

Canadian Constitution Foundation

Financial Statements
March 31, 2023



Independent auditor's report

To the Board of Directors of Canadian Constitution Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Constitution Foundation (the Foundation) as at March 31, 2023 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.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at March 31, 2023;
- the statement of operations and net assets for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Canadian accounting standards for not-for-profit organizations, and for such internal

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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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
August 16, 2023

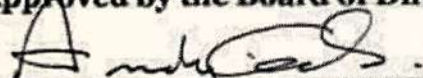
Canadian Constitution Foundation

Balance Sheet

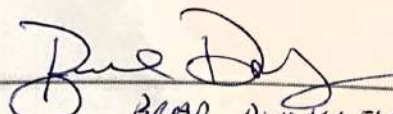
As at March 31, 2023

	2023 \$	2022 \$
Assets		
Current assets		
Cash and cash equivalents	3,078,566	4,621,536
Short-term investments	1,515,209	-
Other receivables	83,243	6,816
Recoverable taxes	36,559	27,634
Prepaid expenses	21,338	23,207
	<u>4,734,915</u>	<u>4,679,193</u>
Capital assets – net (note 4)	<u>7,137</u>	<u>9,335</u>
	<u>4,742,052</u>	<u>4,688,528</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	215,247	53,750
Deferred contributions (note 5)	1,617,495	1,930,314
	<u>1,832,742</u>	<u>1,984,064</u>
Net Assets		
Net assets invested in capital assets	7,137	9,335
Unrestricted net assets	<u>2,902,173</u>	<u>2,695,129</u>
	<u>2,909,310</u>	<u>2,704,464</u>
	<u>4,742,052</u>	<u>4,688,528</u>
Commitments (note 6)		
Subsequent event (note 9)		

Approved by the Board of Directors


Andrew Crooks

Director


BRAD DUNKLEY

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, 2023

	2023 \$	2022 \$
Revenue		
Unrestricted contributions and grants	1,359,678	1,604,836
Recognition of restricted contributions (note 5)	568,417	1,044,424
Primary documents reimbursement	145,000	180,000
Government assistance – CEWS	-	38,354
Interest	15,457	130
	<hr/> 2,088,552	<hr/> 2,867,744
Expenses		
Project activities	684,326	1,132,351
Primary documents	139,644	151,264
Staff salaries and benefits	698,474	612,184
Office and administration	256,225	254,659
Travel and fundraising	102,839	41,225
Amortization	2,198	2,972
Loss on sale of marketable securities	-	29,937
	<hr/> 1,883,706	<hr/> 2,224,592
Excess of revenue over expenses for the year	204,846	643,152
Net assets – Beginning of year	<hr/> 2,704,464	<hr/> 2,061,312
Net assets – End of year	<hr/> <hr/> 2,909,310	<hr/> <hr/> 2,704,464

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, 2023

			<u>2023</u>	<u>2022</u>
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
Balance – Beginning of year	9,335	2,695,129	2,704,464	2,061,312
(Deficiency) excess of revenue over expenses for the year	(2,198)	207,044	204,846	643,152
Balance – End of year	<u>7,137</u>	<u>2,902,173</u>	<u>2,909,310</u>	<u>2,704,464</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, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	204,846	643,152
Item not affecting cash – amortization	2,198	2,972
	<hr/>	<hr/>
	207,044	646,124
Changes in non-cash working capital items		
Other receivables	(76,427)	(3,166)
Recoverable taxes	(8,925)	13,307
Prepaid expenses	1,869	(310)
Accounts payable and accrued liabilities	161,497	(447,650)
Deferred contributions	(312,819)	888,849
	<hr/>	<hr/>
	(234,805)	451,030
	(27,761)	1,097,154
Investing activities		
Purchase of short-term investments	(1,515,209)	-
	<hr/>	<hr/>
Change in cash and cash equivalents during the year	(1,542,970)	1,097,154
Cash and cash equivalents – Beginning of year	4,621,536	3,524,382
	<hr/>	<hr/>
Cash and cash equivalents – End of year	3,078,566	4,621,536
	<hr/>	<hr/>

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

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2023

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 a not-for-profit organization. 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.

Short-term investments

Short-term investments consist of term deposits held with financial institutions with maturities between three months and one year at 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, 2023

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 financial statements. Contributed materials are recognized at their fair value. For the year ended March 31, 2023, there have been \$nil in-kind donations (2022 – \$nil).

Management's use of estimates

When preparing financial statements according to ASNPO, management makes estimates and assumptions that affect the reported amounts of revenue and expenses during the year, the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities at the date of the 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 collectibility of accounts receivable. Actual results could differ from those estimates.

Government assistance

Government assistance related to current year operations is recognized in net assets. Government assistance in relation to Canada Emergency Wage Subsidy (CEWS) is shown in revenue as government assistance in the statement of operations and net assets and is recognized when there is reasonable assurance that the Foundation has complied and will continue to comply with the conditions for receipt of the assistance. CEWS covers employers who have suffered a drop in gross revenues during 2021 that exceed certain thresholds. During the year, the Foundation received \$nil (2022 – \$38,354) in CEWS from the federal government.

Financial instruments

The Foundation initially measures financial assets originated or acquired and financial liabilities issued or assumed in an arm's length transaction at fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments, other receivables and prepaid expenses. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs on financial assets and liabilities measured at amortized cost are adjusted against the carrying value of the related asset or liability and then recognized over the expected life of the instrument using the straight-line method.

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the Foundation determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2023

If circumstances change, a previously recognized impairment may be reversed to the extent of the improvement, provided the adjusted carrying amount is no greater than the amount that would have been recognized if the impairment had not been recorded.

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

	2023		2022	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	21,577	21,010	567	1,032
Furniture and equipment	35,762	29,192	6,570	8,212
Website	-	-	-	91
	<u>57,339</u>	<u>50,202</u>	<u>7,137</u>	<u>9,335</u>

During the year, the Foundation determined that the fully amortized website costs with a gross book value of \$67,366 were no longer in use and written off in the year and taken out of capital assets.

5 Deferred contributions

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

	2023 \$	2022 \$
Beginning balance	1,930,314	1,041,465
Donations	394,850	2,015,048
Funds repaid	(140,618)	-
Funds used	<u>(567,051)</u>	<u>(1,126,199)</u>
Ending balance	<u>1,617,495</u>	<u>1,930,314</u>

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2023

6 Lease commitments

In June 2019, the Foundation entered into a five-year lease with annual payments as follows, as well as entering into a six-month contract for a shared office space in Toronto in December 2022:

	\$
2024	38,016
2025	<u>19,665</u>
	<u>57,681</u>

7 Related party transactions

Unrestricted contribution revenue of \$42,200 (2022 – \$35,000) was received during the year from directors.

8 Financial instrument risk

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, other receivables and accounts payable and accrued liabilities. The carrying amounts of these financial instruments represent their fair values due to their short-term maturities.

- 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.

- 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.

- 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.

- 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.

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- 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.

9 Subsequent event

On April 6, 2023, the Supreme Court of Canada refused to hear the appeal in the Cambie Surgeries matter. As at March 31, 2023, the cash and cash equivalents raised for the Cambie case had a balance of approximately \$1.25 million remaining in deferred contributions. The Foundation is examining future opportunities to advance the cause of healthcare choice in Canada.