



Grant Thornton

Financial Statements

Canadian Roots Exchange / Échanges

Racines Canadiennes

March 31, 2024

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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, 2024, 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, 2024, 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 Qualified 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 donations, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and March 31, 2023, current assets as at March 31, 2024 and March 31, 2023, and net assets as at April 1, 2023 and 2024 for both the March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Programs schedule on page 11 is presented for the purposes of additional information and is not required as part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the financial statements taken as a whole.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Mississauga, Canada
July 30, 2024

Chartered Professional Accountants
Licensed Public Accountants

Canadian Roots Exchange / Échanges Racines Canadiennes

Statement of Financial Position

As at March 31

2024

2023

Assets

Current

Cash	\$ 2,051,475	\$ 3,437,957
Investments (Note 3)	493,132	490,231
Grants receivable	525,017	1,085,515
Accounts receivable	831	57,194
HST rebate recoverable	135,958	137,290
Prepaid expenses	<u>45,605</u>	<u>333,412</u>

3,252,018 5,541,599

Marketable securities (Note 4) 100,000 100,000

\$ 3,352,018 **\$ 5,641,599**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 200,279	\$ 596,204
Due to funder	-	203,212
Deferred contributions (Note 5)	<u>1,470,152</u>	<u>3,317,021</u>

1,670,431 4,116,437

Net assets

Designated (Note 6)	700,000	700,000
Unrestricted	<u>981,587</u>	<u>825,162</u>

1,681,587 1,525,162

\$ 3,352,018 **\$ 5,641,599**

Commitments (Note 7)

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

2024

2023

Revenue

Government grants (Note 8)	\$ 6,665,329	\$ 7,952,068
Private grants (Note 9)	2,677,770	439,000
Interest	67,280	69,026
Sponsorship	67,000	-
Donations	53,227	51,862
Service and fee income	8,350	12,977
Unrealized gain on investments	-	39,523
	9,538,956	8,564,456

Expenses

Personnel	4,122,713	3,481,149
Program	2,642,863	2,485,733
Participant travel and accommodation	547,074	299,886
Office and general	527,003	552,287
Professional fees	449,371	568,848
Rent	321,893	321,553
Staff travel and accommodation	309,946	229,908
Honoraria	293,506	236,771
Communications and outreach	138,532	45,305
Insurance	15,884	32,344
Unrealized loss on investments	13,746	-
Relationship building	-	68,626
	9,382,531	8,322,410

Excess of revenue over expenses

156,425 242,046

Net assets, beginning of year

1,525,162 \$ 1,283,116

Net assets, end of year

\$ 1,681,587 **\$ 1,525,162**

Canadian Roots Exchange / Échanges Racines Canadiennes

Statement of Cash Flows

Year ended March 31

2024

2023

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 156,425	\$ 242,046
Deduct item not affecting cash		
Grants and donations revenue recognized	<u>(9,396,326)</u>	<u>(8,442,930)</u>
	(9,239,901)	(8,200,884)
Change in non-cash working capital items		
Grants receivable	560,498	(1,040,115)
Accounts receivable	56,363	6,266
HST rebate recoverable	1,332	(47,728)
Prepaid expenses	287,807	(132,742)
Accounts payable and accrued liabilities	(395,925)	143,588
Due to funder	<u>(203,212)</u>	<u>203,212</u>
	(8,933,038)	(9,068,403)
Deferred contributions received	<u>7,549,457</u>	<u>7,281,481</u>
	(1,383,581)	(1,786,922)

Investing

Marketable securities redeemed	-	20,000
Purchase of investments (net)	<u>(2,901)</u>	<u>1,175,830</u>
	(2,901)	1,195,830
Decrease in cash	(1,386,482)	(591,092)
Cash		
Beginning of year	<u>3,437,957</u>	<u>4,029,049</u>
End of year	<u>\$ 2,051,475</u>	<u>\$ 3,437,957</u>

Canadian Roots Exchange / Échanges Racines Canadiennes

Notes to the Financial Statements

March 31, 2024

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.

Service and fee income

Service and fee 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, 2024

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization's financial instruments include cash, investments, grants receivable, accounts receivable, marketable securities, and accounts payable. Financial instruments are initially recorded at fair value and are subsequently recorded at amortized cost, net of any provisions for impairment in value. Investments and marketable securities, which include guaranteed investment certificates, are recorded at cost plus accrued interest income, which approximates fair value. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Designated net assets

The Board-designated net assets are unrestricted operating funds set aside by action of the Board of Directors. It is intended to provide an internal source of funds and it is assessed and allocated annually under the Organization's Reserve and Investment policy.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3. Investments

	<u>2024</u>	<u>2023</u>
Royal Bank of Canada – GIC	\$ 250,000	\$ 250,000
Raven Indigenous Impact Fund	<u>243,132</u>	<u>240,231</u>
	<u>\$ 493,132</u>	<u>\$ 490,231</u>

On December 17, 2020, the Organization entered into a subscription agreement with Raven Indigenous GP Inc to purchase 250,000 units at \$1 per LP unit of the Raven Indigenous Impact Fund I Limited Partnership (the "Fund"). The Fund is aimed at creating the pathways into Indigenous communities, building critical relationships and growing a large 2024 base of entrepreneurs and enterprises that are investment ready. The Fund is targeting a 6-8% (net internal rate of return), three-year investment period over a 9-year fund life. The Organization is in second priority to guarantee an aggregate proportion of the total contributed capital upon dissolution of the Fund. There are four rounds of prioritized distributions once the Fund has reached maturity and is dissolved and liquidated.

As at March 31, 2024, the Organization has subscribed \$231,435 (2023 - \$207,970) of Raven Indigenous Impact Fund I Limited Partnership (the "Fund"), with remaining subscription commitment of \$18,565 (2023 - \$42,030) to the Fund in the next year.

The Royal Bank of Canada guaranteed investment certificate of \$250,000 was issued in March 2024, bearing interest at 3.55%, maturing August 31, 2024.

Canadian Roots Exchange / Échanges Racines Canadiennes

Notes to the Financial Statements

March 31, 2024

4. Marketable securities

The marketable securities relate to a guaranteed bond of \$100,000, bearing interest of 4%, and matures on July 9, 2026.

5. Deferred contributions

	<u>2024</u>	<u>2023</u>
MasterCard Foundation	\$ 1,356,492	\$ 3,000,000
Manulife	86,350	50,000
Gore Mutual	25,000	-
H&M	2,310	25,000
Balsam Foundation	-	100,000
Crown-Indigenous Relations and Northern Affairs	-	61,905
Indigenous Services Canada	-	44,516
Alectra	-	25,000
Department of Justice	-	10,600
	<u>\$ 1,470,152</u>	<u>\$ 3,317,021</u>

The continuity of deferred contributions for the year is as follows:

	<u>2024</u>	<u>2023</u>
Deferred contributions, beginning of year	\$ 3,317,021	\$ 4,478,470
Add: cash received/receivable from grants and donations	7,549,457	7,281,481
Less: grants and donations revenue recognized	<u>(9,396,326)</u>	<u>(8,442,930)</u>
Deferred contributions, end of year	<u>\$ 1,470,152</u>	<u>\$ 3,317,021</u>

6. Designated net assets

The Board of Directors of the Organization has designated net assets of \$700,000 for future strategic initiatives and to provide for unexpected financial contingencies.

7. Commitments

The Organization leases office space in Toronto and Ottawa, Ontario until fiscal 2027. Minimum annual payments under the terms of the leases are as follows:

2025	\$ 349,952
2026	267,469
2027	<u>86,443</u>
	<u>\$ 703,864</u>

Canadian Roots Exchange / Échanges Racines Canadiennes

Notes to the Financial Statements

March 31, 2024

8. Government grants

Government grant revenue recognized in the year was as follows:

	<u>2024</u>	<u>2023</u>
Federal government		
Crown-Indigenous Relations and Northern Affairs	\$ 6,311,913	\$ 7,502,414
Indigenous Services Canada	194,447	123,497
Parks Canada	138,008	
Department of Justice	10,599	127,863
Department of Canadian Heritage	-	188,700
Provincial government		
Ontario Trillium Foundation	-	1,200
Municipal government		
City of Toronto	10,362	-
Other		
Other	-	8,394
	<u>\$ 6,665,329</u>	<u>\$ 7,952,068</u>

9. Private grants

Private grants revenue recognized in the year was as follows:

	<u>2024</u>	<u>2023</u>
Mastercard Foundation	\$ 2,151,532	\$ 1,000
Suncor Energy	200,000	243,945
Balsam Foundation	100,000	-
Manulife	88,650	95,000
Deloitte	60,398	-
H&M	47,690	10,000
Alectra	25,000	10,000
Department of Canadian Heritage	4,500	-
VanCity	-	15,000
Gore Mutual	-	25,000
Other	-	39,055
	<u>\$ 2,677,770</u>	<u>\$ 439,000</u>

10. 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.

Canadian Roots Exchange / Échanges Racines Canadiennes

Notes to the Financial Statements

March 31, 2024

10. Financial instruments (continued)

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, 2024, the allowance for doubtful accounts in relation to accounts receivable is \$Nil (2023 - \$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 and future commitments for the investment subscription. 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.

11. Contingent liability

The Organization is subject to a claim for damages relating to a wrongful employment termination. The litigation is ongoing and any potential loss is not determinable as at the audit report date. No liability has been accrued in these financial statements.

12. Comparative figures

Certain of the comparative figures have been reclassified to confirm to the financial statement presentation adopted in the current year.

Canadian Roots Exchange / Échanges Racines Canadiennes

Programs schedule

March 31, 2024

	<u>CIRNAC</u>	<u>ISC</u>	<u>Dep of Justice</u>	<u>Parks Canada</u>	<u>Municipal Governments</u>	<u>Private Grants</u>	<u>Other Income</u>	<u>2024 Total</u>
Government grants	\$ 6,311,913	\$ 194,447	\$ 10,599	\$ 138,008	\$ 10,362	\$ -	\$ -	\$ 6,665,329
Private grants	-	-	-	-	-	2,677,770	-	2,677,770
Interest	-	-	-	-	-	-	67,280	67,280
Sponsorship	-	-	-	-	-	-	67,000	67,000
Donations	-	-	-	-	-	-	53,227	53,227
Service and fee income	-	-	-	-	-	-	8,350	8,350
	<u>6,311,913</u>	<u>194,447</u>	<u>10,599</u>	<u>138,008</u>	<u>10,362</u>	<u>2,677,770</u>	<u>195,857</u>	<u>9,538,956</u>
Personnel	3,433,895	-	-	-	-	688,818	-	4,122,713
Program	1,458,800	153,715	2,801	86,008	-	941,539	-	2,642,863
Participant travel and accommodation	324,621	12,792	-	7,798	-	201,863	-	547,074
Office and general	306,545	10,000	7,298	9,139	-	155,964	38,057	527,003
Professional fees	252,424	-	-	-	-	196,947	-	449,371
Rent	191,473	13,630	-	15,263	-	101,527	-	321,893
Staff travel and accommodation	160,473	-	-	-	-	149,473	-	309,946
Honoraria	95,970	4,310	500	17,800	-	174,926	-	293,506
Communications and outreach	71,820	-	-	2,000	-	64,712	-	138,532
Insurance	15,884	-	-	-	-	-	-	15,884
Unrealized loss on investments	-	-	-	-	-	-	13,746	13,746
	<u>6,311,905</u>	<u>194,447</u>	<u>10,599</u>	<u>138,008</u>	<u>-</u>	<u>2,675,769</u>	<u>51,803</u>	<u>9,382,531</u>
Excess of revenue over expenditures	\$ <u>8</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,362</u>	\$ <u>2,001</u>	\$ <u>144,054</u>	\$ <u>156,425</u>