

Financial Statements of

CAMP KAWARTHA INCORPORATED

September 30, 2017

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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, 2017 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Camp Kawartha Incorporated derives revenue from 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 revenue 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, 2017, 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, 2017

CAMP KAWARTHA INCORPORATED

STATEMENT OF FINANCIAL POSITION

September 30, 2017

	Operating Fund \$	Capital Asset Fund \$	Property Reserve Fund \$	Baker Bequest Fund \$	Pugsley Bequest Fund \$	2017 Total \$	2016 Total \$
ASSETS							
CURRENT ASSETS							
Cash and short term investments (note 4)	147,831	-	30,020	100,000	101,912	379,763	244,528
Accounts receivable (note 5)	111,226	-	-	-	-	111,226	118,110
Inventory	18,151	-	-	-	-	18,151	13,777
Prepaid expenses	51,828	-	-	-	-	51,828	57,924
	329,036	-	30,020	100,000	101,912	560,968	434,339
CAPITAL ASSETS (note 6)	-	1,435,652	-	-	-	1,435,652	1,427,904
	329,036	1,435,652	30,020	100,000	101,912	1,996,620	1,862,243
LIABILITIES							
CURRENT LIABILITIES							
Loan payable (note 8)	-	10,000	-	-	-	10,000	10,000
Accounts payable and accrued liabilities (note 5)	88,664	-	-	-	-	88,664	98,736
Deferred revenue	219,827	-	-	-	-	219,827	109,800
	308,491	10,000	-	-	-	318,491	218,536
LONG TERM LIABILITIES							
Deferred contributions related to capital assets	-	636,278	-	-	-	636,278	622,943
	308,491	646,278	-	-	-	954,769	841,479
FUND BALANCES							
Unrestricted	20,545	789,374	-	-	-	809,919	798,852
Internally restricted	-	-	30,020	100,000	101,912	231,932	221,912
	20,545	789,374	30,020	100,000	101,912	1,041,851	1,020,764
	329,036	1,435,652	30,020	100,000	101,912	1,996,620	1,862,243

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED

STATEMENT OF CHANGES IN FUND BALANCES

Year Ended September 30, 2017

	Operating Fund \$	Capital Asset Fund \$	Property Reserve Fund \$	Baker Bequest Fund \$	Pugsley Bequest Fund \$	2017 Total \$	2016 Total \$
FUND BALANCES - beginning of year	3,891	794,961	20,000	100,000	101,912	1,020,764	1,016,923
Excess (deficiency) of revenue over expenses for the year	100,830	(81,378)	103	760	772	21,087	3,841
Interfund transfer	(84,176)	75,791	9,917	(760)	(772)	-	-
FUND BALANCES - end of year	20,545	789,374	30,020	100,000	101,912	1,041,851	1,020,764

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED

STATEMENT OF OPERATIONS

Year Ended September 30, 2017

	Operating Fund \$	Capital Asset Fund \$	Property Reserve Fund \$	Baker Bequest Fund \$	Pugsley Bequest Fund \$	2017 Total \$	2016 Total \$
REVENUE							
Summer camp fees	1,026,330	-	-	-	-	1,026,330	979,558
Outdoor education fees	443,788	-	-	-	-	443,788	459,425
Rental fees	218,356	-	-	-	-	218,356	187,039
Fundraising (note 9)	116,100	-	-	-	-	116,100	68,887
Grants	63,692	-	-	-	-	63,692	36,425
Tuck shop	-	-	-	-	-	-	3,540
Interest and other	2,834	-	103	760	772	4,469	6,375
Amortization of deferred contributions related to capital assets	-	48,334	-	-	-	48,334	44,481
	1,871,100	48,334	103	760	772	1,921,069	1,785,730
EXPENSES							
Accounting	40,656	-	-	-	-	40,656	38,271
Advertising and promotion	26,019	-	-	-	-	26,019	25,670
Amortization of capital assets	-	129,712	-	-	-	129,712	119,515
Capital campaign (note 10)	42,762	-	-	-	-	42,762	21,568
Food	189,193	-	-	-	-	189,193	181,835
Insurance	55,274	-	-	-	-	55,274	50,005
Interest and bank charges	31,935	-	-	-	-	31,935	33,528
Maintenance and supplies	91,229	-	-	-	-	91,229	85,737
Medical supplies	3,374	-	-	-	-	3,374	1,618
Memberships and conferences	14,712	-	-	-	-	14,712	11,524
Office and general	23,623	-	-	-	-	23,623	20,837
Program supplies	96,153	-	-	-	-	96,153	62,700
Professional fees	7,205	-	-	-	-	7,205	11,100
Salaries and benefits	1,035,905	-	-	-	-	1,035,905	1,005,381
Sundry	8,059	-	-	-	-	8,059	4,082
Taxes - municipal	13,379	-	-	-	-	13,379	12,349
Vehicle and travel	19,677	-	-	-	-	19,677	23,296
Utilities	71,115	-	-	-	-	71,115	72,873
	1,770,270	129,712	-	-	-	1,899,982	1,781,889
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	100,830	(81,378)	103	760	772	21,087	3,841

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED**STATEMENT OF CASH FLOWS****Year Ended September 30, 2017**

	2017 \$	2016 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	21,087	3,841
Add (deduct) items not involving an outlay of cash:		
Amortization of capital assets	129,712	119,515
Amortization of deferred contributions related to capital assets	(48,334)	(44,481)
	102,465	78,875
Changes in non-cash working capital items:		
Accounts receivable	6,884	(10,981)
Inventory	(4,374)	(4,454)
Prepaid expenses	6,096	(15,069)
Accounts payable	(10,072)	474
Deferred revenue	110,027	(34,274)
	211,026	14,571
FINANCING ACTIVITIES		
Proceeds of deferred contributions related to capital assets	61,669	130,000
INVESTING ACTIVITIES		
Purchase of capital assets	(137,460)	(263,280)
INCREASE (DECREASE) IN CASH FOR THE YEAR	135,235	(118,709)
CASH POSITION - beginning of year	244,528	363,237
CASH POSITION - end of year	379,763	244,528

See accompanying notes to the financial statements

CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

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, 2017

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, 2017

3. FINANCIAL ASSETS AND LIABILITIES

(a) *Measurement*

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

(b) *Risks*

The organization is exposed to various risks associated with its financial assets and financial liabilities as described below. Unless otherwise noted, there has been no change in the risk exposure from the prior year.

(i) *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 7.

(ii) *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.

(iii) *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 7. Consequently, the organization is exposed to fluctuations in future cash flows with respect to this instrument.

4. SHORT TERM INVESTMENTS

Short term investments consist of four Guaranteed Investment Certificate's (GIC's) with maturity dates ranging from November 2019 to February 2020 and earning interest at 0.75% per annum. The investments have been classified as current as management reserves the right to cash them in at any time.

5. GOVERNMENT REMITTANCES

Included in accounts receivable are HST public service body rebates of \$10,179 (2016 - \$9,393).

Included in accounts payable are government remittances of \$18,196 (2016 - \$32,405).

CAMP KAWARTHA INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

6. CAPITAL ASSETS

Capital assets consist of the following:

	2017		2016	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	160,156	-	160,156	-
Buildings and paving	1,886,782	821,769	1,868,601	746,130
Furniture and equipment	626,609	456,125	532,429	417,755
Automotive equipment	108,762	93,102	85,271	82,253
Docks	57,482	38,831	57,482	35,957
Computers	31,139	29,827	29,530	28,114
Fencing	5,345	969	5,345	701
	2,876,275	1,440,623	2,738,814	1,310,910
Net book value		<u>1,435,652</u>		<u>1,427,904</u>

7. BANK INDEBTEDNESS

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

8. 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. The full balance of the loan was repaid subsequent to year end.

9. FUNDRAISING

The fundraising income of \$116,100 (2016 - \$68,887) is shown net of fundraising expenses of \$61,352 (2016 - \$48,811). The organization's major fundraising activity is the annual Surf n'Turf which had gross revenue of \$84,929 (2016 - \$76,385).

10. CAPITAL CAMPAIGN

The organization has engaged the services of The Dennis Group Inc. in order to provide consulting services for the planning of a Capital Campaign. In the current year the organization recorded incurred professional fees of \$38,977 (2016 - \$21,568) relating to these services and \$3,784 of other campaign expenses. A corresponding amount of donation revenue has been recorded during the year to offset these expenses. Included in deferred revenue at September 30, 2017 is unspent capital campaign contributions of \$26,228 (2016 - \$nil). All revenue and expenses relating to the capital campaign have been recorded in the operating fund.