

**CANADIAN FOUNDATION
FOR ECONOMIC EDUCATION**

FINANCIAL STATEMENTS

March 31, 2019

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenses	5
Statement of Cash Flows	6
Schedule 1 - Expenses	7
Notes to Financial Statements	8-12

INDEPENDENT AUDITOR'S REPORT

To the directors of Canadian Foundation For Economic Education:

Report on the Audit of the Financial Statements

Qualified Opinion

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 foundation as at March 31, 2019, and its financial performance and its 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, Canadian Foundation For Economic Education derives part of its funding from the general public in the form of donations and contributions which are not susceptible to complete audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the books of the foundation and we were not able to determine whether any adjustments might be necessary to revenues, surplus (deficiency) of revenues over expenses, 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 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 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.

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.

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.

Toronto, Ontario
June 17, 2019

Bass Murphy & Partners
Chartered Professional Accountants, LLP
Licensed Public Accountants

**CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
BALANCE SHEET**

as at March 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 767,691	\$ 682,920
Amounts receivable (Note 2)	34,070	81,070
Prepaid expenses	24,918	10,002
	826,679	773,992
CAPITAL ASSETS (Note 3)	296	422
	826,975	774,414
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	15,000	74,845
Accounts payable and accrued liabilities (Note 5)	46,612	86,499
	61,612	161,344
NET ASSETS	\$ 765,363	\$ 613,070
NET ASSETS REPRESENTED BY:		
Accumulated surplus - unrestricted	\$ 765,363	\$ 613,070

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Director

Director

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF CHANGES IN NET ASSETS

for the year ended March 31, 2019

	2019	2018
UNRESTRICTED NET ASSETS , beginning of year	\$ 613,070	\$ 628,442
Excess (deficiency) of revenues over expenses	152,293	(15,372)
UNRESTRICTED NET ASSETS , end of year	\$ 765,363	\$ 613,070

**CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF REVENUES AND EXPENSES**

for the year ended March 31, 2019

	2019	2018
REVENUES		
Non-government contributions and donations	\$ 1,881,941	\$ 1,514,221
Government contributions	-	51,000
Rental	11,172	12,222
Interest and other	10,962	10,617
	<hr/> 1,904,075	<hr/> 1,588,060
EXPENSES - Schedule 1		
Program services	1,008,635	827,958
Support services - General program development, implementation and administration	743,147	775,474
	<hr/> 1,751,782	<hr/> 1,603,432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 152,293	\$ (15,372)

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 152,293	\$ (15,372)
Adjustment for items not affecting current cash flow:		
Amortization of capital assets	127	181
	152,420	(15,191)
Changes in non-cash working capital balances:		
Amounts receivable	47,000	229,586
Prepaid expenses	(14,916)	(1,563)
Accounts payable and accrued liabilities	(39,887)	(114,888)
	144,617	97,944
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advance (repayment) of bank indebtedness	(59,846)	15,000
INCREASE IN CASH DURING THE YEAR	84,771	112,944
CASH, beginning of year	682,920	569,976
CASH, end of year	\$ 767,691	\$ 682,920

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
SCHEDULE 1 - EXPENSES

for the year ended March 31, 2019

	2019	2018
PROGRAM SERVICES		
Consulting and administrative fees (Note 6)	\$ 654,099	\$ 577,498
Program implementation, field services and travel	246,870	193,184
Computer and website	71,977	28,553
Printing, production and distribution	12,647	23,327
Translation	23,042	5,396
	\$ 1,008,635	\$ 827,958
SUPPORT SERVICES		
Wages and benefits	\$ 469,267	\$ 516,698
Occupancy costs	90,266	87,922
Office supplies and general	47,147	43,921
Non-refundable portion of G.S.T./H.S.T.	37,168	34,657
Board related costs	29,296	29,781
Professional fees	37,745	26,653
Bank charges and interest	10,798	12,733
Telephone	8,142	8,097
Insurance	7,539	7,480
Postage and distribution	1,918	5,217
Equipment rental	3,734	2,134
Amortization of capital assets	127	181
	\$ 743,147	\$ 775,474

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

The foundation was incorporated on June 25, 1974, without share capital under the Canada Corporations Act (continued under articles of continuance on November 12, 2013) and is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The purpose of the foundation is to increase the extent to which Canadians assume their economic roles and make economic decisions, with competence and confidence. The foundation's objectives are to promote the profile and priority assigned to economic and financial capability, promote the policies at all levels of government to support efforts to improve economic and financial capability and to collaborate with partners to develop and distribute resources and programs to help improve economic and financial capability among a number of priority target groups.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

The foundation follows the deferral method of accounting for donations and contributions whereby unrestricted donations and contributions are recognized as revenue when received or receivable and externally restricted donations and contributions are deferred and recognized as revenue in the period when the related expenses are recognized.

The foundation sub-leases a portion of their office space on a month-to-month basis. Rental revenue from these tenants are recognized based on the period the tenants occupy the office space.

Interest income from the bank account is recognized monthly based on the month it was earned.

Contributions and Contributed Services

Contributions received in the form of materials are recorded at fair value at the date of contribution when the fair value can be reasonably estimated and when the materials are used in the normal course of operations.

Volunteers contribute many hours each year to assist the foundation in carrying out its activities. Because of the difficulty in determining their fair values, contributed services are not recognized in these financial statements.

Capital Assets

Capital assets are recorded at cost and are being amortized using the following methods and annual rates:

Furniture and equipment	Straight line	20%
Computer equipment	Straight line	30%

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

The foundation initially measures its financial assets and liabilities at fair value. The foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and amounts receivable.

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

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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include amortization of capital assets, amounts receivable and accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Allocation of Expenses

The foundation engages in government and privately funded projects that are consistent with its objectives. The cost of these programs include eligible expenses that are directly related to the delivery of these projects.

The foundation incurs funding development and administration expenses, including corporate governance, general management and general support. These expenses are allocated accordingly as part of "support services" expenses on an appropriate basis and consistently each year.

Impairment of Long-Lived Assets

The foundation reviews long-lived assets for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. During the year, there were no events or changes in circumstances that caused management to review long-lived assets for impairment. Recoverability is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset.

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. AMOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Corporate sponsors, donors and other receivables	\$ 187	\$ 20,449
Employee loan	-	30,000
Harmonized sales tax rebate	27,756	25,149
Property tax rebate	5,505	5,472
Interest earned on bank account	622	-
	<u>\$ 34,070</u>	<u>\$ 81,070</u>

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 4,583	\$ 4,583	-	-
Computer equipment	45,178	44,882	296	422
	<u>\$ 49,761</u>	<u>\$ 49,465</u>	<u>\$ 296</u>	<u>\$ 422</u>

4. BANK INDEBTEDNESS

Bank indebtedness is secured by a general security agreement covering all assets of the foundation. The balance is due on demand and bears interest at prime plus 1.5% per annum. Prime interest rate approximated 3.95% (2018 - 2.70%) per annum at March 31, 2019. Under the demand loan negotiated on December 13, 2002, the foundation can borrow up to \$200,000. The foundation's bank accounts are held at one Canadian financial institution.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

There are no government remittances included in accounts payable and accrued liabilities (2018 - \$Nil).

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

6. RELATED PARTY TRANSACTIONS

	<u>2019</u>	<u>2018</u>
Payments made for professional services to a company owned by an employee of the foundation	\$ 179,000	\$ 148,419
Payments made for professional services to a spouse of an employee of the foundation	\$ 82,500	\$ 85,000
Payments made for professional services to member of the Board of Directors for assistance with program services	\$ -	\$ 6,000

These transactions are for the provision of professional and consulting services to the foundation, 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.

7. COMMITMENTS

- (i) The foundation is committed under an operating lease for its business premises with the lease set to expire on March 31, 2021. The minimum annual rent payable (exclusive of occupancy charges) is as follows:

March 31, 2020	\$ 43,500
March 31, 2021	<u>43,500</u>
	<u>\$ 87,000</u>

- (ii) The foundation is also committed under an employment contract to pay additional payments (direct or indirect) to a key employee. Subject to certain conditions, the employee has an option to receive five payments of \$30,000 payable annually. The first of these five payments was made in the current fiscal year

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

8. FINANCIAL INSTRUMENTS

The foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the foundation's risk exposure and concentrations at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the foundation will encounter difficulty in meeting obligations associated with its financial liabilities. The foundation is exposed to liquidity risk arising from its financial liabilities. The foundation's ability to meet obligations depends on the receipt of funds from its operations.

Interest rate risk

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. The foundation is exposed to interest rate risk in Note 4. Changes in the prime interest rate can cause fluctuations in interest payments and cash flows. The foundation does not use derivative financial instruments to alter the affects of this risk.

Credit risk

Credit risk is the risk that the fair value or future cash flows of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The foundation is exposed to credit risk arising from its amounts receivable. The foundation's ability to collect the amounts depends on the receipt of funds from its donors and contributors.

It is management's opinion that the foundation is not exposed to significant cash flow, market, currency or other price risks arising from these financial instruments.

There have been no changes to the foundation's risk exposure from 2018.
