
**CANADIAN ROOTS EXCHANGE/
ÉCHANGES RACINES CANADIENNES**

FINANCIAL STATEMENTS

MARCH 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Roots Exchange/ Échanges Racines Canadiennes

Report on the Financial Statements

I have audited the accompanying financial statements of Canadian Roots Exchange/ Échanges Racines Canadiennes, which comprise the statement of financial position as at March 31, 2014, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 I was 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 my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of donation and fundraising revenue, the financial statements present fairly, in all material respects, the financial position of Canadian Roots Exchange/ Échanges Racines Canadiennes as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountant
Licensed Public Accountant

September 9, 2014
Toronto, Ontario

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 9,330	\$ 8,476
Guaranteed investment certificates (note 3)	55,180	7,525
Amounts receivable	75,246	46,997
HST recoverable	<u>5,921</u>	<u>4,841</u>
	<u>\$ 145,677</u>	<u>\$ 67,839</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,679	\$ 16,029
Deferred revenue (note 4)	<u>32,686</u>	<u>5,000</u>
	<u>58,365</u>	<u>21,029</u>
Net assets		
Unrestricted	<u>87,312</u>	<u>46,810</u>
	<u>\$ 145,677</u>	<u>\$ 67,839</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, 2014

	2014	2013
REVENUE		
Grants (note 5)	\$ 290,021	\$ 227,299
Earned income	38,368	48,619
Donations	36,308	33,791
Contributed materials and services (note 6)	33,760	44,734
Interest	<u>379</u>	<u>177</u>
	<u>398,836</u>	<u>354,620</u>
EXPENSES		
Personnel (note 6)	145,344	126,081
Participant travel and accommodation (note 6)	81,609	75,702
Program	54,112	51,500
Rent (note 6)	29,160	27,360
Honoraria	24,285	16,235
Staff travel and accommodation	8,522	7,598
Office and general	5,153	10,397
Insurance	3,780	2,230
Professional fees	3,108	2,750
Documentary production	2,250	16,262
Website	<u>1,011</u>	<u>3,470</u>
	<u>358,334</u>	<u>339,585</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	40,502	15,035
Net assets, beginning of year	<u>46,810</u>	<u>31,775</u>
NET ASSETS, END OF YEAR	<u>\$ 87,312</u>	<u>\$ 46,810</u>

see accompanying notes

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 40,502	\$ 15,035
Net change in non-cash working capital items	<u>8,007</u>	<u>(30,808)</u>
Net cash generated from (used for) operations	48,509	(15,773)
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(47,655)</u>	<u>(7,525)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	854	(23,298)
Cash, beginning of year	<u>8,476</u>	<u>31,774</u>
CASH, END OF YEAR	<u>\$ 9,330</u>	<u>\$ 8,476</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ (28,249)	\$ (46,997)
HST recoverable	(1,080)	(4,841)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	9,650	16,030
Deferred revenue	<u>27,686</u>	<u>5,000</u>
	<u>\$ 8,007</u>	<u>\$ (30,808)</u>

see accompanying notes

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

THE ORGANIZATION

Canadian Roots Exchange/ Échanges Racines Canadiennes (the "organization") is a not-for-profit organization without share capital under the Canada 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 organization follows the deferral method of revenue recognition. Under the deferral method, amounts received in the year for expenses to be incurred in the following year are recorded as deferred revenue. The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Unrestricted grants and donations are recognized as revenue when they are received. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred.
- ii) Contributed materials and services are recorded at fair value and are recognized as donation revenue and expenses in the same period.
- iii) Earned income, which includes workshop and program fees, is recognized in the period the related service is performed.
- iv) Fundraising revenue is recognized in the period in which the event is held.
- v) Interest income is recognized as revenue when earned.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable and accounts payable and accrued liabilities. The following are those financial instruments and related financial risks considered particularly important:

- i) The organization minimizes the likelihood of uncollected revenue by regularly monitoring accounts receivable.
- ii) Fluctuations in market interest rates do not affect future cash flows from the entity's fixed rate guaranteed investments certificates.
- iii) Existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks.

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

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3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank and bear an interest rate of 0.8%.

4. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2014	2013
Ontario Trillium Foundation	\$ 20,730	
Toronto Arts Council - ArtReach	6,906	
Healthy Minds Canada	5,000	
Other	<u>50</u>	<u>5,000</u>
Deferred revenue, end of year	<u>\$ 32,686</u>	<u>\$ 5,000</u>
Continuity of deferred revenue for the year is as follows:		
Deferred revenue, beginning of year	\$ 5,000	\$ -
Add cash received from grants in year	317,707	232,299
Less grant revenue recognized in year (note 5)	<u>(290,021)</u>	<u>(227,299)</u>
Deferred revenue, end of year	<u>\$ 32,686</u>	<u>\$ 5,000</u>

5. GRANTS

Grant revenue recognized in the year was as follows:

	2014	2013
Department of Canadian Heritage	\$ 175,000	\$ 175,000
Miziwe Biik Aboriginal Employment and Training	35,506	12,299
University of Toronto, Faculty of Social Work	22,000	25,000
Laidlaw Foundation	18,810	-
Provincial Government Grants	18,170	-
Healthy Minds Canada	15,000	-
Toronto Arts Council - ArtReach	3,094	-
Municipal Government Grants	2,441	-
Truth and Reconciliation Commission of Canada	<u>-</u>	<u>15,000</u>
	<u>\$ 290,021</u>	<u>\$ 227,299</u>

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6. CONTRIBUTED SERVICES

Included in the statement of operations and changes in net assets are the following contributed services:

	2014	2013
Rent	\$ 29,160	\$ 27,360
Participant travel and accommodation	4,600	1,710
Personnel	<u>-</u>	<u>15,664</u>
	<u>\$ 33,760</u>	<u>\$ 44,734</u>