Financial Statements of

CAMP QUALITY CANADA

December 31, 2018

TINKHAM LLP | CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CAMP QUALITY CANADA

Qualified Opinion

We have audited the accompanying financial statements of Camp Quality Canada ("the Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balances 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 the Organization as at December 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues 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 donations revenues, excess of revenues over expenses, current assets and fund balances.

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 Organization 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 basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2017 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those consolidated financial statements on May 26, 2018.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Organization but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 doubt on the Organization'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 Organization 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.

TORONTO, Ontario
May 25, 2019

LLP

Licensed Public Accountants

CAMP QUALITY CANADA
Statement of Financial Position

As at December 31		2018		2017
Assets				
Current				
Cash	$	**284,077**	$	311,357
Grants and other receivables		**15,809**		16,512
Donations receivable		**12,710**		30,312
Public service body rebate receivable		**31,957**		51,414
Prepaid expense and deposits		**27,849**		28,004
		372,402		437,599
Capital assets (note 3)		**422**		1,265
Investments (note 4)		**1,386,406**		1,555,870
	$	**1,759,230**	$	1,994,734
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities	$	**53,794**	$	32,282
Deferred contribution (note 5)		**25,000**		-
		78,794		32,282
Fund balances				
Unrestricted operating		**643,132**		900,507
Internally restricted		**1,037,304**		1,061,945
		1,680,436		1,962,452
	$	**1,759,230**	$	1,994,734

On behalf of the Board:

Amanda L. Thomas Director

Director

See accompanying notes to financial statements.

CAMP QUALITY CANADA
Statement of Operations

Year ended December 31	2018	2017
Revenue		
Donations	$ 695,634	$ 776,555
Fundraising, events and lottery	238,605	203,085
Interest income	30,355	27,730
Other	16,909	30,697
Gifts-in-kind	1,381	4,939
	982,884	1,043,006
Expense		
Program	725,942	863,108
Administrative, office and general	270,880	172,559
Fundraising and development	265,854	232,011
Gifts-in-kind	1,381	4,939
Amortization	843	844
	1,264,900	1,273,461
Deficiency of revenue over expense	(282,016)	(230,455)
Fund balances, beginning of year	1,962,452	2,192,907
Fund balances, end of year	$ 1,680,436	$ 1,962,452

See accompanying notes to financial statements.

CAMP QUALITY CANADA

Statement of Changes in Fund Balances

Year ended December 31	Internally Restricted						
	Operating Reserve	Family Assistance	Program Development	Corporate Development	Unrestricted Operating	2018 Total	2017 Total
Fund balance, beginning of year	$ 984,977	$ 20,840	$ 44,128	$ 12,000	$ 900,507	$ 1,962,452	$ 2,192,907
Deficiency of revenue over expense for the year	-	(12,371)	(1,885)	(10,385)	(257,375)	(282,016)	(230,455)
Fund balance, end of year	$ 984,977	$ 8,469	$ 42,243	$ 1,615	$ 643,132	$ 1,680,436	$ 1,962,452

See accompanying notes to the financial statements.

CAMP QUALITY CANADA
Statement of Cash Flows

Year ended December 31	2018	2017
Cash provided (used) by operations		
Deficiency of revenue over expense	$ (282,016)	$ (230,455)
Items not requiring an outlay of cash:		
Amortization of capital assets	843	844
	(281,173)	(229,611)
Changes in non-cash working capital		
Accounts receivable	703	(12,281)
Donations receivable	17,602	(468)
Public service body rebate receivable	19,457	(10,757)
Prepaid expense and deposits	155	27,233
Accounts payable and accrued liabilities	21,512	(1,070)
Deferred revenue	25,000	-
	84,429	2,657
Cash used by operating activities	(196,744)	(226,954)
Cash provided by investing activities		
Redemption of investments (net)	169,464	316,421
(Decrease) increase in cash	(27,280)	89,467
Cash, beginning of year	311,357	221,890
Cash, end of year	$ 284,077	$ 311,357

See accompanying notes to financial statements.

1 Organization

Camp Quality Canada ("the Organization") was incorporated under the laws of the Province of Ontario on October 19, 1990, is a registered charitable organization (BN 13342 3962 RR0001) primarily engaged in providing recreational, educational, social and emotional support services to young persons with cancer and their families. The Organization conducts camps, elementary school education programs, retreats, training sessions, reunions and other similar activities and programs.

The Organization operates seven camps across Canada with year-round programs that are run by volunteers, community funded and available at no cost. Week long camping programs take place in Alberta, Manitoba and northwestern, northern, southern and eastern Ontario.

The Organization also operates New Heights Camp which serves high school aged youth from across Canada, Breaking Boarders which is an adventure experience for young adults, and the Puppet Program where life-size puppets visit over 17,000 children each year in local area schools to encourage sensitivity toward children living with cancer.

The Organization is exempt from income taxes, provided certain requirements are met.

2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Basis of accounting

The Organization follows the restricted fund method of accounting for contributions.

The Unrestricted Operating Fund accounts for the unrestricted contributions and other unrestricted revenues and operating costs of the Organization.

Internally Restricted Funds are not available for unrestricted purposes without approval of the Board of Directors. The internally restricted funds are comprised of the following:

(i) The Operating Reserve Fund was established to provide for unexpected events, losses of income and unbudgeted expenses;

(ii) The Family Assistance Fund was established to assist those families with financial need;

(iii) The Program Development Fund was established for the development or improvement of programs; and,

(iv) The Corporate Development Fund was established for improving capacity in non-program related areas, including revenue development and administrative improvements.

(b) Revenue recognition

Restricted and unrestricted contributions are recognized as revenue in the year received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured. Externally restricted contributions received for which a fund has not been established are deferred and reported as revenue in the year in which the related expenses are recognized.

Investment income is recognized on an accrual basis.

Fundraising and event revenue is recognized in the year in which the fundraising event takes place.

Lottery revenue is recognized in the year in which the final draw takes place.

2 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

The Organization may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Organization recognizes such bequests when the proceeds are received.

(c) Cash

Cash includes cash on deposits with financial institutions and petty cash.

(d) Capital assets

The Organization records capital assets at cost less accumulated amortization. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Capital assets donated to the Organization are recorded at their fair market value on the date of acquisition when fair value can be reasonably estimated.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at December 31, 2018, no such impairment exists.

Capital assets consist of a trailer which is being depreciated over its estimated useful life of 10 years on a straight-line basis.

(e) Investments

Investments include guaranteed investment certificates (GICs), money market funds and certificates of deposit. These investments are measured at amortized cost which approximates market value.

(f) Deferred revenue

Deferred revenue represents the deferred portion of contributions and funds received for specific projects for which no specific fund has been established. Deferred contributions are recognized as revenue when the related expenses are incurred.

(g) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Organization. Since volunteer time is not normally purchased, these contributed services are not recognized in the financial statements.

(h) Allocations

Management makes estimates to allocate certain management and administrative salaries among program expenses, administration and fundraising according to the activity to which they benefit. The basis of allocation is assessed periodically and may be revised according to circumstances prevailing from time to time.

Administrative and fundraising expenses are incurred to operate the Organization and its programs in a cost-effective manner while maximizing all opportunities to further the Organization's mission.

2 Summary of significant accounting policies (continued)

(i) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and liabilities at amortized cost.

When there is an indication of impairment or such an impairment is determined to have occurred, the carrying amount of financial assets is reduced by the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of that asset. If the circumstances that led to the Organization recording an impairment improve and management determines that all or a portion of the impairment can be recovered, the impairment is reversed up to the amount that the financial asset would have otherwise been recorded at on the reversal date.

(j) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Capital assets

As at December 31	**2018**		2017	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Trailer	**$ 8,435**	**$ 8,013**	$ 8,435	$ 7,170
Net book value		**$ 422**		$ 1,265

4 Investments

As at December 31	**2018**	2017
Guaranteed investment certificates bearing interest rates from 1.75% to 3.06% (2017 - 1.41% to 2.63%) and maturity dates ranging from July 22, 2019 to July 24, 2023 (2017 - July 16, 2018 to September 20, 2022)	**$ 1,258,846**	$ 1,067,991
Money market funds	**127,560**	487,879
	$ 1,386,406	$ 1,555,870

Included in investments is a GIC in the amount of $70,000 which was purchased as security for the corporate credit cards.

5 Deferred revenue

Deferred revenue is comprised of the unearned portion of program funding.

6 Allocated expenses

Certain general and administrative costs totaling $662,457 (2017 - $632,508) are allocated based on management's best estimate, of salaries and benefits $489,519 (2017 - $449,387) and cost of materials $172,938 (2017 - $183,121), to the activities which they benefit.

General and administrative expenses have been allocated as follows:

	2018	2017
Program	$ **274,527**	$ 350,951
Administrative, office and general	**208,722**	116,331
Fundraising and development	**179,208**	165,226
	$ **662,457**	$ 632,508

7 Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

To manage these risks and its capital, the Organization has established investment guidelines formulated to embrace the generally accepted concepts of security of principal, maximization of return and maintaining liquidity appropriate to the anticipated timing of cash flow requirements. The Organization is not subject to any externally imposed capital requirements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through it cash, accounts receivable, donations receivable and investments.

Credit risk related to cash is minimal as funds are fully insured and held by credit-worthy parties. Accounts receivable are diversified but unsecured.

Credit risk related to investments is minimized by ensuring that these assets are invested in credit-worthy parties.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization expects to meet its obligations by managing its working capital and generating sufficient cash flows from operations.

7 Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

The Organization is not exposed to currency risk or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is subject to interest rate risk to the extent that cash on deposit with a financial institution and investments earn interest at market rates.

Fluctuations in market rates of interest on cash do not have a significant impact on the Organization's results of operations.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.