

**OUTWARD BOUND CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

## Independent Auditor's Report

To the Members of  
**Outward Bound Canada**

We have audited the accompanying financial statements of Outward Bound Canada, which comprise the statement of financial position as at December 31, 2015, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these 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 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 organization'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 organization'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 is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Outward Bound Canada as at December 31, 2015, 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.



Toronto, Ontario  
April 28, 2016

Chartered Professional Accountants  
Licensed Public Accountants

# OUTWARD BOUND CANADA

## Statement of Financial Position

December 31	2015 \$	2014 \$
<b>ASSETS</b>		
Current assets		
Cash	615,202	637,330
Accounts receivable	224,736	46,295
Due from related party (note 3)	76,124	19,012
Prepaid expenses	85,791	70,003
Short term investments (note 4)	18,000	18,000
	<b>1,019,853</b>	790,640
Capital assets (note 5)	<b>30,087</b>	42,052
	<b>1,049,940</b>	832,692
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	123,018	122,268
Deferred contributions, grants and bursaries (note 7)	603,308	382,250
Deferred course fees	158,373	186,200
	<b>884,699</b>	690,718
<b>NET ASSETS</b>		
Invested in capital assets	30,087	42,052
Unrestricted	135,154	99,922
	<b>165,241</b>	141,974
	<b>1,049,940</b>	832,692

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

Approved on behalf of the Board:

Director

Director

# OUTWARD BOUND CANADA

## Statement of Operations

Year ended December 31	2015 \$	2014 \$
Revenues		
Course fees	1,689,933	1,586,645
Contributions, grants and bursaries	1,328,954	974,821
Donations and fundraising	472,230	371,890
Donations from Outward Bound Canada Foundation (note 3)	68,160	28,288
Other income	37,872	34,216
	<u>3,597,149</u>	<u>2,995,860</u>
Expenditures		
Program (schedule 1)	1,178,790	870,589
Administration (schedule 2)	426,350	409,808
Salaries and benefits (schedule 3)	1,968,742	1,698,014
	<u>3,573,882</u>	<u>2,978,411</u>
Excess of revenues over expenditures for year	<u>23,267</u>	<u>17,449</u>

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

# OUTWARD BOUND CANADA

## Statement of Changes in Net Assets

Year ended December 31

	<b>2015</b>		
	<b>Invested in Capital Assets \$</b>	<b>Unrestricted \$</b>	<b>Total \$</b>
Balance, beginning of year	42,052	99,922	<b>141,974</b>
Excess of revenues over expenditures	(11,965)	35,232	<b>23,267</b>
Balance, end of year	<u>30,087</u>	<u>135,154</u>	<u><b>165,241</b></u>

	<b>2014</b>		
	<b>Invested in Capital Assets \$</b>	<b>Unrestricted \$</b>	<b>Total \$</b>
Balance, beginning of year	46,373	78,152	124,525
Excess of revenues over expenditures	(14,401)	31,850	17,449
Change in investment in capital assets	10,080	(10,080)	-
Balance, end of year	<u>42,052</u>	<u>99,922</u>	<u>141,974</u>

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

# OUTWARD BOUND CANADA

## Statement of Cash Flows

Year ended December 31	2015 \$	2014 \$
Cash flows from operating activities		
Excess of revenues over expenditures for year	23,267	17,449
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	11,965	14,401
	<b>35,232</b>	31,850
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	(178,441)	12,621
(Increase) decrease in prepaid expenses	(15,788)	16,983
(Decrease) increase in accounts payable and accrued liabilities	750	27,338
Increase (decrease) in deferred contributions, grants and bursaries	221,058	(87,817)
Decrease in deferred course fees	(27,827)	(45,967)
	<b>34,984</b>	(44,992)
Cash flows from investing activities		
Additions to capital assets	-	(10,080)
Cash flows from financing activities		
(Increase) decrease in due from related party	(57,112)	38,249
Net change in cash	(22,128)	(16,823)
Cash, beginning of year	637,330	654,153
Cash, end of year	<b>615,202</b>	637,330

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

# OUTWARD BOUND CANADA

## Schedules to Financial Statements

Year ended December 31

### Schedule of Program expenditures

### Schedule 1

	2015 \$	2014 \$
Program supplies and services	710,629	492,717
Food	238,172	190,438
Transportation	229,989	187,434
	<u>1,178,790</u>	<u>870,589</u>

### Schedule of Administration expenditures

### Schedule 2

	2015 \$	2014 \$
Office and communications	82,656	62,637
Rent and base camp facilities	50,444	46,260
Fundraising	48,644	55,448
Insurance	47,446	41,373
Travel	46,102	46,772
Marketing	44,740	62,154
Interest and credit card charges	35,225	30,173
Dues and board expenditures (note 3)	33,468	24,378
Professional fees	23,494	22,000
Amortization	11,965	14,401
Bad debts	2,166	4,212
	<u>426,350</u>	<u>409,808</u>

### Schedule of Salaries and benefits

### Schedule 3

	2015 \$	2014 \$
Direct program delivery	1,571,923	1,270,696
Administration and program supervision	396,819	427,318
	<u>1,968,742</u>	<u>1,698,014</u>

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

# OUTWARD BOUND CANADA

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## Notes to Financial Statements

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December 31, 2015

### **Purpose of the organization**

Outward Bound Canada (the "Organization") was incorporated as a not-for-profit corporation without share capital under the Canada Corporations Act, and received its certificate of continuance under the Canada Not-for-profit Corporations Act. The Organization is a registered charity in Canada and is exempt from income taxes.

The Organization's mission is to cultivate resilience, leadership, connections and compassion through inspiring and challenging journeys of self-discovery in the natural world. The Organization's experiential educational process is based upon the philosophy that learning and understanding take place when people engage in and reflect upon experiences in challenging environments in which they must acquire new skills and work with each other.

The Organization is partnered with high schools, universities, community groups, government agencies, corporate groups and learning institutes across Canada to provide a wide range of services that enhance capacity and leadership and assist youth and adults in challenging times of transition in urban and wilderness settings.

### **1. Significant accounting policies**

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Part III of the CPA Canada Handbook - Accounting, and in accordance with Canadian generally accepted accounting principles. The financial statements have been prepared within the framework of significant accounting policies summarized below:

#### **(a) Revenue recognition**

The Organization follows the deferral method of accounting for contributions, which include donations, bursaries and grants.

Contributions made for restricted purposes related to expenses of future periods are deferred and recognized as revenue at the time the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or, if the amount to be received can be reasonably estimated and collection is reasonably assured, when receivable.

Course fee revenue is recognized on a pro-rata basis over the term of the related course.



# OUTWARD BOUND CANADA

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## Notes to Financial Statements (continued)

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December 31, 2015

1. **Significant accounting policies (continued)**

(b) **Financial instruments**

(i) **Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, due from related party and short term investments.

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

(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 the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- 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 or 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.

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 1. Significant accounting policies (continued)

#### (c) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Capital assets, consisting of program and computer equipment and vehicles, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Program and computer equipment	25 to 33% declining balance
Vehicles	25% declining balance

#### (d) Related party transactions

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### (e) Contributed materials and services

Volunteers contributed time to assist the Organization in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 1. Significant accounting policies (continued)

#### (f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results may differ from these estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

### 2. Financial instruments risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2015.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash	X		X		
Accounts receivable	X				
Due from related party	X				
Short term investments	X			X	
Accounts payable and accrued liabilities		X			

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 2. Financial instruments risk management (continued)

#### (a) Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposures of the Organization to credit risk are as follows:

	2015	2014
	\$	\$
Cash	615,202	637,330
Accounts receivable	224,736	46,295
Due from related party	76,124	19,012
Short term investments	18,000	18,000
	<u>934,062</u>	<u>720,637</u>

The Organization is not exposed to any significant credit risk arising from these financial instruments.

#### (b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. The maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities amounting to \$123,018 (2014 - \$122,268). The Organization is not exposed to significant liquidity risk.

#### (c) 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 currency risk, interest rate risk and other price risk. The Organization is not exposed to significant market risk.

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 2. Financial instruments risk management (continued)

#### (c) Market risk (continued)

##### (i) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Organization is not exposed to significant currency risk.

##### (ii) 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 the Organization to interest rate risk arises from its interest bearing assets. The Organization is not exposed to significant interest rate risk.

##### (iii) Price risk

Price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is not exposed to other price risk.

#### Changes in risk

There have been no changes in the Organization's risk exposures from the prior year.

### 3. Related party transactions

- (a) Outward Bound Canada Foundation/Fondation Outward Bound Canada ("Foundation") was established to help the Organization reach its fundraising and other objectives.

Outward Bound International ("OBI") is the membership organization of all the Outward Bound Centres worldwide.

- (b) Transactions

	2015 \$	2014 \$
Revenue - Donations from the Foundation	68,160	28,288
Expenditures - Dues paid to OBI	16,899	10,256

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 3. Related party transactions (continued)

(c) Due from related party

	2015 \$	2014 \$
Due from the Foundation	76,124	19,012

(d) Accounts receivable include amounts receivable from:

	2015 \$	2014 \$
OBI	18,222	1,679

(e) Accounts payable and accrued liabilities include amounts payable to:

	2015 \$	2014 \$
OBI	11,941	10,844

### 4. Short term investments

Short term investments consists of guaranteed investment certificates and is security for the Organization's credit cards.

### 5. Capital assets

	2015		
	Cost \$	Accumulated Amortization \$	Net \$
Program and computer equipment	212,347	192,673	19,674
Vehicles	58,745	48,332	10,413
	271,092	241,005	30,087
	2014		
	Cost \$	Accumulated Amortization \$	Net \$
Program and computer equipment	212,347	184,179	28,168
Vehicles	58,745	44,861	13,884
	271,092	229,040	42,052

# OUTWARD BOUND CANADA

## Notes to Financial Statements (continued)

December 31, 2015

### 6. Accounts payable and accrued liabilities

	2015 \$	2014 \$
Accounts payable and accrued liabilities	121,124	111,122
Government remittances	1,894	11,146
	<u>123,018</u>	<u>122,268</u>

### 7. Deferred contributions, grants and bursaries

	2015 \$	2014 \$
Balance, beginning of year	382,250	470,067
Contributions received	1,280,369	858,887
Amount recognized as revenue	(1,059,311)	(946,704)
Balance, end of year	<u>603,308</u>	<u>382,250</u>

### 8. Commitments

The Organization is committed to annual payments for leases for premises until January 1, 2019. Future minimum lease payments, excluding HST, operating costs and property taxes, are as follows:

	\$
2016	70,264
2017	42,664
2018	32,584
2019	2,715
	<u>148,227</u>

### 9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# HILBORN

LISTENERS. THINKERS. DOERS.