

Draft

FINANCIAL STATEMENTS
DECEMBER 31, 2020
(prepared without audit)

CONTENT

Review Engagement Report.	1 - 2
Statement of Financial Position.	3
Statement of Operations and Fund Balances.	4 - 5
Statement of Cash Flows.	6
Notes to the Financial Statements.	7 - 9

Paddle Canada
Pagaie Canada
Financial Statements
December 31, 2020

Independent Practitioner's Review Engagement Report

To the Members of the Paddle Canada Pagaie Canada:

We have reviewed the accompanying financial statements of Paddle Canada Pagaie Canada that comprise the balance sheet as at December 31, 2020, and the statements of income, retained earnings 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 private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Paddle Canada Pagaie Canada as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprise.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
March 22, 2021.

Paddle Canada Pagaie Canada
Statement of Financial Position
(prepared without audit)

December 31	2020	2019
	\$	\$
Assets		
Current Assets		
Cash	50,253	28,548
Accounts receivable (net of allowance)	4,388	5,177
Government taxes receivable	1,315	---
Prepaid expenses	10,450	10,231
	66,406	43,956
Capital Assets (note 2)	1,116	1,395
Other Assets		
Incorporation	125	125
	67,647	45,476
Liabilities		
Current Liabilities		
Bank indebtedness (note 3)	---	28,600
Accounts payable and accrued liabilities	12,157	8,430
Government taxes payable	---	696
Deferred revenues	12,234	7,356
CEBA loan (note 4)	40,000	---
	64,391	45,082
Fund Balances		
Bill Mason Scholarship (note 5)	17,377	17,333
Unrestricted	(14,121)	(16,939)
	3,256	394
	67,647	45,476

On Behalf of the Board:

_____, Director

The accompanying notes are an integral part of these financial statements.

Paddle Canada Pagaie Canada
Statement of Operations and Fund Balances
(prepared without audit)

For the year ended December 31	Budget	2020	2019
	\$	\$	\$
Revenues			
Certification	250,000	177,315	255,527
Projects			
▸ Donations and special projects	1,000	---	1,930
Water Walker Film Festival	---	199	399
Memberships	11,200	9,794	9,194
Rapid Media magazine	---	401	440
Miscellaneous revenue	---	209	686
Other income (CEWS)	---	21,859	---
	262,200	209,777	268,176
Expenses			
Direct Costs			
Projects ▸ Donations and special projects	10,000	---	---
Memberships	20,000	3,294	7,429
Rapid Media magazine	---	18,984	11,195
PDC ▸ Canoeing	9,000	---	1,350
▸ River Kayaking	1,000	---	---
▸ Sea Kayaking	2,500	---	---
▸ Stand Up Paddling	2,500	---	---
	45,000	22,278	19,974
Operating Expenses			
Amortization	---	279	349
Finance			
Bank charges and interest	9,200	6,734	8,698
Occupancy			
Insurance	22,945	20,472	23,130
Rent	12,550	10,781	13,542
Travel and meeting expense	5,000	173	16,527
Office			
Computer and office supplies	10,402	5,620	15,928
Marketing	7,500	4,695	4,982
Telephone	3,420	2,381	3,114
Website development and maintenance	15,500	11,677	16,027
Professional fees	10,000	---	10,259
Reserve fund for future projects	8,000	8,992	---
Staff wages and benefits	109,500	111,634	146,378
Worker's compensation	800	837	966
Trade shows	4,000	406	5,076
	218,817	184,681	264,976

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Paddle Canada Pagaie Canada
Statement of Operations and Fund Balances
(prepared without audit)

For the year ended December 31	Budget	2020	2019
	\$	\$	\$
Net Revenues (Expenses) from Operations	(1,617)	2,818	(16,774)
Bill Mason Scholarship Revenue	---	44	2,433
Bill Mason Scholarship Expense	---	---	(1,000)
	---	44	1,433
Net Revenues (Expenses) for the Year	(1,617)	2,862	(15,341)
Fund Balances, Beginning of Year	394	394	15,735
Fund Balances, End of Year	(1,223)	3,256	394

The accompanying notes are an integral part of these financial statements.

Paddle Canada Pagaie Canada
Statement of Cash Flows
(prepared without audit)

For the year ended December 31	2020	2019
	\$	\$
Cash Flows Provided From:		
Operating Activities		
Net revenues (expenses) for the year	2,862	(15,341)
Add Items Not Involving Cash		
Amortization	279	349
	3,141	(14,992)
Net Change in Non-Cash Working Capital		
Balances Related to Operations		
Accounts receivable	789	2,695
Government taxes receivable	(1,315)	---
Prepaid expenses	(219)	1,870
Accounts payable and accrued liabilities	3,727	(2,341)
Government taxes payable	(696)	(3,761)
Deferred revenue	4,878	(10,114)
CEBA loan	40,000	---
	47,164	(11,651)
Changes in Cash and Equivalents, During the Year	50,305	(26,643)
Cash and Equivalents, Beginning of Year	(52)	26,591
Cash and Equivalents, End of Year	50,253	(52)
Cash and Equivalents Represented By:		
Cash and outstanding items	50,253	28,548
Bank indebtedness	---	(28,600)
	50,253	(52)

The accompanying notes are an integral part of these financial statements.

Paddle Canada Pagaie Canada
Notes to the Financial Statements
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December 31, 2020

Nature of Business

Paddle Canada Pagaie Canada is located in Kingston, Ontario and is an organization created to promote and teach safe, enjoyable paddling for all Canadians regardless of abilities, culture, or age, to develop positive attitudes towards a healthy environment and to provide an understanding of and appreciation for the canoe and kayak in our Canadian heritage. Paddle Canada Pagaie Canada is a not-for-profit organization.

1. Significant Accounting Policies

The Organization follows Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

Revenue Recognition

The Organization follows the Restricted Fund method for accounting for contributions. The Organization ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expensed for that purpose.

The operating fund reports the contributions received and expenses incurred relating to the day to day operations of the Organization.

The restricted fund reports resources that are available to be used for the purposes specified by the donor.

The investment in capital assets fund reports the assets, liabilities, revenues and expenses relating to the capital assets.

Expense Recognition

Expenses are recognized according to the accrual basis of accounting in that the expenses are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

Capital Assets and Amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization will be provided on the declining balance basis as follows:

Equipment	20%
Computer Equipment	30%

Investments

Investments are recorded at the lower of cost and market value.

Paddle Canada Pagaie Canada
Notes to the Financial Statements
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December 31, 2020

Draft

1. Significant Accounting Policies / continued

Donated Services

No amounts are reflected in the statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the organization and its fundraising activities.

Deferred Revenue

The Organization receives amounts for which services have yet to be performed. These amounts are recognized as revenues in the fiscal year the related expenses are incurred or services performed

Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Organization has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Organization classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

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 revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary they are reported in earnings in the period in which they become known.

2. Capital Assets

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	6,570	5,454	1,116	1,395
Computer Hardware	3,643	3,643	---	---
	10,213	9,097	1,116	1,395

Paddle Canada Pagaie Canada
Notes to the Financial Statements
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December 31, 2020

3. Demand Loan

The Royal Bank demand loan (prime + 1.75%), has a current balance of \$Nil with a credit limit of \$50,000. At December 31, 2020 the balance was \$Nil (2019 \$28,600).

4. CEBA Loan

	2020	2019
	\$	\$
The Royal Bank Canada Emergency Business Account (CEBA), non interest bearing and \$10,000 forgivable if paid in full by December 31, 2022, (5.00%), interest rate if not paid in full by due date.	40,000	---

5. Scholarships

The Bill Mason Scholarship fund provides educational assistance through scholarships to successful applicants.

6. Risk Management

In the normal course of operations, the Organization is exposed to a variety of financial risks which are actively managed by the Organization.

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Organization's exposure to and management of risk has not changed materially from December 31, 2019.

Credit Risk

Credit risk arises from the possibility that the entities to which the Organization provides services to may experience difficulty and be unable to fulfill their obligations. The Organization is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Organization does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

December 31, 2020

6. Risk Management / continued

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Organization is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Organization's operating results.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization requires working capital to meet day-to-day operating activities. Management expects that the Organization's cash flows from operating activities will be sufficient to meet these requirements.

7. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Municipality.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Municipality in future periods. The Municipality continues to closely monitor and assess the impact on its operations. It is management's assessment that the Municipality will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.
