

BRIGS YOUTH SAIL TRAINING

Financial Statements

Year Ended October 31, 2021

BRIGS YOUTH SAIL TRAINING

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Year Ended October 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Brigs Youth Sail Training

We have reviewed the accompanying financial statements of Brigs Youth Sail Training (the Organization) that comprise the statement of financial position as at October 31, 2021, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and 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 (ASNPO), 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.

Practitioner's 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.

(continues)

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from foundation, donation, fundraising and bursary activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to foundation, donation, fundraising and bursary revenues, excess of revenues over expenditures and cash flows from operations for the year ended October 31, 2021, and current assets and net assets as at October 31, 2021. Our review conclusion on the financial statements for the year ended October 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, 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 Brigs Youth Sail Training as at October 31, 2021, 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 (ASNPO).

Other Matter

The financial statements of Brigs Youth Sail Training for the year ended October 31, 2020 were reviewed by another practitioner who expressed an unmodified conclusion on those financial statements on February 17, 2021.

Bateman Mackay LLP

Burlington, Ontario
April 29, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

BRIGS YOUTH SAIL TRAINING**Statement of Financial Position****October 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 83,804	\$ 16,258
Accounts receivable	18,015	9,901
Prepaid expenses	5,400	1,398
	<u>107,219</u>	<u>27,557</u>
RESTRICTED CASH (Note 2)	67,654	10,004
PROPERTY, PLANT AND EQUIPMENT (Note 3)	<u>193,587</u>	<u>202,330</u>
	<u>\$ 368,460</u>	<u>\$ 239,891</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,268	\$ 73,076
Government remittances payable	2,898	892
	<u>29,166</u>	<u>73,968</u>
LONG TERM DEBT (Notes 4, 5)	77,949	59,949
DEFERRED REVENUE (Note 6)	79,708	22,810
DUE TO RELATED PARTIES	-	5,495
	<u>186,823</u>	<u>162,222</u>
NET ASSETS		
General Fund (Note 7)	113,983	67,665
Capital Campaign Fund (Note 8)	37,454	10,004
Pathfinder Access Fund (Note 9)	30,200	-
	<u>181,637</u>	<u>77,669</u>
	<u>\$ 368,460</u>	<u>\$ 239,891</u>

ON BEHALF OF THE BOARD

F. J. O'Leary Director

The accompanying notes are an integral part of these financial statements.

BRIGS YOUTH SAIL TRAINING
Statement of Revenues and Expenditures
Year Ended October 31, 2021

	General Fund 2021	Capital Campaign Fund 2021	Pathfinder Access Fund 2021	Total 2021	Total 2020
REVENUES					
Ship fees	\$ 122,224	\$ -	\$ -	\$ 122,224	\$ 19,575
Foundation and donations	53,399	27,450	-	80,849	95,385
Fundraising and bursary	5,824	-	30,200	36,024	4,865
Grant income	30,233	-	-	30,233	16,513
Capital grant income	5,000	-	-	5,000	5,000
	216,680	27,450	30,200	274,330	141,338
EXPENDITURES					
Salaries and wages <i>(Note 4)</i>	91,614	-	-	91,614	48,679
Program	27,400	-	-	27,400	6,677
Vessels	18,894	-	-	18,894	14,144
Insurance	16,973	-	-	16,973	18,623
Amortization	11,696	-	-	11,696	11,741
Office	8,700	-	-	8,700	2,421
Rental	6,074	-	-	6,074	7,010
Professional fees	4,965	-	-	4,965	21,000
Advertising and promotion	4,880	-	-	4,880	5,780
Interest and bank charges	2,141	-	-	2,141	2,787
Telephone	1,041	-	-	1,041	1,045
Bad debts (recovery)	(2,153)	-	-	(2,153)	(262)
	192,225	-	-	192,225	139,645
OTHER INCOME					
Government assistance <i>(Note 4)</i>	20,000	-	-	20,000	-
Gains on disposal of property, plant and equipment	1,863	-	-	1,863	-
	21,863	-	-	21,863	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ 46,318	\$ 27,450	\$ 30,200	\$ 103,968	\$ 1,693

The accompanying notes are an integral part of these financial statements.

BRIGS YOUTH SAIL TRAINING**Statement of Changes in Net Assets****Year Ended October 31, 2021**

	2020 Balance	Excess of revenues over expenditures	Change in accounting policy	2021 Balance
General Fund	\$ 67,665	\$ 46,318	\$ -	\$ 113,983
Capital Campaign Fund	10,004	27,450	-	37,454
Pathfinder Access Fund	-	30,200	-	30,200
	<u>\$ 77,669</u>	<u>\$ 103,968</u>	<u>\$ -</u>	<u>\$ 181,637</u>

	2019 Balance	Excess of revenues over expenditures	Change in accounting policy	2020 Balance (restated)
Program Fund	\$ (351,214)	\$ (73,447)	\$ 424,661	\$ -
Treasury Fund	352,719	79,512	(432,231)	-
Vessels Fund	74,471	(4,372)	(70,099)	-
General Fund	-	-	67,665	67,665
Capital Campaign Fund	-	-	10,004	10,004
	<u>\$ 75,976</u>	<u>\$ 1,693</u>	<u>\$ -</u>	<u>\$ 77,669</u>

During 2021, the Organization changed its accounting policy for the different funds that revenue and expenditures are allocated. In previous periods, the Organization had maintained three funds: Program Fund, Treasury Fund, and Vessels Fund. The Organization has decided to discontinue these funds and introduce three new funds: General Fund, Capital Campaign Fund, and Pathfinder Access Fund. Management judges that the new accounting policy results in a more transparent presentation of operations and funds available for use. The purpose and restrictions of each fund is summarized in Note 1.

The accompanying notes are an integral part of these financial statements.

BRIGS YOUTH SAIL TRAINING**Statement of Cash Flows****Year Ended October 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 103,968	\$ 1,693
Items not affecting cash:		
Amortization of property, plant and equipment	11,696	11,741
Gain on disposal of property, plant and equipment	(1,863)	-
	<u>113,801</u>	<u>13,434</u>
Changes in non-cash working capital:		
Accounts receivable	(8,114)	(2,741)
Prepaid expenses	(4,002)	(574)
Accounts payable and accrued liabilities	(46,808)	(12,886)
Government remittances payable	2,006	-
Deferred revenue	56,898	1,960
	<u>(20)</u>	<u>(14,241)</u>
Cash flow from (used by) operating activities	<u>113,781</u>	<u>(807)</u>
INVESTING ACTIVITIES		
Allocation of restricted cash	(57,650)	(10,004)
Purchase of property, plant and equipment	(5,090)	(15,280)
Proceeds on disposal of property, plant and equipment	4,000	-
Cash flow used by investing activities	<u>(58,740)</u>	<u>(25,284)</u>
FINANCING ACTIVITIES		
Advances from (to) related parties - net	(5,495)	4,495
Proceeds from long term debt	18,000	40,000
Repayment of long term debt	-	(10,137)
Cash flow from financing activities	<u>12,505</u>	<u>34,358</u>
INCREASE IN CASH FLOW	<u>67,546</u>	<u>8,267</u>
Cash - beginning of year	<u>16,258</u>	<u>7,991</u>
CASH - END OF YEAR	<u>\$ 83,804</u>	<u>\$ 16,258</u>

The accompanying notes are an integral part of these financial statements.

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2021

PURPOSE OF THE ORGANIZATION

Brigs Youth Sail Training Inc. (the "Organization") is incorporated under the Business Corporation Act, Ontario. The Organization operates youth and adult seamanship camps and is registered as a charitable organization under the Canadian Income Tax Act. The Organization was founded in 1962 as a not-for-profit organization and was incorporated in the province of Ontario without share capital. The Organization is not subject to income taxes and is prohibited from distributing any of its surplus to or for the personal benefits of its members.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFP). Canadian Accounting Standards for Not-for-profit Organizations are part of Canadian GAAP.

Revenue recognition

Brigs Youth Sail Training follows the fund method of accounting.

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 assured.

Restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for which there is no corresponding restricted fund are recognized in the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The Organization recognizes contributions of materials and services when the fair value of donated materials and services can be reasonably determined and are used in the normal course of the Organization's operations and would otherwise have been purchased. Contributed services include the time contributed by the Board of Directors to carry out the Church's operations. Contributed services by the members of the Board of Directors are not recognized in these financial statements due to the difficulty in determining their fair market values.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Vessels & structural improvements	5% declining balance method
Sailing equipment	10% declining balance method
Equipment	20% declining balance method

The Organization regularly reviews its property, plant and equipment to eliminate obsolete items. One half the normal rate of amortization is provided for in the year of acquisition.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known.

Financial statement items subject to significant management judgement include revenue recognition, the net realizable value of accounts receivable, the valuation and estimated useful lives of property, plant and equipment, the completeness of accounts payable and accrued liabilities, deferred revenue, and the fair market value of contributed materials and services. Actual results could differ from these estimates.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

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

Financial assets measured at amortized cost include cash, restricted cash, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long term debt, and amounts due to related party.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. RESTRICTED CASH

	2021	2020
Capital Campaign Fund	\$ 37,454	\$ 10,004
Pathfinder Access Fund	30,200	-
	<u>\$ 67,654</u>	<u>\$ 10,004</u>

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2021

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Vessels and structural improvements	\$ 814,351	\$ 648,781	\$ 165,570	\$ 169,151
Sailing equipment	69,719	41,783	27,936	33,179
Equipment	2,133	2,052	81	-
	\$ 886,203	\$ 692,616	\$ 193,587	\$ 202,330

The Organization received a contribution to vessels and structural improvement during the year by way of a garage door. This garage door was initially recognized in the financial statements at fair value of \$5,000. This amount was reported as a contribution.

4. GOVERNMENT ASSISTANCE

Canada Emergency Wage Subsidy

During the year, the Organization applied for the Canada Emergency Wage Subsidy ("CEWS") provided by the Government of Canada in response to COVID-19. The subsidy is designed to enable organizations to prevent job losses and better position themselves to resume normal operations following the crisis. In order to qualify, the Organization must a) be an eligible employer; b) have experienced an eligible reduction in revenue; and c) have had a Canada Revenue Agency payroll account on March 15, 2020. As the Organization meets all such requirements, there is no expectation of repayment. Government assistance in the amount of \$379 (2020 - \$36,620) was recognized as an offset against salaries and wages expense. As at the end of the year, \$nil (2020 - \$904) of this amount was receivable.

Canada Emergency Business Account

In addition, during the year, the Organization applied for the Canada Emergency Business Account ("CEBA") expansion of \$20,000 provided by the Government of Canada in response to COVID-19. The program extends government-secured loans through the borrower's existing banking institution. In order to qualify, the Organization must a) be a Canadian business with a federal tax registration and active business chequing account as of March 1, 2020; b) have paid between \$20,000 and \$1,500,000 in employment wages during the 2019 calendar year; c) have not used the program at any other financial institution; d) acknowledge its intention to continue operating; and e) agree to participate in post-funding surveys. The loan must be used to pay for non-deferrable operating expenses, such as payroll and rent. A portion of the loan may be forgiven if the borrower repays \$40,000 of the disbursement by December 31, 2023. The repayment terms and balance of the loan outstanding as at October 31, 2021 are described in Note 5.

Ontario Small Business Support Grant

In addition, during the year, the Organization applied for the Ontario Small Business Support Grant provided by the Government of Ontario in response to COVID-19. The grant provides help to small businesses and organizations that were required to close or significantly restrict services under the province wide shutdown effective December 26, 2020. In order to qualify, a small business or organization had to demonstrate that they experienced a revenue decline of at least 20% when comparing monthly revenue in April 2019 and April 2020. Through two rounds of support, eligible businesses received a minimum of \$20,000 up to a maximum of \$40,000 to replace decreased revenue as a result of the shutdown. As the Organization meets all such requirements, there is no expectation of repayment. Government assistance in the amount of \$20,000 was recognized as other income during the year.

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2021

5. LONG TERM DEBT

Alterna Savings and Credit Union Ltd. non-interest bearing loan with no set terms of repayment. On December 31, 2023, any unpaid amount will be converted into a term loan, bearing interest at 5% per annum and maturing on December 31, 2025. The loan is secured by Government of Canada.

	2021	2020
	\$ 60,000	\$ 40,000

Advance from a past director is unsecured, non-interest bearing and has no set repayment terms. It arose as a result of expenditures incurred on behalf of the Organization. It is currently being discharged at a rate between \$1,000 to \$2,000 per year by donation from the past director.

	17,949	19,949
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Amounts payable within one year

	-	-
	\$ 77,949	\$ 59,949

Principal repayment terms are approximately:

2023	\$ 77,949
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6. DEFERRED REVENUE

Laidlaw family gift
Summer revenue
Capital grant
Bonnell Cove grant
Canada Summer Jobs grant

	2021	2020
	\$ 45,000	\$ -
	20,167	-
	10,850	15,850
	3,691	4,921
	-	2,039
	\$ 79,708	\$ 22,810

The gift from some Laidlaw family members is in support of the Pathfinder Access Fund. Subsequent to year end, an additional \$45,000 was received in January 2022. The total gift of \$90,000 is restricted and shall be recognized into income at a rate of 15% of the original capital funds, plus any income earned, starting in 2022. The deferred capital grant is being recognized into income at a rate of \$5,000 per year and arose from a transaction in 1998. The Bonnell Cove grant was awarded in support and acquisition of navigation equipment and is being recognized into income on the same basis as the capital assets purchased. The Canada Summer Jobs grant is being recognized into income based on the number of hours worked and was fully recognized at year end.

7. GENERAL FUND

The General Fund is an unrestricted fund and reports the general revenues and expenditures from the Organization's operations. It also includes revenues and expenditures from restricted operating grants.

8. CAPITAL CAMPAIGN FUND

The Capital Campaign Fund is a restricted fund that records the assets, liabilities, revenues and expenditures related to the Organization's property, plant and equipment assets, as well as its refurbishment campaign.

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2021

9. PATHFINDER ACCESS FUND

The Pathfinder Access Fund is a restricted fund that offsets the costs of courses for trainees requiring financial assistance.

10. RELATED PARTY TRANSACTIONS

The Organization has received a Notice of Permission for its vessel berthing, workshop space and office space with Hamilton-Oshawa Port Authority ("HOPA"). The President and CEO of HOPA is a Board member of the Organization. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties. The total rent expense paid during the year is \$6,074 (2020 - \$1,712).

11. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of October 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk with respect to accounts receivable and term deposits. The Organization assesses, on a continuous basis, trade accounts receivable on the basis of amounts it is virtually certain to receive, and the term deposits are invested with large financial institutions. There has been no change to the risk exposures from 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its accounts payable and accrued liabilities, long-term debt and amounts due to related parties. There has been no change to the risk exposures from 2020.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its fixed interest rates on its long term debt as described in Note 5. There has been no change to the risk exposures from 2020.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.