

**CANADIAN FOUNDATION
FOR ECONOMIC EDUCATION**

FINANCIAL STATEMENTS

March 31, 2018

CONTENTS

| | |
|-------------------------------------|----------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 2 |
| Statement of Changes in Net Assets | 3 |
| Statement of Revenues and Expenses | 4 |
| Statement of Cash Flows | 5 |
| Schedule 1 - Expenses | 6 |
| Notes to Financial Statements | 7-11 |

INDEPENDENT AUDITOR'S REPORT

To the directors of Canadian Foundation For Economic Education:

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Foundation For Economic Education, which comprise the balance sheet as at March 31, 2018, and the statements of revenues and expenses, 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 entity'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 entity'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 qualified audit opinion.

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, excess (deficiency) of revenues over expenses, and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph these financial statements present fairly, in all material respects, the financial position of Canadian Foundation For Economic Education as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
July 25, 2018

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

**CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
BALANCE SHEET**

as at March 31, 2018

| | 2018 | 2017 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 682,920 | \$ 569,976 |
| Amounts receivable (Note 2) | 81,070 | 310,656 |
| Prepaid expenses | 10,002 | 8,439 |
| | 773,992 | 889,071 |
| CAPITAL ASSETS (Note 3) | 422 | 604 |
| | 774,414 | 889,675 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Bank indebtedness (Note 4) | 74,845 | 59,845 |
| Accounts payable and accrued liabilities (Note 5) | 86,499 | 201,388 |
| | 161,344 | 261,233 |
| NET ASSETS | \$ 613,070 | \$ 628,442 |
| NET ASSETS REPRESENTED BY: | | |
| Accumulated surplus - unrestricted | \$ 613,070 | \$ 628,442 |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

[Redacted Signature]

Director

[Redacted Signature]

Director

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF CHANGES IN NET ASSETS

for the year ended March 31, 2018

| | 2018 | 2017 |
|--|-------------|-------------|
| UNRESTRICTED NET ASSETS , beginning of year | \$ 628,442 | \$ 578,415 |
| Excess (deficiency) of revenues over expenses | (15,372) | 50,027 |
| UNRESTRICTED NET ASSETS , end of year | \$ 613,070 | \$ 628,442 |

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF REVENUES AND EXPENSES

for the year ended March 31, 2018

| | 2018 | 2017 |
|--|--------------------|------------------|
| REVENUES | | |
| Non-government contributions and donations | \$ 1,514,221 | \$ 1,799,972 |
| Government contributions | 51,000 | 115 |
| Rental | 12,222 | 15,372 |
| Interest and other | 10,617 | 8,702 |
| | <hr/> 1,588,060 | <hr/> 1,824,161 |
| EXPENSES - Schedule 1 | | |
| Program services | 827,958 | 1,026,778 |
| Support services - General program development, implementation and administration | 775,474 | 747,356 |
| | <hr/> 1,603,432 | <hr/> 1,774,134 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ (15,372) | \$ 50,027 |

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

| | 2018 | 2017 |
|---|-------------|------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (15,372) | \$ 50,027 |
| Adjustment for items not affecting current cash flow: | | |
| Amortization of capital assets | 181 | 259 |
| | (15,191) | 50,286 |
| Changes in non-cash working capital balances: | | |
| Amounts receivable | 229,586 | (229,394) |
| Prepaid expenses | (1,563) | 6,012 |
| Accounts payable and accrued liabilities | (114,888) | 129,524 |
| Deferred contributions | - | (65,000) |
| | 97,944 | (108,572) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in bank indebtedness | 15,000 | 15,000 |
| INCREASE (DECREASE) IN CASH DURING THE YEAR | 112,944 | (93,572) |
| CASH, beginning of year | 569,976 | 663,548 |
| CASH, end of year | \$ 682,920 | \$ 569,976 |

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION
SCHEDULE 1 - EXPENSES

for the year ended March 31, 2018

| | 2018 | 2017 |
|---|-------------------|---------------------|
| PROGRAM SERVICES | | |
| Consulting and administrative fees (Note 6) | \$ 577,498 | \$ 597,318 |
| Program implementation, field services and travel | 193,184 | 307,341 |
| Computer and website | 28,553 | 21,419 |
| Printing, production and distribution | 23,327 | 88,750 |
| Translation | 5,396 | 11,950 |
| | \$ 827,958 | \$ 1,026,778 |
| SUPPORT SERVICES | | |
| Wages and benefits | \$ 516,698 | \$ 511,957 |
| Occupancy costs | 87,922 | 88,113 |
| Office supplies and general | 43,921 | 25,439 |
| Non-refundable portion of G.S.T./H.S.T. | 34,657 | 28,550 |
| Board related costs | 29,781 | 20,704 |
| Professional fees | 26,653 | 23,069 |
| Bank charges and interest | 12,733 | 13,947 |
| Telephone | 8,097 | 17,589 |
| Insurance | 7,480 | 7,615 |
| Postage and distribution | 5,217 | 6,359 |
| Equipment rental | 2,134 | 3,726 |
| Amortization of capital assets | 181 | 259 |
| Promotional events | - | 29 |
| | \$ 775,474 | \$ 747,356 |

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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, 2018

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 and 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, 2018

2. AMOUNTS RECEIVABLE

| | <u>2018</u> | <u>2017</u> |
|--|------------------|-------------------|
| Corporate sponsors, donors and other receivables | \$ 20,449 | \$ 272,789 |
| Employee loan (i) | 30,000 | - |
| Harmonized sales tax rebate | 25,149 | 32,387 |
| Property tax rebate | 5,472 | 5,480 |
| | <u>\$ 81,070</u> | <u>\$ 310,656</u> |

(i) During the year, the foundation made an indirect payment to an employee as the first installment of an agreed upon multi-year payment supplement (see Note 7(ii)). According to the agreement, the payment should not have been paid until the March 31, 2019 fiscal year. This balance is non-interest bearing. The loan will be repaid in the ensuing year or will be expensed as earned per the agreement.

3. CAPITAL ASSETS

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | |
|-------------------------|------------------|-------------------------------------|-----------------------|---------------|
| | | | <u>2018</u> | <u>2017</u> |
| Furniture and equipment | \$ 4,583 | \$ 4,583 | - | - |
| Computer equipment | 45,178 | 44,756 | 422 | 604 |
| | <u>\$ 49,761</u> | <u>\$ 49,339</u> | <u>\$ 422</u> | <u>\$ 604</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 3.45% (2017 - 2.70%) per annum at March 31, 2018. 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 (2017 - \$7,897).

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

6. RELATED PARTY TRANSACTIONS

| | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| Payments made for professional services to a company owned by an employee of the foundation | \$ 148,419 | \$ 132,640 |
| Payments made for professional services to a spouse of an employee of the foundation | \$ 85,000 | \$ 72,500 |
| Payments made for professional services to member of the Board of Directors for assistance with program services | \$ 6,000 | \$ 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, 2019 | \$ 41,838 |
| March 31, 2020 | 43,500 |
| March 31, 2021 | <u>43,500</u> |
| | <u>\$ 128,838</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. These payments are to commence in the ensuing fiscal year.

CANADIAN FOUNDATION FOR ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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 2017.
