

Financial Statements

Camp Kawartha Incorporated

September 30, 2021

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Independent Auditor's Report

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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, 2021, 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, 2021, 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, 2021 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, 2020 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 14, 2021

Chartered Professional Accountants
Licensed Public Accountants

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating Fund 2021	Capital Asset Fund 2021	Property Reserve Fund 2021	Baker Bequest Fund 2021	Pugsley Bequest Fund 2021	Total 2021	Total 2020
Assets							
Current							
Cash	\$ 875,159	\$ -	\$ -	\$ -	\$ -	\$ 875,159	\$ 160,106
Accounts receivable (Note 4)	111,679	-	-	-	-	111,679	543,015
Prepaid expenses	65,131	-	-	-	-	65,131	60,237
Inventory	23,431	-	-	-	-	23,431	23,553
Short term investment	-	-	-	-	-	-	400,000
Interfund balances (Note 11)	(251,932)	-	50,020	100,000	101,912	-	-
	<u>823,468</u>	<u>-</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>1,075,400</u>	<u>1,186,911</u>
Capital assets (Note 5)	-	1,752,378	-	-	-	1,752,378	1,418,268
	<u>\$ 823,468</u>	<u>\$ 1,752,378</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 2,827,778</u>	<u>\$ 2,605,179</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating Fund 2021	Capital Asset Fund 2021	Property Reserve Fund 2021	Baker Bequest Fund 2021	Pugsley Bequest Fund 2021	Total 2021	Total 2020
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 4)	\$ 78,704	\$ -	\$ -	\$ -	\$ -	\$ 78,704	\$ 99,737
Bank loan (Note 6)	600,000	-	-	-	-	600,000	600,000
Deferred revenue	423,504	-	-	-	-	423,504	430,064
	<u>1,102,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,102,208</u>	<u>1,129,801</u>
CEBA loan (Note 10)	40,000	-	-	-	-	40,000	30,000
Deferred contributions related to capital assets	-	803,208	-	-	-	803,208	576,717
	<u>1,142,208</u>	<u>803,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,945,416</u>	<u>1,736,518</u>
Fund balances							
Unrestricted	(318,740)	949,170	-	-	-	630,430	616,729
Internally restricted	-	-	50,020	100,000	101,912	251,932	251,932
	<u>(318,740)</u>	<u>949,170</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>882,362</u>	<u>868,661</u>
	<u>\$ 823,468</u>	<u>\$ 1,752,378</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 2,827,778</u>	<u>\$ 2,605,179</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Changes In Fund Balances

Year ended September 30	Operating Fund 2021	Capital Asset Fund 2021	Property Reserve Fund 2021	Baker Bequest Fund 2021	Pugsley Bequest Fund 2021	Total 2021	Total 2020
Balance, beginning of year	\$ (224,822)	\$ 841,551	\$ 50,020	\$ 100,000	\$ 101,912	\$ 868,661	\$ 1,003,430
Excess (deficiency) of revenue over expenses	98,436	(85,351)	115	248	253	13,701	(134,769)
Interfund transfer	<u>(192,354)</u>	<u>192,970</u>	<u>(115)</u>	<u>(248)</u>	<u>(253)</u>	<u>-</u>	<u>-</u>
Balance, ending of year	<u>\$ (318,740)</u>	<u>\$ 949,170</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 882,362</u>	<u>\$ 868,661</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Operations

Year ended September 30	Operating Fund 2021	Capital Asset Fund 2021	Property Reserve Fund 2021	Baker Bequest Fund 2021	Pugsley Bequest Fund 2021	Total 2021	Total 2020
Revenue							
Summer camp fees	\$ 880,947	\$ -	\$ -	\$ -	\$ -	\$ 880,947	\$ 11,021
Outdoor education fees	225,846	-	-	-	-	225,846	164,713
Rental fees	9,598	-	-	-	-	9,598	83,705
Fundraising (Notes 7, 8)	37,220	-	-	-	-	37,220	53,709
Grants (Notes 9, 10)	497,797	-	-	-	-	497,797	262,579
Insurance (Note 9)	157,896	-	-	-	-	157,896	463,189
Interest and other	12,228	-	115	248	253	12,844	9,613
Amortization of deferred contributions related to capital assets	-	66,840	-	-	-	66,840	54,636
	<u>1,821,532</u>	<u>66,840</u>	<u>115</u>	<u>248</u>	<u>253</u>	<u>1,888,988</u>	<u>1,103,165</u>
Expenses							
Accounting	35,022	-	-	-	-	35,022	40,535
Advertising and promotion	26,008	-	-	-	-	26,008	34,059
Amortization of capital assets	-	152,191	-	-	-	152,191	133,852
Capital campaign (Note 8)	68,685	-	-	-	-	68,685	11,065
Food	84,450	-	-	-	-	84,450	27,743
Insurance	67,320	-	-	-	-	67,320	60,969
Interest and bank charges	58,530	-	-	-	-	58,530	26,401
Maintenance and supplies	79,852	-	-	-	-	79,852	51,139
Medical supplies	8,105	-	-	-	-	8,105	1,133
Memberships	5,399	-	-	-	-	5,399	8,542
Office and general	30,827	-	-	-	-	30,827	22,897
Program supplies	87,639	-	-	-	-	87,639	22,055
Professional fees	9,731	-	-	-	-	9,731	11,496
Salaries and benefits	1,046,242	-	-	-	-	1,046,242	694,891
Sundry	16,400	-	-	-	-	16,400	4,529
Taxes - municipal	19,654	-	-	-	-	19,654	18,809
Utilities	58,245	-	-	-	-	58,245	55,617
Vehicle and travel	20,987	-	-	-	-	20,987	12,202
	<u>1,723,096</u>	<u>152,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,875,287</u>	<u>1,237,934</u>
Excess (deficiency) of revenue over expenses	<u>\$ 98,436</u>	<u>\$ (85,351)</u>	<u>\$ 115</u>	<u>\$ 248</u>	<u>\$ 253</u>	<u>\$ 13,701</u>	<u>\$ (134,769)</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Cash Flows

Year ended September 30

2021

2020

Operating

Deficiency of revenue over expenses	\$ 13,701	\$ (134,769)
Add (deduct) items not involving an outlay of cash:		
CEBA loan forgiveness	(10,000)	(10,000)
Amortization of capital assets	152,191	133,852
Amortization of deferred contributions related to capital assets	(66,840)	(54,636)
	<u>89,052</u>	<u>(65,553)</u>

Change in non-cash working capital items

Accounts receivable	431,336	(441,796)
Prepaid expenses	(4,894)	10,045
Inventory	122	(387)
Accounts payable and accrued liabilities	(21,032)	(13,590)
Deferred revenue	(6,561)	298,294
	<u>488,023</u>	<u>(212,987)</u>

Investing

Purchase of capital assets	(486,301)	(95,541)
Purchase of short term investments	-	(400,000)
Redemption of short term investments	400,000	521,964
	<u>(86,301)</u>	<u>26,423</u>

Financing

Repayment of loan	-	600,000
Proceeds from CEBA loan	20,000	40,000
Proceeds from deferred contributions related to capital assets	293,331	23,620
	<u>313,331</u>	<u>663,620</u>

Increase (decrease) in cash 715,053 477,056

Cash

Cash (bank indebtedness), beginning of year	<u>160,106</u>	<u>(316,950)</u>
Cash, end of year	<u>\$ 875,159</u>	<u>\$ 160,106</u>

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2021

1. Purpose of the organization

Camp Kawartha Incorporated (the "organization") 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, 2021

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, 2021

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
- accounts receivable
- accounts payable
- bank loan

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 loan as described in Note 6.

(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 loan is subject to interest based on the bank's prime rate as described in Note 6. Consequently, the organization is exposed to fluctuations in future cash flows with respect to the bank loan.

Camp Kawartha Incorporated

Notes to the Financial Statements

Year ended September 30, 2021

4. Government receivables and remittances

Included in accounts receivable are HST public service body rebates of \$58,425 (2020 - \$6,647), Canada Summer Jobs grant of \$26,087 (2020 - \$5,552).

Included in accounts payable are government remittances of \$16,367 (2020 - \$14,639).

5. Capital assets

Capital assets consist of the following:

	2021	2021	2020	2020
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 160,156	\$ -	\$ 160,156	\$ -
Buildings	2,524,408	1,157,294	2,079,071	1,056,318
Furniture and equipment	746,424	586,720	708,801	553,284
Automotive equipment	129,996	129,996	129,996	122,918
Docks	59,041	50,406	57,482	47,454
Computers	38,950	38,083	38,950	36,730
Land improvements	70,275	18,819	68,493	13,260
Paving	10,032	8,894	10,032	8,324
Fencing	5,346	2,038	5,346	1,771
	<u>3,744,628</u>	<u>1,992,250</u>	<u>3,258,327</u>	<u>1,840,059</u>
Net book value	<u>\$ 1,752,378</u>		<u>\$ 1,418,268</u>	

6. Bank loan

The organization has a bank loan outstanding in the amount of \$600,000, with interest only monthly payments until August 2022, at which time the loan will be renewed to include principal payments. The bank loan 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 line. Advances on the operating line 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 loan and operating line are 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, 2021

7. Fundraising

The fundraising income of \$37,220 (2020 - \$53,709) is shown net of fundraising expenses of \$12,849 (2020 - \$5,588).

8. Capital campaign

In a prior year the organization re-directed its capital campaign towards a new Health Centre. The construction of the Health Centre was completed during the year and fundraising dollars totaling \$284,649 was transferred from the operating fund to the capital asset fund and deferred contributions related to capital assets.

9. 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. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had an impact on the organization due to periodic lockdowns during the fiscal year. As a result of the disruption in business activities caused by the COVID-19 pandemic, the organization received insurance proceeds totaling \$157,896 (2020 - \$463,189).

In addition, included in Grants revenue are amounts received under the Canada Emergency Wage Subsidy (CEWS) during the year of \$145,737 (2020 - \$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, 2021

10. CEBA loan payable

The organization received a Canada Emergency Business Account (CEBA) loan to cover operating costs during the COVID-19 pandemic. The amount of the loan is \$60,000 (2020 - \$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, \$20,000 (2020 - \$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 (2020 - \$10,000) forgivable portion has been recognized in grants revenue for the year. The loan is due in full on December 31, 2025.

11. Interfund balances

To assist with operating cash flows during the COVID-19 pandemic, the organization liquidated its short term investments in the internally restricted funds and loaned the proceeds to the operating fund. The organization intends to transfer the money back to the internally restricted funds once the COVID-19 pandemic is over and operating cash flows return to normal levels.
