

**CANADIAN PARENTS FOR FRENCH –
BRITISH COLUMBIA & YUKON BRANCH**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2016

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MARCH 31, 2016

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The Raber Mattuck Group
Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH:

We have audited the accompanying financial statements of CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH, which comprise the statement of financial position as at March 31, 2016 the statements of changes in net assets, operations and cash flows for the year then ended, schedules of expenses and special purpose funds and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH derives most of its revenue from donations and programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the the records of CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at March 31, 2016.

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH as at March 31, 2016 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.

Other Matters

As required by the Society Act of British Columbia, we report that, in our opinion, the accounting principles of the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

August 11, 2016

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

	General Fund	Socio-Cultural Fund (Note 1(b))	Special Purpose Funds (Note 1(b)) (Schedule 2)	Total March 31, 2016	Total March 31, 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (Note 1(c))	\$ 98,558	\$ 3,412	\$ 64,543	\$ 166,513	\$ 134,550
Cash - BC Gaming	-	-	-	-	6,419
Short-term investments - internally restricted (Note 3)	-	-	82,215	82,215	82,215
Accounts receivable	6,916	6,800	128	13,844	2,564
Grants receivable	-	65,000	-	65,000	-
Due from related parties (Notes 1(i), 6)	6,627	-	-	6,627	11,083
Prepaid expenses and deposits	10,115	-	-	10,115	7,489
	\$ 122,216	\$ 75,212	\$ 146,886	\$ 344,314	\$ 244,320
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (Note 3)	\$ 15,038	\$ 4,747	\$ -	\$ 19,785	\$ 15,687
Due to related parties (Notes 1(i), 6)	39,267	-	-	39,267	42,594
Deferred contributions (Note 5)	-	70,642	-	70,642	5,870
	54,305	75,389	-	129,694	64,151
NET ASSETS (Note 2)					
Unrestricted	67,911	- 177	-	67,734	65,798
Internally restricted (Schedule 2)	-	-	146,886	146,886	114,371
	67,911	(177)	146,886	214,620	180,169
	\$ 122,216	\$ 75,212	\$ 146,886	\$ 344,314	\$ 244,320

APPROVED BY THE DIRECTORS

See notes to financial statements

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

	General Fund	Socio-Cultural Fund (Note 1(b))	Special Purpose Funds (Note 1(b)) (Schedule 2)	Total 2016	Total 2015
BALANCE, beginning of year	\$ 64,043	\$ 1,755	\$ 114,371	\$ 180,169	\$ 185,164
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	34,868	(1,932)	1,515	34,451	(4,995)
INTERFUND TRANSFERS	(31,000)	-	31,000	-	-
BALANCE, end of year	\$ 67,911	\$ (177)	\$ 146,886	\$ 214,620	\$ 180,169

See notes to financial statements

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2016

	General Fund	Socio-Cultural Fund (Note 1(b))	Special Purpose Funds (Note 1(b)) (Schedule 2)	Total 2016	Total 2015 (Note)
REVENUE (Note 1(e))					
Donations and sponsorships	\$ 8,735	\$ -	\$ -	\$ 8,735	\$ 5,070
Government grants					
BC Gaming Grant	-	-	-	-	16,000
Canadian Heritage (Note 9)	395,310	-	-	395,310	303,760
Educacentre	16,948	-	-	16,948	4,670
Ministry of Education	-	96,377	-	96,377	94,780
Interest	105	68	1,515	1,688	379
Membership rebates (Notes 1(i), 6)	47,619	-	-	47,619	42,561
Miscellaneous revenue	975	-	-	975	-
Program revenue	16,428	-	-	16,428	6,733
	486,120	96,445	1,515	584,080	473,953
EXPENSES (Schedule 1)					
Chapter support	156,347	69,245	-	225,592	202,011
Education and outreach	96,453	-	-	96,453	98,345
Governance	70,532	-	-	70,532	57,374
Programs					
Coordination and operation expense	101,045	13,001	-	114,046	99,426
Concours d'art Oratoire	-	15,431	-	15,431	17,110
Film project and other	68	700	-	768	985
Gaming	132	-	-	132	3,697
Jeune Artiste	16,200	-	-	16,200	-
Where are they now	10,475	-	-	10,475	-
	451,252	98,377	-	549,629	478,948
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES (Note 2)	\$ 34,868	\$ (1,932)	\$ 1,515	\$ 34,451	\$ (4,995)

See notes to financial statements

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	Total 2016	Total 2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 34,451	\$ (4,995)
Amortization	-	5,066
Adjustments for changes in:		
Accounts receivable	(11,280)	2,832
Grants receivable	(65,000)	15,188
Due from related parties	4,456	17,274
Prepaid expenses and deposits	(2,626)	(4,994)
Accounts payable and accrued liabilities	4,098	3,862
Due to related parties	(3,327)	(11,087)
Deferred contributions	64,772	5,675
CASH PROVIDED BY OPERATING ACTIVITIES	25,544	28,821
INVESTING ACTIVITIES		
Short-term investment	-	(82,215)
CASH USED BY INVESTING ACTIVITIES	-	(82,215)
INCREASE (DECREASE) IN CASH	25,544	(53,394)
CASH, beginning of year	140,969	194,363
CASH, end of year	\$ 166,513	\$ 140,969

Cash is comprised of the following:

Cash - Unrestricted	\$ 101,970	\$ 95,614
Cash - BC Gaming	-	6,419
Cash - Internally Restricted	64,543	38,936
	\$ 166,513	\$ 140,969

See notes to financial statements

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH

SCHEDULE 1

SCHEDULE OF EXPENSES (Note 1(j))

FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015 (Note 2)
CHAPTER SUPPORT		
Chapter support coordination	\$ 101,046	\$ 87,097
Chapter support operation expenses	13,001	12,329
Membership rebates to chapters	41,808	36,380
Socio-cultural grants - BC	69,245	64,380
Other chapter support expenses	492	1,825
	225,592	202,011
EDUCATION AND OUTREACH		
Awards	2,500	2,500
Education and outreach coordination	57,740	49,770
Education and outreach operation expenses	7,429	7,046
Education and promotion materials	4,060	7,062
Newsletter/updates/brochures	13,693	13,429
Travel	8,317	9,089
Website	92	122
Other education and outreach expenses	2,622	9,327
	96,453	98,345
GOVERNANCE		
AGM	2,597	698
Governance coordination	28,870	24,885
Governance operation expenses	3,715	3,522
Travel	34,939	27,179
Other governance expenses	411	1,090
	70,532	57,374
PROGRAMS		
Concours d'art Oratoire	15,431	17,110
Film project and other	768	985
Gaming	132	3,697
Jeune Artiste	16,200	-
Program coordination	101,045	87,097
Program operation expenses	13,001	12,329
Where are they now	10,475	-
	167,052	121,218
TOTAL EXPENSES FOR THE YEAR	\$ 549,629	\$ 478,948

See notes to financial statements

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH**SCHEDULE 2****SCHEDULE OF SPECIAL PURPOSE FUNDS (Note 1(b))**

FOR THE YEAR ENDED MARCH 31, 2016

	Operational Reserve	Award	Chapter Start Up	Severance	Project Fund	Technology Fund	Total 2016	Total 2015
BALANCE, beginning of year	\$ 82,215	\$ 10,000	\$ 2,500	\$ -	\$ 19,656	\$ -	\$ 114,371	\$ 146,594
Excess of revenue over expenses (expenses over revenue)	1,515	-	-	-	-	-	1,515	(6,780)
Add: Interfund transfers	-	-	-	9,000	17,000	5,000	31,000	(25,443)
BALANCE, end of year	\$ 83,730	\$ 10,000	\$ 2,500	\$ 9,000.00	\$ 36,656	\$ 5,000	\$ 146,886	\$ 114,371

See notes to financial statements

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

Canadian Parents for French (CPF) is a national network of volunteers which values the French language as an integral part of Canadian heritage and is dedicated to the promotion of French as a second language for Canadian youth. Canadian Parents For French – British Columbia & Yukon Branch (the Society) is incorporated as a Society under the *Society Act* of British Columbia and is a registered charity under the *Income Tax Act*, and as such is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of Presentation*

The financial statements have been prepared by management in accordance with the *CPA Handbook – Accounting – Part III – Accounting standards for not-for-profit organizations (ASNPO)*.

b) *Fund Accounting*

The Society follows the restricted fund method of accounting for contributions.

The **General Fund** accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The **Socio-Cultural Fund** accounts for revenues and expenses of sociocultural activities chapters can organize as in-school or community events. Funded by the Ministry of Education, these activities are aimed at giving students cultural opportunities to learn and use French.

The Society's **Special Purpose Funds** consist of a number of internally restricted funds designated by the Society's board of directors towards specific future projects, as follows:

Operational Reserve Fund, also called "close down fund", is designated towards the hypothetical situation where the Society would be dissolved. The cash in the fund would then be used to pay off various liabilities.

Award Fund is designated towards awards.

Chapter Start Up Fund is designated towards expenses of starting future new chapters.

Severance Fund is designated for payment of future severance payments, in case an employee is let go. During 2016, the Society committed to paying \$NIL (2015 – \$6,000) in severance to an ex-employee.

Project Fund is designated towards future special projects, such as acquisition of new equipment.

Technology Fund is designated towards future office computer upgrades.

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Cash and Cash Equivalents*

Cash and cash equivalents are defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days in the future, net of cheques issued and outstanding at the reporting date.

d) *Property and Equipment (see Note 2 below)*

Purchased property and equipment are recorded at cost. Amortization is recorded over the estimated useful life of the assets using either a straight-line or declining balance method, as follows:

Computer equipment and software	- 3 years straight line
Leasehold improvements	- 3 years straight line

In the year of acquisition, only one-half of the normal amortization is recorded.

e) *Revenue Recognition*

The Society accounts for **donations, sponsorships, government grants** and other contributions under the deferral method. The accounting methodology for the different types of contributions the Society receives is as follows:

- 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 recognized as revenue in the period in which the related expenses are incurred, i.e. if they relate to a future period they are deferred and recorded as a liability on the statement of financial position until recognition as revenue is appropriate.

Interest revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from **membership rebates** represents the Society's portion of the membership fees collected by its parent organization - the National CPF branch, which retains 10% of the membership fees collected and forwards the remaining 90% to the provincial branches. The revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program and miscellaneous revenue is recognized as revenue when the services have been provided, when the amount can be reasonably estimated and when amounts have been paid or collection is reasonably assured.

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) *Asset and Service Contributions*

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. Due to the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined. There were no such contributions in 2016 or 2015.

g) *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management reviews all significant estimates affecting its financial statements on a recurring basis and records the effect of any necessary adjustments. Management believes that the estimates used in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates.

h) *Chapters*

The financial transactions of the Chapters, which are local member organizations, are not included in these statements.

i) *Related Party Transactions*

The CPF National Office collects membership fees on behalf of the Society. The National Office retains 10% of the membership fees collected and distributes 90% to the Society. The Society in turn retains 10% of the fees to contribute to its work for the Chapters and distributes 80% of the fees to the Chapters.

j) *Allocation of Coordination and Operation Expenses*

The Society incurs general coordination and operation expenses which it allocates to each expense category per Schedule 1 as follows:

Chapter Support:	35%
Education and Outreach:	20%
Governance:	10%
Programs:	35%

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. CHANGE IN ACCOUNTING POLICY

Previously, the Society's policy was to treat the acquisition of capital assets as an expenditure on the statement of operations.

During the year, the Society adopted the policy of recording property and equipment on the statement of financial position at cost because it no longer qualifies under CPA Handbook section 4431.03 as an entity with the average of annual revenues recognized in the statement of operations for the current and preceding period of less than \$500,000.

The policy was applied retrospectively and the prior year figures have been adjusted as follows:

	2015 As Reported	2015 Restated
Chapter support	\$ 200,238	\$ 202,011
Education and outreach	97,331	98,345
Governance	56,868	57,374
Programs	119,445	121,218
TOTAL EXPENSES	\$ 473,882	\$ 478,948
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 71	\$ (4,995)
Net assets, beginning of year	\$ 180,098	\$ 185,164
Net assets, end of year	\$ 180,169	\$ 180,169

Ending net assets remain unchanged, as the property and equipment had been fully amortized by the end of the prior year.

3. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and cash equivalents, short-term investments, accounts and grants receivable and accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values.

Short-term investment consists of the following:

	2016	2015
12-month non-redeemable term deposit with a guaranteed interest rate of 1.050% per annum and a maturity date of February 20, 2017	\$ 82,215	\$ 82,215

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

3. FINANCIAL INSTRUMENTS (continued)

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Trade payables	\$ 16,991	\$ 7,253
Vacation payable	2,784	2,329
Severance payable	-	6,000
WCB, insurance and benefits payable	10	105
TOTAL	\$ 19,785	\$ 15,687

4. PROPERTY AND EQUIPMENT

	Cost	2016 Accumulated Amortization	Net Book Value	2015 Net Book Value
Computer equipment and software	\$ 8,109	\$ 8,109	\$ -	\$ -
Leasehold improvements	22,288	22,288	-	-
	\$ 30,397	\$ 30,397	\$ -	\$ -

5. DEFERRED CONTRIBUTIONS

The Society has received funds in advance of their year-end which are designated for expenditures to be incurred during the forthcoming fiscal year.

Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Deferred contributions represent unspent socio-cultural funding in the total amount of \$70,642 (2015 – unspent general funding in the amount of \$5,650 and unspent socio-cultural funding in the amount of \$220). These deferred contributions will be recorded as revenue in the statement of operations when the related expenses are incurred.

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

5. DEFERRED CONTRIBUTIONS (continued)

The nature and amount of changes in deferred contributions balance for the year are as follows:

	2016	2015
Deferred contributions, beginning of year	\$ 5,870	\$ 195
Add: deferred contributions received during the year	70,642	5,870
Less: amount recognized as revenue in the year	(5,870)	(195)
Deferred contributions, end of year	\$ 70,642	\$ 5,870

6. RELATED PARTY TRANSACTIONS

During the year, the Society received \$47,619 (2015 – \$42,561) in membership fees from CPF National, collected on the Society's behalf. As at year-end, there was \$6,627 (2015 – \$11,083) in membership fees from CPF National still owed to the Society and \$39,267 (2015 – \$42,594) to be paid out to the Chapters in the next fiscal year.

7. COMMITMENTS

The Society's has an office lease commitment which expires on June 30, 2018. A postal machine lease commitment expires on March 31, 2017. The aggregate minimum future annual lease payments due over the next five fiscal years are as follows:

2017	\$ 13,265
2018	12,532
2019	3,133
2020	-
2021	-
	\$ 28,930

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8. FINANCIAL RISKS AND CONCENTRATION OF RISK

(a) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Society limits its exposure to credit risk by placing its cash in high credit quality instruments.

8% of the Society's total receivables as at March 31, 2016 (March 31, 2015 – 82%) are current receivables from related parties. 76% of the Society's total receivables as at March 31, 2016 (March 31, 2015 – 0%) are from government agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The Society's exposure to liquidity risk is dependent on the collection of revenues to sustain operations. 87% of the Society's revenues are from government grants, and a further 8% of its revenues are from membership rebates received from CPF National. Collection, therefore, is not a significant issue, whereas the Society's ability to fulfill its obligations depends on continued government support.

(c) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Society's investment portfolio is comprised of a single 12-month term deposit with a guaranteed interest rate. Consequently, the Society's short-term interest rate risk is low, whereas its long-term risk is higher due to possible future changes in interest rates on term deposits.

(d) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether caused by factors specific to the financial instrument or its issuer, of factors affecting all similar financial instruments traded in the market.

The Society's investment portfolio is comprised of a single term deposit with a chartered financial institution and a guaranteed interest rate. The fair values of other financial instruments approximate their carrying values.

CANADIAN PARENTS FOR FRENCH – BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

9. ECONOMIC DEPENDENCY

The Society is largely dependent on the Canadian Heritage Grant for continued operations as 68% of the operating funds (2015 – 64%) were received from the Minister of Canadian Heritage. Consequently, any significant decline in government funding would have a serious impact on the continued operations of the Society.

Management has made its assessment and concluded that there is no issue regarding the Society's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are declines in funding, expenditures will be adjusted to match committed funding.