

**St. Michael's Ukrainian
Catholic Church Camp Inc.**

FINANCIAL STATEMENTS

Period Ended December 31, 2018

St. Michael's Ukrainian Catholic Church Camp Inc.

Kamsack, Saskatchewan

December 31, 2018

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Independent Auditors' Report

To the Board of Directors
St. Michael's Ukrainian Catholic Church Camp Inc.

Qualified Opinion

We have audited the financial statements of St. Michael's Ukrainian Catholic Church Camp Inc., (the non-profit), which comprise the Statement of Financial Position as at December 31, 2018 and the Statements of Operations, Changes in Net Assets and Cash Flow for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 non-profit as at December 31, 2018, and results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As explained in note 2(d), the non-profit organization records capital assets purchased at original cost and claims no amortization in the financial statements. Canadian accounting standards for not-for-profit organizations require that capital assets be recorded at cost on the Statement of Financial Position and amortized over the estimated useful life of the asset. The effect to the financial statements by this departure from Canadian accounting standards for not-for-profit organizations has not been determined.

In common with many non-profit organizations, the organization derives revenue from donations, 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 revenues, excess of revenue over expenses, assets and net assets.

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 non-profit 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 opinion.

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 non-profit'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 non-profit or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the non-profit's financial reporting process.



Auditors' 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 auditors' 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 non-profit'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 non-profit'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 non-profit 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.

Baker Tilly SK LLP

Baker Tilly SK LLP

Saskatoon, SK
May 21, 2019

St. Michael's Ukrainian Catholic Church Camp Inc.

Kamsack, Saskatchewan

Statement of Financial Position as at December 31, 2018

	December 2018	February 2018
Assets		
Current Assets		
Cash and cash equivalents	98,395	112,324
Accounts receivable - note 4	910	7,340
	<u>99,305</u>	<u>119,664</u>
Capital Assets		
Buildings	2,272,850	2,291,415
Statue	260,088	260,088
Appliances and furnishings	108,468	92,261
Church relocation and site preparation	53,639	53,639
Sports equipment and facilities	30,890	30,890
Multi-purpose building	29,790	29,790
Leasehold improvements	19,157	19,157
Fire pit	13,226	13,226
Bathroom and shower facilities	7,936	7,936
Equipment	7,822	7,822
Cabins	6,463	6,463
Floating dock	5,268	5,268
Kitchen utensils and equipment	2,277	2,277
Furniture	750	750
	<u>2,818,624</u>	<u>2,820,982</u>
	<u>\$ 2,917,929</u>	<u>\$ 2,940,646</u>
Liabilities and Net Assets		
Current Liabilities		
Operating loan - note 5	140,000	60,000
Accounts payable and accrued liabilities - note 6	5,649	29,846
Other loans payable - note 7		60,000
Rental deposits	1,450	750
Current portion of long-term loans payable	804,000	824,000
	<u>951,099</u>	<u>974,596</u>
Net Assets		
Invested in capital assets	2,033,190	1,936,983
Unrestricted net assets	(66,360)	29,067
	<u>1,966,830</u>	<u>1,966,050</u>
	<u>\$ 2,917,929</u>	<u>\$ 2,940,646</u>

Approved on behalf of the board:

*The notes to financial statements are an integral
part of these financial statements.*

St. Michael's Ukrainian Catholic Church Camp Inc.

Statement of Changes in Net Assets
For the period ended December 31, 2018

	Invested in Capital Assets	Unrestricted Net Assets	December 2018 Total	February 2018 Total
Balance, beginning of period	1,936,983	29,067	1,966,050	1,927,194
Excess (deficiency) of revenue over expenses for the period - general	(35,286)	25,833	(9,453)	39,994
Excess (deficiency) of revenue over expenses for the period - St. Michael's Youth and Teen Camps		10,233	10,233	(1,138)
Interfund transfer - purchase of capital assets	16,207	(16,207)		
Interfund transfer - long-term debt payments	<u>115,286</u>	<u>(115,286)</u>		
Balance (deficit), end of period	<u>\$ 2,033,190</u>	<u>\$ (66,360)</u>	<u>\$ 1,966,830</u>	<u>\$ 1,966,050</u>

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St. Michael's Ukrainian Catholic Church Camp Inc.

Statement of Operations - General
For the period ended December 31, 2018

	December 2018	February 2018
Revenue		
Donations	61,356	108,123
Insurance proceeds	8,475	
Grants		547
Interest	16	
Memberships	400	740
Rental fees	9,925	17,645
Net fundraising	13,309	12,873
	<u>93,481</u>	<u>139,928</u>
Expenses		
Advertising and promotion		71
Entertainment and meals	108	309
Insurance	10,042	11,893
Interest and bank charges	2,819	1,713
Interest - long-term	35,286	38,370
Lease	40	142
Office supplies and copying	566	
Professional fees - architecture	3,379	
Professional fees - audit	6,951	8,389
Professional fees - legal	1,761	4,042
Professional fees - other	998	
Repairs and maintenance - building	7,062	1,840
Repairs and maintenance - equipment	8,972	205
Telephone	586	1,078
Travel	787	
Utilities	21,724	30,412
Yard maintenance	1,853	1,470
	<u>102,934</u>	<u>99,934</u>
Excess (Deficiency) of Revenue over Expenses for the Period	<u><u>\$ (9,453)</u></u>	<u><u>\$ 39,994</u></u>

*The notes to financial statements are an integral
part of these financial statements.*

St. Michael's Ukrainian Catholic Church Camp Inc.

Statement of Operations - St. Michael's Youth and Teen Camps

For the period ended December 31, 2018

	December 2018	February 2018
Revenue		
Participant fees	14,656	15,677
Donations	19,677	7,559
Grants	4,000	
Photo/CD sales	847	400
Sales - T-shirts	315	
Other	61	314
	<u>39,556</u>	<u>23,950</u>
Operating Expenses		
Administration		
Honoraria - director	3,200	3,910
Office supplies, postage and advertising	337	1,520
	<u>3,537</u>	<u>5,430</u>
Facilities and maintenance		
Honoraria - maintenance	2,160	0
Rent - equipment	364	
	<u>2,524</u>	<u>0</u>
Kitchen and canteen service		
Food, kitchen and canteen supplies	5,849	4,299
Honoraria - kitchen staff	1,350	875
	<u>7,199</u>	<u>5,174</u>
Medical supplies	157	0
Program		
Honoraria - clergy and religious	1,650	900
Honoraria - counsellors	11,205	9,375
Participant and supplies transportation	470	821
Program supplies, park passes	1,124	2,463
T-shirt and toque costs	1,457	925
	<u>15,906</u>	<u>14,484</u>
Total operating expenses	<u>29,323</u>	<u>25,088</u>
Excess (Deficiency) of Revenue over Expenses for the Period	<u>\$ 10,233</u>	<u>\$ (1,138)</u>

*The notes to financial statements are an integral
part of these financial statements.*

St. Michael's Ukrainian Catholic Church Camp Inc.

Statement of Cash Flow
For the period ended December 31, 2018

	December 2018	February 2018
Cash Provided By (Used In):		
Operations		
Excess (deficiency) of revenue over expenses for the period		
- general	(9,453)	39,994
Excess (deficiency) of revenue over expenses for the period		
- St. Michael's Youth and Teen Camps	10,233	(1,138)
Add items not requiring cash resources		
Adjustment of accounts payable related to capital assets	18,565	
Net change in working capital	<u>(17,067)</u>	<u>7,899</u>
	<u>2,278</u>	<u>46,755</u>
Investing activities		
Capital asset purchases	(16,207)	(13,621)
Proceeds on disposal of capital assets		1,400
	<u>(16,207)</u>	<u>(12,221)</u>
Financing activities		
Increase in short-term borrowings	80,000	60,000
Repayment of long-term loans	(20,000)	(5,000)
Repayment of other loans	<u>(60,000)</u>	
	<u>0</u>	<u>55,000</u>
Net Cash Increase (Decrease) for the Period	(13,929)	89,534
Cash position, beginning of period	<u>112,324</u>	<u>22,790</u>
Cash Position, End of Period	<u>\$ 98,395</u>	<u>\$ 112,324</u>
Represented By:		
Cash and cash equivalents	<u>\$ 98,395</u>	<u>\$ 112,324</u>
Net change in working capital consists of:		
Decrease (increase) - accounts receivable	6,430	(1,874)
- inventories		594
Increase (decrease) - accounts payable and accrued liabilities	(24,197)	8,679
- other current liabilities	<u>700</u>	<u>500</u>
	<u>\$(17,067)</u>	<u>\$ 7,899</u>

*The notes to financial statements are an integral
part of these financial statements.*

St. Michael's Ukrainian Catholic Church Camp Inc.

Notes to Financial Statements
For the period ended December 31, 2018

1. Nature of Operations

The organization was incorporated on June 14, 1990 under the Non-Profit Corporations Act of Saskatchewan. The St. Michael's Ukrainian Catholic Church Camp Inc. is currently engaged in managing and maintaining certain lands and facilities operated as youth and family camps on behalf of the Ukrainian Catholic Episcopal Corporation of Saskatchewan. The organization, as a registered charity, is not subject to income tax.

2. Significant Accounting Policies

These financial statements are the responsibility of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the accounting policies as summarized below:

(a) Cash and cash equivalents

Cash and cash equivalents represents cash on hand and cash held in banks.

(b) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(c) Financial instruments

Measurement of financial instruments

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

The organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses.

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 excess of revenue over expenses. 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 excess of revenue over expenses.

(d) Capital assets

Tangible capital assets are recorded at acquisition cost. No provision has been made in these statements for amortization.

Acquisition costs for the buildings include: materials and labour, equipment rentals, capitalized interest and utilities during construction.

St. Michael's Ukrainian Catholic Church Camp Inc.

Notes to Financial Statements
For the period ended December 31, 2018

2. Significant Accounting Policies - continued

(e) Donated materials and service

The organization benefits from the donation of materials and services. These financial statements do not reflect the value of donations-in-kind received in the year.

(f) Revenue

The organization follows the deferral method of accounting for contributions. Restricted contributions, subject to external stipulations, are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

(g) Other revenue

Participant fees are recognized in the period in which the event related to the fees takes place.

(h) Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

3. Financial Instruments

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long-term debt, other loans payable and accounts payable.

4. Accounts Receivable

Accounts receivable are comprised of the following items:

	December 2018	February 2018
Taxes receivable	910	6,553
Other accounts receivable	<u> </u>	<u>787</u>
	<u>\$ 910</u>	<u>\$ 7,340</u>

St. Michael's Ukrainian Catholic Church Camp Inc.

Notes to Financial Statements
For the period ended December 31, 2018

5. Operating Loan

The company has a demand operating line-of-credit available to a maximum of \$260,000 with the Ukrainian Catholic Episcopal Corporation of Saskatchewan. Interest is payable monthly at the rate of 3.00% per annum accruing interest until payments commence October 1, 2018. Subsequent advances are subject to certain restrictions including certain debt repayments.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	December 2018	February 2018
Accounts payable	4,846	28,966
Accrued liabilities	803	880
	\$ 5,649	\$ 29,846

7. Other Loans Payable

This loan is unsecured, bears no interest and is due on demand.

8. Long-Term Loans Payable

Loan payable - Affinity Credit Union Ltd.

Maturity date - June 26, 2016 (to be updated upon new loan agreement)

Original amount - \$750,000

Purpose - complete construction of building

Amortization period - due on demand

Interest rate - Affinity Credit Union prime rate plus 2% (as at year end - 5.95%)

Terms of repayment - interest-only paid monthly; balance due June 26, 2016 (to be updated upon new loan agreement)

Security - first charge on property; general security agreement on all assets; assignment of rents; personal guarantees by three board members

Net book value of assets held as security - \$2,291,415

Balance, end of period	740,000	750,000
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St. Michael's Ukrainian Catholic Church Camp Inc.

Notes to Financial Statements
For the period ended December 31, 2018

	December 2018	February 2018
8. Long-Term Loans Payable - continued		
Loan payable - Ukrainian Catholic Episcopal Corporation of Saskatchewan		
Maturity date - September 1, 2019		
Original amount - \$84,000		
Purpose - purchase of capital assets		
Amortization period - 2 years		
Interest rate - 1.5%		
Terms of repayment - semi-annual principal payments of \$5,000 and quarterly interest payments		
Security - none		
Balance, end of period	64,000	74,000
	<u>804,000</u>	<u>824,000</u>
Less: Portion due in one year	<u>804,000</u>	<u>824,000</u>
	<u>\$ 0</u>	<u>\$ 0</u>

9. Interfund Transfers

During the year, the organization transferred \$16,207 from the unrestricted fund to the capital assets fund for the purchase of capital assets.

During the year, the organization transferred \$115,286 from the unrestricted fund to the capital assets fund for the repayment of and interest on long-term debt.

10. Leased Land

The organization signed a lease, effective May 7, 2013, with the Saskatchewan Ministry of Parks, Culture and Sport to lease the land the camp is located on. The lease expires on March 31, 2023 and contains a renewal subject to certain conditions.

11. Transactions with Related Parties

Included in these financial statements are transactions with related parties. These parties are related by virtue of being a member of the board of directors. Various services were provided to the organization by several related parties; amounts charged to the organization were subsequently donated back to the organization during the fiscal year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Current Period Figures

The current figures reflect the results of operations and changes in cash flow for the ten-month period from March 1, 2018 to December 31, 2018.

St. Michael's Ukrainian Catholic Church Camp Inc.

Notes to Financial Statements
For the period ended December 31, 2018

13. Contingent Liabilities

In a prior year, a lawsuit had been filed against a former contractor alleging substandard work, and subsequently, a counterclaim was filed by the contractor against the St. Michael's Ukrainian Catholic Church Camps Inc. (formerly Ukrainian Catholic Church Camps of Saskatchewan Inc.) for failure to pay outstanding invoices. Subsequent to year end, a settlement was reached whereby both parties have wholly discontinued their claims. Therefore, as of year end, an outstanding accounts payable to the contractor of \$18,565 has been reversed against the cost of the building.