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**CANADIAN ROOTS EXCHANGE/  
ÉCHANGES RACINES CANADIENNES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Canadian Roots Exchange/ Échanges Racines Canadiennes

We have audited the accompanying financial statements of Canadian Roots Exchange/ Échanges Racines Canadiennes, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net assets 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.

### *Auditor's 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 auditor's 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 organization'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 organization'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 not-for-profit organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue 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 donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Roots Exchange/ Échanges Racines Canadiennes as at March 31, 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.



Chartered Professional Accountants  
Licensed Public Accountants

July 4, 2017  
Toronto, Ontario

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 4,986	\$ 104,132
Marketable securities (note 3)	106,066	91,327
Amounts receivable	47,450	27,571
Reimbursements recoverable	45,685	-
Grants receivable	25,542	10,000
HST recoverable	12,060	11,265
Prepaid expenses	<u>6,525</u>	<u>3,132</u>
	<u>\$ 248,314</u>	<u>\$ 247,427</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 68,367	\$ 103,536
Deferred contributions (note 4)	<u>15,000</u>	<u>19,550</u>
	<u>83,367</u>	<u>123,086</u>
Net assets		
Designated (note 5)	125,000	75,000
Unrestricted	<u>39,947</u>	<u>49,341</u>
	<u>164,947</u>	<u>124,341</u>
	<u>\$ 248,314</u>	<u>\$ 247,427</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Grants (note 6)	\$ 524,271	\$ 401,649
Earned income	85,699	54,445
Donations	55,859	59,212
Contributed materials and services (note 8)	54,750	43,580
Interest	<u>998</u>	<u>524</u>
	<u>721,577</u>	<u>559,410</u>
<b>EXPENSES</b>		
Personnel	372,659	276,198
Participant travel and accommodation (note 8)	121,714	102,856
Program	74,885	67,250
Rent (note 8)	47,276	38,100
Honoraria	19,433	15,618
Staff travel and accommodation	15,792	14,280
Office and general	15,263	9,358
Insurance	10,219	4,451
Professional fees	3,670	4,690
Website	<u>60</u>	<u>357</u>
	<u>680,971</u>	<u>533,158</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	40,606	26,252
Net assets, beginning of year	<u>124,341</u>	<u>98,089</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 164,947</u>	<u>\$ 124,341</u>

see accompanying notes

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 40,606	\$ 26,252
Net change in non-cash working capital items	<u>(125,013)</u>	<u>45,641</u>
Net cash generated from (used for) operating activities	(84,407)	71,893
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(14,739)</u>	<u>(523)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(99,146)	71,370
Cash, beginning of year	<u>104,132</u>	<u>32,762</u>
<b>CASH, END OF YEAR</b>	<u>\$ 4,986</u>	<u>\$ 104,132</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (19,879)	\$ 7,452
Reimbursements recoverable	(45,685)	-
Grants receivable	(15,542)	(10,000)
HST recoverable	(795)	(3,105)
Prepaid expenses	(3,393)	(3,132)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(35,169)	76,063
Deferred contributions	<u>(4,550)</u>	<u>(21,637)</u>
	<u>\$ (125,013)</u>	<u>\$ 45,641</u>

see accompanying notes

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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Canadian Roots Exchange/ Échanges Racines Canadiennes (the organization) was incorporated without share capital under the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Canadian Roots Exchange aims to bring together Indigenous and non-Indigenous youth through Indigenous based leadership, learning and reconciliation experiences for youth.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

#### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions.

Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

#### *Donated materials and services*

Contributed rent, travel and accommodation is recognized as revenue and as an expense in the same period. Volunteers contribute their time to assist the organization in delivering its services. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

#### *Earned income*

Earned income, which includes revenue from conference fees, workshops and participant fees is recognized in the period that services are delivered.

#### *Investment income*

Interest on marketable securities is recognized over the terms of these investments.

### 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, grants receivable, reimbursements recoverable, accounts payable and accrued liabilities. Amounts receivable, grants receivable, reimbursements recoverable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates at cost plus accrued interest income.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. Fluctuations in market interest rates do not affect future cash flows from the organization's guaranteed investment certificates.

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. MARKETABLE SECURITIES

Included in marketable securities are guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear interest at rates ranging from of 0.50% to 0.58% and mature in July 2017.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2017	2016
Inspirit Foundation	\$ 15,000	\$ -
Saskatchewan Community Initiative Fund	-	13,000
Toronto Arts Council - ArtReach	-	3,300
Telus	<u>-</u>	<u>3,250</u>
Deferred contributions, end of year	<u>\$ 15,000</u>	<u>\$ 19,550</u>
Continuity of deferred contributions for the year is as follows:		
Deferred contributions, beginning of year	\$ 19,550	\$ 41,187
Add cash received from grants and donations	575,580	439,224
Less grant and donation revenue recognized (note 6)	<u>(580,130)</u>	<u>(460,861)</u>
Deferred contributions, end of year	<u>\$ 15,000</u>	<u>\$ 19,550</u>

### 5. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$125,000 for future strategic initiatives and to provide for unexpected financial contingencies (\$75,000 designated as at March 31, 2016).

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. GRANTS

Grant revenue recognized in the year was as follows:

	2017	2016
Canadian Heritage		
Youth Take Charge (note 9)	\$ 100,000	\$ 100,000
Youth Forums	62,325	-
Ontario Ministry of Indigenous Relations and Reconciliation	110,000	120,000
Miziwe Biik Aboriginal Employment and Training	91,194	24,064
Inspirit Foundation	32,500	11,250
Bell Canada	29,000	-
Toronto Foundation	15,000	15,000
Saskatchewan Community Initiative Fund	13,000	11,000
Ontario Native Women's Association	10,415	4,250
Laidlaw Foundation	10,000	-
Employment and Social Development Canada	4,789	-
Toronto Arts Council - ArtReach	3,300	6,700
Ontario Trillium Foundation	-	85,287
Telus	-	16,750
Other	<u>42,748</u>	<u>7,348</u>
	<u>\$ 524,271</u>	<u>\$ 401,649</u>

### 7. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum yearly payments under the terms of the lease, which expires on January 1, 2019, are as follows:

2018	26,100
2019	19,575

### 8. CONTRIBUTED RENT, TRAVEL AND ACCOMMODATION

Included in the statement of operations are the following non-monetary amounts recorded as expenses in the accounts:

	2017	2016
Rent	\$ 41,100	\$ 38,100
Participant travel and accommodation	10,500	2,750
Office and general	<u>3,150</u>	<u>2,730</u>
	<u>\$ 54,750</u>	<u>\$ 43,580</u>