assets	-	10,717
Recognition of deferred contributions related to operations	(77,614)	(19,003)
Changes in non-cash operating working capital:		
Accounts receivable	1,401	39,762
Due from government agencies	(2,857)	(1,521)
Prepaid expenses and deposits	8,724	(4,595)
Accounts payable and accrued liabilities	25,622	19,973
Due to government agencies	4,144	4,098
Other liabilities	(30,000)	30,000
Capital lease obligation	12,151	51,019
	(53,820)	417,465
Contributions received related to operations	275,000	60,911
Contributions received related to capital	67,968	-
	289,148	478,376
Investing:		
Purchase of capital assets	(262,335)	(89,936)
Financing:		
Increase in restricted cash for operating reserve	(188,555)	(256,019)
Capital lease payments	(11,152)	(3,513)
	(199,707)	(259,532)
Increase (decrease) in cash	(172,894)	128,908
Cash, beginning of year	386,136	257,228
Cash, end of year	\$ 213,242	\$ 386,136

See accompanying notes to financial statements.

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

---

Power To Be Adventure Therapy Society ("Power To Be") inspires youth and families in need of support to discover their limitless abilities through nature-based programs. The Power To Be Adaptive Recreation program is a positive response to the community need for inclusive, nature-based recreation activities for people living with a barrier or disability. The Power To Be Wilderness School is a multi-year program for youth that fosters positive social and life skills development through outdoor adventure activities. Power To Be was incorporated under the B.C. Society Act, January 17, 2003, and is a registered charity under the Income Tax Act. On November 26, 2016, the new Societies Act (British Columbia) became effective. The Society has until November 28, 2018 to continue under the new act.

## 1. Significant accounting policies:

The financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies used in the preparation of the financial statements.

### (a) Revenue recognition:

The financial statements include the following funds:

The Operating Fund accounts for the assets, liabilities, net assets and transactions related to the ongoing delivery of programs.

The Basecamp Fund accounts for the assets, liabilities, net assets and transactions related to Power To Be's Prospect Lake Basecamp site.

Power To Be follows the deferral method of accounting for contributions:

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.

Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Program fees are recognized in the year in which the services are rendered.

Donations of materials and services that would have otherwise been purchased are recorded at their fair value at the date of contribution.

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

---

## 1. Significant accounting policies (continued):

### (b) Allocation of expenses:

Power To Be engages in program and fundraising activities. The costs of each activity include the costs of personnel and other expenses that are directly related to the function.

Power To Be also incurs and attributes general support expenses that are common to the administration of the organization and each of its activities. The allocation is based on the relative time and distribution of staff across program fundraising and administration activities.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a declining basis over the assets' estimated useful lives as follows:

Asset	Rate
Basecamp	10%
Boat	20%
Computer equipment	30%
Furniture and fixtures	20%
Outdoor equipment	20%
Shed	10%
Vehicles	20%
Leased vehicle	Lesser of useful life and term of the lease
Leasehold improvements	Lesser of the useful life and the term of the lease

---

When a capital asset no longer has any long-term service potential to Power To Be, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

### (d) Pledges and contributed services:

Pledges from donors are recorded when payment is received by Power To Be or the transfer of property is completed.

Power To Be acknowledges the substantial and significant services provided by its many volunteers. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

---

## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Power To Be has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Power To Be determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Power To Be expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Leases:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

### (h) Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation for the current year.

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

## 2. Internally restricted net assets:

Power To Be's Board of Directors have internally restricted \$725,692 (2016 - \$537,137) of unrestricted net assets to be held for the purpose of providing an operating reserve. Interest earned on internally restricted assets is restricted for the same purpose and added to the reserve as earned. This internally restricted amount is not available for use without approval of the Board of Directors. During the year, the Board of Directors approved a transfer of \$200,000 (2016 - \$250,000) from the Operating Fund unrestricted balance to operating reserve and a transfer of \$22,438 (2016 - nil) from the Operating Fund to the Basecamp Fund.

## 3. Capital assets:

December 31, 2017	Cost	Accumulated amortization	Net book value
Operating Fund:			
Boats	\$ 108,661	\$ 84,917	\$ 23,744
Computer equipment	28,309	16,008	12,301
Furniture and fixtures	41,989	9,832	32,157
Outdoor equipment	73,074	56,250	16,824
Vehicles	123,671	86,679	36,992
Leasehold improvements	31,330	4,869	26,461
Vehicle under capital lease	48,019	12,805	35,214
Photocopiers under capital lease	12,151	3,623	8,528
	467,204	274,983	192,221
Basecamp Fund:			
Basecamp	122,163	-	122,163
Leasehold improvements	119,983	5,898	114,085
	242,146	5,898	236,248
	\$ 709,350	\$ 280,881	\$ 428,469

December 31, 2016	Cost	Accumulated amortization	Net book value
Operating Fund:			
Boats	\$ 104,861	\$ 79,377	\$ 25,484
Computer equipment	23,880	12,406	11,474
Furniture and fixtures	8,810	4,442	4,368
Outdoor equipment	67,165	52,412	14,753
Vehicles	101,571	78,812	22,759
Leasehold improvements	20,162	989	19,173
Vehicle under capital lease	48,019	4,002	44,017
	\$ 374,468	\$ 232,440	\$ 142,028

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

---

### 3. Capital assets (continued):

During the year, equipment with a net book value of \$7,195 (2016 - \$5,624) was written off. Basecamp assets under construction are not amortized until assets are available for use.

During the year, Power To Be received contributed tangible capital assets, including a dock, equipment, and a canoe, valued at \$74,661, which represents the estimated fair value of the assets at the date of contribution.

### 4. Bank indebtedness:

Power To Be has an undrawn business line of credit, with an authorized amount of \$75,000, bearing interest at 2.0% over the bank prime rate and due on demand.

### 5. Deferred contributions related to operations:

Deferred contributions related to operations represent unspent externally restricted resources received that will be expended in a subsequent year. Changes in the deferred contributions balance are as follows:

	2017	2016
Balance, beginning of year	\$ 46,930	\$ 19,068
Amount recognized as revenue	(77,614)	(19,003)
Amount transferred to deferred contributions related to capital assets	(220,144)	(14,046)
Current year contributions received	275,000	60,911
Balance, end of year	\$ 24,172	\$ 46,930

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

## 6. Obligation under capital lease:

The Society has entered into capital leases as follows: a truck lease, expiring July 2021, and two photocopier leases, expiring in May 2020 and February 2020. Total annual minimum lease payments are listed below:

2018	\$	13,167
2019		13,167
2020		10,894
2021		11,284
Total minimum lease payments		48,512
Less amount representing interest at 4.85%		3,007
		45,505
Less current portion		13,167
Long term portion of capital lease		\$ 32,338

Total interest expense during the year was \$1,893 (2016 - \$455).

## 7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent externally restricted contributions for acquisition of tangible capital assets that will be recognized as revenue in future periods over the remaining useful life of the assets. Changes in the deferred contributions balance for the year are as follows:

	2017	2016
Balance, beginning of year	\$ 33,993	\$ 32,354
Amount transferred from deferred contributions related to operations	220,144	14,046
Amounts amortized to revenue	(19,391)	(12,407)
Current year contributions received	67,968	-
Contributed capital assets	74,661	-
Balance, end of year	\$ 377,375	\$ 33,993

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

## 8. Allocation of expenses:

As described in note 1(b) Power To Be attributes certain common expenses to its activities. Total personnel, marketing and general and administration costs attributed during the year are as follows:

December 31, 2017	Program costs	Fundraising	General and administration	Total
Personnel	\$ 1,304,450	\$ 481,643	\$ 220,753	\$ 2,006,846
Marketing	16,591	16,591	-	33,182
General and administration	182,750	67,477	-	250,227
	1,503,791	565,711	220,753	2,290,255
Direct expenses	286,688	361,245	60,381	708,314
	\$ 1,790,479	\$ 926,956	\$ 281,134	\$ 2,998,569

December 31, 2016	Program costs	Fundraising	General and administration	Total
Personnel	\$ 1,111,279	\$ 398,070	\$ 149,276	\$ 1,658,625
Marketing	17,348	17,348	-	34,696
General and administration	159,102	56,992	-	216,094
	1,287,729	472,410	149,276	1,909,415
Direct expenses	312,245	303,498	46,317	662,060
	\$ 1,599,974	\$ 775,908	\$ 195,593	\$ 2,571,475

## 9. Financial instruments and concentration of credit risk:

Power To Be's financial instruments include cash, accounts receivable, cash restricted for operating reserve, due to/from government agencies, accounts payable and accrued liabilities and other liabilities.

It is management's opinion that the Society is not exposed to significant interest, currency, liquidity or credit risk arising from its financial instruments. Power To Be manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Society monitors credit risk by reviewing accounts receivable and estimated a provision if realizable value is less than book value. There has been no change to the risk exposures from 2016.

# POWER TO BE ADVENTURE THERAPY SOCIETY

Notes to Financial Statements

Year ended December 31, 2017

---

## 10. Commitments:

The Society has entered into multiple operating lease arrangements for office space, vehicles, and land and building used for program delivery for a term of 25 years with total payments of \$25. The total estimated minimum annual lease payments including operating and tax costs for the leases noted above are as follows:

---

2018	\$	28,242
2019		26,741
2020		13,371

---

## 11. Related party transaction:

During the year, restricted donations of \$8,000 (2016 - \$15,000) were received from Power To Give Foundation, a registered charity with 1 of its 3 Directors also being Directors of the Society. The Executive Director of the Society is also a Director of Power To Give Foundation. The purpose of the Foundation is to receive and maintain funds to apply all or in part of the principal and income therefrom to qualified donees. The Foundation is not controlled by the Society because the Society does not have the right to appoint the Foundation's Board of Directors and the Foundation is not obliged to provide resources to the Society.

The Society leases premises from a company controlled by a Director of the Board. The terms of the lease are arm's length, in the normal course of business and measured at the exchange amount of rent paid.

## 12. Employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending December 31, 2017, the Society paid remuneration of \$389,091 to 4 employees (2016 - \$273,281 to 3 employees), each of whom received total annual remuneration of \$75,000 or greater.