

DRAFT Financial Statements of

**PADDLE CANADA
PAGAIE CANADA**

Year ended December 31, 2021

PADDLE CANADA PAGAIE CANADA

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of Paddle Canada Pagaie Canada

We have reviewed the accompanying financial statements of Paddle Canada Pagaie Canada, which comprise the statement of financial position as at December 31, 2021, the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioners' 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.

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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, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter - Comparative Information

The financial statements of Paddle Canada Pagaie Canada as at and for the year ended December 31, 2020 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on March 22, 2021.

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Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

PADDLE CANADA PAGAIE CANADA

Statement of Financial Position

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December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 117,490	\$ 50,253
Accounts receivable	7,057	4,388
Government taxes receivable	-	1,315
Prepaid expenses	10,450	10,450
	<u>134,997</u>	<u>66,406</u>
Capital assets (note 2)	893	1,116
Incorporation	125	125
	<u>\$ 136,015</u>	<u>\$ 67,647</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 7,995	\$ 12,157
Deferred revenues	12,234	12,234
CEBA loan (note 4)	40,000	40,000
	<u>60,229</u>	<u>64,391</u>
Net assets:		
Invested in capital assets (note 5)	893	1,116
Restricted fund	17,144	17,377
Unrestricted fund	57,749	(15,237)
	<u>75,786</u>	<u>3,256</u>
	<u>\$ 136,015</u>	<u>\$ 67,647</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

PADDLE CANADA PAGAIE CANADA

Statement of Operations

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Certification	\$ 258,195	\$ 177,315
Memberships	8,526	9,794
Youth Paddling	6,750	-
Store	1,412	-
Water Walker Film Festival	487	199
Sponsorships and Donations	461	-
Rapid Media magazine	453	401
Miscellaneous revenue	6	209
	<u>276,290</u>	<u>187,918</u>
Direct costs:		
Rapid Media magazine	21,142	18,984
Kaylamayquinn Disbursement	5,907	-
Memberships	5,101	3,294
Paddle Canada Store	1,017	-
	<u>33,167</u>	<u>22,278</u>
	<u>243,123</u>	<u>165,640</u>
Operating expenses:		
Staff wages and benefits	122,317	111,634
Insurance	14,940	20,472
Bank charges and interest	8,568	6,734
Computer and office supplies	6,665	5,620
Professional fees	5,877	8,992
Rent	3,906	10,781
Website development and maintenance	2,753	11,677
Telephone	2,727	2,381
Worker's compensation	881	837
Marketing	821	4,695
Miscellaneous	621	-
Amortization	223	279
Travel and meeting	61	173
Trade shows	-	406
	<u>170,360</u>	<u>184,681</u>
Excess (deficiency) of revenues over operating expenses before the undernoted items	72,763	(19,041)
Other income (expense):		
Bill Mason Scholarship Revenue	2,767	44
Other income (CEWS)	-	21,859
Scholarship Disbursements	(3,000)	-
	<u>(233)</u>	<u>21,903</u>
Excess of revenues over operating expenses	<u>\$ 72,530</u>	<u>\$ 2,862</u>

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Statement of Changes in Net Assets

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Year ended December 31, 2021, with comparative information for 2020

	Invested in capital assets	Restricted fund	Unrestricted fund	2021	2020
Net assets, beginning of year \$	1,116 \$	17,377 \$	(15,237)\$	3,256 \$	394
Excess of revenues over operating expenses	-	-	72,530	72,530	2,862
Amortization of capital assets	(223)	-	223	-	-
Interfund transfers (note 1)	-	(233)	233	-	-
Net assets, end of year	\$ 893 \$	17,144 \$	57,749 \$	75,786 \$	3,256

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Statement of Cash Flows

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenues over operating expenses	\$ 72,530	\$ 2,862
Item not involving cash:		
Amortization	223	279
Changes in non-cash operating working capital:		
Accounts receivable	(2,669)	789
Government taxes receivable	1,315	(1,315)
Prepaid expenses	-	(219)
Accounts payable and accrued liabilities	(4,162)	3,727
Government taxes payable	-	(696)
Deferred revenues	-	4,878
	67,237	10,305
Financing activities:		
CEBA loan	-	40,000
Increase in cash	67,237	50,305
Cash (bank indebtedness), beginning of year	50,253	(52)
Cash, end of year	\$ 117,490	\$ 50,253

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Notes to Financial Statements

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Year ended December 31, 2021

Paddle Canada Pagaie Canada (the "Organization") 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 and, as such, is exempt from income taxes.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of accounting:

The Organization follows the deferral method of accounting for contributions for not-for-profit organizations.

Unrestricted contributions are recognized as revenue in the year of receipt if the amount to be received can be reasonably estimated and reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions received for tangible capital assets are deferred and amortized into revenue over the same term and on the same basis as the related tangible capital asset.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following method and annual rate:

Asset	Rate
Equipment	20%

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

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Notes to Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Contributed services:

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

(d) Revenue recognition:

Unrestricted contributions are recognized as revenue in the year of receipt if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Certification revenue is recognized in the year in which the certifications are granted. Membership fees and youth paddling are recognized in the year for which the fees and activities are applicable. Fees paid in advance for the following year are recorded as deferred revenue are applicable.

(e) Expense recognition:

The Organization presents its expenses by object.

Expenses recognized in the year incurred and are recorded to the function to which they are directly related. The Organization does not allocate expenses between function after initial recognition.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs.

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Notes to Financial Statements (continued)

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Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Club determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Use of estimates:

The preparation of the 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 year. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

2. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 6,570	\$ 5,677	\$ 893	\$ 1,116
	\$ 6,570	\$ 5,677	\$ 893	\$ 1,116

Cost and accumulated amortization at December 31, 2020 amounted to \$6,570 and \$5,454 respectively.

3. Government remittance payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,885- (2020 - \$nil).

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Notes to Financial Statements (continued)

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Year ended December 31, 2021

4. CEBA loan:

	2021	2020
The Royal Bank Canada Emergency Business Account (CEBA), non interest bearing and \$10,000 forgivable if paid in full by December 31, 2023, (5.00%), interest rate if not paid in full by due date.	\$ 40,000	\$ 40,000

5. Internally restricted net assets:

Internally restricted net assets are funds committed for specific purposes, which reflect the Organization's reserve policy.

The Bill Mason Scholarship fund provides educational assistance through scholarships to successful applicants. During the year, the Organization received \$2,767 (2020 - \$44) in contributions related to the scholarships and disbursed \$3,000 (2020 - \$Nil) in scholarships.

6. Financial instruments:

The Organization's exposure to and management of risk has not changed materially from December 31, 2020.

(a) 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.

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Notes to Financial Statements (continued)

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Year ended December 31, 2021

6. Financial instruments (continued):

(b) 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.

(c) 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.

(d) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to other price risk.