

Financial Statements

Camp Kawartha Incorporated

September 30, 2022

DRAFT

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3 - 4
Statement of Changes In Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 13

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 (the "Organization"), which comprise the statement of financial position as at September 30, 2022, 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, 2022, 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 fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended September 30, 2022 and 2021, current assets as at September 30, 2022 and 2021, and fund balances as at October 1, 2020, September 30, 2021 and 2022. Our audit opinion on the financial statements for the year ended September 30, 2021 was also modified accordingly 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.

Peterborough, Canada
December 13, 2022

Chartered Professional Accountants
Licensed Public Accountants

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating 2022	Investment in Capital Assets 2022	Property Reserve Fund 2022	Baker Bequest Fund 2022	Pugsley Bequest Fund 2022	Total 2022	Total 2021
Assets							
Current							
Cash	\$ 511,556	\$ -	\$ -	\$ -	\$ -	\$ 511,556	\$ 875,159
Accounts receivable (Notes 4 & 13)	175,966	-	-	-	-	175,966	111,679
Prepaid expenses	60,486	-	-	-	-	60,486	65,131
Inventory	15,907	-	-	-	-	15,907	23,431
Interfund balances (Note 5)	<u>(251,932)</u>	<u>-</u>	<u>50,020</u>	<u>100,000</u>	<u>101,912</u>	<u>-</u>	<u>-</u>
	511,983	-	50,020	100,000	101,912	763,915	1,075,400
Capital assets (Note 6)	<u>-</u>	<u>1,731,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,731,462</u>	<u>1,752,378</u>
	<u>\$ 511,983</u>	<u>\$ 1,731,462</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 2,495,377</u>	<u>\$ 2,827,778</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Financial Position

September 30	Operating 2022	Investment in Capital Assets 2022	Property Reserve Fund 2022	Baker Bequest Fund 2022	Pugsley Bequest Fund 2022	Total 2022	Total 2021
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 4)	\$ 142,548	\$ -	\$ -	\$ -	\$ -	\$ 142,548	\$ 78,704
Bank loan (Note 7)	-	-	-	-	-	-	600,000
Deferred revenue (Note 8)	440,027	-	-	-	-	440,027	423,504
	582,575	-	-	-	-	582,575	1,102,208
CEBA loan (Note 9)	40,000	-	-	-	-	40,000	40,000
Deferred contributions related to capital assets (Note 10)	-	826,665	-	-	-	826,665	803,208
	622,575	826,665	-	-	-	1,449,240	1,945,416
Fund balances							
Unrestricted	(110,592)	904,797	-	-	-	794,205	630,430
Internally restricted	-	-	50,020	100,000	101,912	251,932	251,932
	(110,592)	904,797	50,020	100,000	101,912	1,046,137	882,362
	\$ 511,983	\$ 1,731,462	\$ 50,020	\$ 100,000	\$ 101,912	\$ 2,495,377	\$ 2,827,778

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Changes In Fund Balances

Year ended September 30	Operating 2022	Investment in Capital Assets 2022	Property Reserve Fund 2022	Baker Bequest Fund 2022	Pugsley Bequest Fund 2022	Total 2022	Total 2021
Balance, beginning of year	\$ (318,740)	\$ 949,170	\$ 50,020	\$ 100,000	\$ 101,912	\$ 882,362	\$ 868,661
Excess (deficiency) of revenue over expenses	243,764	(79,989)	-	-	-	163,775	13,701
Interfund transfer (Note 5)	(35,616)	35,616	-	-	-	-	-
Balance, ending of year	<u>\$ (110,592)</u>	<u>\$ 904,797</u>	<u>\$ 50,020</u>	<u>\$ 100,000</u>	<u>\$ 101,912</u>	<u>\$ 1,046,137</u>	<u>\$ 882,362</u>

Camp Kawartha Incorporated

Statement of Operations

Year ended September 30	Operating 2022	Investment in Capital Assets 2022	Property Reserve Fund 2022	Baker Bequest Fund 2022	Pugsley Bequest Fund 2022	Total 2022	Total 2021
Revenue							
Summer camp fees	\$ 1,133,722	\$ -	\$ -	\$ -	\$ -	\$ 1,133,722	\$ 880,947
Outdoor education fees	247,374	-	-	-	-	247,374	225,846
Rental fees	99,814	-	-	-	-	99,814	9,598
Fundraising (Note 11)	65,807	-	-	-	-	65,807	37,220
Grants (Note 12)	583,908	-	-	-	-	583,908	497,797
Insurance (Note 13)	263,402	-	-	-	-	263,402	157,896
Interest and other	36,008	-	-	-	-	36,008	12,844
Amortization of deferred contributions related to capital assets	-	68,680	-	-	-	68,680	66,840
	<u>2,430,035</u>	<u>68,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,498,715</u>	<u>1,888,988</u>
Expenses							
Accounting	44,944	-	-	-	-	44,944	35,022
Advertising and promotion	43,002	-	-	-	-	43,002	26,008
Amortization of capital assets	-	148,669	-	-	-	148,669	152,191
Capital campaign	54,733	-	-	-	-	54,733	68,685
Food	105,261	-	-	-	-	105,261	84,450
Insurance	73,611	-	-	-	-	73,611	67,320
Interest and bank charges	46,315	-	-	-	-	46,315	58,530
Maintenance and supplies	363,405	-	-	-	-	363,405	79,852
Medical supplies	7,501	-	-	-	-	7,501	8,105
Memberships	19,829	-	-	-	-	19,829	5,399
Office and general	33,857	-	-	-	-	33,857	30,827
Program supplies	51,399	-	-	-	-	51,399	87,639
Professional fees	10,200	-	-	-	-	10,200	9,731
Salaries and benefits	1,208,515	-	-	-	-	1,208,515	1,046,242
Sundry	5,882	-	-	-	-	5,882	16,400
Taxes - municipal	19,696	-	-	-	-	19,696	19,654
Utilities	69,351	-	-	-	-	69,351	58,245
Vehicle and travel	28,770	-	-	-	-	28,770	20,987
	<u>2,186,271</u>	<u>148,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,334,940</u>	<u>1,875,287</u>
Excess (deficiency) of revenue over expenses	<u>\$ 243,764</u>	<u>\$ (79,989)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,775</u>	<u>\$ 13,701</u>

See accompanying notes to the financial statements.

Camp Kawartha Incorporated

Statement of Cash Flows

Year ended September 30

2022

2021

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 163,775	\$ 13,701
Add (deduct) items not involving an outlay of cash:		
CEBA loan forgiveness	-	(10,000)
Amortization of capital assets	148,669	152,191
Amortization of deferred contributions related to capital assets	(68,680)	(66,840)
	<u>243,764</u>	<u>89,052</u>

Change in non-cash working capital items

Accounts receivable	(64,287)	431,336
Prepaid expenses	4,645	(4,894)
Inventory	7,524	122
Accounts payable and accrued liabilities	63,844	(21,032)
Deferred revenue	16,523	(6,561)
	<u>272,013</u>	<u>488,023</u>

Investing

Purchases of capital assets	(102,753)	(486,301)
Redemption of short term investments	-	400,000
	<u>(102,753)</u>	<u>(86,301)</u>

Financing

Repayment of loan	(600,000)	-
Proceeds from CEBA loan	-	20,000
Proceeds from deferred contributions related to capital assets	67,137	293,331
	<u>(532,863)</u>	<u>313,331</u>

(Decrease) increase in cash (363,603) 715,053

Cash

Cash, beginning of year	<u>875,159</u>	<u>160,106</u>
Cash, end of year	<u>\$ 511,556</u>	<u>\$ 875,159</u>

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

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, and as such, is not subject to Federal and Provincial income taxes. 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. The significant policies are detailed as follows:

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) Unrestricted Fund - includes the day-to-day administrative and operating activities and includes the investment in capital assets net of deferred capital contributions
- (ii) Internally Restricted Property Reserve Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes
- (iii) Internally Restricted Baker Bequest Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes
- (iv) Internally Restricted Pugsley Bequest Fund - includes contributions which are internally restricted by the Board of Directors to be used for special purposes

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Revenue is recognized for summer camps and outdoor education when the programs have been provided. Amounts received for future programs are deferred until the service is provided.

Rental fees are recorded at the time the facility has been used by customers. Amounts received prior to the date of rental are deferred until such date.

Revenue from fundraising or grants is recognized depending on the nature of the funds received. 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.

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

2. Significant accounting policies, continued

Inventory

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

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

Capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. The resulting impairment is reported in the statement of operations. any impairment recognized is not reversed.

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.

Government assistance

Government assistance is recorded as revenue when related expenditures are incurred. When assistance is related to future expenses, the Organization defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

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 items affecting the financial statements involving the use of estimates are the estimated useful lives of capital assets and accrued liabilities.

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

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
- CEBA loan

A financial asset or 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, other than financial assets and financial liabilities obtained in related party transactions which are initially measured at cost or fair value. The Organization does not have any financial assets or financial liabilities obtained in related party transactions measured at fair value.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, other than financial assets and financial liabilities obtained in related party transactions which are subsequently measured based on how the Organization initially measured the instrument.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

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 credit facilities 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 credit facilities are 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 credit facilities.

4. Government receivables and remittances

Included in accounts receivable are HST public service body rebates of \$36,502 (2021 - \$58,425) and Canada Summer Jobs grant of \$5,834 (2021 - \$26,087).

Included in accounts payable are government remittances of \$21,605 (2021 - \$16,367).

5. Interfund balances and transfers

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 funds back to the internally restricted funds once the operating cash flows return to normal levels. Interfund loans are non-interest bearing.

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

6. Capital assets

Capital assets consist of the following:

	2022	2022	2021	2021
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 160,156	\$ -	\$ 160,156	\$ -
Buildings	2,569,998	1,259,182	2,524,408	1,157,294
Furniture and equipment	803,162	620,282	746,424	586,720
Automotive equipment	129,996	129,996	129,996	129,996
Docks	59,042	53,358	59,041	50,406
Computers	41,227	39,329	38,950	38,083
Land improvements	93,422	27,004	70,275	18,819
Paving	10,032	9,463	10,032	8,894
Fencing	5,346	2,305	5,346	2,038
	<u>3,872,381</u>	<u>2,140,919</u>	<u>3,744,628</u>	<u>1,992,250</u>
Net book value	<u>\$ 1,731,462</u>		<u>\$ 1,752,378</u>	

7. Credit facilities

The Organization has access to a \$40,000 operating line and a \$600,000 demand loan with the Bank of Montreal. Advances on the operating line bear interest at the bank's prime rate plus 1.00% per annum and are repayable on demand. Advances on the demand loan bear interest at the bank's prime rate plus 1.60% per annum and are repayable on demand. Advances outstanding on the operating line at year-end were \$Nil (2021 - \$Nil) and on the bank loan were \$Nil (2021 - \$600,000). These credit facilities 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.

8. Deferred revenue

Deferred revenue includes externally restricted contributions used for specific purposes as deemed by the donor. Details of the changes in the deferred revenue balance are as follows:

	2022	2021
Balance - beginning of year	423,504	430,064
Add funding received	1,883,045	714,012
Less funding spent	(1,866,522)	(720,572)
Balance - end of year	<u>440,027</u>	<u>423,504</u>

Camp Kawartha Incorporated

Notes to the Financial Statements

September 30, 2022

9. CEBA loan payable

In a prior year, 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 \$60,000 and is interest-free until December 31, 2023 and principal payments are not required until that time. If the loan is repaid by December 31, 2023, \$20,000 of the loan will be forgiven. After December 31, 2023, 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 \$20,000 forgivable portion has been previously recognized in grants revenue. The loan is due in full on December 31, 2025.

10. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of externally restricted contributions used for the purchase of the capital assets. Details of the changes in the deferred capital contributions balances are as follows:

	2022	2021
Balance - beginning of year	\$ 803,208	\$ 576,717
Add contributions received for capital acquisitions	92,137	293,331
Less amortization of deferred capital contributions	(68,680)	(66,840)
Balance - end of year	\$ 826,665	\$ 803,208

11. Fundraising

The fundraising income of \$55,807 (2021 - \$37,220) is shown net of fundraising expenses of \$13,486 (2021 - \$12,849).

12. Government assistance

The Organization received assistance during the year from the government of Canada under the Canada Emergency Wage Subsidy program in the amount of \$102,688 (2021 - \$145,737). These amounts have been recognized as revenue in the statement of operations.

13. Insurance proceeds

During the year, the Organization suffered damages as result of a severe storm. Repairs and replacement costs incurred to September 30, 2022 amounted to \$258,440 which the Organization expects will be covered through insurance. Initial insurance proceeds in the amount of \$200,000 were received to September 30, 2022 and the remaining \$58,440 is recorded as a receivable.

As a result of the disruption in the business due to the COVID-19 pandemic, the Organization also received insurance proceeds of \$4,962 (2021 - \$157,896).
