

CAMP OCHIGEAS

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of Camp Oochigeas:

We have audited the accompanying consolidated financial statements of Camp Oochigeas, which comprises the consolidated statements of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, this organization derives revenue from donations and fundraising activities, 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 donation and fundraising revenues, excess of revenue over expenditures, assets and surplus.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Camp Oochigeas as at December 31, 2013, 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.

Shimmerman Penn LLP



Chartered Accountants

Licensed Public Accountants

Toronto, Canada

March 27, 2014

CAMP OCHIGEAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	Note	Operating Reserve Fund	Capital Fund	Endowment Fund	General Fund	Total 2013	Total 2012
ASSETS							
CURRENT							
Cash	3	\$ -	\$ 1,195,620	\$ -	\$ 1,016,870	\$ 2,212,490	\$ 1,269,539
Short term investments	4	4,000,000	4,380	200,251	-	4,204,631	4,959,188
Prepaid expenses and other receivables		-	-	-	385,752	385,752	283,253
		4,000,000	1,200,000	200,251	1,402,622	6,802,873	6,511,980
LONG TERM							
Capital assets	5	-	-	-	7,944,100	7,944,100	8,392,835
Other assets	6	-	-	-	1,185,529	1,185,529	1,038,534
		-	-	-	9,129,629	9,129,629	9,431,369
		\$ 4,000,000	\$ 1,200,000	\$ 200,251	\$ 10,532,251	\$ 15,932,502	\$ 15,943,349
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities		\$ -	\$ -	\$ -	\$ 188,120	\$ 188,120	\$ 217,796
Deferred rent		-	-	-	130,272	130,272	92,957
		-	-	-	318,392	318,392	310,753
COMMITMENTS							
	12	NET ASSETS					
Restricted	9	4,000,000	1,200,000	200,251	-	5,400,251	5,006,916
Unrestricted		-	-	-	10,213,859	10,213,859	10,625,680
		4,000,000	1,200,000	200,251	10,213,859	15,614,110	15,632,596
		\$ 4,000,000	\$ 1,200,000	\$ 200,251	\$ 10,532,251	\$ 15,932,502	\$ 15,943,349

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

CAMP OCHIGEAS
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

	Note	Capital Fund	Endowment Fund	General Fund	Total 2013	Total 2012
REVENUE						
General donations and fundraising	7 & 8	\$ 75,000	\$ 12,335	\$ 4,662,529	\$ 4,749,864	\$ 5,177,620
Rental	8	-	-	133,218	133,218	66,986
Interest earned		-	-	76,149	76,149	56,564
Gain on sale of capital asset		-	-	-	-	33,950
		75,000	12,335	4,871,896	4,959,231	5,335,120
EXPENDITURES						
Residential program costs	10	\$ -	\$ -	\$ 1,287,634	\$ 1,287,634	\$ 995,041
In-City program costs		-	-	1,079,569	1,079,569	1,043,141
Administrative, office and general		-	-	730,956	730,956	480,779
Fundraising and development expense	8	-	-	515,574	515,574	391,359
Site repairs and maintenance		-	-	507,052	507,052	465,511
Amortization		-	-	856,932	856,932	817,683
		-	-	4,977,717	4,977,717	4,193,514
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES						
		\$ 75,000	\$ 12,335	\$ (105,821)	\$ (18,486)	\$ 1,141,606

See accompanying notes

CAMP OCHIGEAS

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	Note	Operating Reserve Fund	Capital Fund (note 10)	Endowment Fund	General Fund	Total 2013	Total 2012
Balance, beginning of the year		\$ 3,600,000	\$ 1,219,000	\$ 187,916	\$ 10,625,680	\$ 15,632,596	\$ 14,490,990
Excess (deficiency) of revenue over expenditures	7	-	75,000	12,335	(105,821)	(18,486)	1,141,606
Transfer of costs of capital assets	5	-	(408,198)	-	408,198	-	-
Transfers from General Fund	7	400,000	314,198	-	(714,198)	-	-
<i>Balance, end of the period</i>		\$ 4,000,000	\$ 1,200,000	\$ 200,251	\$ 10,213,859	\$ 15,614,110	\$ 15,632,596

See accompanying notes

CAMP OCHIGEAS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	Note	2013	2012
<i>CASH WAS PROVIDED BY (USED IN):</i>			
<i>OPERATING ACTIVITIES</i>			
Excess (deficiency) of revenue over expenditures		\$ (18,486)	\$ 1,141,606
Items not affecting cash:			
Cash surrender value of life insurance		(2,995)	(2,010)
Deferred rent		37,315	20,372
Amortization of capital assets		856,932	817,683
Contribution of capital asset		-	(4,300)
Gain on sale of capital asset		-	(33,950)
		872,766	1,939,401
<i>Changes in non-cash working capital items relating to operations:</i>			
Prepaid expenses and other receivables		(102,500)	36,785
Accounts payable and accrued liabilities		(29,674)	(40,792)
Other assets		(144,000)	-
		(276,174)	(4,007)
		596,592	1,935,394
<i>FINANCING AND INVESTING ACTIVITIES</i>			
Financing and investing activities:			
Capital improvements	5	(270,617)	(12,241)
Acquisition of capital assets	5	(137,581)	(282,399)
		(408,198)	(294,640)
<i>INCREASE IN CASH AND SHORT TERM INVESTMENTS</i>			
Cash and short term investments, beginning of the year		188,394	1,640,754
		6,228,727	4,587,973
<i>CASH AND SHORT TERM INVESTMENTS, end of the year</i>		\$ 6,417,121	\$ 6,228,727

See accompanying notes

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. *DESCRIPTION OF ORGANIZATION AND INCOME TAX STATUS*

The mission of Camp Oochigeas is to operate camping programs for children affected by childhood cancer which include residential summer camp and off-season residential programming at the campsite in Muskoka, in addition to in-city programs in Toronto.

Camp Oochigeas was incorporated under the Canada Corporations Act on June 14, 1989 as a not for profit corporation without share capital. Camp Oochigeas is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. *SIGNIFICANT ACCOUNTING POLICIES*

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation

The consolidated financial statements include the accounts of the organization and its wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated on consolidation.

(b) Fund accounting

The organization follows the restricted fund method of accounting for general donations and fundraising contributions. The organization ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expensed for the purpose for which they are provided.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) General Fund

The General Fund accounts for both the organization's program delivery and administrative activities and restricted contributions for which there is no corresponding restricted fund.

(ii) Operating Reserve Fund

The purpose of the Operating Reserve Fund is to ensure the ongoing delivery of the organization's programs, in the event that additional revenue becomes unavailable due to unforeseen circumstances. The fund is internally restricted and requires the approval of the Board of Directors.

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(b) Fund accounting (continued)

(iii) Capital Fund

The Capital Fund consists of internally and externally restricted funds to be used for ongoing in-city and camp site developments, capital asset purchases and capital improvements, and in-city programs. Internally restricted funds are not available for general use without the approval of the Board of Directors (see note 9).

(iv) Endowment Fund

In October 2011 the Endowment Fund was created by the Eby Family. The Endowment Fund consists of externally restricted funds contributed by the Eby family and other individuals that shall be held until October 31, 2021, at which time some or all of the capital in the fund may be further restricted for a term of 10 years.

(c) Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably ensured.

Restricted contributions related to general operations are deferred and recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Restricted contributions where the donor requires that the principal be maintained for a long term period are recognized as revenue in the Endowment Fund in the year they are received.

Rental income for facilities is recognized in accordance with the terms of the agreements.

Investment income earned from Capital Fund, Operating Reserve Fund and Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

(d) Donations

Donations are recorded when received or known to be in transit at the fiscal year end. Donations in kind are recorded at their estimated fair value based upon appraisal and other factors pertinent to the donation, only in circumstances where donation receipts have been issued.

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed assets are stated at their estimated fair value at the date of contribution. The organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	-	20 years
Furniture and equipment	-	5 years
Computer equipment and software	-	3 years
Trailer	-	3 years
Watercraft	-	3 years
Vehicles	-	5 years
Leasehold improvements	-	term of the lease

(f) Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) Financial instruments

(i) Measurement of 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 financial liabilities at amortized cost, except for derivative and equity instruments of private companies for which there is no quoted market price in an active market. These financial instruments are subsequently measured at the initial fair value less any reduction for impairment.

Financial assets measured at amortized cost include cash and other receivables

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include short term investments.

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(g) Financial instruments (continued)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

(ii) Impairment (continued)

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets of group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(b) Contributed services

The organization would not be able to carry out its administrative activities without the services of volunteers who donate a considerable number of hours. Because of the difficulty of determining their fair value, the value of contributed services are not recognized in the consolidated financial statements.

(i) Allocation of expenses

The organization engages in residential programming, in-city programming, fundraising, site repairs and maintenance and administrative functions. The organization allocates salaries and benefits based on efforts. Office rental and communication expenses are allocated on the same basis as head office salaries. Other costs, such as office supplies, computer maintenance, staff training and development and travel expenses are allocated based on usage.

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(j) Use of estimates

The preparation of these consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates. Estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Items requiring the use of significant estimates include the useful lives of capital assets.

(k) Pledges

Pledges are not recognized in the consolidated financial statements.

(l) Cash surrender value of life insurance

Life insurance policies are recorded at their realizable value less applicable surrender charges.

3. *CASH*

Cash is deposited in accounts with financial institutions which earn interest at the rates ranging from 0.0% to 0.5% per annum.

4. *SHORT TERM INVESTMENTS*

All funds are invested in redeemable Guaranteed Investment Certificates maturing within the next 12 months which are deposited with a Canadian chartered bank and bear interest at rates ranging from 1.05% to 1.25% per annum.

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Balance	
			2013	2012
Land	\$ 524,500	\$ -	\$ 524,500	\$ 524,500
Buildings	10,436,025	4,260,921	6,175,104	6,421,823
Furniture and equipment	932,754	731,680	201,074	202,876
Computer equipment	286,679	222,127	64,552	81,951
Computer software	341,850	290,591	51,260	59,167
Leasehold improvements	1,237,526	408,502	829,023	957,420
Trailer	10,461	5,231	5,230	8,718
Watercraft	122,879	56,451	66,428	89,927
Vehicles	97,616	70,688	26,928	46,452
Other	1	-	1	1
	\$ 13,990,291	\$ 6,046,191	\$ 7,944,100	\$ 8,392,835

Prior to November 1, 1995, the organization followed the policy of expensing all capital asset acquisitions in the year the expenditures were incurred. The value of \$1 has been assigned to other capital assets as a nominal value to identify the existence of such property acquired prior to this date.

No capital assets were donated during the year. For the December 31, 2012 year, a watercraft with a fair value of \$4,300 was donated to the organization.

During the year the organization purchased and developed capital assets amounting to \$408,198 (December 31, 2012 - \$327,310). These were funded as follows:

	2013	2012
Capital developments, funded from Capital Fund	\$ 408,198	\$ 316,807
Capital developments and purchase of capital assets, funded from General Fund	-	10,503
Total capital assets acquired	\$ 408,198	\$ 327,310

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

6. OTHER ASSETS

Other assets comprise works of art which were donated to the organization in the 2005, 2007 and 2010 fiscal years. The carrying values are established at the time of donation and are based upon the donation receipted value. The receipt value was determined as the appraised value adjusted for a discount factor where considered appropriate. Management believes that there has been no impairment of these values as at December 31, 2013.

During the period the organization did not receive any further contributions of artwork

Artwork was placed in irrevocable trusts to allow the donor to maintain possession of the works of art during his lifetime or until such time as the works of art are sold. Camp Oochigeas is both the trustee and capital beneficiary of the trusts. The total value of artwork held in irrevocable trusts at December 31, 2013 is \$1,011,524. The remaining artwork valued at \$25,000 is not subject to restrictions.

In addition to the artwork, other assets include a donated insurance policy with a cash surrender value of \$5,005 (2012 - \$2,010). The organization is the owner and sole beneficiary of the policy which has an insured value of \$84,288. The life insurance premiums are paid by the donor.

Also included in other assets is \$144,000 of prepaid rent which is being expensed on a straight line basis over the remaining term of the lease.

7. INTERFUND TRANSFERS

(a)	Capital Fund	Endowment	Total
Restricted donations received	\$ 106,024	\$ 12,335	\$ 118,359
In-City Programming	(31,024)	-	(31,024)
	\$ 75,000	\$ 12,335	\$ 87,335

During the year the organization received externally restricted contributions totaling \$118,359 of which an amount of \$106,024 was contributed to the Capital Fund and an amount of \$12,335 was contributed to the Endowment Fund. An amount of \$31,024 was directed to the General Fund to fund in-city programs.

- (b) An amount of \$408,198 was directed from the Capital Fund to the General Fund to fund the acquisition and development of capital assets.
- (c) At year end, the Board of Directors approved the transfer of \$314,198 to the Capital Fund to fund capital developments for the next fiscal year and \$400,000 to the Operating Reserve Fund to ensure the ongoing delivery of the organization's programs, in the event that additional revenue becomes unavailable due to unforeseen circumstances.
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CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

8. GENERAL DONATIONS, FUNDRAISING AND RENTAL

General donations and fundraising revenue are net of direct event related fundraising costs of \$161,245 (2012 - \$293,752) of which \$22,690 (2012 - \$135,211) relates to the “Summer Dreams” biennial event and \$81,116 (2012 - \$72,535) relates to the annual Sporting Life 10K event.

Included in general donations is an amount of \$37,381 (2012 - \$74,214) received for donations in kind.

Rental revenues are net of direct rental costs of \$65,342 (2012 - \$118,061).

9. CAPITAL FUND

The Capital Fund is comprised of the following:

	Note	Internally Restricted	Externally Restricted	Total 2013	Total 2012
Balance, beginning of the year		\$ 1,195,575	\$ 23,425	\$ 1,219,000	\$ 542,696
Excess of revenue over expenditures	7	-	75,000	75,000	130,750
Transfer of costs of capital assets	7	(349,435)	(58,763)	(408,198)	(316,807)
Transfers from General Fund	7	314,198	-	314,198	862,361
Balance, end of the year		\$ 1,160,338	\$ 39,662	\$ 1,200,000	\$ 1,219,000

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

10. ALLOCATION OF EXPENSES

(a) Salaries and benefits expenses of \$2,487,917 (2012 - \$1,877,257) have been allocated as follows:

	2013	2012
Residential programs	\$ 673,846	\$ 464,201
In-City programs	591,599	522,265
Administrative, office and general	517,943	314,457
Fundraising costs	434,270	315,813
Site repairs and maintenance	236,772	228,259
Rental	33,487	32,262
Total	\$ 2,487,917	\$ 1,877,257

b) Other expenses (including occupancy and communication costs, office supplies, computer maintenance and staff training and development costs) of \$850,412 (2012 - \$807,444) have been allocated as follows:

	2013	2012
Residential programs	\$ 158,998	\$ 136,975
In-City programs	424,142	414,899
Administrative, office and general	177,681	154,030
Fundraising costs	81,304	75,546
Rental	8,287	7,254
Site repairs and maintenance	-	18,740
Total	\$ 850,412	\$ 807,444

CAMP OCHIGEAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

11. FINANCIAL INSTRUMENTS

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 interest rate risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of Camp Oochigeas to interest rate risk arises from its interest bearing assets.

The organization's cash includes amounts on deposit with financial institutions that earn interest at market rates. Camp Oochigeas manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations.

12. COMMITMENTS

- (a) The organization has operating leases for programming space and office equipment for various periods up to the year 2020. Future minimum annual lease payments exclusive of operating costs are approximately as follows:

2014	\$	303,300
2015		296,000
2016		304,000
2017		320,000
2018		320,000
Subsequent years		533,300
	\$	2,076,600
