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**CANADIAN ROOTS EXCHANGE/  
ÉCHANGES RACINES CANADIENNES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

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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, 2016, 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, 2016, 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 2, 2016  
Toronto, Ontario

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	2016	2015
<b>ASSETS</b>		
Current assets		
Cash	\$ 104,132	\$ 32,762
Guaranteed investment certificates (note 3)	91,327	90,804
Amounts receivable	37,571	35,023
HST recoverable	11,265	8,159
Prepaid expenses	<u>3,132</u>	<u>-</u>
	<u>\$ 247,427</u>	<u>\$ 166,748</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 103,536	\$ 27,472
Deferred contributions (note 4)	<u>19,550</u>	<u>41,187</u>
	<u>123,086</u>	<u>68,659</u>
Net assets		
Designated (note 5)	75,000	-
Unrestricted	<u>49,341</u>	<u>98,089</u>
	<u>124,341</u>	<u>98,089</u>
	<u>\$ 247,427</u>	<u>\$ 166,748</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, 2016

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Grants (note 6)	\$ 401,649	\$ 337,748
Donations	59,212	33,463
Earned income	54,445	44,361
Contributed materials and services (note 7)	43,580	42,610
Interest	<u>524</u>	<u>732</u>
	<u>559,410</u>	<u>458,914</u>
<b>EXPENSES</b>		
Personnel	276,198	207,552
Participant travel and accommodation (note 7)	102,856	95,189
Program	67,250	62,372
Rent (note 7)	38,100	40,110
Honoraria	15,618	19,455
Staff travel and accommodation	14,280	9,813
Office and general	9,358	3,105
Professional fees	4,690	3,898
Insurance	4,451	3,926
Website	<u>357</u>	<u>2,717</u>
	<u>533,158</u>	<u>448,137</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	26,252	10,777
Net assets, beginning of year	<u>98,089</u>	<u>87,312</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 124,341</u>	<u>\$ 98,089</u>

see accompanying notes

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 26,252	\$ 10,777
Net change in non-cash working capital items	<u>45,641</u>	<u>48,279</u>
Net cash generated from operations	71,893	59,056
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(523)</u>	<u>(35,624)</u>
<b>NET INCREASE IN CASH FOR THE YEAR</b>	71,370	23,432
Cash, beginning of year	<u>32,762</u>	<u>9,330</u>
<b>CASH, END OF YEAR</b>	<u>\$ 104,132</u>	<u>\$ 32,762</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (2,548)	\$ 40,223
HST recoverable	(3,105)	(2,238)
Prepaid expenses	(3,132)	-
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	76,063	1,793
Deferred contributions	<u>(21,637)</u>	<u>8,501</u>
	<u>\$ 45,641</u>	<u>\$ 48,279</u>

see accompanying notes

# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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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, accounts payable and accrued liabilities. Amounts receivable, 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

MARCH 31, 2016

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### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest rates ranging from of 0.40% to 0.60% and mature between February 2016 and December 2016.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2016	2015
Saskatchewan Community Initiative Fund	\$ 13,000	\$ -
Toronto Arts Council - ArtReach	3,300	-
Telus	3,250	-
Ontario Trillium Foundation	<u>-</u>	<u>41,187</u>
Deferred contributions, end of year	<u>\$ 19,550</u>	<u>\$ 41,187</u>
Continuity of deferred contributions for the year is as follows:		
Deferred contributions, beginning of year	\$ 41,187	\$ 32,686
Add cash received from grants and donations	439,224	379,712
Less grant and donation revenue recognized (note 6)	<u>(460,861)</u>	<u>(371,211)</u>
Deferred contributions, end of year	<u>\$ 19,550</u>	<u>\$ 41,187</u>

### 5. DESIGNATED NET ASSETS

The Board of Directors of the organization has designated net assets of \$75,000 for future strategic initiatives and to provide for unexpected financial contingencies.

### 6. GRANTS

Grant revenue recognized in the year was as follows:

	2016	2015
Ontario Ministry of Indigenous Relations and Reconciliation	\$ 120,000	\$ -
Canadian Heritage		
Youth Take Charge (note 8)	100,000	100,000
Youth Forums Canada	-	35,000
Ontario Trillium Foundation	85,287	87,544
Miziwe Biik Aboriginal Employment and Training	24,064	43,987
Telus	16,750	-
Toronto Foundation	15,000	-
Inspirit Foundation	11,250	25,000
Saskatchewan Community Initiative Fund	11,000	-
Toronto Arts Council - ArtReach	6,700	6,956
Other	<u>11,598</u>	<u>39,261</u>
	<u>\$ 401,649</u>	<u>\$ 337,748</u>

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# CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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### 7. CONTRIBUTED RENT, TRAVEL AND ACCOMMODATION

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

	2016	2015
Rent	\$ 38,100	\$ 40,110
Participant travel and accommodation	2,750	2,500
Office and general	<u>2,730</u>	<u>-</u>
	<u>\$ 43,580</u>	<u>\$ 42,610</u>

### 8. YOUTH TAKE CHARGE PROGRAM

Included in the statement of operations are the following monetary expenses of the Youth Take Charge program by funder:

	Canadian Heritage	Other	Total
Consultants and professional fees	\$ 46,624	\$ 106,183	\$ 152,807
Travel	24,553	12,730	37,283
Administration	8,200	27,936	36,136
Hospitality	3,300	9,736	13,036
Training and professional development	5,044	6,339	11,383
Artists and performers	4,821	4,075	8,896
Volunteer support	2,850	2,362	5,212
Promotions and communication	2,463	2,503	4,966
Events and venues	1,645	-	1,645
Other project expenses	<u>500</u>	<u>757</u>	<u>1,257</u>
	<u>\$ 100,000</u>	<u>\$ 172,621</u>	<u>272,621</u>

The organization also incurred in-kind expenses related to the Youth Take Charge Program which are not included in these financial statements.