

French for the Future
Financial Statements
March 31, 2017

French for the Future Contents

For the year ended March 31, 2017

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Independent Auditors' Report

To the Members of French for the Future:

We have audited the accompanying financial statements of French for the Future, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, 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 the auditors' 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, the auditor considers 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization receives donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations was limited to the amounts recorded in the records of the Organization, and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the 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 French for the Future as at March 31, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario

June 21, 2017

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

French for the Future
Statement of Financial Position
As at March 31, 2017

	2017	2016
Assets		
Current Assets		
Cash	215,339	140,159
Short-term investment	66,663	65,000
Contributions receivable	1,682	36,346
Prepays and other	27,036	37,333
	310,720	278,838
Capital assets (Note 3)	10,339	16,640
	321,059	295,478
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	39,970	46,009
Deferred revenue	58,800	33,750
	98,770	79,759
Commitments (Note 5)		
Net Assets		
Internally restricted for contingency purposes (Note 6)	65,000	65,000
Internally restricted for 2017 Conference purposes (Note 6)	35,000	35,000
Unrestricted	122,289	115,719
	222,289	215,719
	321,059	295,478

Approved on behalf of the Board


 Director

French for the Future
Statement of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Grants (Note 7)	592,750	586,000
Donations	136,170	133,861
Other	9,096	12,698
	738,016	732,559
Expenses		
Salaries and benefits	265,838	252,429
Honoraria	178,883	154,838
General and administrative	126,570	108,789
Travel	103,863	119,505
Publicity	49,990	37,999
Amortization	6,302	5,554
	731,446	679,114
Excess of revenue over expenses	6,570	53,445

The accompanying notes are an integral part of these financial statements

French for the Future
Statement of Changes in Net Assets
For the year ended March 31, 2017

	<i>Restricted for contingency purposes</i>	<i>Restricted for 2017 Conference</i>	<i>Unrestricted</i>	2017	2016
Net assets, beginning of year	65,000	35,000	115,719	215,719	162,274
Excess of revenue over expenses	-	-	6,570	6,570	53,445
Net assets, end of year	65,000	35,000	122,289	222,289	215,719

The accompanying notes are an integral part of these financial statements

French for the Future
Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Cash received from grants, donations and other	797,730	735,765
Cash paid to suppliers and employees	(720,887)	(674,921)
	76,843	60,844
Investing		
Purchase of capital assets	-	(12,388)
Purchase of short-term investment	(1,663)	(15,000)
	(1,663)	(27,388)
Increase in cash	75,180	33,456
Cash, beginning of year	140,159	106,703
Cash, end of year	215,339	140,159

1. Incorporation and nature of the organization

Le français pour l'avenir/French for the Future (the "Organization") was incorporated on October 7, 1999 as a corporation without share capital under the laws of Canada. It began operations on October 1, 2000. The Organization's mandate is to host educational programmes for high school French Immersion and French first language students across Canada. The Organization is registered as a charitable organization under the Income Tax Act (Canada), and as such, is exempt from income taxes.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investment and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment of financial instruments

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Capital assets

Purchased capital assets are initially recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Office furniture and equipment	straight-line	5 years
Website re-design costs	straight-line	3 years

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted grants are recognized as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Donations are recognized when received since pledges are not legally enforceable claims. Sponsorship revenues are deferred until the event is held at which time the revenue is recognized.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

French for the Future
Notes to the Financial Statements
For the year ended March 31, 2017

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>	<i>2016 Net book value</i>
Office furniture and equipment	40,961	32,289	8,672	11,640
Website re-design costs	72,226	70,559	1,667	5,000
	<u>113,187</u>	<u>102,848</u>	<u>10,339</u>	<u>16,640</u>

4. Bank indebtedness

The Organization has available an operating line of credit up to \$50,000, interest bearing at the bank's prime rate plus 2.50% per annum and due on demand. As at March 31, 2017 and 2016 the line of credit was not utilized.

5. Commitments

The Organization is committed to various lease agreements for its premises and office equipment with required payments for the following amounts:

2018	40,301
2019	16,535
	<u>56,836</u>

6. Restrictions on net assets

The Organization has internally restricted \$65,000 (2016 - \$65,000) to be held for contingency purposes and \$35,000 (2016 - \$35,000) to be held for the 2017 Conference.

Internally restricted amounts are not available for any other purposes without approval of the Board of Directors.

7. Economic dependence

The Organization's primary source of revenue is from various government sources. For the year ended March 31, 2017, funding from one (2016 - one) government source accounted for approximately 75% (2016 - 78%) of total revenue.