

Financial Statements

Canadian Power Squadrons Foundation

For the year ended December 31, 2024

Table of Contents

	Page
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7

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Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Power Squadrons Foundation

Opinion

We have audited the financial statements of Canadian Power Squadrons Foundation, which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

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 foundation 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 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.

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

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

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's 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 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 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 foundation'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 foundation'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 foundation 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.

Reilly Back, LLP

Reilly Back LLP
Licensed Public Accountants

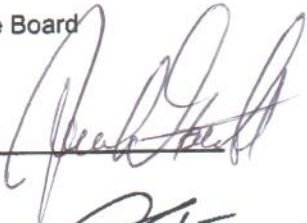
Markham, Ontario
May 28, 2025

Canadian Power Squadrons Foundation
Statement of Financial Position
As at December 31, 2024

	2024	2023
Assets		
Current assets		
Cash	\$ 15,900	\$ 47,487
Donations receivable	-	700
Accrued interest	4,181	4,345
HST receivable	886	979
	<u>20,967</u>	<u>53,511</u>
Investments (note 4)	<u>1,147,458</u>	<u>1,015,664</u>
	<u>\$ 1,168,425</u>	<u>\$ 1,069,175</u>
Liability		
Current liability		
Accounts payable and accrued liabilities	\$ 6,750	\$ 6,863
Net Assets		
Net assets	<u>1,161,675</u>	<u>1,062,312</u>
	<u>\$ 1,168,425</u>	<u>\$ 1,069,175</u>

On behalf of the Board

("Joe Gatfield")



("Doug Stewart")



Canadian Power Squadrons Foundation
Statement of Operations
For the year ended December 31, 2024

	2024	2023
Revenues		
Donations and bequests (note 3)	\$ 25,979	\$ 19,974
Investment income (note 4)	19,544	43,009
Unrealized gain on investments	145,064	117,952
Foreign exchange loss	(329)	-
	<u>190,258</u>	<u>180,935</u>
Expenditures		
CPS - ECP	75,500	25,000
Bank charges and investment management fees	8,192	7,513
General	67	2,248
Professional fees	6,750	6,911
Non-recoverable tax	386	426
	<u>90,895</u>	<u>42,098</u>
Excess of revenues over expenditures	<u>\$ 99,363</u>	<u>\$ 138,837</u>

The accompanying notes are an integral part of these financial statements

Canadian Power Squadrons Foundation

Statement of Changes in Net Assets

For the year ended December 31, 2024

	2024	2023
Net assets, beginning	\$ 1,062,312	\$ 923,475
Excess of revenues over expenditures	<u>99,363</u>	<u>138,837</u>
Net assets, end	<u>\$ 1,161,675</u>	<u>\$ 1,062,312</u>

The accompanying notes are an integral part of these financial statements

Canadian Power Squadrons Foundation

Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Operating activities		
Excess of revenues over expenditures	\$ 99,363	\$ 138,837
Adjustments for non-cash items		
Unrealized gain on investments	(145,064)	(117,952)
Realized gain (loss) on investments	668	(28,660)
	(45,033)	(7,775)
Change in non-cash working capital items		
Donations receivable	700	(700)
Accrued interest	164	(3,181)
HST receivable	93	(131)
Accounts payable and accrued liabilities	(116)	575
	(44,192)	(11,212)
Investing activity		
Proceeds on sale of investments	12,605	39,583
(Decrease) increase in cash	(31,587)	28,371
Cash, beginning	47,487	19,116
Cash, end	\$ 15,900	\$ 47,487

The accompanying notes are an integral part of these financial statements

Canadian Power Squadrons Foundation

Notes to the Financial Statements

For the year ended December 31, 2024

1. Nature of Operations

Canadian Power Squadrons Foundation ("the Foundation") is a charitable foundation incorporated by letters patent under the Canada Corporations Act on November 5, 1975. The Foundation provides support for training and study courses on boating safety and related seamanship knowledge and supports the objectives of Canadian Power and Sail Squadrons. In accordance with the provisions of the Income Tax Act, Section 149(1)(l) the Foundation is exempt from income taxes.

2. Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) Revenue recognition

The Foundation earns its revenue from donations, bequests and investments. Revenue from donations and bequests is recognized when it occurs; revenue from investments is recognized when earned.

The Foundation follows the deferral method of accounting for donations and bequests.

Unrestricted donations and bequests are recognized as revenue in the year in which the revenue is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted donations and bequests are recognized as revenue in the year in which the related expenses are incurred.

The amount of any pledges to donate funds to the Foundation is not included in revenue until such time as funds are received.

Investment income is recognized when received or receivable if the amount to be received can be reasonably assured.

(c) Cash and cash equivalents

The Foundation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and highly liquid temporary investments usually with a maturity period of three months or less from the date of acquisition. Term deposits that the Foundation cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Canadian Power Squadrons Foundation

Notes to the Financial Statements

For the year ended December 31, 2024

2. Accounting Policies, continued

(d) Financial instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in the Statement of Operations. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the Statement of Operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not 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 the Statement of Operations.

(e) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

3. Donations and bequests

The donations and bequests revenue of \$25,979 for the year ended December 31, 2024 (2023 - \$19,974) includes \$1,900 (2023 - \$8,679) of donations and bequests for which charitable donation receipts were issued.

4. Investments

The carrying value of bonds, guaranteed investment certificates ("GIC"s) and equities by issuer as at December 31 is shown in the following table. The maximum exposure to market risk would be the fair value shown below.

	2024	2023
Fixed Income - Bonds	\$ 261,805	\$ 147,565
Fixed Income - GIC	45,000	80,883
Equities	840,653	787,216
	<u>\$ 1,147,458</u>	<u>\$ 1,015,664</u>

Canadian Power Squadrons Foundation

Notes to the Financial Statements

For the year ended December 31, 2024

4. Investments, continued

The organization makes investments in corporate and government bonds, GICs, equities and equity investment accounts. The bonds bear interest at various rates between 1.65% and 4.55%. The bonds mature on a staggered basis from August 2025 until November 2041. The GIC bears interest at 4.99%, maturing June 2027.

The estimated fair value of Held for Trading assets is based on quoted market prices from active markets. The equities and mutual funds are invested in Canadian and Global equities and are subject to stock market fluctuations.

	2024	2023
Dividends	\$ 5,908	\$ 2,008
Foreign dividend	3,576	2,591
Gain on investments	(668)	28,660
Interest	10,728	9,750
	<u>\$ 19,544</u>	<u>\$ 43,009</u>

5. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) 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. The Foundation is exposed to fluctuations in equity markets on its long-term investments.

(b) Liquidity risk

The Foundation does have a liquidity risk in the accounts payable and accrued liabilities of \$6,750 (2023 - \$6,863). Liquidity risk is the risk that the Foundation cannot repay its obligations when they become due to its creditors. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Foundation low and is not material.

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.