

Financial Statements of

CAMP KAWARTHA INCORPORATED

September 30, 2016

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McCOLL TURNER LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

362 Queen Street
Peterborough, ON
K9H 3J6

P: 705.743.5020
F: 705.743.5081
E: info@mccollturner.com
www.mccollturner.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Camp Kawartha Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of Camp Kawartha Incorporated, which comprise the statement of financial position as at September 30, 2016 and the statements of changes in fund balances, operations 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.

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 the auditors' 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Camp Kawartha Incorporated derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue from fundraising, excess of revenues over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Camp Kawartha Incorporated as at September 30, 2016, 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.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
December 13, 2016

CAMP KAWARTHA INCORPORATED

STATEMENT OF FINANCIAL POSITION

September 30, 2016

| | Operating Fund \$ | Capital Asset Fund \$ | Property Reserve Fund \$ | Baker Bequest Fund \$ | Pugsley Bequest Fund \$ | 2016 Total \$ | 2015 Total \$ |
|--|-------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------------|---------------------|---------------------|
| ASSETS | | | | | | | |
| CURRENT ASSETS | | | | | | | |
| Cash and investments | 22,616 | - | 20,000 | 100,000 | 101,912 | 244,528 | 363,237 |
| Accounts receivable (note 8) | 118,110 | - | - | - | - | 118,110 | 107,129 |
| Inventory | 13,777 | - | - | - | - | 13,777 | 9,323 |
| Prepaid expenses | 57,924 | - | - | - | - | 57,924 | 42,855 |
| | 212,427 | - | 20,000 | 100,000 | 101,912 | 434,339 | 522,544 |
| CAPITAL ASSETS (note 4) | - | 1,427,904 | - | - | - | 1,427,904 | 1,284,139 |
| | 212,427 | 1,427,904 | 20,000 | 100,000 | 101,912 | 1,862,243 | 1,806,683 |
| LIABILITIES | | | | | | | |
| CURRENT LIABILITIES | | | | | | | |
| Loan payable (loan 6) | - | 10,000 | - | - | - | 10,000 | 10,000 |
| Accounts payable (note 8) | 98,736 | - | - | - | - | 98,736 | 98,263 |
| Deferred revenue | 109,800 | - | - | - | - | 109,800 | 144,074 |
| | 208,536 | 10,000 | - | - | - | 218,536 | 252,337 |
| LONG TERM LIABILITIES | | | | | | | |
| Deferred contributions related to capital assets | - | 622,943 | - | - | - | 622,943 | 537,423 |
| | 208,536 | 632,943 | - | - | - | 841,479 | 789,760 |
| FUND BALANCES | 3,891 | 794,961 | 20,000 | 100,000 | 101,912 | 1,020,764 | 1,016,923 |
| | 212,427 | 1,427,904 | 20,000 | 100,000 | 101,912 | 1,862,243 | 1,806,683 |

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended September 30, 2016

| | Operating Fund \$ | Capital Asset Fund \$ | Property Reserve Fund \$ | Baker Bequest Fund \$ | Pugsley Bequest Fund \$ | 2016 Total \$ | 2015 Total \$ |
|--|-------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------------|---------------------|---------------------|
| FUND BALANCES - beginning of year | 68,295 | 736,716 | 10,000 | 100,000 | 101,912 | 1,016,923 | 966,643 |
| Excess (deficiency) of revenue over expenses for the year | 77,030 | (75,034) | - | 906 | 939 | 3,841 | 50,280 |
| Interfund transfer | (141,434) | 133,279 | 10,000 | (906) | (939) | - | - |
| FUND BALANCES - end of year | 3,891 | 794,961 | 20,000 | 100,000 | 101,912 | 1,020,764 | 1,016,923 |

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED

STATEMENT OF OPERATIONS

Year Ended September 30, 2016

| | Operating Fund \$ | Capital Asset Fund \$ | Property Reserve Fund \$ | Baker Bequest Fund \$ | Pugsley Bequest Fund \$ | 2016 Total \$ | 2015 Total \$ |
|--|-------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------------|---------------------|---------------------|
| REVENUE | | | | | | | |
| Summer camp fees | 979,558 | - | - | - | - | 979,558 | 914,545 |
| Outdoor education fees | 459,425 | - | - | - | - | 459,425 | 410,651 |
| Rental fees | 187,039 | - | - | - | - | 187,039 | 177,754 |
| Fundraising (note 7) | 68,887 | - | - | - | - | 68,887 | 61,138 |
| Grants | 36,425 | - | - | - | - | 36,425 | 54,762 |
| Tuck shop | 3,540 | - | - | - | - | 3,540 | 3,399 |
| Interest and other | 4,530 | - | - | 906 | 939 | 6,375 | 5,207 |
| Amortization of deferred contributions related to capital assets | - | 44,481 | - | - | - | 44,481 | 39,541 |
| | 1,739,404 | 44,481 | - | 906 | 939 | 1,785,730 | 1,666,997 |
| EXPENSES | | | | | | | |
| Accounting | 38,271 | - | - | - | - | 38,271 | 37,014 |
| Advertising and promotion | 25,670 | - | - | - | - | 25,670 | 16,891 |
| Amortization of capital assets | - | 119,515 | - | - | - | 119,515 | 108,681 |
| Food | 181,835 | - | - | - | - | 181,835 | 169,835 |
| Insurance | 50,005 | - | - | - | - | 50,005 | 47,049 |
| Interest and bank charges | 33,528 | - | - | - | - | 33,528 | 30,373 |
| Maintenance and supplies | 85,737 | - | - | - | - | 85,737 | 109,982 |
| Medical supplies | 1,618 | - | - | - | - | 1,618 | 1,825 |
| Memberships and conferences | 11,524 | - | - | - | - | 11,524 | 15,756 |
| Office and general | 20,837 | - | - | - | - | 20,837 | 21,629 |
| Program supplies | 62,700 | - | - | - | - | 62,700 | 54,842 |
| Professional fees | 32,668 | - | - | - | - | 32,668 | 7,600 |
| Salaries and benefits | 1,005,381 | - | - | - | - | 1,005,381 | 889,305 |
| Sundry | 4,082 | - | - | - | - | 4,082 | 4,300 |
| Taxes - municipal | 12,349 | - | - | - | - | 12,349 | 11,622 |
| Vehicle and travel | 23,296 | - | - | - | - | 23,296 | 18,476 |
| Utilities | 72,873 | - | - | - | - | 72,873 | 71,537 |
| | 1,662,374 | 119,515 | - | - | - | 1,781,889 | 1,616,717 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | 77,030 | (75,034) | - | 906 | 939 | 3,841 | 50,280 |

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED

STATEMENT OF CASH FLOWS

Year Ended September 30, 2016

| | 2016 \$ | 2015 \$ |
|--|------------------|----------------|
| CASH PROVIDED FROM (USED FOR) | | |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses for the year | 3,841 | 50,280 |
| Add (deduct) items not involving an outlay of cash: | | |
| Amortization of capital assets | 119,515 | 108,681 |
| Amortization of deferred contributions related to capital assets | (44,481) | (39,541) |
| | 78,875 | 119,420 |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (10,981) | (30,276) |
| Inventory | (4,454) | 4,062 |
| Prepaid expenses | (15,069) | 168 |
| Accounts payable | 474 | (7,899) |
| Deferred revenue | (34,274) | 76,194 |
| | 14,571 | 161,669 |
| FINANCING ACTIVITIES | | |
| Proceeds of deferred contributions related to capital assets | 130,000 | 58,932 |
| INVESTING ACTIVITIES | | |
| Purchase of capital assets | (263,280) | (161,063) |
| INCREASE (DECREASE) IN CASH FOR THE YEAR | (118,709) | 59,538 |
| CASH POSITION - beginning of year | 363,237 | 303,699 |
| CASH POSITION - end of year | 244,528 | 363,237 |

See accompanying notes to the financial statements

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CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

1. PURPOSE OF THE ORGANIZATION

Camp Kawartha is incorporated without share capital under the laws of Ontario as a not-for-profit organization, and operates as a registered charity under charitable registration number 12453 9214 RT0001. The organization provides a centre for recreational, social and educational experiences for the children of Peterborough and the surrounding community.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) *Fund accounting*

In order to ensure observance of limitation and restrictions placed on the use of resources available to the organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are described as follows :

- (i) Operating Fund - includes the day-to-day administrative and operating activities
- (ii) Capital Asset Fund - includes the investment in capital assets
- (ii) Property Reserve Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes
- (iv) Baker Bequest Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes
- (v) Pugsley Bequest Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes

(c) *Revenue recognition*

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis at a rate corresponding to the amortization of the related capital assets.

(d) *Inventory*

Inventory is stated at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Capital assets*

Purchased capital assets are recorded at cost. Donated capital assets are recorded at the estimated fair value at the time of donation. Amortization of capital assets is provided on a straight-line basis over the assets' estimated useful lives as follows:

| | |
|-------------------------|----------|
| Buildings | 25 years |
| Paving | 10 years |
| Furniture and equipment | 10 years |
| Automotive equipment | 3 years |
| Docks | 20 years |
| Computers | 3 years |
| Fencing | 20 years |

(f) *Income taxes*

The organization qualifies as a not-for-profit organization as defined by the Federal and Ontario Income Tax Acts, and as such, is not subject to Federal and Provincial income taxes.

(g) *Contributed services*

The Board of Directors, officers, committee members and alumni provide services to the organization on a voluntary basis. Contributed services are not recognized due to the difficulty of determining their fair value.

(h) *Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

The most significant item affecting the financial statements involving the use of estimates is the estimated useful lives of capital assets.

(i) *Financial assets and liabilities*

Financial assets and liabilities are originally measured at fair value. Financial assets that are equity instruments quoted in an active market are subsequently recorded at fair value at each reporting period with changes in fair value recognized in income for the year. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs incurred on the recognition of financial assets and liabilities that are subsequently measured at fair value are recognized in income in the period incurred. Transaction costs incurred on the recognition of financial assets and liabilities that are subsequently measured at amortized cost are recognized over the life of the instrument.

CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

3. FINANCIAL ASSETS AND LIABILITIES

(a) Measurement

The organization's financial assets and liabilities consist of cash, investments, accounts receivable, loan payable and accounts payable. Investments are stated fair value. All other financial assets and liabilities are stated at cost or amortized cost.

(b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. Additional cash requirements are met with the use of the bank overdraft as described in note 5.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable are non-interest bearing and are generally due in 30 days. The organization has not provided an allowance for doubtful accounts in respect of potential uncollectible customer accounts as it is not considered necessary.

(d) Interest rate risk

Interest rate risk 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's bank indebtedness is subject to interest at bank prime plus 1% as described in note 5. Consequently, the organization is exposed to fluctuations in future cash flows with respect to this instrument.

4. CAPITAL ASSETS

Capital assets consist of the following:

| | 2016 | | 2015 | |
|-------------------------|------------|-----------------------------------|------------|-----------------------------------|
| | Cost \$ | Accumulated amortization \$ | Cost \$ | Accumulated amortization \$ |
| Land | 160,156 | - | 160,156 | - |
| Buildings and paving | 1,868,601 | 746,130 | 1,626,136 | 671,218 |
| Furniture and equipment | 532,429 | 417,755 | 512,332 | 388,803 |
| Automotive equipment | 85,271 | 82,253 | 85,271 | 70,920 |
| Docks | 57,482 | 35,957 | 57,482 | 33,083 |
| Computers | 29,530 | 28,114 | 28,813 | 26,938 |
| Fencing | 5,345 | 701 | 5,345 | 434 |
| | 2,738,814 | 1,310,910 | 2,475,535 | 1,191,396 |
| Net book value | | <u>1,427,904</u> | | <u>1,284,139</u> |

CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

5. BANK INDEBTEDNESS

The organization has a bank overdraft limit of \$45,000. Advances on the bank overdraft bear interest at prime plus 1%, are repayable on demand and are secured by the undischarged mortgage on the property.

6. LOAN PAYABLE

The loan payable, which has no set terms of repayment, consists of an unsecured loan from a member of the Board of Directors for \$10,000 which is non-interest bearing.

7. FUNDRAISING

The fundraising income of \$68,887 (2015 - \$61,138) is shown net of fundraising expenses of \$48,811 (2015 - \$41,041). The organization's major fundraising activity is the annual Surf n'Turf which had gross revenue of \$76,385 (2015 - \$62,446).

8. GOVERNMENT REMITTANCES

Included in accounts receivable are HST public service body rebates of \$9,393 (2015 - \$28,997).

Included in accounts payable are government remittances of \$32,405 (2015 - \$15,438).