

BRIGS YOUTH SAIL TRAINING

Financial Statements

Year Ended October 31, 2022

BRIGS YOUTH SAIL TRAINING

Index to Financial Statements

Year Ended October 31, 2022

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4 - 11
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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, 2022, and the statements of 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 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)

Independent Practitioner's Review Engagement Report to the Directors of Brigs Youth Sail Training (*continued*)

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended October 31, 2022, current assets and net assets as at October 31, 2022. 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, 2022, 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)

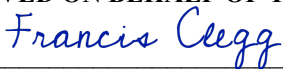
A handwritten signature in black ink that reads "Bateman Mackay LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Burlington, Ontario
April 19, 2023

BRIGS YOUTH SAIL TRAINING**Statement of Financial Position****October 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 150,722	\$ 83,804
Accounts receivable	15,639	18,015
Inventory	65,000	-
Prepaid expenses	9,399	5,400
	<u>240,760</u>	107,219
RESTRICTED CASH <i>(Note 2)</i>	109,452	67,654
EQUIPMENT <i>(Note 3)</i>	<u>201,113</u>	193,587
	<u>\$ 551,325</u>	\$ 368,460
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 99,682	\$ 26,268
Government remittances payable	3,112	2,898
Current portion of long term debt <i>(Note 4)</i>	60,000	-
	<u>162,794</u>	29,166
LONG TERM DEBT <i>(Note 4)</i>	16,949	77,949
DEFERRED REVENUE <i>(Note 5)</i>	<u>102,040</u>	79,708
	<u>281,783</u>	186,823
NET ASSETS		
General Fund <i>(Note 6)</i>	160,090	113,983
Capital Campaign Fund <i>(Note 7)</i>	57,956	37,454
Pathfinder Access Fund <i>(Note 8)</i>	51,496	30,200
	<u>269,542</u>	181,637
	<u>\$ 551,325</u>	\$ 368,460

CONTRACTUAL OBLIGATION *(Note 9)***APPROVED ON BEHALF OF THE BOARD**

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, 2022

	General Fund 2022	Capital Campaign Fund 2022	Pathfinder Access Fund 2022	Total 2022	Total 2021
REVENUES					
Foundation and donations	\$ 217,270	\$ -	\$ -	\$ 217,270	\$ 53,399
Ship fees	206,215	-	-	206,215	122,224
Fundraising and bursary	134,151	20,502	41,178	195,831	93,707
Capital grant income	5,000	-	-	5,000	5,000
	562,636	20,502	41,178	624,316	274,330
EXPENDITURES					
Pathfinder	171,641	-	19,883	191,524	-
Salaries and wages	117,687	-	-	117,687	91,614
Program	113,025	-	-	113,025	27,400
Vessels	27,167	-	-	27,167	18,337
Office	20,724	-	-	20,724	8,700
Insurance	19,648	-	-	19,648	16,973
Amortization	12,710	-	-	12,710	11,696
Interest and bank charges	9,966	-	-	9,966	2,397
Rental	6,600	-	-	6,600	6,074
Advertising and promotion	5,825	-	-	5,825	5,181
Professional fees	5,545	-	-	5,545	4,965
Business taxes, licenses and memberships	3,626	-	-	3,626	-
Telephone	2,364	-	-	2,364	1,041
Bad debts (recovery)	-	-	-	-	(2,153)
	516,528	-	19,883	536,411	192,225
OTHER INCOME					
Government assistance	-	-	-	-	20,000
Gains on disposal of property, plant and equipment	-	-	-	-	1,863
	-	-	-	-	21,863
EXCESS OF REVENUES OVER EXPENDITURES	\$ 46,108	\$ 20,502	\$ 21,295	\$ 87,905	\$ 103,968

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, 2022

	2021 Balance	Excess of revenue over expenses	2022 Balance
General Fund	\$ 113,983	\$ 46,107	\$ 160,090
Capital Campaign Fund	37,454	20,502	57,956
Pathfinder Access Fund	30,200	21,296	51,496
	<u>\$ 181,637</u>	<u>\$ 87,905</u>	<u>\$ 269,542</u>
	2020 Balance	Excess of revenue over expenses	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>\$ 181,637</u>

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

BRIGS YOUTH SAIL TRAINING**Statement of Cash Flows****Year Ended October 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 87,905	\$ 103,968
Items not affecting cash:		
Amortization of equipment	12,710	11,696
Gain on disposal of equipment	-	(1,863)
	<u>100,615</u>	<u>113,801</u>
Changes in non-cash working capital:		
Accounts receivable	2,376	(8,114)
Prepaid expenses	(3,999)	(4,002)
Accounts payable and accrued liabilities	76,067	(46,808)
Government remittances payable	214	2,006
Deferred revenue	22,332	56,898
	<u>96,990</u>	<u>(20)</u>
Cash flow from operating activities	<u>197,605</u>	<u>113,781</u>
INVESTING ACTIVITIES		
Purchase of equipment	(20,235)	(5,090)
Proceeds on disposal of equipment	-	4,000
Allocation of restricted cash	(109,452)	(57,650)
	<u>(129,687)</u>	<u>(58,740)</u>
Cash flow used by investing activities	<u>(129,687)</u>	<u>(58,740)</u>
FINANCING ACTIVITIES		
Advances from (to) related parties - net	-	(5,495)
Proceeds from long term debt	-	18,000
Repayment of long term debt	(1,000)	-
	<u>(1,000)</u>	<u>-</u>
Cash flow from (used by) financing activities	<u>(1,000)</u>	<u>12,505</u>
INCREASE IN CASH FLOW	66,918	67,546
Cash - beginning of year	<u>83,804</u>	<u>16,258</u>
CASH - END OF YEAR	\$ 150,722	\$ 83,804

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

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2022

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 (ASNFPO). 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.

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using specific identification for major equipment and the weighted-average cost formula for all other inventory items. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

(continues)

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2022

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

Equipment

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
Motor vehicles	30%	declining balance method
Equipment	20%	declining balance method
Computer equipment	55%	declining balance method

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

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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 and accounts receivable.

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

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.

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2022

2. RETRICTED CASH

	2022	2021
Pathfinder Access Fund	\$ 51,496	\$ 30,200
Capital Campaign Fund	57,956	37,454
	\$ 109,452	\$ 67,654

3. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Vessels & Structural Improvements	\$ 820,961	\$ 657,225	\$ 163,736	\$ 165,570
Sailing equipment	74,845	44,833	30,012	27,936
Motor vehicles	7,000	1,050	5,950	-
Equipment	3,633	2,218	1,415	81
Computer equipment	2,917	2,917	-	-
	\$ 909,356	\$ 708,243	\$ 201,113	\$ 193,587

The Organization received a contribution to vessels and structural improvement during the year by way of a stove and fridge.

4. LONG TERM DEBT

	2022	2021
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. (1)	\$ 60,000	\$ 60,000
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.	16,949	17,949
	76,949	77,949
Amounts payable within one year	(60,000)	-
	\$ 16,949	\$ 77,949

(continues)

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2022

4. LONG TERM DEBT *(continued)*

(1) In the past year, the Organization applied for the Canada Emergency Business Account ("CEBA") 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.

Principal repayment terms are approximately:

2023	\$	60,000
2024		16,949
		<u>16,949</u>
	\$	<u>76,949</u>

5. DEFERRED REVENUE

	2022	2021
Laidlaw family gift	\$ 76,500	\$ 45,000
Summer revenue	15,999	20,167
Capital grant	5,850	10,850
Bonnell Cove grant	3,691	3,691
	<u>\$ 102,040</u>	<u>\$ 79,708</u>

The gift from some Laidlaw family members is in support of the Pathfinder Access Fund. 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.

6. 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.

7. 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.

8. PATHFINDER ACCESS FUND

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

BRIGS YOUTH SAIL TRAINING

Notes to Financial Statements

Year Ended October 31, 2022

9. CONTRACTUAL OBLIGATION

The Organization has a long term bareboat charter agreement with respects to the Pathfinder vessel. The agreement contains renewal options and provides for payment of charter costs. During the Charter Term, the Organization will pay hire to the Owner by means of a charitable donation which shall be issued at the end of each calendar year. The Future minimum obligation payments as at October 31, 2022, are as follows:

Contractual obligation repayment schedule:

2023	\$ 83,333
2024	100,000
2025	100,000
2026	16,667
	<hr/>
	<u>\$ 300,000</u>

10. RELATED PARTY TRANSACTIONS

The Organization has received a Notice of Permission for it's 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 \$6,600 (2021 - \$6,074).

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, 2022.

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 2021.

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 and long-term debt. There has been no change to the risk exposures from 2021.