
CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

Draft for discussion purposes only

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Parents for French - British Columbia & Yukon Branch

Report on the Financial Statements

Opinion

We have audited the financial statements of Canadian Parents for French - British Columbia & Yukon Branch (the "Society"), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, revenue and expenses and 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 the Society as at March 31, 2020, and the results of its operations and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' 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 auditors' 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:

INDEPENDENT AUDITORS' REPORT

- 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

Report on Other Legal and Regulatory Requirements

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

Chartered Professional Accountants
Vancouver, British Columbia

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 157,385	\$ 56,148
Term deposit (Note 4)	103,179	111,989
Accounts receivable (Note 5)	2,747	5,033
Goods and services tax receivable	1,904	2,690
Prepaid expenses and deposits	3,875	6,258
Due from Canadian Parents for French - National (Note 5)	5,748	8,855
	274,838	190,973
CAPITAL ASSETS (Note 6)	2,413	3,700
INVESTMENT IN MAISON DE LA FRANCOPHONIE DE VANCOUVER - LIMITED PARTNERSHIP (Note 9)	1	-
	\$ 277,252	\$ 194,673
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 18,981	\$ 17,597
Government remittances payable	6,142	5,449
Deferred contributions (Note 7)	68,975	-
Due to related parties (Note 8)	25,715	17,285
	119,813	40,331
NET ASSETS		
UNRESTRICTED - GENERAL FUND	35,910	34,105
INTERNALLY RESTRICTED - SPECIAL PURPOSE FUNDS	121,529	120,237
	157,439	154,342
	\$ 277,252	\$ 194,673

COMMITMENTS (Note 10)

COVID-19 RISK (Note 12)

Approved by the Board

Director

Director

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Unrestricted General Fund	Restricted Socio-Cultural Fund	Internally Restricted Special Purpose Funds (Schedule 2)	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 34,105	\$ -	\$ 120,237	\$ 154,342	\$ 187,158
Excess of revenue over expenses	2,906	(1,101)	1,292	3,097	(32,816)
Interfund transfers <i>(Note 8)</i>	(1,101)	1,101	-	-	-
NET ASSETS - END OF YEAR	\$ 35,910	\$ -	\$ 121,529	\$ 157,439	\$ 154,342

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CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUE		
Ministry of Canadian Heritage	\$ 364,512	\$ 364,517
Ministry of Education - British Columbia	92,048	99,632
Membership rebates (Note 5)	34,146	45,720
Donations and sponsorships	6,886	12,730
Programs	6,228	12,487
Employment and Social Development Canada	4,338	6,067
Interest	1,296	1,124
	509,454	542,277
EXPENSES (Schedule 1)		
Chapter support	211,360	234,514
Programs	125,616	131,322
Educations and outreach	106,882	111,909
Governance	62,499	97,161
	506,357	574,906
	3,097	(32,629)
LOSS ON DISPOSAL OF CAPITAL ASSETS	-	(187)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 3,097	\$ (32,816)

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CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 3,097	\$ (32,816)
Items not affecting cash:		
Amortization of capital assets (Note 6)	3,017	3,032
Loss on disposal of capital assets	-	187
	6,114	(29,597)
Changes in non-cash working capital:		
Accounts receivable	2,286	(3,435)
Goods and services tax receivable	786	111
Prepaid expenses and deposits	2,383	(4,234)
Accounts payable and accrued liabilities	1,384	2,090
Government remittances payable	693	1,453
Deferred contributions	68,975	(64,315)
	76,507	(68,330)
	82,621	(97,927)
INVESTING ACTIVITIES		
Purchase of capital assets	(1,730)	(2,009)
Proceeds on disposal of capital assets	-	700
Redemption (purchase) of term deposit (net)	8,810	(999)
Investment in La Maison de la Francophonie de Vancouver - Limited partnership	(1)	-
	7,079	(2,308)
FINANCING ACTIVITIES		
Due from Canadian Parents for French - National	3,107	(4,948)
Due to related parties	8,430	(11,038)
	11,537	(15,986)
CHANGE IN CASH DURING THE YEAR	101,237	(116,221)
CASH - BEGINNING OF YEAR	56,148	172,369
CASH - END OF YEAR	\$ 157,385	\$ 56,148

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

1. NATURE OF OPERATIONS

Canadian Parents for French - National ("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 a branch of CPF and operates in British Columbia and the Yukon. The Society is incorporated under the British Columbia Societies Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(b) Cash

Cash consists of cash on hand.

(c) Financial instruments

i) Measurement

The Society's financial instruments consists of cash, term deposit, accounts receivable, due from Canadian Parents for French – National, accounts payable and due to related parties.

The Society initially measures all of its financial assets and liabilities at fair market value, except for certain non-arm's length transactions. The Society subsequently measures all of its financial assets and liabilities at amortized cost.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount which would have been reported had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenses in the period in which it is determined.

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Capital assets

Capital assets are recorded at historical cost and amortized using the straight-line method over three years.

Effective April 1, 2019, the Society adopted Section 4433 'Tangible capital assets held by not-for-profit organizations', which replaces Section 4431 of the same name. The new section clarifies that not-for-profit organizations apply the requirements for componentization in Section 3061 'Property, Plant and Equipment', refines the guidance regarding the write-down of tangible capital assets (see below) and provides additional guidance on accounting for the cost of a contributed capital asset.

Under the new section, the Society's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to an organization's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenue and expenses and are not reversed.

Adoption of this new policy did not have any impact on the reported amounts of the Society's capital assets.

(e) Revenue recognition

The Society accounts for donations, sponsorships, government grants, memberships and other contributions under the deferral method of accounting 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.

Interest revenue is recognized in the period in which the investment income is earned.

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.

Deferred contribution represents operating funding received in the current period that is designated for a subsequent period.

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Unrestricted and Internally restricted funds

The Society's policy is to record revenue and expenses in the statement of revenue and expenses and then allocate them to the designated funds as follows:

- i) The General Fund accounts for the Society's program delivery and administrative activities.
- ii) The Socio-Cultural Fund accounts for revenue and expenses of socio-cultural activities, chapters can organize as in-school or community events. Funded by the Ministry of Education of British Columbia, these activities are aimed at giving students cultural opportunities to learn and use French.
- iii) The Society's Special Purpose Fund consists of a number of internally restricted funds designated by the Society's Board of Directors towards specific projects as follows:
 1. The 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.
 2. The Award Fund is designated towards awards.
 3. The Chapter Start Up Fund is designated towards expenses of starting future chapters.
 4. The Severance Fund is designated for payment of future severance payments, in case an employee is let go. The Society had no severance obligations during the year.
 5. The Project Fund is designated towards future special projects, such as acquisition of new equipment.
 6. The Technology Fund is designated towards future office computer upgrades.

(g) Contributed services and material

Volunteers contribute their time to assist the Society in carrying out its activities. The value of volunteer time is not recognized in the financial statements. The Society recognizes other contributed services and material at their fair value provided a fair value can be reasonably estimated and the services and materials are used in the normal course of operations and would otherwise have been purchased.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian accepted standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, as at the end of, or during the reporting period. Management believes that the estimates used are reasonable and prudent, however actual results could differ from the estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets used for calculating amortization and the amounts recorded as accrued liabilities and deferred contributions.

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(i) Related party transactions

The Canadian Parents for French National office ("CPF") collects membership fees for the benefit of the Society. CPF 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.

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

(j) Income taxes

The Society is a registered charity under the Income Tax Act (Canada), and as such is exempt from income taxes.

(k) Allocation of coordination and operation expenses

The Society reports its expenses by nature and provides supplementary information about expenses in the schedule of expenses.

Chapter support	35%
Programs	35%
Education and outreach	20%
Governance	10%

3. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(c). The following analysis provides information about the Society's risk exposure and concentration of risk as at March 31, 2020. The Society's financial instruments risks have changed from prior year due to COVID-19 and have been explained below and in note 12.

Credit risk

Credit risk arises from the potential that a counter party may default on its contractual obligations resulting in a financial loss. The Society is exposed to this risk in respect of its accounts receivable and its term deposit. The Society mitigates this risk by monitoring its accounts receivable. The Society invests in recognized financial institutions and limits its investments to fixed rate instruments. The Society manages its cash balances and cash flows to cover expected future outflows.

The COVID-19 health pandemic has caused significant economic uncertainty as explained in Note 12. The Society's exposure to credit risk has changed as a result of COVID-19, as the timing of the collection of grants and receivable from CPF may be impacted. However, it is not practical for the Society to estimate the impact of COVID-19 on its funders' ability to pay their accounts. Management will maintain frequent communication with its funders and other parties to monitor credit risk and take necessary steps to mitigate any potential credit losses.

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

3. FINANCIAL INSTRUMENTS RISKS *(continued)*

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. The Society's objective is to have sufficient financial liquidity to meet its financial obligations as they become due. The Society's ability to meet obligations depends on the receipt of government funding and collection from CPF. There is an increase in liquidity risk as a result of COVID-19 health pandemic as explained in Note 13, as there is a risk that the Society might not receive as much revenue from membership drives. The Society will continue to monitor its working capital and cash flows to adequately minimized liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its term deposit (Note 4). The Society mitigates the risk through its normal operating and financing activities, and by fixing the interest rate on its term deposit.

Concentration of risk and economic dependence

The Society receives 72% (2019 - 67%) from the Ministry of Canadian Heritage (the "Ministry") resulting in a concentration of risk. The Ministry has indicated that the Society will continue to receive funding albeit with the COVID-19 health pandemic.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from its financial instruments.

4. TERM DEPOSIT

	2020	2019
The term deposit consists of the following:		
Twelve months cashable 30 day lockout term deposit with a guaranteed interest rate of 0.900% per annum, and a maturity date of February 20, 2021.	\$ 103,179	\$ -
Twelve months cashable 30 day lockout term deposit with a guaranteed interest rate of 1.100% per annum, and a maturity date of February 20, 2020.	-	111,989
	\$ 103,179	\$ 111,989

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

5. CANADIAN PARENTS FOR FRENCH - NATIONAL

During the year, the Society received \$34,146 (2019 - \$45,720) in membership fees from CPF which they collected on the Society's behalf. At the end of the year, an amount of \$5,748 (2019 - \$8,855) was receivable from CPF for membership fees. Accounts payable include an amount of \$Nil (2019- \$5,110) payable to CPF.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment and software	\$ 11,084	\$ 9,386	\$ 1,698	\$ 3,700
Equipment	1,072	357	715	-
	\$ 12,156	\$ 9,743	\$ 2,413	\$ 3,700

Expenses include amortization of \$3,017 (2019 - \$3,032). Amortization is allocated between the expense categories in the statement of revenue and expenses.

7. DEFERRED CONTRIBUTION

On March 7, 2020, the Society received \$70,000 from the Ministry of Education – British Columbia for the 2019-2020 school year. The Society recorded \$1,025 in revenue for the year ended March 31, 2020 and the remaining \$68,975 was recorded in deferred contribution to be used for the year ending March 31, 2021.

8. INTERFUND TRANSFER

Interfund transfers are enacted by resolutions passed by the Board of Directors and presented in the statement of changes in net assets.

An amount of \$1,101 was transferred from the unrestricted general fund to the restricted socio-cultural fund.

9. RELATED PARTY TRANSACTIONS

At the end of the year, an amount of \$25,715 (2019 - \$17,285) was payable to several Chapters in British Columbia and the Yukon.

Those amounts are without any terms or repayment and are interest free and unsecured.

The Society is one of the partners of La Maison de la Francophonie, a limited partnership, which owns the building in which the Society's office is located. Rent paid to the partnership was \$13,287 (2019 - \$13,287).

All related party transactions described above have been recorded at the amounts paid or received as established and agreed upon by the Society and the related party.

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

10. COMMITMENTS

The Society has lease commitments expiring between June 30, 2021 and March 31, 2022. The aggregate minimum future annual lease payments due over the next two fiscal years are as follows:

2021	\$	14,148
2022		4,183

11. REMUNERATION

One employee earned over \$75,000 during the fiscal year ended March 31, 2020 for a total of \$87,032 (2019 - \$81,486). Salaries and benefits are allocated between the expense categories in the statement of revenue and expenses.

12. COVID-19 RISK

In March 2020, a global outbreak of COVID-19 was declared, which has had a significant impact on entities through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and quarantine orders. The Society continues to monitor its operations and assess the impact COVID-19 will have on its operating activities. At this time, the Society expects a negative impact on its future activities from its membership drives but the extent of the effect of COVID-19 is unknown at this time.

Draft for discussion purposes only

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
SCHEDULE OF EXPENSES (Schedule 1)
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
CHAPTER SUPPORT		
Coordination	\$ 97,486	\$ 102,188
Socio-cultural	65,023	73,270
Membership rebates to chapters	31,056	43,528
Operating expenses	14,515	13,576
Other expenses	3,280	1,952
	211,360	234,514
PROGRAMS		
Coordination	97,486	102,188
Operating expenses	14,515	13,576
Concours d'art oratoire (French-speaking contest)	13,615	15,558
	125,616	131,322
GOVERNANCE		
Travel	28,513	60,359
Coordination	27,853	28,897
Operating expenses	4,147	3,879
Other expenses	1,986	4,026
	62,499	97,161
EDUCATION AND OUTREACH		
Coordination	55,706	58,393
Promotion materials	19,191	9,629
Travel	14,965	9,397
Operating expenses	8,294	7,758
Newsletter/updates/brochures	5,905	12,726
Awards	2,400	5,330
Website	408	584
Other expenses	13	264
Regional conference	-	7,828
	106,882	111,909
TOTAL EXPENSES FOR THE YEAR	\$ 506,357	\$ 574,906

CANADIAN PARENTS FOR FRENCH - BRITISH COLUMBIA & YUKON BRANCH
SCHEDULE OF SPECIAL PURPOSE FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

(Schedule 2)

	Operational Reserve	Award	Chapter Start Up	Severance	Project	Technology	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 58,519	\$ 10,000	\$ 2,500	\$ 6,395	\$ 36,656	\$ 6,167	\$ 120,237	\$ 121,738
Excess of revenue over expenses	1,292	-	-	-	-	-	1,292	1,104
Inter-fund transfers	-	-	-	-	-	-	-	(2,605)
BALANCE, END OF YEAR	\$ 59,811	\$ 10,000	\$ 2,500	\$ 6,395	\$ 36,656	\$ 6,167	\$ 121,529	\$ 120,237

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