

Canadian Constitution Foundation

Consolidated Financial Statements
March 31, 2016



December 14, 2016

Independent Auditor's Report

To the Members of Canadian Constitution Foundation

We have audited the accompanying consolidated financial statements of Canadian Constitution Foundation and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canadian Constitution Foundation and its subsidiaries as at March 31, 2016 and the results of their operations and their cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Canadian Constitution Foundation

Consolidated Balance Sheet

As at March 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	805,777	926,168
Short-term investments (note 4)	-	115,186
Other receivables	6,623	106
Recoverable taxes	36,676	11,726
Prepaid expenses	8,428	15,817
	<u>857,504</u>	<u>1,069,003</u>
Capital assets (note 5)	<u>32,225</u>	<u>39,392</u>
	<u>889,729</u>	<u>1,108,395</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	334,923	25,915
Deferred contributions (note 6)	425,875	729,907
	<u>760,798</u>	<u>755,822</u>
Deferred contributions relating to capital assets	<u>3,621</u>	<u>5,363</u>
	<u>764,419</u>	<u>761,185</u>
Net Assets		
Net assets invested in capital assets	32,225	39,392
Unrestricted net assets	<u>93,085</u>	<u>307,818</u>
	<u>125,310</u>	<u>347,210</u>
	<u>889,729</u>	<u>1,108,395</u>

Approved by the Board of Directors

_____ Director _____ Director

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

Canadian Constitution Foundation

Consolidated Statement of Operations

For the year ended March 31, 2016

	2016 \$	2015 \$
Revenue		
Unrestricted contributions and grants	848,089	938,994
Recognition of restricted contributions (note 6)	420,923	126,790
Other revenue	2,075	1,959
Interest	5,831	726
	<hr/> 1,276,918	<hr/> 1,068,469
Expenses		
Staff salaries and benefits	683,048	567,789
Project activities	667,058	292,383
Office and administration	75,782	73,872
Travel and fundraising	58,964	37,487
Amortization	11,160	6,539
Realized loss	2,806	2,877
	<hr/> 1,498,818	<hr/> 980,947
(Deficiency) excess of revenue over expenses	<hr/> (221,900)	<hr/> 87,522

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

Canadian Constitution Foundation
 Consolidated Statement of Changes in Net Assets
 For the year ended March 31, 2016

			<u>2016</u>	<u>2015</u>
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
Balance - Beginning of year	39,392	307,818	347,210	259,688
(Deficiency) excess of revenue over expenses	(11,160)	(210,740)	(221,900)	87,522
Investment in capital assets	3,993	(3,993)	-	-
Balance - End of year	<u>32,225</u>	<u>93,085</u>	<u>125,310</u>	<u>347,210</u>

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

Canadian Constitution Foundation

Consolidated Statement of Cash Flows

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses	(221,900)	87,522
Items not affecting cash:		
Amortization	11,160	6,539
Recognition of restricted contributions	(420,923)	(126,790)
Realized loss	2,806	2,877
Changes in working capital:		
Other receivables	(6,517)	-
Recoverable taxes	(24,950)	(3,070)
Prepaid expenses	7,389	(10,196)
Accounts payable and accrued liabilities	309,008	6,990
	<u>(343,927)</u>	<u>(36,128)</u>
Cash flows from financing activities		
Deferred contributions received during the year	<u>115,148</u>	<u>734,606</u>
Cash flows from investing activities		
Decrease (increase) in short-term investments	112,380	(65,257)
Purchase of capital assets	<u>(3,992)</u>	<u>(33,923)</u>
	<u>108,388</u>	<u>(99,180)</u>
(Decrease) increase in cash	(120,391)	599,298
Cash - Beginning of year	<u>926,168</u>	<u>326,870</u>
Cash - End of year	<u>805,777</u>	<u>926,168</u>

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

Canadian Constitution Foundation

Notes to Consolidated Financial Statements

March 31, 2016

1 Purpose of the not-for-profit organization

The Foundation’s consolidated financial statements include the Foundation and the Canadian Constitution Fund (the “Fund”). The Foundation determined at the July 26, 2014 annual general meeting to voluntarily renounce the charitable status and continuing operations of its controlled organization, the Fund. The Fund had no activities for 10 years, which lead to the decision to cease its operations. At the consolidated financial statement date, the Foundation had not yet filed documentation to cease the Fund’s operations.

The organizations were incorporated on April 18, 2002 under the Canada Corporations Act as not-for-profit organizations. The Foundation qualifies for tax-exempt status as a registered charity under the Income Tax Act. The CCF’s mission is to protect the constitutional freedoms of Canadians through education, communication and litigation.

2 Accounting policies

The consolidated financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) on a going concern basis that assumes the Foundation will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months from the date of acquisition.

Short-term investments

Short-term investments are recorded initially at cost and carried at net realizable value, and can be converted to cash within 365 days.

Capital assets

Capital assets are recorded at cost. Amortization is recorded at the following rates, which have been established by estimates of useful lives:

Computer hardware	45% declining balance
Furniture and equipment	20% declining balance
Website	45% declining balance

Canadian Constitution Foundation

Notes to Consolidated Financial Statements

March 31, 2016

Revenue recognition

The Foundation follows the deferral method of accounting for revenue. Unrestricted contributions are recognized as revenue when received. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Other revenue is recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Contributions are received primarily from individual donors, private companies and other charitable organizations.

Contributed materials and services

Volunteers contribute significant hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the consolidated financial statements. Contributed materials are recognized at their fair value. For the year ended March 31, 2016, there have been no in-kind donations (2015 - \$nil).

Management's use of estimates

When preparing consolidated financial statements according to ASNPO, management makes estimates and assumptions that affect the reported amounts of revenues and expenses during the year, the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Management bases its assumptions on a number of factors including historical experience, current events, actions that the Foundation may undertake in the future, and other assumptions believed reasonable under the circumstances. Material measurement uncertainties include estimates of useful lives of capital assets and estimates of collectability of accounts receivable. Actual results could differ from those estimates.

3 Income taxes

The Foundation is registered in Canada as a tax-exempt charitable organization under the Income Tax Act. Accordingly, donations to the Foundation are deductible for income tax purposes by donors from Canada and the Foundation is not subject to income tax.

4 Short-term investments

Short-term investments consist of a \$nil (2015 - \$53,424) redeemable Guaranteed Investment Certificate ("GIC") and \$nil (2015 - \$61,762) invested in Canadian equities.

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Notes to Consolidated Financial Statements

March 31, 2016

5 Capital assets

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	17,559	12,498	5,061	3,575
Furniture and equipment	33,400	9,513	23,887	29,858
Website	67,366	64,089	3,277	5,959
	<u>118,325</u>	<u>86,100</u>	<u>32,225</u>	<u>39,392</u>

6 Deferred contributions

Deferred contributions represent unspent resources externally restricted for a designated use. Changes in deferred contributions are as follows:

	2016 \$	2015 \$
Beginning balance	729,907	122,091
Interest earned on funds	5,452	2,442
Donations	109,696	732,164
Funds used	<u>(419,180)</u>	<u>(126,790)</u>
Ending balance	<u>425,875</u>	<u>729,907</u>

Donations to the Bob and Barbara Mitchell Fund are made by Mark Mitchell, who is a director of the Foundation and therefore a related party. Unrestricted contribution revenue of \$6,630 was received during the year from other directors.

Deferred contributions amortized during the year of \$419,180 (as shown above) plus \$1,743 of amortized deferred capital contributions are included within "Recognition of restricted contributions" in the consolidated statement of operations.

7 Lease commitments

The Foundation has a five-year lease with respect to its premises, terminating in July 2019. As at March 31, 2016, the remaining commitment totalled \$52,120 (2015 - \$67,756). The lease includes payments for operating costs such as heat and electricity, as well as a fee for management services.

Canadian Constitution Foundation

Notes to Consolidated Financial Statements

March 31, 2016

8 Financial instruments

The Foundation can be exposed to various risks through its financial instruments. The financial instruments used by the Foundation include cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments represent their fair values due to their short-term maturities.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is not exposed to significant currency risk.

b) Interest rate risk

Interest rate risk is the risk that the Foundation's investments will change in fair value due to future fluctuations in market interest rates. The Foundation is not exposed to significant interest rate risk.

c) Market and other price risk

Market and other price risk is the risk that the fair value of an investment will fluctuate due to changes in market conditions. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Foundation is not exposed to significant market or other price risk.

d) Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The Foundation's accounts receivable are not significant and are considered fully collectible. As such, the Foundation is not subject to significant credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and unrestricted cash flows to fund operations and settle liabilities when due. The Foundation is not subject to significant liquidity risk.