



Consolidated Financial Statements

Campfire Circle

December 31, 2023

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Independent auditor's report

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To the Board of Directors of
Campfire Circle

Qualified Opinion

We have audited the consolidated financial statements of Campfire Circle (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification 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 years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 Organization'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 Organization'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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Grant Thornton LLP

Toronto, Canada
March 7, 2024

Chartered Professional Accountants
Licensed Public Accountants

Campfire Circle

Consolidated Statement of Operations

Year ended December 31

2023

2022

Revenue		
Donations and fundraising (Note 10 and 11)	\$ 11,879,266	\$ 10,021,065
Amortization of deferred capital contributions	1,253,939	1,237,112
Bequests (Note 10)	824,182	134,889
Investment and rental income	<u>1,278,370</u>	<u>636,234</u>
	<u>15,235,757</u>	<u>12,029,300</u>
Expenditures (Note 12)		
Overnight camp programs	5,296,515	3,718,522
Community and in-hospital programs	2,941,408	2,659,819
Overnight site operating costs	1,259,199	1,271,537
Fundraising and development (Note 10)	3,951,411	3,375,232
Administrative, rental and other (Note 13)	1,942,790	1,729,632
Amortization	<u>2,006,834</u>	<u>2,037,287</u>
	<u>17,398,157</u>	<u>14,792,029</u>
Deficiency of revenue over expenditures before undernoted items	(2,162,400)	(2,762,729)
Site development and feasibility costs	(599,514)	(556,273)
Gain on disposal of capital assets	<u>-</u>	<u>685,084</u>
Deficiency of revenue over expenditures	<u>\$ (2,761,914)</u>	<u>\$ (2,633,918)</u>

See accompanying notes to the financial statements.

Campfire Circle

Consolidated Statement of Changes in Net Assets

Year ended December 31

	Unrestricted	Invested in Capital and Intangible Assets	Operating Reserve Fund	Internally restricted Strategic Initiatives Fund	Total
Balance, December 31, 2021	\$ 2,251,190	\$ 6,397,460	\$ 6,600,000	\$ 2,200,000	\$ 17,448,650
Deficiency of revenue over expenditures	(2,518,827)	(115,091)	-	-	(2,633,918)
Inter-fund transfers (Note 2)	(244,000)	-	800,000	(556,000)	-
Proceeds from sale of capital assets	924,329	(924,329)	-	-	-
Proceeds from bank loan	5,600,000	(5,600,000)	-	-	-
Deferred capital contributions	333,882	(333,882)	-	-	-
Invested in capital and intangible assets	<u>(6,324,003)</u>	<u>6,324,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2022	\$ 22,571	\$ 5,748,161	\$ 7,400,000	\$ 1,644,000	\$ 14,814,732
Deficiency of revenue over expenditures	(2,009,019)	(752,895)	-	-	(2,761,914)
Inter-fund transfers (Note 2)	2,625,000	-	(2,025,000)	(600,000)	-
Deferred capital contributions	210,515	(210,515)	-	-	-
Invested in capital and intangible assets	<u>(847,996)</u>	<u>847,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2023	<u>\$ 1,071</u>	<u>\$ 5,632,747</u>	<u>\$ 5,375,000</u>	<u>\$ 1,044,000</u>	<u>\$ 12,052,818</u>

See accompanying notes to the financial statements.

Campfire Circle

Consolidated Statement of Financial Position

December 31

2023

2022

Assets

Current

Cash (Note 4)	\$ 2,053,877	\$ 1,994,584
Investments (Note 5)	8,138,743	9,831,249
Receivables (Note 6)	1,440,426	1,812,647
Prepaid expenses	<u>317,362</u>	<u>300,079</u>

11,950,408 13,938,559

Capital and intangible assets (Note 7)

35,026,272 36,185,109

Other assets (Note 8)

121,833 130,698

\$ 47,098,513 **\$ 50,254,366**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,054,522	\$ 757,033
Deferred rent	55,873	60,444
Bank loan (Note 3)	<u>5,600,000</u>	<u>5,600,000</u>

6,710,395 6,417,477

Deferred contributions (Note 9)

4,541,776 4,185,209

Deferred capital contributions (Note 9)

23,793,524 24,836,948

35,045,695 35,439,634

Net assets

Unrestricted

1,071 22,571

Invested in capital and intangible assets

5,632,747 5,748,161

Internally restricted (Note 2)

6,419,000 9,044,000

12,052,818 14,814,732

\$ 47,098,513 **\$ 50,254,366**

Commitments (Note 15)

On behalf of the Board of Directors

Mark Norman

K. J. [Signature]

Director

Director

Campfire Circle

Consolidated Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

Operating

Deficiency of revenues over expenditures	\$ (2,761,914)	\$ (2,633,918)
Items not affecting cash		
Amortization of capital and intangible assets	2,006,834	2,037,287
Loss on sale and impairment of donations-in-kind	12,959	-
Cash surrender value of life insurance	(4,094)	(3,698)
Donations-in-kind	-	(236,238)
Gain on disposal of capital assets	-	(685,084)
Unrealized loss (gain) on investments and other	(317,590)	177,669
Deferred contributions recognized	(1,108,338)	(1,199,553)
Amortization of deferred capital contributions	(1,253,939)	(1,237,112)
	<u>(3,426,082)</u>	<u>(3,780,647)</u>

Change in non-cash working capital items

Receivables	372,221	(1,028,196)
Prepaid expenses	(17,282)	(52,539)
Accounts payable and accrued liabilities	297,487	81,070
	<u>652,426</u>	<u>(999,665)</u>

Deferred contributions received

	<u>1,675,420</u>	<u>2,613,629</u>
	<u>(1,098,236)</u>	<u>(2,166,683)</u>

Investing

Net proceeds on disposal of capital assets	-	924,329
Net proceeds on disposal of donations-in-kind	-	236,238
Net (purchase) redemption of investments	2,005,525	(5,002,072)
Invested in capital and intangible assets	(847,996)	(6,324,003)
	<u>1,157,529</u>	<u>(10,165,508)</u>

Financing

Proceeds from bank loan	-	5,600,000
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Increase (decrease) in cash

59,293 (6,732,191)

Cash

Beginning of year	<u>1,994,584</u>	<u>8,726,775</u>
End of year	<u>\$ 2,053,877</u>	<u>\$ 1,994,584</u>

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

The mission of Campfire Circle (the “Organization”) is to foster resilience, well-being and lifelong connections for children with serious illness and their families through camp-inspired programs.

Since 1983, the Organization has provided year-round overnight camp programs in Muskoka, Waterford (Rainbow Lake), and Bloomfield, together with camp-inspired programs in hospitals and communities across Ontario. Our Muskoka site is the only oncology camp in Canada with the ability to give IV chemotherapy and blood transfusions, so that even the most medically fragile patients can experience the joy of camp.

Thanks to the support of our generous donors, we offer all of our overnight, community and in-hospital programs free of charge to families, recognizing the financial challenges that come with caring for a seriously ill child.

The Organization is a registered charity under the Canada Not-for-profit Corporations Act and a registered charitable Organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

1. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO) and include the following significant accounting policies:

Basis of presentation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, Camp Hollyburn (1986) Limited. All significant intercompany transactions and balances have been eliminated on consolidation.

Contributions receivable and revenue recognition

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

The Organization follows the deferral method of accounting for contributions. Restricted contributions for the purchase of capital assets that will be amortized, are initially recognized as deferred contributions until the capital assets are acquired at which time the deferred contribution is transferred to deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets. Restricted contributions for specific programs are recognized as donations and fundraising in the year in which the related program expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Bequest revenue is recognized when interim or final distributions are received or in-transit from an estate.

Rental income for facilities is short-term in nature and is recognized over the term of the rental.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

Contributions receivable and revenue recognition (continued)

Donations-in-kind are recorded at their estimated fair value based upon appraisal.

Government subsidies toward current expenses are recognized in the statement of operations as income.

Contributed services

The Organization would not be able to carry out its activities without the services of volunteers who donate a considerable number of hours. Because of the difficulty of determining their fair value, the value of contributed services is not recognized in the consolidated financial statements.

Allocation of expenses

The Organization engages in overnight camp programs, community and in-hospital programs, overnight site operating costs, fundraising and development, and administrative functions. The Organization allocates salaries and benefits based on efforts. Office rental and communication expenses are allocated on the same basis as head office salaries. Other costs, such as office supplies, computer maintenance, staff training and development and travel expenses are allocated based on usage.

Capital and intangible assets

Purchased and internally developed capital and intangible assets are stated at cost. Contributed assets are stated at their estimated fair value at the date of contribution. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the capital and intangible assets on a straight-line basis over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	20-35 years
Furniture and equipment	5-10 years
Computer equipment and software	3 years
Vehicles	5 years
Leasehold improvements	term of the lease

When conditions indicate that a capital or intangible asset is impaired, the net carrying amount of the capital or intangible asset is written down to the asset's fair value or replacement cost (determined on an asset-by-asset basis). Write-downs of capital and intangible assets are recognized as expenses in the consolidated statement of operations and are not reversed.

Works-of-art

Contributed works-of-art are recorded at their estimated fair value at the date of contribution and subsequently measured at cost less impairment.

Cash surrender value of life insurance

Life insurance policies are recorded at their realizable value less applicable surrender charges.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets measured at cost or amortized cost are regularly assessed for indicators of impairment. If there is an indication of impairment the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the financial asset is greater than the higher of the present value of the expected future cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

Use of estimates

The preparation of these consolidated financial statements, in conformity with ASNPO, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

Estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Items requiring the use of significant estimates include the useful lives of capital and intangible assets, fair value of capital and intangible assets for determining impairment, and fair value of artwork for determining impairment.

2. Internally Restricted Funds

a) Operating Reserve Fund

The Board of Directors (the "Board") established an Operating Reserve Fund for the purpose of responding to financial pressures and unforeseen liabilities, with the goal of ensuring camp programs remain uninterrupted in the short to medium term. The goal for this fund is to maintain 6 to 9 months of the Organization's annual operating expenditures. The Board has approved a transfer of \$2,025,000 from the operating reserve fund to unrestricted net assets. In 2022, the Board approved a transfer of \$800,000 from unrestricted net assets to the operating reserve fund.

b) Strategic Initiatives Fund

The Board established a Strategic Initiatives Fund for the purpose of pursuing opportunities of strategic importance to advance the mission of the Organization, including capital and operational initiatives. The Board has approved a transfer of \$600,000 from the strategic initiatives fund to unrestricted net assets for site development and feasibility studies related to new and existing properties and camp sites. In 2022, the Board approved a transfer of \$556,000 from the strategic initiatives fund to unrestricted net assets.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

3. Credit facilities

As part of the expansion funding plan, the Organization has secured an operating demand loan to finance short-term project costs. The facility is for a maximum amount of \$1,000,000 and bears interest at the Bank of Montreal's (BMO) prime rate per annum. As at December 31, 2023, this facility was not in use.

The Organization has also secured a demand loan to finance the purchase of property in Eastern Ontario. The facility is for a maximum amount of \$5,600,000 and bears interest at the BMO's prime rate per annum. As at December 31, 2023, this facility was fully drawn.

The facilities are secured by:

- (i) A general security agreement over the assets of the Organization and Camp Hollyburn (1986) Limited;
- (ii) A guarantee provided by Camp Hollyburn (1986) Limited in the amount of \$6,600,000;
- (iii) First mortgage in the amount of \$6,600,000, over the Muskoka property; and
- (iv) Assignment of property insurance.

4. Restricted Cash

The Organization is required to deposit money into a separate bank account, held in trust for the purpose of settling lottery/raffle payouts, in accordance with the Ontario Alcohol and Gaming Commission of Ontario. The Organization has \$90,585 cash in trust (2022 - \$4,611) for this purpose.

5. Investments

Investments consist of:

	<u>2023</u>	<u>2022</u>
Guaranteed investment certificates (GICs)	\$ 6,000,000	\$ 8,000,000
Instruments quoted in an active market, categorized by BMO		
Fixed income	609,138	673,848
Domestic equity	1,238,712	951,334
Foreign equity	273,444	179,449
Other	<u>17,449</u>	<u>26,618</u>
	<u>\$ 8,138,743</u>	<u>\$ 9,831,249</u>

GICs are comprised of four (2022 – one) Canadian guaranteed investment certificates in the total amount of \$6,000,000 (2022 - \$8,000,000) which bear interest at rates ranging from 4.30% to 4.85% (2022 – 3.35%). GICs have maturity dates ranging from February 2, 2024 to October 10, 2024 (2022 – November 23, 2023).

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

6. Receivables

	<u>2023</u>	<u>2022</u>
HST and government receivables	\$ 141,325	\$ 609,431
Pledges and bequests	907,552	816,379
Other	<u>391,549</u>	<u>386,837</u>
	<u>\$ 1,440,426</u>	<u>\$ 1,812,647</u>

7. Capital and intangible assets

	<u>2023</u>	<u>2022</u>		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 7,846,063	\$ -	\$ 7,846,063	\$ 7,476,116
Buildings	41,548,187	15,583,523	25,964,664	27,506,455
Furniture and equipment	3,556,156	2,803,948	752,208	861,197
Computer equipment	955,335	847,046	108,289	118,970
Computer software	764,805	740,376	24,429	19,681
Vehicles	1,124,769	1,053,439	71,330	101,300
Leasehold improvements	<u>5,787,482</u>	<u>5,528,193</u>	<u>259,289</u>	<u>101,390</u>
	<u>\$ 61,582,797</u>	<u>\$ 26,556,525</u>	<u>\$ 35,026,272</u>	<u>\$ 36,185,109</u>

During the year the Organization purchased and developed capital assets amounting to \$847,996 (2022 - \$6,324,003) of which \$369,948 (2022 - \$Nil) is for zoning and redevelopment of property in Eastern Ontario.

8. Other assets

	<u>2023</u>	<u>2022</u>
Works-of-art	\$ 80,666	\$ 93,625
Cash surrender value of life insurance	<u>41,167</u>	<u>37,073</u>
	<u>\$ 121,833</u>	<u>\$ 130,698</u>

In 2023, the Organization recorded an impairment loss on artwork of \$12,059 (2022 - \$Nil) based on estimate of fair market value.

The Organization is the owner and sole beneficiary of a donated life insurance policy with a cash surrender value. The policy has an insured value of \$131,101 (2022 - \$125,025) and the life insurance premiums are paid by the donor. The increase in cash surrender value is included with interest earned in the consolidated statement of operations.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

9. Deferred contributions and deferred capital contributions

- (a) Deferred contributions represent unspent resources externally restricted for program and capital expenses in future years. Changes in the deferred contributions balance are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 4,185,209	\$ 3,105,015
Contributions and interest received	1,675,420	2,613,629
Contributions transferred to deferred capital contributions	<u>(210,515)</u>	<u>(333,882)</u>
	5,650,114	5,384,762
Amount recognized as donations and fundraising:	<u>(1,108,338)</u>	<u>(1,199,553)</u>
Balance, end of year	<u>\$ 4,541,776</u>	<u>\$ 4,185,209</u>

The balance of deferred contributions is largely restricted for program and capital sustainability initiatives at Camp Muskoka.

- (b) Deferred capital contributions represent the unamortized amount of restricted contributions used for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations and changes in net assets. Changes in the deferred capital contributions balance are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 24,836,948	\$ 25,740,178
Contributions transferred from deferred contributions	<u>210,515</u>	<u>333,882</u>
	25,047,463	26,074,060
Amortization of deferred capital contributions:	<u>(1,253,939)</u>	<u>(1,237,112)</u>
Balance, end of year	<u>\$ 23,793,525</u>	<u>\$ 24,836,948</u>

10. Donations and fundraising

Included in donations and fundraising revenue is an amount of \$398,239 (2022 - \$253,676) received related to donations-in-kind of which \$351,554 (2022 - \$236,238) is related to donated shares of publicly traded companies. It is the Organization's policy to convert these assets into cash as soon as practicable.

The Organization holds annual and biennial events, including its signature gala fundraiser. This event was stopped during the pandemic. In 2023, the Organization returned to its signature gala fundraiser. The donations and fundraising revenue is \$1,763,938 (2022 - \$1,180,121) with associated fundraising and development expenditures of \$578,775 (2022 - \$433,748). In addition, the Organization held its annual R2NYC cycling fundraiser from Toronto to New York City. This event resulted in donations and fundraising revenue of \$877,046 (2022 - \$969,721) with associated fundraising and development expenditures of \$323,785 (2022 - \$271,522).

The Organization is a named beneficiary of an estate. A final distribution of \$738,761 was received in 2023 (2022 - \$Nil), and included in bequests, which reflects the remaining net proceeds from the estate.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

11. Government funding

During the year the Organization received the Canada Recovery Hiring Program (CRHP) subsidy of \$Nil (2022 - \$59,570) and was the also the recipient of a Canada Summer Jobs Grant of \$87,677 (2022 - \$63,807)

Furthermore, the Organization received Ontario Trillium Foundation (OTF) Grants totalling \$100,000 (2022 - \$140,000) of which \$44,668 (2022 - \$210,373) was recognized in the year which includes \$592 deferred in 2022.

12. Allocation of expenses

- (a) Salaries and benefits expenses of \$8,810,437 (2022 - \$7,386,942) have been allocated as follows:

	<u>2023</u>	<u>2022</u>
Overnight camp programs	\$ 3,209,434	\$ 2,230,185
Community and in-hospital programs	2,068,218	1,895,658
Overnight site operating costs	499,278	461,313
Fundraising and development	1,773,145	1,568,118
Administrative, rental, and other	<u>1,260,363</u>	<u>1,231,668</u>
	<u>\$ 8,810,437</u>	<u>\$ 7,386,942</u>

- (b) Other expenses (including occupancy and communication costs, office supplies, computer maintenance and staff training and development costs) of \$1,683,489 (2022 - \$1,563,245) have been allocated as follows:

	<u>2023</u>	<u>2022</u>
Overnight camp programs	\$ 462,125	\$ 386,149
Community and in-hospital programs	753,021	690,130
Fundraising and development	265,342	261,779
Administrative, rental, and other	<u>203,000</u>	<u>225,187</u>
	<u>\$ 1,683,489</u>	<u>\$ 1,563,245</u>

13. Administrative, rental, and other

	<u>2023</u>	<u>2022</u>
Administration	\$ 1,710,801	\$ 1,532,627
Rental program	231,989	160,778
Bank loan interest	<u>-</u>	<u>36,227</u>
	<u>\$ 1,942,790</u>	<u>\$ 1,729,632</u>

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

14. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentration as at December 31, 2023.

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 accounts payable. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from its fundraising activities.

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 comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk

The Organization is exposed to interest rate price risk on its fixed rate assets and floating rate liabilities. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Given the current composition of bank loans, the floating-rate instrument subjects the Organization to a cash flow risk. There was no significant exposure in the prior year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to currency risk on its foreign equity investments. There was no significant exposure in the prior year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investments quoted in an active market. There was no significant exposure in 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 exposed to credit risk on their pledge and other receivables (Note 5). Management has adopted credit policies in an effort to minimize those risks and does not believe that there is significant credit concentration or risk. The carrying amount of these balances represents the maximum credit exposure.

Campfire Circle

Notes to the Consolidated Financial Statements

December 31, 2023

15. Commitments

- (a) The Organization is committed to minimum payments under existing premises, rental and equipment leases. Future minimum annual lease payments exclusive of operating costs are approximately as follows:

2024	\$ 428,716
2025	427,326
2026	427,326
2027	<u>285,628</u>
	<u>\$ 1,568,996</u>

- (b) The Organization has entered into various contracts for campsite development, capital asset purchases and capital improvements of \$362,867 (inclusive of HST).

16. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.