

Financial Statements

Camp Kawartha Incorporated

September 30, 2020

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Independent Auditor's Report

Grant Thornton LLP
362 Queen Street
Peterborough, ON
K9H 3J6

T +1 705 743 5020
F +1 705 743 5081
www.GrantThornton.ca

To the Board of Directors
Camp Kawartha Incorporated

Qualified Opinion

We have audited the financial statements of Camp Kawartha Incorporated, which comprise the statement of financial position as at September 30, 2020, and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2020, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to net assets at September 30, 2020 and fundraising revenue, deficiency of revenue over expenses and cash flows from operations for the year then ended. Our audit opinion on the financial statements for the year ended September 30, 2019 was similarly modified because of the possible effects of this limitation in scope.

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.

Independent Auditor's Report (continued)

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 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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten-style script.

Peterborough, Canada
December 15, 2020

Chartered Professional Accountants
Licensed Public Accountants

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating Fund 2020	Capital Asset Fund 2020	Property Reserve Fund 2020	Baker Bequest Fund 2020	Pugsley Bequest Fund 2020	Total 2020	Total 2019
Assets							
Current							
Cash	\$ 160,106	\$ -	\$ -	\$ -	\$ -	\$ 160,106	\$ -
Accounts receivable (Note 5)	543,015	-	-	-	-	543,015	101,219
Prepaid expenses	60,237	-	-	-	-	60,237	70,282
Inventory	23,553	-	-	-	-	23,553	23,166
Short term investments (Note 4)	<u>148,068</u>	<u>-</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>400,000</u>	<u>521,964</u>
	<u>934,979</u>	<u>-</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>1,186,911</u>	<u>716,631</u>
Capital assets (Note 6)	-	1,418,268	-	-	-	1,418,268	1,456,579
	<u>\$ 934,979</u>	<u>\$ 1,418,268</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 2,605,179</u>	<u>\$ 2,173,210</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating Fund 2020	Capital Asset Fund 2020	Property Reserve Fund 2020	Baker Bequest Fund 2020	Pugsley Bequest Fund 2020	Total 2020	Total 2019
Liabilities							
Current							
Bank indebtedness (Note 7)	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 316,950
Accounts payable and accrued liabilities (Note 5)	99,737	-	-	-	-	99,737	113,327
Deferred revenue	<u>430,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,064</u>	<u>131,770</u>
	<u>1,129,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,801</u>	<u>562,047</u>
CEBA loan (Note 11)	30,000	-	-	-	-	30,000	-
Deferred contributions related to capital assets	<u>-</u>	<u>576,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,717</u>	<u>607,733</u>
	<u>1,159,801</u>	<u>576,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,736,518</u>	<u>1,169,780</u>
Fund balances							
Unrestricted	(224,822)	841,551	-	-	-	616,729	751,498
Internally restricted	<u>-</u>	<u>-</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>251,932</u>	<u>251,932</u>
	<u>(224,822)</u>	<u>841,551</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>868,661</u>	<u>1,003,430</u>
	<u>\$ 934,979</u>	<u>\$ 1,418,268</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 2,605,179</u>	<u>\$ 2,173,210</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Changes In Fund Balances

Year ended September 30	Operating Fund 2020	Capital Asset Fund 2020	Property Reserve Fund 2020	Baker Bequest Fund 2020	Pugsley Bequest Fund 2020	Total 2020	Total 2019
Balance, beginning of year	\$ (97,348)	\$ 848,846	\$ 50,020	\$ 100,000	\$ 101,912	\$ 1,003,430	\$ 1,052,225
Excess (deficiency) of revenue over expenses for the year	(57,143)	(79,216)	-	787	803	(134,769)	(48,795)
Interfund transfer	(70,331)	71,921	-	(787)	(803)	-	-
Balance, ending of year	<u>\$ (224,822)</u>	<u>\$ 841,551</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 868,661</u>	<u>\$ 1,003,430</u>

Camp Kawartha Incorporated

Statement of Operations

Year ended September 30	Operating Fund 2020	Capital Asset Fund 2020	Property Reserve Fund 2020	Baker Bequest Fund 2020	Pugsley Bequest Fund 2020	Total 2020	Total 2019
Revenue							
Summer camp fees	\$ 11,021	\$ -	\$ -	\$ -	\$ -	\$ 11,021	\$ 1,169,744
Outdoor education fees	164,713	-	-	-	-	164,713	457,423
Rental fees	83,705	-	-	-	-	83,705	199,030
Fundraising (Notes 8, 9)	53,709	-	-	-	-	53,709	151,117
Grants (Notes 10, 11)	262,579	-	-	-	-	262,579	109,226
Insurance (Note 10)	463,189	-	-	-	-	463,189	-
Interest and other	8,023	-	-	787	803	9,613	14,593
Amortization of deferred contributions related to capital assets	-	54,636	-	-	-	54,636	51,612
	<u>1,046,939</u>	<u>54,636</u>	<u>-</u>	<u>787</u>	<u>803</u>	<u>1,103,165</u>	<u>2,152,745</u>
Expenses							
Accounting	40,535	-	-	-	-	40,535	43,579
Advertising and promotion	34,059	-	-	-	-	34,059	35,351
Amortization of capital assets	-	133,852	-	-	-	133,852	139,846
Capital campaign (Note 9)	11,065	-	-	-	-	11,065	118,780
Food	27,743	-	-	-	-	27,743	195,956
Insurance	60,969	-	-	-	-	60,969	57,523
Interest and bank charges	26,401	-	-	-	-	26,401	41,552
Maintenance and supplies	51,139	-	-	-	-	51,139	132,708
Medical supplies	1,133	-	-	-	-	1,133	2,316
Memberships	8,542	-	-	-	-	8,542	9,104
Office and general	22,897	-	-	-	-	22,897	27,148
Program supplies	22,055	-	-	-	-	22,055	85,693
Professional fees	11,496	-	-	-	-	11,496	9,000
Salaries and benefits	694,891	-	-	-	-	694,891	1,175,843
Sundry	4,529	-	-	-	-	4,529	6,443
Taxes - municipal	18,809	-	-	-	-	18,809	16,924
Utilities	55,617	-	-	-	-	55,617	79,926
Vehicle and travel	12,202	-	-	-	-	12,202	23,848
	<u>1,104,082</u>	<u>133,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237,934</u>	<u>2,201,540</u>
	<u>\$ (57,143)</u>	<u>\$ (79,216)</u>	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 803</u>	<u>\$ (134,769)</u>	<u>\$ (48,795)</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Cash Flows

Year ended September 30

2020

2019

Operating

Excess (deficiency) of revenue over expenses for the year	\$ (134,769)	\$ (48,795)
Add (deduct) items not involving an outlay of cash:		
Amortization of capital assets	133,852	139,846
Amortization of deferred contributions related to capital assets	<u>(54,636)</u>	<u>(51,612)</u>
	<u>(55,553)</u>	<u>39,439</u>

Change in non-cash working capital items

Accounts receivable	(441,796)	(1,800)
Prepaid expenses	10,045	(12,663)
Inventory	(387)	(8,856)
Accounts payable and accrued liabilities	(13,590)	(15,526)
Deferred revenue	<u>298,294</u>	<u>(27,236)</u>
	<u>(202,987)</u>	<u>(26,642)</u>

Investing

Purchase of capital assets	(95,541)	(186,310)
Purchase of short term investments	(400,000)	(269,402)
Redemption of short term investments	<u>521,964</u>	<u>-</u>
	<u>26,423</u>	<u>(455,712)</u>

Financing

Proceeds from bank indebtedness	600,000	-
Proceeds from CEBA loan	30,000	-
Proceeds from deferred contributions related to capital assets	<u>23,620</u>	<u>42,593</u>
	<u>653,620</u>	<u>42,593</u>

Increase (decrease) in cash	477,056	(439,761)
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Cash

Cash (bank indebtedness), beginning of year	<u>(316,950)</u>	<u>122,811</u>
Cash (bank indebtedness), end of year	<u>\$ 160,106</u>	<u>\$ (316,950)</u>

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2020

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

Basis of presentation

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

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
- (iii) 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

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.

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

Year ended September 30, 2020

2. Significant accounting policies, continued

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
Furniture and equipment	10 years
Automotive equipment	3 years
Docks	20 years
Computers	3 years
Land improvements	10 years
Paving	10 years
Fencing	20 years

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.

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.

Use of estimates

Management reviews the carrying value of items in the financial statements at each reporting date to assess the need for revisions or any possibility of impairment. Management determines estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Estimates are reviewed periodically and adjustments are made to revenue and expenditures as appropriate in the year they become known. The most significant item affecting the financial statements involving the use of estimates is the estimated useful lives of capital assets.

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2020

2. Significant accounting policies, continued

Financial instruments

The organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments:

- Cash
- Short term investments
- Accounts receivable
- Accounts payable

A financial asset or financial liability is recognized when the organization becomes a party to a contractual provision of the instrument. The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost. The organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

3. Financial instruments

The organization is exposed to various risks associated with its financial instruments 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 indebtedness 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 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 is 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 based on the bank's prime rate as described in note 7. Consequently, the organization is exposed to fluctuations in future cash flows with respect to the bank indebtedness.

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2020

4. Short term investments

Short term investments consist of a Guaranteed Investment Certificate (GIC) with a maturity date of September 2021 and earning interest at the bank's prime rate less 2.2% per annum.

5. Government receivables and remittances

Included in accounts receivable are HST public service body rebates of \$6,647 (2019 - \$14,111), Canada Summer Jobs grant of \$5,552 (2019 - \$5,552), and Canada Emergency Wage Subsidy of \$64,567 (2019 - \$nil).

Included in accounts payable are government remittances of \$14,639 (2019 - \$15,626).

6. Capital assets

Capital assets consist of the following:

	2020	2020	2019	2019
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 160,156	\$ -	\$ 160,156	\$ -
Buildings	2,079,071	1,056,318	2,030,186	973,155
Furniture and equipment	708,801	553,284	679,422	521,367
Automotive equipment	129,996	122,918	129,996	115,840
Docks	57,482	47,454	57,482	44,580
Computers	38,950	36,730	36,351	34,126
Land improvements	68,493	13,260	53,813	7,879
Paving	10,032	8,324	10,032	7,755
Fencing	5,346	1,771	5,346	1,503
	<u>3,258,327</u>	<u>1,840,059</u>	<u>3,162,784</u>	<u>1,706,205</u>
Net book value	<u>\$ 1,418,268</u>		<u>\$ 1,456,579</u>	

7. Bank indebtedness

The organization has bank indebtedness of \$600,000 with interest only monthly payments until August 2021, at which time the loan will be renewed to include principal payments. The indebtedness bears interest at the bank's prime rate plus 1.60% per annum and is repayable on demand. The organization also has access to a \$40,000 operating facility. Advances on the operating facility bear interest at the bank's prime rate plus 1.00% per annum and are repayable on demand. There were no advances outstanding on the operating line at year-end. The bank indebtedness is secured by a first collateral mortgage on the land and buildings in the amount of \$870,000 and a General Security Agreement over all assets of the organization.

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2020

8. Fundraising

The fundraising income of \$53,709 (2019 - \$151,129) is shown net of fundraising expenses of \$5,588 (2019 - \$48,389).

9. Capital campaign

The organization re-directed its capital campaign during the year towards a new Health Centre. Included in fundraising income is \$13,374 (2019 - \$105,593) of donation revenue recorded during the year. Included in deferred revenue at September 30, 2020 is unspent capital campaign contributions of \$117,734 (2019 - \$6,516). All revenue and expenses relating to the capital campaign have been recorded in the operating fund.

10. COVID-19

Since January 2020 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had a significant impact on the business activities of the organization during the year as the summer camp was cancelled, as was most outdoor education programs, group rentals and fundraising activities after March 15, 2020. As a result of the disruption in business activities caused by the COVID-19 pandemic, the organization is eligible to receive insurance proceeds totaling \$463,189, which is included in accounts receivable.

In addition, included in Grants revenue are amounts received under the Canada Emergency Wage Subsidy (CEWS) during the year of \$182,895. The CEWS provides a subsidy of up to 75% of pre-pandemic pay for eligible employees, subject to specified revenue declines and other factors which the organization must prove for eligibility.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2020

11. CEBA loan payable

The organization received the Canada Emergency Business Account (CEBA) loan to cover operating costs during the COVID-19 pandemic. The amount of the loan is \$40,000 and is interest-free until December 31, 2022 and principal payments are not required until that time. If the loan is repaid by December 31, 2022, \$10,000 of the loan will be forgiven. After December 31, 2022, an annual interest rate of 5% will be applied to the outstanding loan. As the organization intends to repay the loan before the deadline, the \$10,000 forgivable portion has been recognized in Grants revenue for the year. The loan is due in full on December 31, 2025.

12. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
