

TORONTO BRIGANTINE INC.

FINANCIAL STATEMENTS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

TORONTO BRIGANTINE INC.

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(Unaudited)

OCTOBER 31, 2019

INDEX

	Page
Independent Practitioner's Review Engagement Report	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To: The Directors of
Toronto Brigantine Inc.

We have reviewed the accompanying financial statements of Toronto Brigantine Inc. that comprise the statement of financial position as at October 31, 2019, and the 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 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, 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.

Conclusion

Based on our review, 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 Toronto Brigantine Inc. as at October 31, 2019, 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.

Kurin and Partners LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Toronto, Canada
April 29, 2020

TORONTO BRIGANTINE INC.

STATEMENT OF FINANCIAL POSITION
(Unaudited)

OCTOBER 31, 2019

	2019	2018
ASSETS		
Current Assets		
Bank	\$ 7,991	\$ 1,178
Accounts receivable (Note 2)	7,160	4,212
Prepaid expenses and deposits	<u>825</u>	<u>825</u>
	15,976	6,215
Property, Plant and Equipment (Note 3)	198,791	210,466
Assets held for sale (Note 3)	<u>-</u>	<u>123,219</u>
	<u>\$ 214,767</u>	<u>\$ 339,900</u>
LIABILITIES		
Current Liabilities		
Accounts payable (Note 4)	\$ 86,854	\$ 101,486
Current portion of long-term debt (Note 5)	<u>10,137</u>	<u>21,824</u>
	<u>96,991</u>	<u>123,310</u>
Long-term Liabilities		
Long term debt (Note 5)	-	139,014
Due to related party (Note 6)	20,949	21,949
Deferred revenue (Note 7)	<u>20,850</u>	<u>25,850</u>
	<u>41,799</u>	<u>186,813</u>
	<u>138,790</u>	<u>310,123</u>
NET ASSETS		
Unrestricted net assets	<u>75,977</u>	<u>29,777</u>
	<u>\$ 214,767</u>	<u>\$ 339,900</u>

Approved on behalf of the board of directors by:

Francis Clegg

See Accompanying Notes to the Financial Statements

TORONTO BRIGANTINE INC.

STATEMENT OF CHANGES IN NET ASSETS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

	Program	Treasury	Vessels	Total Net Assets 2019
Balance, beginning of the year	\$ (327,250)	\$ 308,670	\$ 48,357	\$ 29,777
Revenues over (under) expenditures	<u>(23,964)</u>	<u>44,049</u>	<u>26,115</u>	<u>46,200</u>
Balance, end of the year	<u>\$ (351,214)</u>	<u>\$ 352,719</u>	<u>\$ 74,472</u>	<u>\$ 75,977</u>

(See Note 11)

See Accompanying Notes to the Financial Statements

TORONTO BRIGANTINE INC.

STATEMENT OF OPERATIONS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

	2019	2018
Revenues		
Ship fees	\$ 118,034	\$ 79,013
Foundation and donations	31,874	35,442
Fundraising and bursary	13,919	22,848
Grant income	41,000	4,200
Capital grant income (Note 7)	5,000	5,000
Loss on write-down of assets held for sale	-	(17,091)
Gain on sale of assets held for sale and mortgage (Note 10)	<u>38,308</u>	<u>-</u>
	<u>248,135</u>	<u>129,412</u>
Expenditures		
Amortization (Note 3)	11,675	21,597
Bad debt (recovery of)	(93)	7,925
Bank charges and interest	5,877	5,196
Insurance	20,824	33,137
Interest on long-term debt (recovery of)	(663)	8,908
Marketing and advertising	1,476	1,806
Memberships and dues	444	575
Office and general	2,270	698
Professional fees	2,500	1,305
Program	11,057	6,260
Rent (Note 8)	9,398	7,120
Salaries and benefits	89,426	57,294
Telephone	1,226	1,059
Vessels	<u>46,518</u>	<u>15,630</u>
	<u>201,935</u>	<u>168,510</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 46,200</u>	<u>\$ (39,098)</u>

See Accompanying Notes to the Financial Statements

TORONTO BRIGANTINE INC.

STATEMENT OF CASH FLOWS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

	2019	2018
Cash provided by (used in) the following activities:		
OPERATING		
Excess (deficiency) of revenues over expenditures	\$ 46,200	\$ (39,098)
Items not involving cash:		
Amortization of property, plant and equipment	11,675	21,598
Gain on sale of assets held for sale	1,471	-
Gain on discharge of mortgage	(36,838)	-
Recognition of deferred revenue	(5,000)	(5,000)
Changes in non-cash working capital:		
Accounts receivable	(2,948)	5,007
Prepaid expenses	-	9,459
Accounts payable	<u>(20,503)</u>	<u>11,336</u>
	<u>(5,943)</u>	<u>3,302</u>
INVESTING		
Proceeds from sale of assets held for sale	<u>130,000</u>	<u>-</u>
FINANCING		
Repayment of loan from related party	(1,000)	(1,000)
Repayment of long-term debt	<u>(116,244)</u>	<u>(7,845)</u>
	<u>(117,244)</u>	<u>(8,845)</u>
Change in cash and cash equivalents	6,813	(5,543)
Cash and cash equivalents, beginning of year	<u>1,178</u>	<u>6,721</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,991</u></u>	<u><u>\$ 1,178</u></u>

See Accompanying Notes to the Financial Statements

TORONTO BRIGANTINE INC.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

Nature of business

Toronto Brigantine 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 accounting policies

(a) Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported revenue and expenses during the year. Significant areas requiring the use of significant judgment include the measurement of bad debt provision, and amortization periods of tangible assets. Actual results could differ from these estimates.

(b) Revenue recognition

Revenue is recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as a direct increase of net assets in the year received.

(c) Deferred revenue

Capital donations from prior years are being amortized over an estimated 20 year period at \$5,000 annually.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term deposits which are highly liquid with original maturities of less than three months, and bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(e) Property and equipment

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided based on their estimated productive lives using the following methods and annual rates:

	<u>Rate</u>	<u>Method</u>
Sailing equipment	10%	declining balance
Vessels and structural improvements	5%	declining balance

TORONTO BRIGANTINE INC.

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

1. Summary of Accounting Policies (Continued)

(f) Related party transactions

Related party transactions in the normal course of business that have commercial substance, are measured at the exchange amount, except for non-monetary transactions where there is an exchange of a product or property held for sale, which are measured at the carrying amount of the asset given up, adjusted for the fair value of any monetary consideration.

Related party transactions not in the normal course of the business that have commercial substance, are measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

2. Accounts receivable

	2019	2018
Trade	\$ 1,827	\$ 4,773
Other	5,595	-
Allowance for doubtful accounts	<u>(262)</u>	<u>(561)</u>
	<u>\$ 7,160</u>	<u>\$ 4,212</u>

During the year, the company wrote-off bad debts of \$206.

3. Property, Plant and Equipment

		2019	2018
	Cost	Accumulated Amortization	Net Book Value
			Net Book Value
Computer equipment	\$ 2,917	\$ (2,917)	\$ -
Office furniture and equipment	2,043	(2,043)	-
Sailing equipment	56,939	(36,202)	23,040
Vessels and improvements	809,351	(631,297)	178,054
Website	<u>3,857</u>	<u>(3,857)</u>	<u>-</u>
	<u>\$ 875,107</u>	<u>\$ (676,316)</u>	<u>\$ 198,791</u>
			<u>\$ 210,466</u>

Total amortization expense included in net income for the year is \$11,675.

The organization sold property held for sale with book value of \$123,219 during the year.

TORONTO BRIGANTINE INC.

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

4. Accounts Payable

	2019	2018
Trade	\$ 72,765	\$ 71,024
Accrued liabilities	5,000	7,041
Government remittances payable	<u>9,088</u>	<u>23,421</u>
	<u>\$ 86,854</u>	<u>\$ 101,486</u>

5. Long-term Debt

	2019	2018
Loan Payable	\$ 10,137	\$ 160,838
Less: Current portion	<u>(10,137)</u>	<u>(21,824)</u>
	<u>\$ -</u>	<u>\$ 139,014</u>

The loan payable is non-interest bearing with monthly payments of \$2,500, matures in March 2020. The mortgage payable was discharged on December 13, 2018.

6. Due to related party

The amount owing to a past Director is non-interest bearing with no fixed terms of repayment, and arose as a result of expenditures incurred on behalf of the organization. It is currently being discharged at a rate of \$1,000 per year by donation from the past Director.

7. Deferred Revenue

Deferred revenue consists of a deferred capital grant in the amount of \$20,850. The deferred capital grant is being recognized into income at a rate of \$5,000 per year and arises from a transaction in 1998.

8. Commitments

The Organization leases its premises. The minimum annual lease payments, net of HST, required for the next five years, are as follows:

2020	\$ 7,065
2021 to 2024	<u>-</u>
	<u>\$ 7,065</u>

TORONTO BRIGANTINE INC.

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

9. Financial instruments

The significant financial risks to which the Organization is exposed are interest rate risk, liquidity risk and market risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is mainly exposed to this risk through its accounts payable, as it is required to make specific payments on a timely basis. The entity minimizes this risk by monitoring and anticipating its operating requirements through the preparation of budgets and cash forecasts, ensuring it has sufficient funds to meet its obligations. There has been no change in the risk exposure from the prior year.

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 mainly exposed to this risk through its accounts receivable as it provides credit to its customers in the normal course of its operations. The Organization minimizes this risk by dealing with credit worthy customers, monitored through the use of credit rating agencies. There has been no change in the risk exposure from the prior year.

10. Gain on sale of assets held for sale and mortgage

During the year, the organization sold assets held for sale at a net gain of \$1,471 (including gains of \$6,781 and outlays of \$5,310). The organization also received a discharge on its mortgage payable at a gain of \$36,838.

TORONTO BRIGANTINE INC.

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

FOR THE YEAR ENDED OCTOBER 31, 2019

11. Excess (deficiency) of revenues over expenditures by fund

Program	2019	2018
Ship fees	\$ <u>118,034</u>	\$ <u>79,013</u>
Bank charges and interest	5,877	5,196
Insurance	20,824	33,137
Marketing and advertising	1,476	1,806
Memberships and dues	444	575
Office and general	2,270	698
Salaries and benefits	89,426	57,294
Program	11,057	6,260
Rent (Note 8)	9,398	7,120
Telephone	<u>1,226</u>	<u>1,059</u>
	<u>141,998</u>	<u>113,145</u>
	\$ <u>(23,964)</u>	\$ <u>(34,132)</u>
 Treasury		
Foundation and donations	31,874	35,442
Fundraising and bursary	<u>13,919</u>	<u>22,848</u>
	<u>45,793</u>	<u>58,290</u>
Interest on long-term debt (recovery of) (Note 5)	(663)	8,908
Professional fees	2,500	1,305
Bad debt (recovery of)	<u>(93)</u>	<u>7,925</u>
	<u>1,744</u>	<u>18,138</u>
	\$ <u>44,049</u>	\$ <u>40,152</u>
 Vessels		
Grant income	41,000	4,200
Capital grant income (Note 7)	5,000	5,000
Loss on write-down of assets held for sale	-	(17,091)
Gain on sale of assets held for sale and mortgage (Note 10)	<u>38,308</u>	<u>-</u>
	<u>84,308</u>	<u>(7,891)</u>
Amortization (Note 3)	11,675	21,597
Vessels	<u>46,518</u>	<u>15,630</u>
	<u>58,193</u>	<u>37,227</u>
	\$ <u>26,115</u>	\$ <u>(45,118)</u>