



Financial Statements

Brigadoon Children's Camp Society

December 31, 2022

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Independent auditor's report

To the Directors of
Brigadoon Children's Camp Society

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Qualified Opinion

We have audited the financial statements of Brigadoon Children's Camp Society (the "Society"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly in all material respects, the financial position of Brigadoon Children's Camp Society 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2022, current assets as at December 31, 2022, and net assets as at December 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

The financial statements of the Society for the year ended December 31, 2021 were not audited.

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada
May 16, 2023

Chartered Professional Accountants

Brigadoon Children's Camp Society

Statement of financial position

December 31 2022 2021

(Unaudited)

Assets

Current

Cash and cash equivalents	\$	671,110	\$	1,224,751
Short term investments		-		104,044
Prepays		46,890		33,165
Harmonized sales tax receivable		<u>4,918</u>		<u>101,195</u>
		722,918		1,463,155

Investments

Property and equipment (Note 3)		<u>638,060</u>		<u>484,749</u>
		15,729,212		13,622,496

	\$	<u>17,090,190</u>	\$	<u>15,570,400</u>
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Liabilities

Current

Payables and accruals	\$	139,293	\$	974,828
Holdbacks payable		835		705,418
Deferred contributions (Note 4)		66,245		12,025
Bank loan (Note 5)		2,162,768		841,753
Current portion of callable debt (Note 6)		105,000		105,000
Current portion of long term debt (Note 7)		30,000		-
Current portion of deferred capital contributions (Note 8)		<u>516,307</u>		<u>-</u>

Current liabilities before callable debt		3,020,448		2,639,024
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Callable debt (Note 6)		<u>237,917</u>		<u>342,917</u>
		3,258,365		2,981,941

Long term debt (Note 7)		-		30,000
Deferred capital contributions (Note 8)		<u>12,389,359</u>		<u>10,102,922</u>
		15,647,724		13,114,863

Fund balances

Unrestricted		1,054,499		2,012,550
Internally restricted capital		115,000		115,000
Endowment		<u>272,967</u>		<u>327,987</u>


		<u>1,442,466</u>		<u>2,455,537</u>
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	\$	<u>17,090,190</u>	\$	<u>15,570,400</u>
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Subsequent event (Note 14)

Commitments (Note 16)

On behalf of the Board

 _____ Director

 _____ Director

Brigadoon Children's Camp Society

Statement of operations

Year ended December 31	2022	2021
		(Unaudited)
Revenues		
Camp revenue (Note 9)	\$ 597,004	\$ 264,657
Fundraising	1,006,663	1,139,965
Amortization of deferred capital contributions	376,494	166,443
Other	92,761	99,112
	<u>2,072,922</u>	<u>1,670,177</u>
Expenditures		
Camp operations (Note 10)	1,879,985	1,044,253
Fund development (Note 11)	751,467	543,627
Office and administration (Note 12)	518,322	493,179
	<u>3,149,774</u>	<u>2,081,059</u>
Deficiency of revenues over expenditures before other income	<u>(1,076,852)</u>	<u>(410,882)</u>
Other income		
Government subsidies (Note 13)	114,266	338,796
Investment income	12,593	22,576
Loss on property and equipment	(24,142)	-
(Loss) gain on investments	(62,436)	33,323
Insurance recovery	-	40,408
	<u>40,281</u>	<u>435,103</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (1,036,571)</u>	<u>\$ 24,221</u>

Brigadoon Children's Camp Society

Statement of changes in net assets

Year ended December 31

	<u>Unrestricted</u>	Internally restricted <u>capital</u>	<u>Endowment</u>	2022 <u>Total</u>	2021 <u>Total</u> (Unaudited)
Balance, beginning of year	\$ 2,012,550	\$ 115,000	\$ 327,987	\$ 2,455,537	\$ 2,403,816
(Deficiency) excess of revenues over expenditures	(1,036,571)	-	-	(1,036,571)	24,221
Interfund transfers (Note 15)	78,520	-	(78,520)	-	-
Endowment contributions	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>23,500</u>	<u>27,500</u>
Balance, end of year	<u>\$ 1,054,499</u>	<u>\$ 115,000</u>	<u>\$ 272,967</u>	<u>\$ 1,442,466</u>	<u>\$ 2,455,537</u>

Brigadoon Children's Camp Society

Statement of cash flows

Year ended December 31

2022

2021

(Unaudited)

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenues over expenditures	\$ (1,036,571)	\$ 24,221
Items not affecting cash		
Amortization	548,780	232,593
Amortization of deferred capital contributions	(376,494)	(166,443)
Loss on sale of property and equipment	24,142	-
Loss (gain) on investments	62,436	(33,323)
	<u>(777,707)</u>	<u>57,048</u>

Change in non-cash working capital

Short term investments	104,044	298,095
Receivables	-	71,069
Prepays	(13,725)	(13,773)
Harmonized sales tax receivable	96,277	(50,126)
Payables and accruals	(835,535)	780,287
Holdbacks payable	(704,583)	705,418
Deferred contributions	54,220	(62,675)

(2,077,009) 1,785,343

Financing

Proceeds from issuance of bank loan	1,921,015	841,753
Repayment of bank loan	(600,000)	-
Repayment of callable debt	(105,000)	(105,000)
Deferred capital contributions	3,179,238	4,547,618
Endowment funds received	23,500	27,500
	<u>4,418,753</u>	<u>5,311,871</u>

Investing

Purchase of property and equipment	(2,679,638)	(7,833,199)
Purchase of investments	(215,747)	(12,181)
	<u>(2,895,385)</u>	<u>(7,845,380)</u>

Decrease in cash and cash equivalents (553,641) (748,166)

Cash and cash equivalents

 Beginning of year 1,224,751 1,972,917

 End of year \$ 671,110 \$ 1,224,751

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

1. Purpose of organization

Brigadoon Children's Camp Society (the "Society") operates a year-round facility for recreational camps for children and youth living with chronic illness.

The Society is incorporated under the Societies Act in the Province of Nova Scotia and is a registered charity under the Income Tax Act and as such is exempt from Income Tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook.

Fund accounting

The financial statements include the following funds:

Internally restricted fund

The internally restricted fund represents funds internally restricted by the Board of Directors for sustaining the operations of the Society. Transfers into and out of this fund require formal approval by the Board.

Unrestricted fund

The unrestricted fund accounts for the Society's day-to-day activities which includes revenue and administrative expenses for running the Society.

Endowment fund

The endowment fund accounts for the endowed contributions received by the Society that must be maintained in perpetuity in accordance with the stipulations of the donors.

Revenue recognition

The Society follows the deferral method of accounting for contributions, including fundraising, family contributions, government subsidies, and contributed support. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for purchase of property and equipment are accounted for based on the nature of the underlying gift agreement. Typically, these types of donations include both an unrestricted portion to cover administration costs and a restricted portion relating to the property and equipment purchase. The restricted portion is deferred and recognized as revenue in a manner consistent with the amortization expenses of the property and equipment to which it relates.

Endowment contributions are recognized when received or receivable and are recognized as a direct increase to net assets in the Endowment fund.

Facility rental revenues are recognized, when the rental takes place, fees are fixed or determinable, and collection is reasonably assured. The liability relating to the received but unearned portion of revenues from rentals is recognized in the statement of financial position as deferred revenues.

Investment income is recognized when earned.

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Investments

Investments traded in an active market are initially recognized at cost and subsequently measured at fair value, without adjustments for transaction costs that would be incurred on disposals. Changes in fair value are recognized in income in the period of change. Transaction costs associated with the acquisition of these investments are recognized in net income in the period incurred.

Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a declining balance basis over the useful life of the asset. Management reviews estimates of the useful lives of property and equipment whenever events or changes in circumstances indicate property or equipment no longer has any long-term service potential to the Society. The excess of the net carry amount of any property and equipment over any residual value would be recognized as an expense in the statement of operations. A write-down is not reversed if the service potential subsequently improves.

Property and equipment are amortized on the basis of their useful life using the following methods and rates:

Buildings	4% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	20% Declining balance

Donated material and services

Donated materials and services, where the fair value can be estimated, are recorded as revenue in the period in which the donation is provided. Due to the difficulty in determining the value of volunteer services, these donated services are not recorded in the financial statements.

Financial instruments

Initial measurement

The Society's financial instruments are measured at fair value when issued or acquired. Financial instruments include: cash and cash equivalents, short term investments, Harmonized sales tax receivable, investments, payables and accruals, holdbacks payable, bank loan, callable debt and long term debt.

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Society's investments in equities quoted in an active market are recorded in the statements of operations. The financial instruments measured at amortized cost are cash and cash equivalents, Harmonized sales tax receivable, payables and accruals, holdbacks payable, bank loan, callable debt and long term debt.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversal of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

The Society's main financial instrument risk exposure is detailed as follows:

Interest rate risk

The Society holds \$671,110 in cash as at December 31, 2022 (2021 - \$1,224,751) and holds \$2,505,685 in interest-bearing debt as at December 31, 2022 (2021 - \$1,289,670). The Society's debt includes both fixed and floating interest rates. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Society's operations.

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 Society holds \$638,060 in investments traded in an active market as at December 31, 2022 (2021 - \$484,749). Sensitivity to a plus or minus 5% change in prices would not have a significant effect on the Society's operations.

Liquidity risk

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is, therefore, exposed to liquidity risk with respect to its payables and accruals and holdbacks payable.

The Society is not exposed to significant currency risk or credit risk.

Use of estimates

In preparing the Society's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

Brigadoon Children's Camp Society Schedules to the Financial Statements

December 31, 2022

3. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2022 Net book value</u>	<u>2021 Net book value (Unaudited)</u>
Buildings	\$ 18,502,729	\$ 3,119,563	\$ 15,383,166	\$ 13,536,781
Equipment	-	-	-	451
Vehicles	110,788	93,617	17,171	20,347
Furniture and fixtures	485,162	163,521	321,641	62,139
Computer equipment	<u>11,328</u>	<u>4,094</u>	<u>7,234</u>	<u>2,778</u>
	\$ 19,110,007	\$ 3,380,795	\$ 15,729,212	\$ 13,622,496

The amount of interest capitalized as part of the cost of buildings in the current year was \$57,572 (2021 - \$Nil).

4. Deferred contributions

	<u>2022</u>	<u>2021 (Unaudited)</u>
Balance, beginning of year	\$ 12,025	\$ 74,700
Additions	66,245	12,025
Recognized	<u>(12,025)</u>	<u>(74,700)</u>
Balance, end of year	\$ 66,245	\$ 12,025

5. Bank loan

The Society secured Bridge financing for capital infrastructure projects in the amount of \$3,000,000. The facility is provided by way of a non-revolving multi-draw demand instalment loan, interest bearing at prime + 1% per annum. As at December 31, 2022 the balance is \$2,162,768 (2021 - \$841,753).

The Society also has an authorized a line of credit of \$50,000 bearing interest at prime plus 1%, of which \$Nil was used at year end.

Additionally, the Society secured financing for capital infrastructure projects in the amount of \$300,000. The facility is provided by way of a non-revolving demand instalment loan, interest bearing at prime + 1% per annum, repayable in 96 monthly payments of \$3,125 plus interest commencing on the first day of the first month after the facility is advanced. As at December 31, 2022 this facility had not been drawn down.

The Society is subject to externally imposed financial covenants under its credit agreement. At December 31, 2022 the Society obtained confirmation from its lender that loans will not be called as a result of financial covenants. Refer to Note 14 for disclosure on changes made to the credit agreement subsequent to year end.

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

6. Callable debt

	<u>2022</u>	<u>2021</u> (Unaudited)
2.598% CIBC loan, repayable on demand. Until demand, repayable in monthly instalments of \$7,083 plus interest, maturing in 2026.	\$ 276,251	\$ 361,250
Prime plus 1% CIBC loan, repayable on demand. Until demand, repayable in monthly instalments of \$1,667 plus interest, maturing in 2026.	<u>66,666</u>	<u>86,667</u>
	342,917	447,917
Less: current portion	<u>105,000</u>	<u>105,000</u>
	\$ 237,917	\$ 342,917

As security for the CIBC loans, the Society has provided a Security Agreement granting a first security interest in all present and after acquired personal property.

Subsequent to year end, as described in Note 14, the Society renegotiated its callable debt with generally similar terms. There is no significant impact on the callable debt recognized at December 31, 2022.

Estimated principal repayments are as follows:

2023	\$ 105,000
2024	\$ 105,000
2025	\$ 105,000
2026	\$ 27,917

7. Long term debt

	<u>2022</u>	<u>2021</u> (Unaudited)
Canada Emergency Business Account loan The amount of \$30,000 represents the unforgivable balance of the original \$40,000 loan drawn. \$10,000 has been recognized in income in a previous year. If the unforgivable portion of the loan is not fully repaid by December 31, 2023, the remaining principal balance will be payable and will bear interest at a rate of 5% per annum, beginning on January 1, 2024.	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Less: current portion	<u>30,000</u>	<u>-</u>
	\$ -	\$ 30,000

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

8. Deferred capital contributions

	<u>2022</u>	<u>2021</u> (Unaudited)
Balance, beginning of year	\$ 10,102,922	\$ 5,721,747
Additions (net of administrative fee)	3,179,238	4,547,618
Amortization of capital contributions	<u>(376,494)</u>	<u>(166,443)</u>
Balance, end of year	12,905,666	10,102,922
Less current portion	<u>(516,307)</u>	-
	<u>\$ 12,389,359</u>	<u>\$ 10,102,922</u>

9. Camp revenue

	<u>2022</u>	<u>2021</u> (Unaudited)
Summer partners	\$ 278,559	\$ 187,725
Facility rental	173,664	400
Family contributions	110,349	42,725
Summer employee grants	33,932	31,307
Miscellaneous camp revenue	<u>500</u>	<u>2,500</u>
Total camp revenue	<u>\$ 597,004</u>	<u>\$ 264,657</u>

10. Camp operations expenditures

	<u>2022</u>	<u>2021</u> (Unaudited)
Personnel costs and benefits	\$ 866,886	\$ 569,948
Amortization	548,780	232,593
Food services	140,692	42,655
Facility costs	135,569	81,524
Insurance	87,697	52,067
Other	73,242	48,498
Programming	<u>27,119</u>	<u>16,968</u>
	<u>\$ 1,879,985</u>	<u>\$ 1,044,253</u>

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

11. Fund development expenditures

	<u>2022</u>	<u>2021</u> (Unaudited)
Personnel costs and benefits	\$ 542,848	\$ 354,862
Marketing	79,655	49,196
Campaign	50,923	41,678
Events	36,322	58,423
Memberships and fees	33,384	34,344
Other	<u>8,335</u>	<u>5,124</u>
	<u>\$ 751,467</u>	<u>\$ 543,627</u>

12. Office and administration expenditures

	<u>2022</u>	<u>2021</u> (Unaudited)
Personnel costs and benefits	\$ 303,784	\$ 313,875
Occupancy	53,753	45,855
Interest on long term debt	41,714	24,579
Professional fees	35,390	54,795
Office and administration	28,192	21,571
Memberships and fees	25,370	7,479
IT (computer, software, personnel)	14,983	10,019
Travel	10,614	11,108
Insurance	2,444	2,222
Miscellaneous	<u>2,078</u>	<u>1,676</u>
	<u>\$ 518,322</u>	<u>\$ 493,179</u>

13. Wage subsidy

During the year ended December 31, 2022, the Society recognized payroll subsidies under the Canada Emergency Wages Subsidy Program ("CEWS") totalling \$114,266 (2021 - \$338,796). These subsidies were recognized in other income on the statement of operations.

14. Subsequent event

Subsequent to December 31, 2022 the Society renegotiated its Credit Agreement Letter with CIBC. The terms of the new Credit Agreement Letter are generally consistent with the terms of the credit letter in effect at December 31, 2022 with the expectation that the Society's bank loan is now expected to be fully repaid by 2033. The bank loan is repayable in 120 monthly instalments of \$18,023 plus interest at prime plus 1%. The bank loan remains payable on demand and continues to be presented as a current liability at December 31, 2022.

All other terms attached to the bank loan and callable debt remain unchanged from those described in Notes 5 and 6.

Brigadoon Children's Camp Society

Schedules to the Financial Statements

December 31, 2022

15. Interfund transfers

During the year it was identified that certain contributions from a previous period do not have all the characteristics which would require them to be maintained as endowed assets. As a result, a transfer was made from the endowment fund to the unrestricted fund in the amount of \$78,520 (2021 - \$Nil) to correct this balance.

16. Commitments

The Society's total future minimum lease payments under operating lease commitments are as follows:

2023	\$ 36,589
2024	\$ 18,295

In addition to the above noted minimum lease payments the Society is also obligated to pay their share of operating costs, which fluctuate year to year.

17. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.