

CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.

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

FINANCIAL STATEMENTS

OCTOBER 31, 2018

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

OCTOBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2018 and the statements of revenue and expenditures and unrestricted net assets and cash flows for the year ending October 31, 2018, 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 October 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNFPO and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.



LICENSED PUBLIC ACCOUNTANTS

Etobicoke, Ontario
June 17, 2019

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

**STATEMENT OF FINANCIAL POSITION
AS AT OCTOBER 31, 2018**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 24,414	\$ 15,108
Accounts receivable	35,547	12,423
Prepaid expenses	159	159
Government remittances recoverable	<u>3,975</u>	<u>2,418</u>
	<u>\$ 64,095</u>	<u>\$ 30,108</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank - line of credit (Note 3)	\$ 14,500	\$ 3,500
Accounts payable and accrued liabilities	14,173	15,074
Deferred revenue (Note 4)	<u>27,200</u>	<u>14,699</u>
	<u>\$ 55,873</u>	<u>\$ 33,273</u>
NET ASSETS		
NET ASSETS (DEFICIT)	<u>\$ 8,222</u>	<u>\$ (3,165)</u>
	<u>\$ 64,095</u>	<u>\$ 30,108</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, 2018

	2018	2017
REVENUES		
Government grants	\$ 22,319	\$ 15,777
Foundation and corporate donations	111,187	97,468
Individual donations	110,848	81,808
Fees	13,376	7,603
Other revenue	335	86
	<u>\$ 258,065</u>	<u>\$ 202,742</u>
EXPENDITURES		
Direct Program Costs		
Staff wages and benefits	\$ 132,111	\$ 101,857
Food costs	9,951	4,581
Equipment purchases	12,120	20,523
Rent - basecamp and storage fees	14,436	11,744
Transportation and vehicle expenses	16,204	12,738
Staff training	2,235	1,737
Program insurance	9,561	9,928
Other program expenses	3,627	3,070
	<u>\$ 200,245</u>	<u>\$ 166,178</u>
Fundraising and Outreach Costs	<u>\$ 14,286</u>	<u>\$ 17,104</u>
Administrative Costs		
Office expenses	\$ 4,905	\$ 3,288
Telephone	918	864
Interest and bank charges	3,300	3,031
Administrative wages	13,866	12,367
Board expenses	2,041	2,041
Association dues	998	568
Professional fees	6,119	5,552
	<u>\$ 32,147</u>	<u>\$ 27,711</u>
TOTAL EXPENDITURES	<u>\$ 246,678</u>	<u>\$ 210,993</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 11,387	\$(8,251)
(DEFICIT) NET ASSETS - beginning of year	(3,165)	5,086
NET ASSETS (DEFICIT) - end of year	<u>\$ 8,222</u>	<u>\$(3,165)</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2018

	2018	2017
CASH FLOWS FROM OPERATIONS		
Excess (Deficiency) of revenues over expenditures	\$ 11,387	\$(8,251)
Changes in non-cash working capital (A)	<u>(25,582)</u>	<u>(1,106)</u>
	<u><u>\$(14,195)</u></u>	<u><u>\$(9,357)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank - line of credit	\$ 11,000	\$ 3,500
Deferred revenue	<u>12,501</u>	<u>14,699</u>
	<u><u>\$ 23,501</u></u>	<u><u>\$ 18,199</u></u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 9,306	\$ 8,842
CASH AND CASH EQUIVALENTS - beginning of year	<u>15,108</u>	<u>6,266</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 24,414</u></u>	<u><u>\$ 15,108</u></u>
 (A) CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	\$(23,124)	\$(3,198)
Prepaid expenses	-	(9)
Accounts payable and accrued liabilities	(901)	2,479
Government remittances	<u>(1,557)</u>	<u>(378)</u>
	<u><u>\$(25,582)</u></u>	<u><u>\$(1,106)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018**

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, 2018**

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:

	2018	2017
Food and supplies	<u>\$ 3,750</u>	<u>\$ 17,827</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, 2018**

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 \$14,500 (2017 - \$3,500).

**CREATIVE AND NATURAL OUTDOOR EXPERIENCE INC.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2018**

NOTE 4 DEFERRED REVENUE

Deferred revenue represents funds received in fiscal 2018 to be spent in the subsequent period. The change in deferred revenue balance is as follows:

Beginning balance	\$ 14,699
Add: amounts received for the following year:	
Dolphin Bingo	<u>27,200</u>
	\$ 41,899
Deduct: amounts recognized as revenue in the current year	<u>14,699</u>
Ending balance	<u>\$ 27,200</u>