

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.**

**(Project C.A.N.O.E.)**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2017**

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.**  
**(Project C.A.N.O.E.)**

**OCTOBER 31, 2017**

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**PETERS, BROWN LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS  
**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Creative and Natural Outdoor Experience Inc. (Project C.A.N.O.E.)

We have audited the accompanying financial statements of Creative and Natural Outdoor Experience Inc. (Project C.A.N.O.E.) which comprise the statement of financial position as at October 31, 2017, and the statements of revenue and expenditures and unrestricted net assets and cash flows for the year then ended, and 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.

***Auditor's 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 the auditor's 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, the auditor considers 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 qualified audit opinion.

***Basis for Qualified Opinion***

In common with many charitable organizations, Creative and Natural Outdoor Experience Inc. (Project C.A.N.O.E.) derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donations and fundraising revenues was limited to the amounts recorded in the records of Creative and Natural Outdoor Experience Inc. (Project C.A.N.O.E.) and we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Creative and Natural Outdoor Experience Inc. (Project C.A.N.O.E.) as at October 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
**LICENSED PUBLIC ACCOUNTANTS**

Etobicoke, Ontario  
April 23, 2018

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.  
(Project C.A.N.O.E.)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT OCTOBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 15,108	\$ 6,266
Accounts receivable	12,423	9,225
Prepaid expenses	159	150
Government remittances recoverable	<u>2,418</u>	<u>2,040</u>
	<u><b>\$ 30,108</b></u>	<u><b>\$ 17,681</b></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank - line of credit (Note 3)	\$ 3,500	-
Accounts payable and accrued liabilities	15,074	\$ 12,595
Deferred revenue (Note 4)	<u>14,699</u>	<u>-</u>
	<u><b>\$ 33,273</b></u>	<u><b>\$ 12,595</b></u>
<b>NET ASSETS</b>		
<b>(DEFICIT) NET ASSETS</b>	<u><b>\$ ( 3,165)</b></u>	<u><b>\$ 5,086</b></u>
	<u><b>\$ 30,108</b></u>	<u><b>\$ 17,681</b></u>

Approved on behalf of the Board of Directors

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.**  
**(Project C.A.N.O.E.)**

**STATEMENT OF REVENUE AND EXPENDITURES AND  
 UNRESTRICTED NET ASSETS**

**FOR THE YEAR ENDED OCTOBER 31, 2017**

	2017	2016
<b>REVENUES</b>		
Government grants	\$ 15,777	\$ 11,823
Foundation and corporate donations	97,468	98,809
Individual donations	81,808	58,129
Fees	7,603	9,500
Other revenue	<u>86</u>	<u>-</u>
	<u>\$ 202,742</u>	<u>\$ 178,261</u>
<b>EXPENDITURES</b>		
<b>Direct Program Costs</b>		
Staff wages and benefits	\$ 101,857	\$ 93,649
Food costs	4,581	7,399
Equipment purchases	32,267	15,660
Transportation and vehicle expenses	12,738	12,745
Staff training	1,737	2,047
Program insurance	9,928	7,569
Other program expenses	<u>3,070</u>	<u>4,296</u>
	<u>\$ 166,178</u>	<u>\$ 143,365</u>
<b>Fundraising and Outreach Costs</b>	<u>\$ 17,104</u>	<u>\$ 10,865</u>
<b>Administrative Costs</b>		
Office expenses	\$ 3,288	\$ 3,717
Telephone	864	455
Interest and bank charges	3,031	2,582
Administrative wages	12,367	10,634
Board expenses	2,041	2,616
Association dues	568	806
Professional fees	<u>5,552</u>	<u>6,077</u>
	<u>\$ 27,711</u>	<u>\$ 26,887</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 210,993</u>	<u>\$ 181,117</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	\$( 8,251)	\$( 2,856)
<b>NET ASSETS - beginning of year</b>	<u>5,086</u>	<u>7,942</u>
<b>(DEFICIT) NET ASSETS - end of year</b>	<u>\$( 3,165)</u>	<u>\$ 5,086</u>

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.**  
**(Project C.A.N.O.E.)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED OCTOBER 31, 2017**

	2017	2016
<b>CASH FLOWS FROM OPERATIONS</b>		
Deficiency of revenues over expenditures	\$( 8,251)	\$( 2,856)
Changes in non-cash working capital (A)	<u>( 1,106)</u>	<u>9,137</u>
	<u>\$( 9,357)</u>	<u>\$ 6,281</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank overdraft	-	\$( 15)
Bank - line of credit	\$ 3,500	-
Deferred revenue	<u>14,699</u>	<u>-</u>
	<u>\$ 18,199</u>	<u>\$( 15)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 8,842</u>	<u>\$ 6,266</u>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>6,266</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 15,108</u></u>	<u><u>\$ 6,266</u></u>
<b>(A) CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	\$( 3,198)	\$ 975
Prepaid expenses	( 9)	( 150)
Accounts payable and accrued liabilities	2,479	9,137
Government remittances	<u>( 378)</u>	<u>( 825)</u>
	<u>\$( 1,106)</u>	<u>\$ 9,137</u>

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.  
(Project C.A.N.O.E.)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2017**

**NOTE 1      SIGNIFICANT ACCOUNTING POLICIES**

Founded in 1976, Creative and Natural Outdoor Experience Inc. ("Project C.A.N.O.E.") is a non-profit Organization incorporated under the Laws of Ontario without share capital. Project C.A.N.O.E. uses the outdoors, including wilderness canoeing, to create a transformative environment in which youth develop life skills, social competencies, and resiliency, thereby fostering their own personal success. The Organization partners with youth by supporting them, as they carry these skills and, successes forward to manage the complex challenges of their lives.

The Organization is a registered charitable Organization and is exempt from income tax under Section 149(1) of the Income Tax Act.

In accounting for its activity during the period, Project C.A.N.O.E. adhered to the following accounting policies:

**Cash and Short-term Investments**

Cash and short-term investments are defined as cash and highly liquid investments, consisting primarily of term deposits, with terms to maturity of twelve months or less at the date of purchase.

**Revenue Recognition**

Project C.A.N.O.E. 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 are recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in net assets.

The Organization receives revenues essentially evenly throughout the year, but incurs the majority of its expenses during the summer season when providing wilderness canoe trips to youth.

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.  
(Project C.A.N.O.E.)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2017**

**NOTE 1      SIGNIFICANT ACCOUNTING POLICIES - continued**

**Management Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates. Significant estimates include determining the amount of deferred contributions to recognize as income in the period, in relation to the expenditures incurred.

**Donated Equipment Materials and Services**

During the year, the following amounts were recognized in the financial statements at their estimated fair market value:

	<b>2017</b>	<b>2016</b>
Food and supplies	\$ 17,827	\$ 1,450
Base camp	<u>-</u>	<u>1,950</u>
	<u>\$ 17,827</u>	<u>\$ 3,400</u>

Certain donated equipment, materials and services, which are normally purchased by the Organization, have not been recognized in these financial statements, because of the difficulty in determining their fair market value.

**Financial Instruments**

All of Project C.A.N.O.E.'s financial instruments are initially recognized at fair value and subsequently measured at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.



**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2017**

**NOTE 2      FINANCIAL INSTRUMENTS**

Project C.A.N.O.E.'s financial instruments expose the Organization to certain risks. These risks are defined as follows:

***Credit risk***

Credit risk is the risk of loss arising from the failure of a counter party to fully honour its financial obligations with Project C.A.N.O.E.

It is the opinion of management that Project C.A.N.O.E. is not exposed to any significant credit risk.

***Liquidity risk***

Liquidity risk is the risk of not being able to meet Project C.A.N.O.E.'s cost requirements in a timely and cost effective manner.

Management considers liquidity risk to be small.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

It is the opinion of management that Project C.A.N.O.E. is not exposed to significant interest rate risk.

**NOTE 3      CREDIT FACILITY**

The Organization currently has available a revolving line of credit of up to \$40,000 bearing interest at prime plus 1%. At year end, the line of credit was \$3,500 (2016 - Nil).

CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.  
(Project C.A.N.O.E.)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2017

**NOTE 4      DEFERRED REVENUE**

Deferred revenue represent funds received in fiscal 2017 to be spent in the subsequent period. The change in deferred revenue balance is as follows:

Beginning balance	-
Add: amounts received for the following year:	
Dolphin Bingo	\$ 14,699
	\$ 14,699
Deduct: amounts recognized as revenue in the current year	-
Ending balance	\$ 14,699