
**CANADIAN ROOTS EXCHANGE /
ÉCHANGES RACINES CANADIENNES**

FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018, 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, 2018, 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

December 17, 2018
Toronto, Ontario

CANADIAN ROOTS EXCHANGE / ÉCHANGES RACINES CANADIENNES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 326,944	\$ 4,986
Marketable securities (note 3)	120,299	106,066
Grants receivable	60,947	25,542
Amounts receivable	35,136	93,135
HST recoverable	36,948	12,060
Prepaid expenses	<u>3,025</u>	<u>6,525</u>
	<u>\$ 583,299</u>	<u>\$ 248,314</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 121,331	\$ 64,528
Payroll source deductions payable	20,263	3,839
Deferred contributions (note 4)	<u>238,726</u>	<u>15,000</u>
	<u>380,320</u>	<u>83,367</u>
Net assets		
Designated (note 5)	125,000	125,000
Unrestricted	<u>77,979</u>	<u>39,947</u>
	<u>202,979</u>	<u>164,947</u>
	<u>\$ 583,299</u>	<u>\$ 248,314</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, 2018

	2018	2017
REVENUE		
Grants (note 7)	\$ 878,001	\$ 524,271
Donations	115,640	55,859
Earned income	95,492	85,699
Contributed materials and services (note 8)	44,250	54,750
Interest	<u>4,259</u>	<u>998</u>
	<u>1,137,642</u>	<u>721,577</u>
EXPENSES		
Personnel	524,589	372,659
Program	291,282	84,285
Participant travel and accommodation (note 8)	153,757	121,714
Rent (note 8)	68,298	47,276
Staff travel and accommodation	27,682	15,792
Office and general (note 8)	15,335	25,482
Honoraria	13,510	10,033
Professional fees	3,638	3,670
Website	<u>1,519</u>	<u>60</u>
	<u>1,099,610</u>	<u>680,971</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	38,032	40,606
Net assets, beginning of year	<u>164,947</u>	<u>124,341</u>
NET ASSETS, END OF YEAR	<u>\$ 202,979</u>	<u>\$ 164,947</u>

see accompanying notes

CANADIAN ROOTS EXCHANGE / ÉCHANGES RACINES CANADIENNES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 38,032	\$ 40,606
Net change in non-cash working capital items (see below)	<u>298,159</u>	<u>(125,013)</u>
Net cash generated from (used for) operating activities	336,191	(84,407)
INVESTING ACTIVITIES		
Marketable securities purchased	<u>(14,233)</u>	<u>(14,739)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	321,958	(99,146)
Cash, beginning of year	<u>4,986</u>	<u>104,132</u>
CASH, END OF YEAR	<u>\$ 326,944</u>	<u>\$ 4,986</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Grants receivable	\$ (35,405)	\$ (15,542)
Amounts receivable	57,999	(65,564)
Reimbursements recoverable		-
HST recoverable	(24,888)	(795)
Prepaid expenses	3,500	(3,393)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	56,803	(39,008)
Payroll source deductions payable	16,424	3,839
Deferred contributions	<u>223,726</u>	<u>(4,550)</u>
	<u>\$ 298,159</u>	<u>\$ (125,013)</u>

see accompanying notes

CANADIAN ROOTS EXCHANGE / ÉCHANGES RACINES CANADIENNES

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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.

Contributed materials and services

Contributed services, which include rent, travel and accommodation are recognized as revenue and as an expense in the same period. Contributed materials are not recorded in the accounts. Contributed services are recorded at the exchange value.

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.

2. 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.

3. MARKETABLE SECURITIES

Included in marketable securities are guaranteed investment certificates, which are issued by a major Canadian chartered bank, bear interest rate of 2.1% and mature in February 2019.

CANADIAN ROOTS EXCHANGE / ÉCHANGES RACINES CANADIENNES

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MARCH 31, 2018

4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2018	2017
Laidlaw Foundation	\$ 90,000	\$ -
Affinity Credit Union	60,000	-
TD Bank	50,000	-
Ontario Trillium Foundation	38,726	-
Inspirit Foundation	<u>-</u>	<u>15,000</u>
	<u>\$ 238,726</u>	<u>\$ 15,000</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 15,000	\$ 19,550
Add cash received from grants and donations	1,217,367	575,580
Less grant and donation revenue recognized (note 7)	<u>(993,641)</u>	<u>(580,130)</u>
Deferred contributions, end of year	<u>\$ 238,726</u>	<u>\$ 15,000</u>

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, 2018).

6. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum yearly payments under the terms of the lease, which expires on January 1, 2019, are as follows:

2019 \$ 19,575

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NOTES TO THE FINANCIAL STATEMENTS

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7. GRANTS

Grant revenue recognized in the year was as follows:

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 225,008	\$ -
Canadian Heritage		
Youth Take Charge	100,000	100,000
Youth Forums	62,000	62,325
Inter-Action	48,370	-
Employment and Social Development Canada	27,420	4,789
Health Canada	18,750	-
Provincial government		
Ontario Trillium Foundation	194,474	-
Ontario Ministry of Advanced Education and Skills Development	35,000	-
Ontario Ministry of Indigenous Relations and Reconciliation	30,000	110,000
Kativik Regional Government	3,782	-
Multicultural Council of Saskatchewan	2,250	-
Other		
Miziwe Biik Aboriginal Employment and Training	48,114	91,194
United Nations Association in Canada	33,333	-
Inspirit Foundation	32,500	32,500
Toronto Arts Council - ArtReach	15,000	3,300
Bell Canada	-	29,000
Toronto Foundation	-	15,000
Saskatchewan Community Initiative Fund	-	13,000
Ontario Native Women's Association	-	10,415
Laidlaw Foundation	-	10,000
Other	<u>2,000</u>	<u>42,748</u>
	<u>\$ 878,001</u>	<u>\$ 524,271</u>

8. CONTRIBUTED RENT, TRAVEL AND ACCOMMODATION

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

	2018	2017
Rent	\$ 41,100	\$ 41,100
Office and general	3,150	3,150
Participant travel and accommodation	<u>-</u>	<u>10,500</u>
	<u>\$ 44,250</u>	<u>\$ 54,750</u>
