



Financial Statements

Future Possibilities Canada Inc.

June 30, 2020

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Independent Auditor's Report

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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, 2020, 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, 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.

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, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada
November 4, 2020

Chartered Professional Accountants
Licensed Public Accountants

Future Possibilities Canada Inc.
Statement of Financial Position

June 30

2020

2019

Assets

Current

Cash	\$ 228,645	\$ 124,479
Accounts receivable	28,228	29,770
Prepaid expenses	938	8,026

257,811 162,275

Equipment (Note 3)

7,500 9,693

\$ 265,311 **\$ 171,968**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 25,987	\$ 16,296
Deferred grant revenue (Note 4)	71,391	100,239

97,378 116,535

Long-term

Loan payable (Note 5)

40,000 -

137,378 116,535**Net assets**

Unrestricted

120,433 45,740

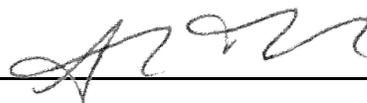
Invested in equipment

7,500 9,693

127,933 55,433

\$ 265,311 **\$ 171,968**

On behalf of the Board of Directors

_____
Director_____
Director

Future Possibilities Canada Inc.

Statement of Operations

Year ended June 30	2020	2019
Revenue		
Government grants	\$ 421,583	\$ 276,866
Donations (Note 6)	663,953	348,966
Events and other revenue	<u>56,785</u>	<u>22,941</u>
	<u>1,142,321</u>	<u>648,773</u>
Expenses (Note 7)		
Programs	569,344	454,238
Special event	303,505	-
Administration	128,012	117,240
Fundraising	65,926	55,189
Amortization	<u>3,034</u>	<u>2,586</u>
	<u>1,069,821</u>	<u>629,253</u>
Excess of revenue over expenses	<u>\$ 72,500</u>	<u>\$ 19,520</u>

Future Possibilities Canada Inc.
Statement of Changes in Net Assets

Year ended June 30

	Unrestricted	Invested in equipment	Total 2020	Total 2019
Balance, beginning of year	\$ 45,740	\$ 9,693	\$ 55,433	\$ 35,913
Excess (deficiency) of revenue over expenses	75,534	(3,034)	72,500	19,520
Purchase of equipment	<u>(841)</u>	<u>841</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 120,433</u>	<u>\$ 7,500</u>	<u>\$ 127,933</u>	<u>\$ 55,433</u>

Future Possibilities Canada Inc.

Statement of Cash Flows

Year ended June 30

2020

2019

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 72,500	\$ 19,520
Item not affecting cash		
Amortization	<u>3,034</u>	<u>2,586</u>
	75,534	22,106
Change in non-cash working capital items		
Accounts receivable	1,542	(8,956)
Prepaid expenses	7,088	(5,700)
Accounts payable and accrued liabilities	9,691	6,807
Deferred grant revenue	<u>(28,848)</u>	<u>78,168</u>
	65,007	92,425

Financing

Increase in loan payable	40,000	-
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Investing

Purchase of equipment	<u>(841)</u>	<u>(7,321)</u>
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Increase in cash	104,166	85,104
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Cash

Beginning of year	<u>124,479</u>	<u>39,375</u>
End of year	<u>\$ 228,645</u>	<u>\$ 124,479</u>

Future Possibilities Canada Inc.

Notes to the Financial Statements

June 30, 2020

1. Purpose of the Organization

Future Possibilities Canada Inc. (the "Organization") is a provincial organization that provides coaching and mentoring to elementary and middle 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).

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. 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

Future Possibilities Canada Inc.

Notes to the Financial Statements

June 30, 2020

2. Summary of significant accounting policies (continued)

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.

Adoption of new accounting standards

On July 1, 2019, the Organization adopted new accounting standards Section 4433 Tangible capital assets held by not-for-profit organizations and Section 4434 Intangible assets held by not-for-profit organizations (the "standards"). The most significant requirements include:

- (i) tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- (ii) tangible capital assets and intangible assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- (iii) additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except the Organization was permitted to recognize an adjustment to opening net assets at July 1, 2019 to reflect partial impairments of tangible and intangible assets existing at that date, if any. The adoption of these standards did not have any impact on the statement of financial position as at July 1, 2019 and the changes in financial position for the current period.

3. Equipment

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 31,933	\$ 26,584	\$ 5,349	\$ 6,620
Office equipment	<u>8,285</u>	<u>6,134</u>	<u>2,151</u>	<u>3,073</u>
	<u>\$ 40,218</u>	<u>\$ 32,718</u>	<u>\$ 7,500</u>	<u>\$ 9,693</u>

Future Possibilities Canada Inc.

Notes to the Financial Statements

June 30, 2020

4. Deferred grant revenue

	Balance July 1, 2019	Amount received	Amount recognized as revenue	Balance June 30, 2020
Government grants				
Regional Municipality of York	\$ -	\$ 132,707	\$ 128,316	\$ 4,391
Ontario Trillium Foundation	90,231	67,300	157,531	-
	<u>90,231</u>	<u>200,007</u>	<u>285,847</u>	<u>4,391</u>
Designated donations				
Sonor Foundation	10,008	123,000	71,008	62,000
CST Consultants	-	5,000	-	5,000
	<u>\$ 100,239</u>	<u>\$ 328,007</u>	<u>\$ 356,855</u>	<u>\$ 71,391</u>

5. Loan payable

During the year, the Organization obtained the Canada Emergency Business Account loan of \$40,000. The loan is interest free and due no later than December 31, 2022. If the Organization is able to pay \$30,000 on or before December 31, 2022, the remaining \$10,000 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.

6. Donations

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

7. Allocation of expenses

During fiscal 2020, \$29,350 (2019 - \$27,430) in employee compensation expenses were allocated to administration expenses.

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.

Future Possibilities Canada Inc.

Notes to the Financial Statements

June 30, 2020

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 (2019 - \$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 (2019 - \$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.

9. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements.

Future Possibilities Canada Inc.

Notes to the Financial Statements

June 30, 2020

10. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic (the “pandemic”) as a result of the spread of COVID-19. Since that time, the pandemic has severely impacted local economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of COVID-19, including travel bans, quarantines, physical distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in a widespread economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions.

In March 2020, in response to local government restrictions, the Organization dramatically curtailed its operations in order to limit the exposure of the virus. This included temporarily moving all in-person programs with alternative delivery methods until further notice and as such, operations continued remotely for the remainder of the year. The Organization has been active in monitoring and assessing the impact of the pandemic on operations and has taken necessary steps to reduce expenditures where appropriate, including the application of federal government wage subsidies of \$84,613.

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 potential impact on the financial position and results of the Organization for future periods. As of the Board approval date, the Organization has experienced a decline in contributions relative to historical trends. However, the Organization anticipates that available liquid assets and ongoing cost mitigation efforts will provide the necessary support to sustain the Organization.