

CANADIAN ASSOCIATION FOR EQUALITY

Financial Statements

Year ended December 31, 2020

CANADIAN ASSOCIATION FOR EQUALITY

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Year ended December 31, 2020

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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, 2020, 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, 2020 and its results of 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 for the years ended December 31, 2020 and 2019 and net assets as at that date 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 21, 2021

HS & Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

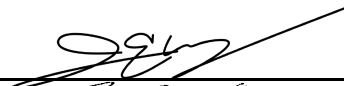

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Financial Position

December 31

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 544,966	\$ 386,070
Term deposits (Note 3)	406,500	340,025
Marketable securities (Note 4)	56,360	35,689
Accounts receivable (Note 5)	19,394	-
Supplies inventory	1,800	568
Prepaid expenses	9,405	8,220
HST rebate receivable	23,498	15,830
	1,061,923	786,402
Capital assets (Note 6)	1,214,120	6,041
	\$ 2,276,043	\$ 792,443
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,842	\$ 16,813
Current portion of mortgage payable (Note 9)	34,847	-
	54,689	16,813
Canada emergency business account (Note 7)	60,000	-
Deferred contributions (Note 8)	456,775	481,323
Mortgage payable (Note 9)	1,084,510	-
	1,655,974	498,136
NET ASSETS	620,069	294,307
	\$ 2,276,043	\$ 792,443

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Operations

Year ended December 31

	2020	2019
REVENUES		
Contributions	\$ 206,927	\$ 168,192
Grants	309,408	179,384
Membership	5,220	3,840
Events revenue	1,486	29,795
Programs and services revenue	385	515
Other income	-	1,311
	523,426	383,037
EXPENDITURES		
Advertising and promotion	-	10,737
Amortization	1,774	1,336
Charity development	5,141	7,236
Erasing Family film expense	127	187
Events and speaker series	9,042	39,782
Insurance	4,003	3,607
Interest and bank charges	3,543	2,899
Interest on long-term debt	434	-
Marketing and promotion	11,773	8,423
Occupancy cost	61,467	58,238
Office and general	8,856	5,514
Professional fees	87,981	20,445
Project expenses	50,385	25,757
Salaries and related benefits (Note 5)	158,012	139,678
Telephone and telecommunication	9,391	5,446
Travel	2,974	9,086
	414,903	338,371
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	108,523	44,666
OTHER INCOME (EXPENSE)		
Investment income	24,412	2,493
Unrealized gain on marketable securities	14,672	-
Gain (loss) on foreign exchange	292	(1,037)
	39,376	1,456
EXCESS OF REVENUES OVER EXPENDITURES	\$ 147,899	\$ 46,122

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Changes in Net Assets

Year ended December 31

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 294,307	\$ 248,185
Excess of revenue over expenditures	147,899	46,122
Restricted contributions for purchase of land (Note 8)	177,863	-
NET ASSETS - END OF YEAR	\$ 620,069	\$ 294,307

CANADIAN ASSOCIATION FOR EQUALITY

Statement of Cash Flows

Year ended December 31

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 147,899	\$ 46,122
Adjustment for Amortization	<u>1,774</u>	1,336
Total	149,673	47,458
Change in non-cash working capital items		
Accounts receivable	(19,394)	-
Supplies inventory	(1,232)	-
Prepaid expenses	(1,185)	(4,874)
HST rebate receivable	(7,668)	4,347
Accounts payable and accrued liabilities	3,029	7,800
Deferred contributions	<u>153,315</u>	204,126
Cash flow from operating activities	<u>276,538</u>	258,857
INVESTING ACTIVITIES		
Term deposits	(66,475)	(340,025)
Marketable securities	(20,671)	(3,487)
Purchase of capital assets	<u>(1,209,228)</u>	(1,396)
Cash flow used by investing activities	<u>(1,296,374)</u>	(344,908)
FINANCING ACTIVITIES		
Increase in Canada emergency business account (Note 7)	60,000	-
Mortgage loans (Note 9)	<u>1,118,732</u>	-
Cash flow from financing activities	<u>1,178,732</u>	-
INCREASE (DECREASE) IN CASH	158,896	(86,051)
CASH - BEGINNING OF YEAR	<u>386,070</u>	472,121
CASH - END OF YEAR	<u>\$ 544,966</u>	\$ 386,070

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

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 accounting 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 to 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.

Restricted contributions used to purchase assets subject to amortization are recognized to revenue as amortization is expensed. Restricted contributions used to purchase assets not subject to amortization are recognized as direct increases to net assets.

(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.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Investments, continued

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

[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, accounts payable and long-term debt. 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
Long-term debt	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 following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Building	25 years Straight-line
Office equipment	20% Declining balance
Furniture and fixtures	20% Declining balance

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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.

(g) Government assistance

Government wage subsidies for salaries and related benefits as a result of the Government of Canada COVID response programs is recorded as a reduction in the related expense when the government assistance is approved.

(h) Donated Materials and Services

Donated materials and services are not recorded because the fair market value is not readily determinable. The charity benefited from 24,650 hours (2019 - 18,345 hours) of volunteer labour over the course of the fiscal year.

(i) 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.

(j) 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>2020</u>	<u>2019</u>
Term deposit, DUCA (bearing interest at 1.50%, maturing August 13, 2023)	\$ 200,000	\$ -
Term deposit, DUCA (bearing interest at 3.25%, maturing January 21, 2022)	206,500	200,000
Term deposit, Member Savings (bearing interest at 3.25%, maturing January 31, 2020)	-	140,025
	<u>\$ 406,500</u>	<u>\$ 340,025</u>

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

4. MARKETABLE SECURITIES

	2020 Cost	2020 Market	2019 Cost	2019 Market
Common shares and mutual funds (US\$)	\$ 56,360	\$ 41,689	\$ 35,689	\$ 35,689

5. ACCOUNTS RECEIVABLE

	2020	2019
Wage subsidy receivable *	\$ 12,285	\$ -
Accrued investment income	7,109	-
	\$ 19,394	\$ -

* Government wage subsidies for salaries and related benefits as a result of the Government of Canada COVID response programs amount to \$54,946 and reduce the related salary and benefit expense for the fiscal year.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 337,492	\$ -	\$ 337,492	\$ -
Building	866,707	-	866,707	-
Office equipment	13,616	5,119	8,497	4,706
Furniture and fixtures	4,385	2,961	1,424	1,335
	\$ 1,222,200	\$ 8,080	\$ 1,214,120	\$ 6,041

No amortization was taken on the building as it was not in use during the year.

7. CANADA EMERGENCY BUSINESS ACCOUNT

The Canada Emergency Business Account (CEBA) is an interest free loan from the Federal Government to support eligible small businesses during the COVID-19 pandemic. Repaying the loan on or before December 31, 2022 will result in loan forgiveness of 33% or \$20,000.

If the loan is not repaid by December 31, 2022, the full amount of the loan is interest bearing at 5% per annum for the extended term, due December 31, 2025.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

8. DEFERRED CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 481,323	\$ 277,197
Contributions received - Shelter project	<u>154,354</u>	<u>204,126</u>
	635,677	481,323
Less:		
Contributions recognized in the year to revenue	1,039	-
Contributions recognized to net assets for the purchase of land	<u>177,863</u>	-
	<u>\$ 456,775</u>	<u>\$ 481,323</u>

The deferred contributions are on account of externally restricted contributions for the Shelter project.

The purchase of the men's shelter in fiscal year 2020 resulted in \$177,863 of deferred contributions recognized as a direct increase to net assets on account of the land purchase. Deferred contributions relating to the building are recognized as revenue in the periods in which the related amortization expense is incurred.

9. MORTGAGE PAYABLE

	<u>2020</u>	<u>2019</u>
Mortgage loan #1, interest bearing 2%, 5 year term, payment \$3,684/month, due December 31, 2025	\$ 870,000	\$ -
Mortgage loan #2, interest bearing 2%, 5 year term, payment \$1,059/month, due November 5, 2025	<u>249,358</u>	-
	1,119,357	-
Less current portion	<u>34,847</u>	-
Due beyond one year	<u>\$ 1,084,510</u>	<u>\$ -</u>

The mortgages are secured by land and building having a book value of \$1,204,199.

Estimated principal repayments are as follows:

2021	\$ 34,847
2022	35,551
2023	36,268
2024	36,305
2025	<u>976,386</u>
	<u>\$ 1,119,357</u>

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

10. 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, liabilities and related activities.

11. LEASE COMMITMENTS

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

2021	\$	51,439
2022		<u>21,397</u>
	\$	<u>72,836</u>

12. CONTINGENCY

The Organization has been named as defendant in a claim for damages in the amount of \$50,000 and reimbursement of expenses of \$5,000 as a result of the suspension of a director. The outcome of this matter is not presently determinable and, accordingly, no provision for settlement has been recorded in the accompanying financial statements.

13. 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 \$19,842 (2019 - \$16,813). 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.

CANADIAN ASSOCIATION FOR EQUALITY

Notes to the Financial Statements

December 31, 2020

13. FINANCIAL INSTRUMENTS, continued

(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) Interest rate risk

The organization is exposed to interest rate risk. Interest rate risk is the risk that the organization has interest rate exposure on its mortgage payable. The organization reduces its exposure to interest rate risk by regularly monitoring published interest rates which have been relatively stable over the period presented. The organization does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the organization is low.

(e) 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.

(f) 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.

14. COVID-19 PANDEMIC

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.
