



Grant Thornton

Financial Statements

Canadian Roots Exchange / Échanges

Racines Canadiennes

March 31, 2020

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

# Independent Auditor's Report

---

Grant Thornton LLP  
Suite 501  
201 City Centre Drive  
Mississauga, ON  
L5B 2T4

T +1 416 366 0100  
F +1 905 804 0509

To the Members of  
Canadian Roots Exchange / Échanges Racines Canadiennes

## Qualified Opinion

We have audited the financial statements of Canadian Roots Exchange / Échanges Racines Canadiennes (the "Organization"), which comprise the Statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and 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 of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Roots Exchange / Échanges Racines Canadiennes as at March 31, 2020, 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 ("ASNPO").

## Basis for Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, 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 revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at March 31, 2019 and March 31, 2020 for both the March 31, 2020 and March 31, 2019 years. The audit opinion on the financial statements for the year ended March 31, 2019 was 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.

## Other matter

The financial statements of the Organization were audited by another auditor for the year ended March 31, 2019, who expressed a qualified opinion for completeness of donation revenues of those statements on July 10, 2019.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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 a 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.

*Grant Thornton LLP*

Mississauga, Canada  
July 29, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Statement of Financial Position

As at March 31

2020

2019

### Assets

#### Current

Cash	\$ 1,096,002	\$ 312,633
Marketable securities (Note 3)	1,336,875	120,000
Grants receivable	32,200	31,000
Accounts receivable	75,336	27,167
HST rebate recoverable	105,953	33,905
Prepaid expenses	<u>276,446</u>	<u>9,095</u>
	<b><u>\$ 2,922,812</u></b>	<b><u>\$ 533,800</u></b>

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 328,800	\$ 89,488
Payroll source deductions payable	-	15,442
Deferred contributions (Note 4)	<u>1,863,525</u>	<u>177,867</u>
	<b><u>2,192,325</u></b>	<b><u>282,797</u></b>

### Net assets

Designated (Note 5)	125,000	125,000
Unrestricted	<u>605,487</u>	<u>126,003</u>
	<b><u>730,487</u></b>	<b><u>251,003</u></b>
	<b><u>\$ 2,922,812</u></b>	<b><u>\$ 533,800</u></b>

On behalf of the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Statement of Operations and Changes in Net Assets

Year ended March 31

2020

2019

### Revenue

Grants (Note 7)	\$ 5,169,769	\$ 1,283,179
Earned income	113,058	129,184
Donations	58,323	171,815
Interest	42,878	6,240
	<b>5,384,028</b>	<b>1,590,418</b>

### Expenses

Personnel	2,157,151	714,962
Participant travel and accommodation	910,532	355,255
Program	590,201	143,488
Staff travel and accommodation	312,602	50,635
Rent	298,545	73,990
Office and general	216,032	34,733
Professional fees	165,737	14,060
Honoraria	137,882	48,400
Communications and outreach	59,154	64,506
Fundraising	26,325	18,647
Relationship building	21,848	19,668
Insurance	8,544	4,050
	<b>4,904,544</b>	<b>1,542,394</b>

Excess of revenue over expenses for the year	479,484	48,024
Net assets, beginning of year	<b>251,003</b>	<b>202,979</b>
Net assets, end of year	<b>\$ 730,487</b>	<b>\$ 251,003</b>

---

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Statement of Cash Flows

Year ended March 31

2020

2019

---

Increase (decrease) in cash

### Operating

Excess of revenue over expenses	<u>\$ 479,484</u>	<u>\$ 48,024</u>
Change in non-cash working capital items		
Grants receivable	(1,200)	29,947
Accounts receivable	(48,169)	7,969
HST rebate recoverable	(72,048)	3,043
Prepaid expenses	(267,351)	(6,070)
Accounts payable and accrued liabilities	239,312	(31,843)
Payroll source deductions payable	(15,442)	(4,821)
Deferred contributions	<u>1,685,658</u>	<u>(60,859)</u>
	<u>1,520,760</u>	<u>(62,634)</u>
	<u>2,000,244</u>	<u>(14,610)</u>

### Investing

Marketable securities (purchased) redeemed	<u>(1,216,875)</u>	<u>299</u>
--------------------------------------------	--------------------	------------

Increase (decrease) in cash 783,369 (14,311)

### Cash

Beginning of year	<u>312,633</u>	<u>326,944</u>
End of year	<u>\$ 1,096,002</u>	<u>\$ 312,633</u>

---

---

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Notes to the Financial Statements

March 31, 2020

---

### 1. Purpose of the organization

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).

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

---

### 2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

#### **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.

##### *Earned income*

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

##### *Interest income*

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

#### **Contributed materials and services**

Volunteers contribute a significant number of hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

The Organization records the fair value of contributed materials at the time of receipt, where such fair value is determinable and the materials would otherwise have been purchased.



---

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Notes to the Financial Statements

March 31, 2020

---

### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Organization's financial instruments include cash, marketable securities, amounts receivable, grants receivable, accounts payable and accrued liabilities. Amounts receivable, grants receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Marketable securities, which include guaranteed investment certificates, are recorded at cost plus accrued interest income, which approximates fair value.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to excess of revenue over expenses as appropriate in the fiscal year they become known.

---

### 3. Marketable securities

The marketable securities relate to the guaranteed investment certificate with an interest rate of 3.25%, maturing on December 2, 2020.

---

### 4. Deferred contributions

Deferred contributions are composed of the following:

	<u>2020</u>	<u>2019</u>
Crown-Indigenous Relations and Northern Affairs	\$ 1,765,122	\$ -
Employment and Social Development Canada	40,638	66,155
Ontario Trillium Foundation	33,346	21,712
Canadian Heritage	17,285	-
Saskatoon Community Foundation	7,134	-
Laidlaw Foundation	-	90,000
	<u>\$ 1,863,525</u>	<u>\$ 177,867</u>

Continuity of deferred contributions for the year is as follows:

	<u>2020</u>	<u>2019</u>
Deferred contributions, beginning of year	\$ 177,867	\$ 238,726
Add cash received from grants and donations	6,667,913	1,394,135
Less grant and donation revenue recognized (Note 6)	<u>(4,982,255)</u>	<u>(1,454,994)</u>
Deferred contributions, end of year	<u>\$ 1,863,525</u>	<u>\$ 177,867</u>

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Notes to the Financial Statements

March 31, 2020

### 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 (\$125,000 designated as at March 31, 2019).

### 6. Lease commitments

The Organization leases office space in Toronto, Ontario. Minimum annual payments under the terms of the leases are as follows:

2021	\$ 495,914
2022	353,769
2023	332,007
2024	332,007
2025	332,007
	<u>\$ 1,845,704</u>

### 7. Grants

Grant revenue recognized in the year was as follows:

	<u>2020</u>	<u>2019</u>
<b>Federal government</b>		
Crown-Indigenous Relations and Northern Affairs	\$ 3,618,579	\$ 200,000
Employment and Social Development Canada	815,813	195,395
Canadian Heritage		
Youth Take Charge	128,715	100,000
Youth Forums	62,000	62,000
Health Canada	-	18,750
<b>Provincial government</b>		
Ontario Trillium Foundation	316,266	350,214
Community Initiatives Fund	-	30,000
<b>Municipal government</b>		
Saskatoon Community Foundation	-	7,500
<b>Other</b>		
Laidlaw Foundation	100,000	125,000
RBC Foundation	100,000	30,000
Metcalf	10,000	-
National Indian Brotherhood Trust Fund	-	100,000
Toronto Foundation	-	15,449
Miziwe Biik Aboriginal Employment and Training	-	10,780
Inspirit Foundation	-	9,500
Other	18,396	28,591
	<u>\$ 5,169,769</u>	<u>\$ 1,283,179</u>

---

# Canadian Roots Exchange / Échanges Racines Canadiennes

## Notes to the Financial Statements

March 31, 2020

---

### 8. Financial instruments

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no significant changes in the Organization's risk exposures from the previous fiscal year.

#### 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 meet its obligation. The Organization is exposed to this credit risk in respect of its accounts receivable and grants receivable. This risk is mitigated by the Organization ensuring that its revenues are derived from qualified sources. As at March 31, 2020, the allowance for doubtful accounts in relation to accounts receivable is \$Nil (2019 - \$Nil).

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization manages liquidity risk through regular monitoring of forecast and actual cash flows to ensure it has sufficient funds available to meet current and foreseeable financial obligations.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest 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 is exposed to interest rate risk on its fixed interest rate marketable securities.

---

### 9. COVID 19

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, Organizations and businesses are being forced to cease or limit operations for long or indefinite 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 Organizations 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 Organization has determined that these events are a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. 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.