Canadian Constitution Foundation

Financial Statements
March 31, 2019

Independent auditor's report

To the Members 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, 2019 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, 2019;
- 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 a summary of significant accounting policies.

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 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Vancouver, British Columbia
August 15, 2019

Canadian Constitution Foundation

Balance Sheet

As at March 31, 2019

	2019 $	2018 $
Assets		
Current assets		
Cash	1,579,750	810,207
Other receivables	13,757	45,754
Recoverable taxes	78,251	130,822
Prepaid expenses	16,666	21,532
	1,688,424	1,008,315
Capital assets – net (note 4)	14,178	18,831
	1,702,602	1,027,146
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	59,919	57,748
Deferred contributions (note 5)	549,865	357,707
	609,784	415,455
Deferred contributions relating to capital assets	-	3,621
	609,784	419,076
Net Assets		
Net assets invested in capital assets	14,178	18,790
Unrestricted net assets	1,078,640	589,280
	1,092,818	608,070
	1,702,602	1,027,146

Commitments (note 6)

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, 2019

	2019 $	2018 $
Revenue		
Unrestricted contributions and grants	1,097,093	911,772
Recognition of restricted contributions (note 5)	3,956,884	3,800,305
Other revenue	14,993	2,760
Interest and other	8,111	1,583
	5,077,081	4,716,420
Expenses		
Project activities	3,959,917	3,853,998
Staff salaries and benefits	350,946	392,528
Office and administration	224,965	202,013
Travel and fundraising	33,665	13,444
Amortization	4,653	6,721
Realized loss	18,187	50
	4,592,333	4,468,754
Excess of revenue over expenses	484,748	247,666
Net assets – Beginning of year	608,070	360,404
Net assets – End of year	1,092,818	608,070

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, 2019

			2019	2018
	Invested in capital assets $	Unrestricted $	Total $	Total $
Balance – Beginning of year	18,790	589,280	608,070	360,404
Excess (deficiency) of revenue over expenses	(4,612)	489,360	484,748	247,666
Balance – End of year	14,178	1,078,640	1,092,818	608,070

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

Canadian Constitution Foundation

Statement of Cash Flows

For the year ended March 31, 2019

	2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	484,748	247,666
Items not affecting cash – amortization	4,653	6,721
	489,401	254,387
Changes in non-cash working capital		
Other receivables	31,997	(2,053)
Recoverable taxes	52,571	(64,284)
Prepaid expenses	4,866	(10,135)
Accounts payable and accrued liabilities	2,171	(26,773)
Changes in deferred contributions	192,158	17,282
Changes in deferred contributions relating to capital assets	(3,621)	-
	280,142	(85,963)
Increase in cash	769,543	168,424
Cash – Beginning of year	810,207	641,783
Cash – End of year	1,579,750	810,207

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

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.

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.

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, 2019, there have been $nil in-kind donations (2018 – $nil).

Management's use of estimates

When preparing 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 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 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

			2019	2018
	Cost $	Accumulated amortization $	Net $	Net $
Computer hardware	19,966	18,561	1,405	2,583
Furniture and equipment	32,375	20,147	12,228	15,287
Website	67,366	66,821	545	961
	119,707	105,529	14,178	18,831

5 Deferred contributions

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

	2019 $	2018 $
Beginning balance	357,707	340,425
Interest earned on funds	-	1,481
Donations	4,145,421	3,816,106
Funds used	(3,953,263)	(3,800,305)
Ending balance	549,865	357,707

Restricted donations of $100,000 (2018 – $nil) and unrestricted donations of $50,000 (2018 – $75,020) 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. An additional $40,000 (2018 – $nil) restricted donation was received from a director. Unrestricted contribution revenue of $11,140 (2018 – $12,090) was received during the year from other directors.

Deferred contributions amortized during the year of $3,953,263 (2018 – $3,800,305) (as shown above) plus $3,621 (2018 – $nil) of amortized deferred capital contributions are included within "Recognition of restricted contributions" in the statement of operations.

6 Lease commitments

The Foundation has a remaining commitment of $5,212 (2018 – $20,858) in respect of previous premises which expires in July 2019. On July 1, 2018, the Foundation entered into a two-year sublease in respect to new office premises. In April 2019, the Foundation was notified that the lease would be terminated at the end of May 2019, leaving a remaining commitment as at March 31, 2019 of $3,000. Subsequent to year-end, the Foundation entered into a five-year lease with annual payments as follows:

	$
2020	5,671
2021	13,610
2022	14,177
2023	14,971
2024	14,971
2025	8,733
	72,133

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.

8 Comparative figures

Certain prior year comparative figures have been reclassified to conform to the current year's presentation.