

CANADIAN ASSOCIATION FOR EQUALITY

Financial Statements

Year ended December 31, 2019

CANADIAN ASSOCIATION FOR EQUALITY

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Year ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Canadian Association for Equality

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Canadian Association for Equality (The "Organization" or "CAFE"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Canadian Association for Equality as at December 31, 2019 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

Canadian Association for Equality derives a material amount of revenue from donations. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for donations revenue, excess of revenues over expenditures and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

MISSISSAUGA, Ontario
July 15, 2020

HS & Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Financial Position

December 31

	2019	2018
ASSETS		
Cash	\$ 386,070	\$ 472,121
Term deposits (Note 3)	340,025	-
Marketable securities (Note 4)	35,689	32,202
Supplies inventory	568	568
Prepaid expenses	8,220	3,346
HST rebate receivable	15,830	20,177
Capital assets (Note 5)	6,041	5,981
	\$ 792,443	\$ 534,395
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 16,813	\$ 9,013
Deferred contributions (Note 6)	481,323	277,197
	498,136	286,210
NET ASSETS	294,307	248,185
	\$ 792,443	\$ 534,395

ON BEHALF OF THE BOARD


 _____ Director

Paul Sandor
 _____ Director

CANADIAN ASSOCIATION FOR EQUALITY
Statement of Operations and Changes in Net Assets
Year ended December 31

	2019	2018
REVENUES		
Contributions	\$ 168,192	\$ 275,625
Grants	179,384	82,468
Events revenue	29,795	20,497
Membership	3,840	4,443
Other income	2,941	4,920
Programs and services revenue	515	624
	<u>384,667</u>	<u>388,577</u>
EXPENDITURES		
Advertising and promotion	10,737	1,590
Amortization	1,336	1,342
Charity development	7,236	1,004
Erasing Family film expense	187	165,878
Events and speaker series	39,782	19,427
Insurance	3,607	3,436
Interest and bank charges	2,899	3,870
Marketing and promotion	8,423	10,515
Occupancy cost	58,238	45,188
Office and general	5,515	8,224
Professional fees	20,445	6,489
Project expenses	25,757	28,868
Salaries and related benefits	139,678	90,577
Telephone and telecommunication	5,446	4,369
Travel	9,086	4,929
	<u>338,372</u>	<u>395,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>46,295</u>	<u>(7,129)</u>
OTHER INCOME (EXPENSE)		
Investment income	864	1,755
(Loss) gain on foreign exchange	(1,037)	2,890
	<u>(173)</u>	<u>4,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>46,122</u>	<u>(2,484)</u>
NET ASSETS - BEGINNING OF YEAR	<u>248,185</u>	<u>250,669</u>
NET ASSETS - END OF YEAR	<u>\$ 294,307</u>	<u>\$ 248,185</u>

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Cash Flows

Year ended December 31

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 46,122	\$ (2,484)
Adjustment for Amortization	<u>1,336</u>	1,342
Total	47,458	(1,142)
Change in non-cash working capital items		
Supplies inventory	-	(376)
Prepaid expenses	(4,874)	(700)
HST rebate receivable	4,347	(9,069)
Accounts payable and accrued liabilities	7,800	135
Deferred contributions	<u>204,126</u>	(113,103)
Cash flow from (used by) operating activities	<u>258,857</u>	(124,255)
INVESTING ACTIVITIES		
Term deposits	(340,025)	-
Marketable securities	(3,487)	161,633
Purchase of capital assets	<u>(1,396)</u>	(205)
Cash flow (used by) from investing activities	<u>(344,908)</u>	161,428
(DECREASE) INCREASE IN CASH	(86,051)	37,173
CASH - BEGINNING OF YEAR	<u>472,121</u>	434,948
CASH - END OF YEAR	<u>\$ 386,070</u>	\$ 472,121

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2019

1. PURPOSE OF ORGANIZATION AND INCOME TAX STATUS

Canadian Association for Equality (the "Organization" or "CAFE") is an educational charity working towards gender equality through public events, campus outreach, research, public policy, blogs and multimedia production. The Organization was incorporated by letters patent September 13, 2010 by the Canada Corporations Act, and issued a Certificate of Continuance July 18, 2013 under the Canada Not-for-profit Corporations Act.

The Organization's activity is directed to advancing education by providing classes, workshops, seminars and lectures on gender issues and by providing books, equipment, and educational aids to students, as well as making multimedia resources accessible to the public. Research in gender studies is also made available to the public.

In 2014, the Organization established the Canadian Centre for Men and Families (CCMF) in Toronto Ontario, as the first hub for the health and well-being of boys, men, fathers and families. The centre provides therapy, counselling, peer support, a legal clinic, fathering programs, mentorship and support services for male victims of trauma and violence. The Organization continues to expand its services throughout Canada.

The Organization is a registered charity (business no. 841583719 RR0001) and is not subject to income tax pursuant to section 149(1) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The Organization follows the deferral method of accounting for contribution revenue. Contributions and donations which are unrestricted are recognized in the year to which they pertain and/or received. Sponsorships, fundraising revenue, membership fees and speaker's series revenue are recognized as revenue in the year received. Other revenue is recognized when received.

Contributions and donations which are externally restricted and not expensed are deferred and recognized as revenue in the year the related expenses are incurred. Contributions and donations for future periods are deferred and recognized as revenue in the year the related expenses are incurred.

(b) Investments

[i] Reported at fair value - Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as any investments in debt or equity securities that the Organization designated to be measured at fair value. Such designation must be made when the investment is initially recognized. In the case of an equity instrument that was previously measured at fair value because it was quoted in an active market, this designation may be made when the instrument ceases to be quoted in an active market. This designation is irrevocable. Changes in fair value are recognized in net assets. Transaction costs to acquire or dispose of these securities are recognized in net assets in the period during which they are incurred.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Investments, continued

[ii] Reported at cost or amortized cost - Investments in equity securities which are not quoted in an active market, as well as investments in debt securities, whether or not quoted in an active market are initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These equity securities are thereafter carried at cost and the debt securities are carried at amortized cost using the straight-line amortization method.

Investment income is recorded on the accrual basis.

(c) Financial Instruments

The Organization's financial instruments consist of cash, investments, HST rebate receivable and accounts payable. Unless otherwise noted it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks.

(d) Financial Instrument Classification

All financial instruments are initially measured at fair value and subsequently according to the following measurement methods.

<u>Financial instruments</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Marketable securities	Held for trading	Fair value
HST rebate receivable	Loans and receivables	Amortized cost using the effective interest method
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using the effective interest method

(e) Capital Assets

Capital assets are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	20%
Furniture and fixtures	20%

(f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Donated Materials and Services

Donated materials and services are not recorded because the fair market value is not readily determinable. The charity benefited from 18,345 hours (2018 - 15,240 hours) of volunteer labour over the course of the fiscal year.

(h) Sales Taxes Recoverable

The Organization qualifies for a rebate of 50% of the federal part of harmonized goods and services tax ("HST") paid on eligible purchases and 82% rebate of the provincial part of the HST. Services provided by the Organization are generally not subject to HST.

(i) Other

All other transactions of the Organization are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

3. TERM DEPOSITS

	<u>2019</u>	<u>2018</u>
Term deposit, Member Savings (bearing interest at 3.25%, maturing January 31, 2020)	\$ 140,025	\$ -
Term deposit, DUCA (bearing interest at 3.25%, maturing January 21, 2022)	<u>200,000</u>	<u>-</u>
	<u>\$ 340,025</u>	<u>\$ -</u>

4. MARKETABLE SECURITIES

	<u>2019</u>	<u>2019</u>	2018	2018
	<u>Market</u>	<u>Cost</u>	Market	Cost
Common shares and mutual funds (US\$)	<u>\$ 35,689</u>	<u>\$ 35,689</u>	\$ 32,202	\$ 32,202

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2019

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Office equipment	\$ 8,357	\$ 3,651	\$ 4,706	\$ 4,312
Furniture and fixtures	3,989	2,654	1,335	1,669
	\$ 12,346	\$ 6,305	\$ 6,041	\$ 5,981

6. DEFERRED CONTRIBUTIONS

	2019	2018
Beginning balance	\$ 277,197	\$ 390,300
Contributions received - Shelter project	204,126	63,800
	481,323	454,100
Less:		
Contributions recognized in the year - Erasing Family film documentary	-	176,903
	\$ 481,323	\$ 277,197

The deferred contributions are on account of externally restricted contributions for the Shelter project (\$481,323, 2018 - \$277,197). The restricted funds for the "Erasing Family" film documentary project were expended in the prior fiscal year.

7. CAPITAL MANAGEMENT

The Organization considers Net Assets to be its capital. The Organization's objectives when managing its capital is to safeguard its ability to continue as a going concern and provide not-for-profit programs to its corporate and individual members.

The Board of Directors monitors the Organization's financial position to ensure this objective is met and makes adjustments as necessary in light of changes in economic conditions and the risk characteristics of the Organization's underlying assets and related activities.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2019

8. LEASE COMMITMENTS

The Organization's total commitments, under operating property lease agreements include three locations in Canada as follows:

2020	\$ 52,362
2021	33,598
2022	<u>23,649</u>
	<u>\$ 109,609</u>

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The Organization does not have credit risk. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

(b) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$16,813 (2018 - \$9,013). Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains adequate funds to repay creditors. In the opinion of management the liquidity risk exposure to the Organization is low.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. These are described more fully in the appropriate sections below.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization's marketable securities are denominated in US dollars and are exposed to exchange rate fluctuations.

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Notes to the Financial Statements

December 31, 2019

9. FINANCIAL INSTRUMENTS, continued

(e) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Organization reduces its exposure to price risk by regularly monitoring published information regarding the market prices of its investments to ensure that they are appropriate in the market place given the inherent level of risk of invested funds. In the opinion of the management, the price risk exposure to the Organization is low.

10. SUBSEQUENT EVENT

COVID-19

The worldwide pandemic situation of COVID-19 has caused significant future uncertainty. Business interruption due to government mandated closure of non-essential services, self-isolation, quarantine and other measures by businesses and people in general have led to disruption to worldwide commercial activity. The impact of the pandemic situation to the economy, various industries and the environment in which the Organization currently operates cannot be assessed at present. Federal and Provincial Governments are taking bold measures to bring it under control, however, the timeframe as to when the pandemic will be brought under control and the return to normalcy is not determinable at present.
