

# **Canadian Constitution Foundation**

Financial Statements  
**March 31, 2018**



August 22, 2018

## **Independent Auditor's Report**

### **To the Members of Canadian Constitution Foundation**

We have audited the accompanying financial statements of Canadian Constitution Foundation, which comprise the balance sheet as at March 31, 2018 and the statements of operations and net assets, 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 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 audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Constitution Foundation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

#### **Chartered Professional Accountants**

---

*PricewaterhouseCoopers LLP*  
*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7*  
*T: +1 604 806 7000, F: +1 604 806 7806*

# Canadian Constitution Foundation

## Balance Sheet

As at March 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	810,207	641,783
Other receivables	45,754	43,701
Recoverable taxes	130,822	66,538
Prepaid expenses	21,532	11,397
	<u>1,008,315</u>	<u>763,419</u>
<b>Capital assets - net (note 4)</b>	<u>18,831</u>	<u>25,552</u>
	<u>1,027,146</u>	<u>788,971</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	57,748	84,521
Deferred contributions (note 5)	357,707	340,425
	<u>415,455</u>	<u>424,946</u>
<b>Deferred contributions relating to capital assets</b>	<u>3,621</u>	<u>3,621</u>
	<u>419,076</u>	<u>428,567</u>
<b>Net Assets</b>		
<b>Net assets invested in capital assets</b>	18,790	25,511
<b>Unrestricted net assets</b>	<u>589,280</u>	<u>334,893</u>
	<u>608,070</u>	<u>360,404</u>
	<u>1,027,146</u>	<u>788,971</u>
<b>Subsequent event (note 6)</b>		

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

# Canadian Constitution Foundation

## Statement of Operations and Net Assets

For the year ended March 31, 2018

---

	2018 \$	2017 \$
<b>Revenue</b>		
Unrestricted contributions and grants	911,772	1,052,842
Recognition of restricted contributions (note 5)	3,800,305	907,205
Other revenue	2,760	5,071
Interest	1,583	2,137
	<hr/> 4,716,420	<hr/> 1,967,255
<b>Expenses</b>		
Project activities	3,853,998	978,143
Staff salaries and benefits	392,528	598,011
Office and administration	202,013	97,691
Travel and fundraising	13,444	49,211
Amortization	6,721	9,080
Realized loss	50	25
	<hr/> 4,468,754	<hr/> 1,732,161
<b>Excess of revenue over expenses</b>	247,666	235,094
<b>Net assets - Beginning of year</b>	<hr/> 360,404	<hr/> 125,310
<b>Net assets - End of year</b>	<hr/> <b>608,070</b>	<hr/> <b>360,404</b>

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

# Canadian Constitution Foundation

## Statement of Changes in Net Assets

For the year ended March 31, 2018

---

			2018	2017
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
<b>Balance - Beginning of year</b>	25,511	334,893	360,404	125,310
Excess (deficiency) of revenue over expenses	(6,721)	254,387	247,666	235,094
<b>Balance - End of year</b>	<u>18,790</u>	<u>589,280</u>	<u>608,070</u>	<u>360,404</u>

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

# Canadian Constitution Foundation

## Statement of Cash Flows

For the year ended March 31, 2018

---

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	247,666	235,094
Items not affecting cash		
Amortization	6,721	9,080
Recognition of restricted contributions	(3,800,305)	(907,205)
Realized loss	50	25
	<hr/>	<hr/>
	(3,545,868)	(663,006)
Changes in non-cash working capital		
Other receivables	(2,053)	(37,078)
Recoverable taxes	(64,284)	(29,862)
Prepaid expenses	(10,135)	(2,969)
Accounts payable and accrued liabilities	(26,773)	(250,402)
	<hr/>	<hr/>
	(103,245)	(320,311)
	<hr/>	<hr/>
	(3,649,113)	(983,317)
<b>Cash flows from financing activities</b>		
Deferred contributions received during the year	<hr/>	<hr/>
	3,817,537	821,689
<b>Cash flows from investing activities</b>		
Purchase of capital assets	<hr/>	<hr/>
	-	(2,366)
	<hr/>	<hr/>
	-	(2,366)
<b>Increase (Decrease) in cash</b>	168,424	(163,994)
<b>Cash - Beginning of year</b>	<hr/>	<hr/>
	641,783	805,777
<b>Cash - End of year</b>	<hr/>	<hr/>
	810,207	641,783

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

# Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2018

---

## 1 Purpose of the not-for-profit organization

The Foundation's mission is to protect the constitutional freedoms of Canadians through education, communication and litigation.

The Canadian Constitution Fund (the "Fund") was dissolved on May 15, 2016.

The Foundation was 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.

## 2 Accounting policies

The 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 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.

### 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

### 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.

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2018

---

### 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, 2018, there have been no in-kind donations (2017 - \$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 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	19,996	17,413	2,583	4,641
Furniture and equipment	32,375	17,088	15,287	19,109
Website	67,336	66,375	961	1,802
	119,707	100,876	18,831	25,552

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2018

---

### 5 Deferred contributions

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

	2018 \$	2017 \$
Beginning balance	340,425	425,875
Interest earned on funds	1,481	782
Donations	3,816,106	820,973
Funds used	(3,800,305)	(907,205)
Ending balance	<u>357,707</u>	<u>340,425</u>

Donations of \$nil (2017 - \$10,000) were made to the Bob and Barbara Mitchell Fund by Mark Mitchell, who is a director of the Foundation and therefore a related party. Additional unrestricted donations of \$75,020 (2017 - \$50,000) were made by the Willard Garfield Weston Foundation, of which Mark Mitchell is a director and is also a director of the Foundation and therefore a related party. Unrestricted contribution revenue of \$12,090 (2017 - \$17,346) was received during the year from other directors.

Deferred contributions amortized during the year of \$3,800,305 (2017 - \$907,205) (as shown above) plus \$nil (2017 - \$nil) of amortized deferred capital contributions are included within "Recognition of restricted contributions" in the consolidated statement of operations.

### 6 Lease commitments

The Foundation has a five-year lease with respect to its premises, terminating in July 2019. As at March 31, 2018, the remaining commitment totalled \$20,848 (2017 - \$36,484). The lease includes payments for operating costs such as heat and electricity, as well as a fee for management services. Subsequent to year end, on July 1, 2018 the Foundation entered into a two-year lease in respect to their new office premise, and will operate on a month-to-month thereafter. The total rental commitment for this space is \$36,000. Currently the Foundation has entered into negotiations to break the lease at their current premises, but based on the result of the negotiations is prepared to meet the full obligation.

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2018

---

### 7 Financial instruments

The Foundation can be exposed to various risks through its financial instruments. The financial instruments used by the Foundation include cash 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.