

The Citizens' Foundation, Canada

Financial statements
December 31, 2021



Independent auditor's report

To the Members of
The Citizens' Foundation, Canada

Opinion

We have audited the financial statements of **The Citizens' Foundation, Canada** [the "Foundation"], which comprise the balance sheet as at December 31, 2021, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Foundation as at December 31, 2021 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 generally accepted 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.

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 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's 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.

Ernst & Young LLP

Toronto, Canada
May 31, 2022

Chartered Professional Accountants
Licensed Public Accountants



The Citizens' Foundation, Canada

Balance sheet

As at December 31

	2021	2020
	\$	\$
Assets		
Current		
Cash	710,416	35,926
Prepaid expenses and accounts receivables	342,385	91,200
Harmonized sales tax recoverable	6,206	9,850
Total current assets	1,059,007	136,976
Investments <i>[note 3]</i>	598,963	610,000
	1,657,970	746,976
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	16,966	21,746
Deferred contributions	428,300	496,724
Total current liabilities	445,266	518,470
Commitments <i>[note 4]</i>		
Net assets		
Unrestricted	1,212,704	228,506
	1,657,970	746,976

See accompanying notes

On behalf of the Board:

Director

Director

The Citizens' Foundation, Canada

Statement of operations and changes in net assets

Year ended December 31

	2021	2020
	\$	\$
Revenue		
Donations	3,932,678	3,456,802
Event tickets, sponsorships and other	48,000	27,022
Grants	85,700	115,500
Investment gain	1,909	2,583
Unrealized foreign exchange gain	2,592	402
	<u>4,070,879</u>	<u>3,602,309</u>
Expenses		
Education program	2,877,797	2,988,277
	<u>2,877,797</u>	<u>2,988,277</u>
Fundraising		
Event organizing	14,179	20,858
Donation processing charges	40,202	37,235
	<u>54,381</u>	<u>58,093</u>
Administrative		
Consulting fees	11,895	25,060
Administrative and other	21,048	17,639
Audit and accounting fees	15,815	21,858
Salary and benefits	71,575	65,840
Rent	14,398	16,422
Travel	767	9,144
Insurance	5,283	4,258
Bank charges	9,106	4,377
Legal fees	4,615	11,014
	<u>154,503</u>	<u>175,612</u>
	<u>3,086,681</u>	<u>3,221,982</u>
Excess of revenue over expenses	984,198	380,327
Net assets (deficiency), beginning of year	228,506	(151,821)
Net assets, end of year	<u>1,212,704</u>	<u>228,506</u>

See accompanying notes

The Citizens' Foundation, Canada

Statement of cash flows

Year ended December 31

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	380,327	380,327
Changes in non-cash working capital balances related to operations		
Prepaid expenses and accounts receivables	(251,185)	(34,674)
Harmonized sales tax recoverable	3,644	11,049
Accounts payable and accrued liabilities	(4,780)	(171)
Deferred contributions	(68,424)	(72,297)
Cash provided by operating activities	59,582	284,234
Investing activities		
Sale (purchase) of investments, net	11,037	(499,859)
Cash used in investing activities	11,037	(499,859)
Increase (decrease) in cash during the year	70,619	(215,625)
Cash, beginning of year	35,926	251,551
Cash, end of year	106,545	35,926

See accompanying notes

The Citizens' Foundation, Canada

Notes to financial statements

December 31, 2021

1. Nature of operations

The Citizens' Foundation, Canada [the "Foundation"] was incorporated in Canada without share capital under the *Canada Corporations Act* and was continued under the *Canada Not-for-profit Corporations Act* in May 2014. It is a registered charity under the provisions of Section 149(1) of the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.

The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from all cross sections of society for the building of primary and secondary schools, as well as for operating them. These donations are made by organizations, institutions and individuals.

The Foundation signed an agency agreement with The Citizens' Foundation, Pakistan ["TCFP"] on January 20, 2009. This agreement has had subsequent amendments with the latest amendment effective October 30, 2021. Under the terms of the agreement, TCFP will operate schools in Pakistan on behalf of the Foundation.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook – Accounting*.

Revenue recognition

The Foundation follows the deferral method of accounting. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred when initially recorded in the accounts and recognized in the year in which the related donations are utilized.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry non-equity investments at fair value.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from financial instruments.

Contributed goods and services

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors. Contributions of services are not recognized in these financial statements.

In-kind donations securities of \$81,861 [2020 – nil] was received during the year and included in donations in the statement of operations and changes in net assets (liabilities).

The Citizens' Foundation, Canada

Notes to financial statements

December 31, 2021

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future, actual results could differ from those estimates.

3. Investments

	2021 \$	2020 \$
Guaranteed investment certificates, issued March 13, 2019 and maturing on March 14, 2022 with interest rate of 2.22%	10,222	10,000
Guaranteed investment certificates, issued December 24, 2020 and maturing on March 24, 2021 with interest rate of 0.3%	—	500,000
Guaranteed investment certificates, issued December 31, 2020 and maturing on March 31, 2021 with interest rate of 0.3%	—	100,000
Guaranteed investment certificates, issued May 17, 2021 and maturing on May 17, 2022 with interest rate of 0.15%	38,069	—
Guaranteed investment certificates, issued May 17, 2021 and maturing on May 17, 2022 with interest rate of 2.22%	300,368	—
Guaranteed investment certificates, issued May 19, 2021 and maturing on May 19, 2022 with interest rate of 2.00%	250,304	—
	<u>598,963</u>	<u>610,000</u>

4. Commitments

The Foundation operates 123 [2020 – 106] schools and directs and controls the activities of the schools through an agreement with TCFP. The Foundation is required to provide funding for the operation of the 123 schools to TCFP under the agency agreement. The Foundation has the right to withdraw or withhold funds or other resources at its discretion, should there be any deviation or variation in the proposed operation of the schools. The agency agreement will remain in force until termination by either party.

The Foundation has a contractual commitment for office services that requires the following future minimum payments:

	\$
2022	16,800
2023	16,800
2024	7,000

Notes to financial statements

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5. COVID-19 Pandemic

The outbreak of the coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Foundation in future periods.