

# **Canadian Constitution Foundation**

Financial Statements  
**March 31, 2020**



## *Independent auditor's report*

To the Members of Canadian Constitution Foundation

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### *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, 2020 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, 2020;
- 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.

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### *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.

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### *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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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.

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### *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  
July 15, 2020


# Canadian Constitution Foundation

## Balance Sheet

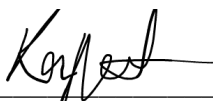
As at March 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,852,518	1,579,750
Other receivables	84,356	13,757
Recoverable taxes	43,641	78,251
Prepaid expenses	17,565	16,666
	<u>1,998,080</u>	<u>1,688,424</u>
<b>Capital assets – net (note 4)</b>	<u>13,905</u>	<u>14,178</u>
	<u>2,011,985</u>	<u>1,702,602</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	155,046	59,919
Deferred contributions (note 5)	581,934	549,865
	<u>736,980</u>	<u>609,784</u>
<b>Net Assets</b>		
<b>Net assets invested in capital assets</b>	13,905	14,178
<b>Unrestricted net assets</b>	<u>1,261,100</u>	<u>1,078,640</u>
	<u>1,275,005</u>	<u>1,092,818</u>
	<u>2,011,985</u>	<u>1,702,602</u>
<b>Commitments (note 6)</b>		
<b>COVID-19 (note 8)</b>		

Approved by the Board of Directors

 Director

**Andy Crooks**

 Director

Kaz Nejatian

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, 2020

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	2020 \$	2019 \$
<b>Revenue</b>		
Unrestricted contributions and grants	995,005	1,097,093
Recognition of restricted contributions (note 5)	2,254,898	3,956,884
Other revenue	13,931	14,993
Interest and other	23	8,111
	<hr/> 3,263,857	<hr/> 5,077,081
<b>Expenses</b>		
Project activities	2,345,246	3,959,917
Staff salaries and benefits	500,487	350,946
Office and administration	189,368	224,965
Travel and fundraising	42,907	33,665
Amortization	3,662	4,653
Realized loss	-	18,187
	<hr/> 3,081,670	<hr/> 4,592,333
<b>Excess of revenue over expenses</b>	182,187	484,748
<b>Net assets – Beginning of year</b>	<hr/> 1,092,818	<hr/> 608,070
<b>Net assets – End of year</b>	<hr/> <hr/> 1,275,005	<hr/> <hr/> 1,092,818

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, 2020

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			2020	2019
	Invested in capital assets \$	Unrestricted \$	Total \$	Total \$
<b>Balance – Beginning of year</b>	14,178	1,078,640	1,092,818	608,070
(Deficiency) excess of revenue over expenses	(273)	182,460	182,187	484,748
<b>Balance – End of year</b>	13,905	1,261,100	1,275,005	1,092,818

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

# Canadian Constitution Foundation

## Statement of Cash Flows

For the year ended March 31, 2020

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	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	182,187	484,748
Items not affecting cash – amortization	3,662	4,653
	<hr/> 185,849	<hr/> 489,401
Changes in non-cash working capital		
Other receivables	(70,599)	31,997
Recoverable taxes	34,610	52,571
Prepaid expenses	(900)	4,866
Accounts payable and accrued liabilities	95,127	2,171
Changes in deferred contributions	32,068	192,158
Changes in deferred contributions relating to capital assets	-	(3,621)
	<hr/> 90,306	<hr/> 280,142
<b>Investing activities</b>		
Expenditures on capital assets	(3,387)	-
	<hr/> 272,768	<hr/> 769,543
<b>Increase in cash</b>	272,768	769,543
<b>Cash – Beginning of year</b>	<hr/> 1,579,750	<hr/> 810,207
<b>Cash – End of year</b>	<hr/> <b>1,852,518</b>	<hr/> <b>1,579,750</b>

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

# Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2020

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## 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.

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2020

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### 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, 2020, there have been \$nil in-kind donations (2019 – \$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

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	19,966	19,193	773	1,405
Furniture and equipment	35,762	22,930	12,832	12,228
Website	67,366	67,066	300	545
	123,094	109,189	13,905	14,178

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2020

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### 5 Deferred contributions

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

	2020 \$	2019 \$
Beginning balance	549,865	357,707
Donations	2,133,168	4,145,421
Funds used	<u>(2,101,099)</u>	<u>(3,953,263)</u>
Ending balance	<u>581,934</u>	<u>549,865</u>

Restricted donations of \$95,000 (2019 – \$100,000) and unrestricted donations of \$50,000 (2019 – \$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. An additional \$6,305 (2019 – \$40,000) restricted donation was received from a director. Unrestricted contribution revenue of \$4,000 (2019 – \$11,140) was received during the year from other directors.

### 6 Lease commitments

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, 2020 of \$nil (2019 – \$3,000). In June 2019, the Foundation entered into a five-year lease with annual payments as follows:

	\$
2021	13,610
2022	14,177
2023	14,971
2024	14,971
2025	<u>8,733</u>
	<u>66,462</u>

### 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.

# Canadian Constitution Foundation

## Notes to Financial Statements

March 31, 2020

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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 COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the coronavirus disease known as COVID-19 (COVID-19). The impacts to the economy are expected to be far reaching. The Canadian not-for-profit sector is expected to be impacted due to the economic environment and related uncertainty, which may cause a potential decrease in contributions and donations, and may affect collectibility and valuation of certain assets.

The Foundation does not expect COVID-19 to have a significant impact on its assets, liabilities and operations.