

DRAFT Financial Statements of

**PADDLE CANADA
PAGAIE CANADA**

Year ended December 31, 2022

PADDLE CANADA PAGAIE CANADA

Table of Contents

DRAFT

	Page
Independent Practitioners' Review Engagement Report	
Financial Statements of Paddle Canada Pagaie Canada	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors 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, 2022, 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.

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, 2022, 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.

Page 2

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

PADDLE CANADA PAGAIE CANADA

Statement of Financial Position

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December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 210,907	\$ 117,490
Accounts receivable	8,128	7,057
Prepaid expenses	13,521	8,880
	232,556	133,427
Capital assets (note 2)	714	893
Incorporation	125	125
	\$ 233,395	\$ 134,445

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 6,395	\$ 3,408
Government taxes payable	6,220	5,192
Deferred revenue	45,638	23,316
CEBA loan (note 4)	40,000	40,000
	98,253	71,916
Net assets:		
Invested in capital assets (note 5)	714	893
Internally restricted	19,777	17,144
Unrestricted	114,651	44,492
	135,142	62,529
	\$ 233,395	\$ 134,445

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

PADDLE CANADA PAGAIE CANADA

Statement of Operations

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Certification	\$ 239,051	\$ 247,113
Memberships	8,827	8,526
Youth paddling	4,800	6,750
Sponsorships and donations	1,460	461
Water Walker film festival	1,188	487
Other revenue	1,000	6
Paddle Canada store	996	1,412
Rapid Media magazine	414	453
	257,736	265,208
Direct costs:		
Rapid Media magazine	7,623	21,142
Kaymayquinn disbursement	3,203	5,907
Memberships	6,201	5,101
Paddle Canada store	-	1,017
	17,027	33,167
	240,709	232,041
Expenses:		
Wages and benefits	108,209	122,317
Insurance	19,049	16,510
Bank charges and interest	7,765	8,568
Computer and office supplies	8,102	6,665
Professional fees	11,350	5,877
Rent	2,708	3,906
Website development and maintenance	3,720	2,753
Telephone	2,357	2,727
Worker's compensation	2,039	1,486
Marketing	324	821
Translation and miscellaneous	4,802	621
Amortization	179	223
Travel and meeting	125	61
	170,729	172,535
Excess of revenue over expenses before the undernoted items	69,980	59,506
Other income (expense):		
Bill Mason scholarship revenue	4,633	2,767
Scholarship disbursements	(2,000)	(3,000)
	2,633	(233)
Excess of revenue over expenses	\$ 72,613	\$ 59,273

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Statement of Changes in Net Assets

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	Invested in capital assets	Internally Restricted	Unrestricted	2022	2021
Net assets, beginning of year \$	893 \$	17,144 \$	44,492 \$	62,529 \$	3,256
Excess of revenue over expenses	-	-	72,613	72,613	59,273
Amortization	(179)	-	179	-	-
Interfund transfers (note 5)	-	2,633	(2,633)	-	-
Net assets, end of year \$	714 \$	19,777 \$	114,651 \$	135,142 \$	62,529

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Statement of Cash Flows

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 72,613	\$ 59,273
Item not involving cash:		
Amortization	179	223
Changes in non-cash operating working capital:		
Accounts receivable	(1,071)	(2,669)
Government taxes receivable	-	1,315
Prepaid expenses	(4,641)	1,570
Accounts payable and accrued liabilities	2,987	(3,557)
Government taxes payable	1,028	-
Deferred revenue	22,322	11,082
Increase in cash	93,417	67,237
Cash, beginning of year	117,490	50,253
Cash, end of year	\$ 210,907	\$ 117,490

See accompanying notes to financial statements.

PADDLE CANADA PAGAIE CANADA

Notes to Financial Statements

DRAFT

Year ended December 31, 2022

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) Revenue recognition:

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

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.

(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. Capital assets have been reviewed for full or partial impairment. Management has determined there are none.

PADDLE CANADA PAGAIE CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2022

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) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of net earnings for the period. Government assistance related to capital expenditures is recorded as reduction of the cost of the related capital asset.

(e) 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.

(f) 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.

2. Capital assets:

				2022	2021
		Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$	6,570	\$ 5,856	\$ 714	\$ 893

Cost and accumulated amortization at December 31, 2021 amounted to \$6,570 and \$3,643 respectively.

PADDLE CANADA PAGAIE CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2022

3. Government remittance payable:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,220 (2021 - \$5,192).

4. CEBA loan:

	2022	2021
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 by the Board, 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 \$4,337 (2021 - \$2,687) in contributions related to the scholarships and disbursed \$2,000 (2021 - \$3,000) in scholarships. The net impact of these transactions of \$2,633 (2021 - \$233)) has been recorded as an interfund transfer on the statement of changes in net assets.

6. Financial instruments:

The Organization's exposure to and management of risk has not changed materially from December 31, 2021.

(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. Allowance for doubtful accounts \$Nil (2020; \$Nil).

PADDLE CANADA PAGAIE CANADA

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2022

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. 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.