



# Financial Statements

Future Possibilities Canada Inc.

June 30, 2021

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# Independent Auditor's Report



To the Board of Directors of  
Future Possibilities Canada Inc.

## Qualified opinion

We have audited the financial statements of Future Possibilities Canada Inc., which comprise the statement of financial position as at June 30, 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Future Possibilities Canada Inc. as at June 30, 2021 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.

## Basis for qualified opinion

In common with many charities, the Organization derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses and cash flows for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Markham, Canada

Chartered Professional Accountants  
Licensed Public Accountants

# **Future Possibilities Canada Inc.** **Statement of Financial Position**

June 30

2021

2020

## **Assets**

### Current

Cash

\$ 305,068 \$ 228,645

Accounts receivable

31,034 28,228

Prepaid expenses

6,892 938

342,994 257,811

Equipment (Note 3)

5,250 7,500

\$ 348,244 \$ 265,311

## **Liabilities**

### Current

Accounts payable and accrued liabilities

\$ 43,847 \$ 25,987

Deferred grant and donation revenue (Note 4)

15,000 71,391

58,847 97,378

Long-term

Loan payable (Note 5)

60,000 40,000

118,847 137,378

## **Net assets**

Unrestricted

224,147 120,433

Invested in equipment

5,250 7,500

229,397 127,933

\$ 348,244 \$ 265,311

On behalf of the Board of Directors

Director

Director

# **Future Possibilities Canada Inc.** **Statement of Operations**

Year ended June 30

**2021**

**2020**

**Revenue**

Government grants	\$ 351,569	\$ 336,970
Donations (Note 6)	338,397	663,953
Canada Emergency Wage Subsidy (Note 9)	180,183	84,613
Events and other revenue	15,909	56,785
	<u>886,058</u>	<u>1,142,321</u>

**Expenses (Note 7)**

Programs	558,073	569,344
Fundraising	129,661	65,926
Administration	94,610	128,012
Amortization	2,250	3,034
Special event (Note 6)	-	303,505
	<u>784,594</u>	<u>1,069,821</u>

**Excess of revenue over expenses**

**\$ 101,464      \$ 72,500**

# **Future Possibilities Canada Inc.** **Statement of Changes in Net Assets**

Year ended June 30

	Unrestricted	Invested in equipment	Total 2021	Total 2020
Balance, beginning of year	\$ 120,433	\$ 7,500	\$ 127,933	\$ 55,433
Excess (deficiency) of revenue over expenses	103,714	(2,250)	101,464	72,500
Balance, end of year	<u>\$ 224,147</u>	<u>\$ 5,250</u>	<u>\$ 229,397</u>	<u>\$ 127,933</u>

# **Future Possibilities Canada Inc.** **Statement of Cash Flows**

Year ended June 30	2021	2020
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenue over expenses	\$ 101,464	\$ 72,500
Item not affecting cash		
Amortization	<u>2,250</u>	<u>3,034</u>
	103,714	75,534
Change in non-cash working capital items		
Accounts receivable	(2,806)	1,542
Prepaid expenses	(5,954)	7,088
Accounts payable and accrued liabilities	17,860	9,691
Deferred grant and donation revenue	<u>(56,391)</u>	<u>(28,848)</u>
	56,423	65,007
<b>Financing</b>		
Increase in loan payable	20,000	40,000
<b>Investing</b>		
Purchase of equipment	<u>-</u>	<u>(841)</u>
Increase in cash	76,423	104,166
<b>Cash</b>		
Beginning of year	<u>228,645</u>	<u>124,479</u>
End of year	<u>\$ 305,068</u>	<u>\$ 228,645</u>

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# **Future Possibilities Canada Inc.**

## **Notes to the Financial Statements**

June 30, 2021

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### **1. Purpose of the Organization**

Future Possibilities Canada Inc. (the "Organization") is a provincial organization that provides coaching, mentoring, leadership and civic engagement programming to elementary school-aged children in Ontario. The Organization is incorporated without share capital under the Corporations Act (Ontario) and is exempt from income taxes. The Organization is a registered charity under the Income Tax Act (Canada).

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### **2. Summary of significant accounting policies**

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

#### **Use of estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the fiscal year. Significant estimates include an allowance for doubtful accounts receivable, amortization rate for equipment and the accrual of liabilities. Actual results could differ from those estimates.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Designated donations and grants are recognized as revenue in the fiscal year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The Canada Emergency Wage Subsidy is recognized in the period it relates to. All other revenue is recognized as earned.

#### **Contributed services**

The Organization's activities are supported by time donated by a substantial number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the accompanying financial statements.

#### **Donated materials**

Donated materials which would otherwise have been purchased are recorded at their fair value at the date of contribution, when fair value can be readily determined.

#### **Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is calculated on a basis intended to write off the assets over their estimated useful life as follows, with one-half of the rates applied in the year of acquisition:

Computer equipment	30% Declining balance
Office equipment	30% Declining balance



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## Future Possibilities Canada Inc.

### Notes to the Financial Statements

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June 30, 2021

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#### 2. Summary of significant accounting policies (continued)

##### Equipment (continued)

Equipment is tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

##### Allocation of expenses

Certain employees perform a combination of program and administration activities. As a result, the Organization allocates employee compensation expenses based on time dedicated to each activity. Expense allocations are applied on a consistent basis from year to year.

##### Financial instruments

The Organization's financial instruments include cash, accounts receivable, accounts payable and loan payable. The financial instruments are originally recorded at fair value, and subsequently at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

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#### 3. Equipment

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 31,933	\$ 28,189	\$ 3,744	\$ 5,349
Office equipment	<u>8,285</u>	<u>6,779</u>	<u>1,506</u>	<u>2,151</u>
	<u>\$ 40,218</u>	<u>\$ 34,968</u>	<u>\$ 5,250</u>	<u>\$ 7,500</u>

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## Future Possibilities Canada Inc.

### Notes to the Financial Statements

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June 30, 2021

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#### 4. Deferred grant and donation revenue

	Balance July 1, 2020	Amount received	Amount recognized as revenue	Balance June 30, 2021
Government grants				
Regional Municipality of York	\$ 4,391	\$ 121,208	\$ 125,599	\$ -
Designated donations				
Sonor Foundation	62,000	-	62,000	-
██████████	5,000	-	5,000	-
██████████	-	15,000	-	15,000
	<u>\$ 71,391</u>	<u>\$ 136,208</u>	<u>\$ 192,599</u>	<u>\$ 15,000</u>

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#### 5. Loan payable

During the year, the Organization expanded the Canada Emergency Business Account loan from \$40,000 to \$60,000. The loan is interest free and due no later than December 31, 2022. If the Organization is able to pay \$40,000 on or before December 31, 2022, the remaining \$20,000 will be forgiven. If the loan cannot be repaid by December 31, 2022, the loan will be converted into a 3-year term loan, with an interest rate of 5% due no later than December 31, 2025.

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#### 6. Donations

During the prior fiscal year 2020, the Organization received special donations totaling \$310,000 that are non-recurring in nature.

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#### 7. Allocation of expenses

During fiscal 2021, \$32,367 (2020 - \$29,350) in employee compensation expenses were allocated to administration expenses.

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#### 8. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures. The risk assessment is consistent with prior year.

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## **Future Possibilities Canada Inc.**

### **Notes to the Financial Statements**

June 30, 2021

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#### **8. Financial instruments (continued)**

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by the Organization through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2020 - \$Nil).

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk with respect to its accounts payable. The Organization reduces its exposure to liquidity risk related to accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to repay advances. Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2020 - \$Nil).

##### Other risks

It is management's opinion that the Organization is not exposed to significant currency, cash flow, interest, concentration or market risks arising from its financial instruments.

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#### **9. COVID-19**

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. During the year revenue declined, however, the Organization was able to supplement funding with the Canada Emergency Wage Subsidy of \$180,183 (2020 - \$64,613). The Organization remains committed to adjusting its expenditures as necessary to ensure its long-term sustainability.