
**CANADIAN ROOTS EXCHANGE/
ÉCHANGES RACINES CANADIENNES**

FINANCIAL STATEMENTS

MARCH 31, 2015

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, 2015, 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 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.

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, 2015, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 23, 2015
Toronto, Ontario

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 32,762	\$ 9,330
Guaranteed investment certificates (note 3)	90,804	55,180
Amounts receivable	35,023	75,246
HST recoverable	<u>8,159</u>	<u>5,921</u>
	<u>\$ 166,748</u>	<u>\$ 145,677</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,472	\$ 25,679
Deferred contributions (note 4)	<u>41,187</u>	<u>32,686</u>
	<u>68,659</u>	<u>58,365</u>
Net assets		
Unrestricted	<u>98,089</u>	<u>87,312</u>
	<u>\$ 166,748</u>	<u>\$ 145,677</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, 2015

	2015	2014
REVENUE		
Grants (note 5)	\$ 337,748	\$ 290,021
Earned income	44,361	38,368
Contributed materials and services (note 6)	42,610	33,760
Donations	33,463	36,308
Interest	<u>732</u>	<u>379</u>
	<u>458,914</u>	<u>398,836</u>
EXPENSES		
Personnel	207,552	145,344
Participant travel and accommodation (note 6)	95,189	81,609
Program	62,372	54,112
Rent (note 6)	40,110	29,160
Honoraria	19,455	24,285
Staff travel and accommodation	9,813	8,522
Insurance	3,926	3,780
Professional fees	3,898	3,108
Office and general	3,105	5,153
Website	2,717	1,011
Documentary production	<u>-</u>	<u>2,250</u>
	<u>448,137</u>	<u>358,334</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	10,777	40,502
Net assets, beginning of year	<u>87,312</u>	<u>46,810</u>
NET ASSETS, END OF YEAR	<u>\$ 98,089</u>	<u>\$ 87,312</u>

see accompanying notes

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 10,777	\$ 40,502
Net change in non-cash working capital items	<u>48,279</u>	<u>8,007</u>
Net cash generated from operations	59,056	48,509
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(35,624)</u>	<u>(47,655)</u>
NET INCREASE IN CASH FOR THE YEAR	23,432	854
Cash, beginning of year	<u>9,330</u>	<u>8,476</u>
CASH, END OF YEAR	<u><u>\$ 32,762</u></u>	<u><u>\$ 9,330</u></u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 40,223	\$ (28,249)
HST recoverable	(2,238)	(1,080)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	1,793	9,650
Deferred contributions	<u>8,501</u>	<u>27,686</u>
	<u><u>\$ 48,279</u></u>	<u><u>\$ 8,007</u></u>

see accompanying notes

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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, 2015

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest rates ranging from of 0.80% to 0.85% and mature before December 31, 2015.

4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2015	2014
Ontario Trillium Foundation	\$ 41,187	\$ 20,730
Toronto Arts Council - ArtReach	-	6,956
Healthy Minds Canada	<u>-</u>	<u>5,000</u>
Deferred contributions, end of year	<u>\$ 41,187</u>	<u>\$ 32,686</u>
Continuity of deferred contributions for the year is as follows:		
Deferred contributions, beginning of year	\$ 32,686	\$ 5,000
Add cash received from grants	346,249	317,707
Less grant revenue recognized (note 5)	<u>(337,748)</u>	<u>(290,021)</u>
Deferred contributions, end of year	<u>\$ 41,187</u>	<u>\$ 32,686</u>

5. GRANTS

Grant revenue recognized in the year was as follows:

	2015	2014
Canadian Heritage		
Youth Take Charge (note 7)	\$ 100,000	\$ 175,000
Youth Forums Canada	35,000	-
Ontario Trillium Foundation	87,544	18,170
Miziwe Biik Aboriginal Employment and Training	43,987	35,506
Inspirit Foundation	25,000	-
City of Toronto	7,000	2,441
ArtReach Toronto	6,956	3,094
Trustee funding	5,279	-
Healthy Minds Canada	5,000	15,000
Laidlaw Foundation	4,240	18,810
University of Toronto, Faculty of Social Work	-	22,000
Other	<u>17,742</u>	<u>-</u>
	<u>\$ 337,748</u>	<u>\$ 290,021</u>

CANADIAN ROOTS EXCHANGE/ ÉCHANGES RACINES CANADIENNES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

6. CONTRIBUTED RENT, TRAVEL AND ACCOMMODATION

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

	2015	2014
Rent	\$ 40,110	\$ 29,160
Participant travel and accommodation	<u>2,500</u>	<u>4,600</u>
	<u>\$ 42,610</u>	<u>\$ 33,760</u>

7. 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	\$ 46,413	\$ 83,882	\$ 130,295
Administration	8,000	24,009	32,009
Travel	21,063	6,686	27,749
Training and professional development	9,102	6,603	15,705
Hospitality	1,725	4,202	5,927
Promotions and communication	3,352	2,474	5,826
Volunteer support	3,642	777	4,419
Artists and performers	4,178	-	4,178
Events and venues	1,725	791	2,516
Other project expenses	<u>800</u>	<u>832</u>	<u>1,632</u>
	<u>\$ 100,000</u>	<u>\$ 130,256</u>	<u>230,256</u>

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