

CIVIX
Financial Statements
Year Ended December 31, 2016

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Index to Financial Statements
Year Ended December 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Receipts and Disbursements	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Net Contribution from Programs (<i>Schedule 1</i>)	12



INDEPENDENT AUDITOR'S REPORT

To the Directors of CIVIX

I have audited the accompanying financial statements of CIVIX, which comprise the statement of financial position as at December 31, 2016 and the statements of receipts and disbursements, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Directors of CIVIX *(continued)*

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of CIVIX as at December 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.

Ander Vardhant
Professional Corporation

Whitby, Ontario
March 22, 2018

CHARTERED PROFESSIONAL ACCOUNTANT
CHARTERED ACCOUNTANT
Authorized to practise public accounting by
the Chartered Professional Accountants of
Ontario

CIVIX

Statement of Financial Position

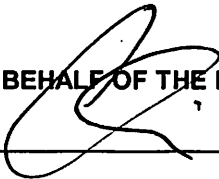
December 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT		
Cash	\$ 2,842	\$ 137,395
Marketable securities (Note 4)	4,317	3,848
Accounts receivable	354,601	162,996
Harmonized sales tax recoverable	26,399	109,208
Prepaid expenses	8,274	8,274
	<u>\$ 396,433</u>	<u>\$ 421,721</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 141,296	\$ 205,341
Deferred contributions (Note 6)	178,326	145,642
	<u>319,622</u>	<u>350,983</u>
DEFERRED CONTRIBUTIONS (Note 6)	11,669	11,669
	<u>331,291</u>	<u>362,652</u>
NET ASSETS		
Unrestricted funds	65,142	59,069
	<u>\$ 396,433</u>	<u>\$ 421,721</u>

LEASE COMMITMENTS (Note 11)

SUBSEQUENT EVENTS (Note 12)

ON BEHALF OF THE BOARD



Director

Director

The accompanying notes are an integral part of these financial statements.

CIVIX

Statement of Changes in Net Assets

Year Ended December 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 59,069	\$ 33,016
Excess of receipts over disbursements	<u>6,073</u>	<u>26,053</u>
NET ASSETS - END OF YEAR	<u>\$ 65,142</u>	<u>\$ 59,069</u>

The accompanying notes are an integral part of these financial statements.

CIVIX
Statement of Receipts and Disbursements
Year Ended December 31, 2016

	2016	2015
RECEIPTS		
Program related revenues <i>(Schedule 1)</i>	\$ 680,511	\$ 2,092,198
Grants and sponsorships	306,405	96,399
CIVIX caucus donations <i>(Note 10)</i>	78,606	62,762
Donations	23,814	39,912
Other income	2,691	2,418
Miscellaneous recoveries	-	3,000
	<u>1,092,027</u>	<u>2,296,689</u>
DISBURSEMENTS		
Program related expenses <i>(Schedule 1)</i>	841,844	2,182,581
Salaries	167,415	43,512
Travel	27,468	3,190
Rental	16,328	15,262
Consulting fees	8,988	6,449
Advertising and promotion	8,494	8,986
Office	7,891	903
Telephone	3,821	3,256
Professional fees	2,617	3,219
Insurance	960	866
Bank charges and other fees	743	2,413
	<u>1,086,569</u>	<u>2,270,637</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS FROM OPERATIONS	<u>5,458</u>	<u>26,052</u>
OTHER INCOME		
Dividend income	146	145
Write-up (down) of marketable securities <i>(Note 4)</i>	469	(144)
	<u>615</u>	<u>1</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 6,073</u>	<u>\$ 26,053</u>

The accompanying notes are an integral part of these financial statements.

CIVIX**Statement of Cash Flows****Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess of receipts over disbursements	\$ 6,073	\$ 26,053
Item not affecting cash:		
Write-down (up) of marketable securities <i>(Note 4)</i>	(469)	144
	<u>5,604</u>	<u>26,197</u>
Changes in non-cash working capital:		
Accounts receivable	(191,605)	91,039
Accounts payable and accrued liabilities <i>(Note 5)</i>	(64,045)	36,536
Deferred contributions <i>(Note 6)</i>	32,684	56,406
Prepaid expenses	-	(3,519)
HST receivable	82,809	(57,248)
	<u>(140,157)</u>	<u>123,214</u>
INCREASE (DECREASE) IN CASH FLOW	(134,553)	149,411
Cash (deficiency) - beginning of year	<u>137,395</u>	<u>(12,016)</u>
CASH - END OF YEAR	\$ 2,842	\$ 137,395

The accompanying notes are an integral part of these financial statements.

CIVIX

Notes to Financial Statements

Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

General grants, sponsorships, donations and Caucus donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts that relate to subsequent periods are recorded as deferred contributions.

Program related revenues (including Service, Contributions and Sponsorships) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts that relate to subsequent periods are recorded as deferred contributions.

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants. All recovered expenses (both general and program) are recognized in the period that the relevant expense(s) have been recorded and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated services and materials are only recognized if their fair value can be reasonably estimated and they would otherwise have been purchased if they had not been donated.

Contributed services

Volunteers and other organizations regularly contribute services and materials each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements unless their fair value can be reasonably estimated and they would otherwise have been purchased if they had not been donated.

Allocated expenses

The organization allocates general expenses such as salaries and honoraria, office and administrative expenses, travel expenses, professional fees, rental expenses, insurance costs and bank charges to programs that share these resources. The basis of the allocation and the amounts are detailed in these notes to the financial statements.

Harmonized Sales Tax ("HST")

GST/HST paid on purchased materials and services are recoverable as a rebate of the federal portion and of the provincial portion, where applicable. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Marketable securities

Investments for which there are quoted prices in an active market are classified as held for trading and carried at fair value. Unrealized gains or losses are reported as part of net income.

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CIVIX
Notes to Financial Statements
Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost. Amortization is computed over the estimated useful lives of the assets, using the declining balance method. No assets were acquired during the current fiscal year.

Income Taxes

No provision has been made for income taxes in these financial statements as the organization is designated as a not-for-profit organization and is exempt from income tax under paragraph 149 (1)(l) of the Income Tax Act.

2. PURPOSE OF THE ORGANIZATION

CIVIX (the "organization") is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income tax Act.

CIVIX is a national, charitable organization dedicated to building the habits of active and engaged citizenship among young Canadians.

3. FINANCIAL INSTRUMENTS

The financial instruments recorded on the balance sheet consist of cash, amounts receivable, accounts payable and accrued liabilities and advances from related parties. At December 31, 2016, the fair value of the organization's instruments recorded as current assets and current liabilities approximated their carrying value due to the short-term maturity of these instruments.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, liquidity, currency or interest rate risk. As it holds a marketable security at December 31, 2016, the organization is subject to market risk.

4. MARKETABLE SECURITIES

	<u>2016</u>	<u>2015</u>
Market value	<u>\$ 4,317</u>	<u>\$ 3,848</u>
Cost	<u>\$ 3,775</u>	<u>\$ 3,775</u>

Investments for which there are quoted prices in an active market are classified as held for trading and carried at fair value. Unrealized gains or losses are reported as part of net income.

During 2016, the organization received dividends of \$146 on the securities held.

CIVIX**Notes to Financial Statements****Year Ended December 31, 2016**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At the end of December 31, 2016 the organization's accounts payable and accrued liabilities included the following:

	<u>2016</u>	<u>2015</u>
Trade payables & accruals	\$ 68,755	\$ 135,072
Wages payable to employees	41,281	35,053
Government remittances (payroll taxes on unpaid wages)	27,547	32,638
EHT Payable	3,713	2,578
	<u>\$ 141,296</u>	<u>\$ 205,341</u>

Included in accounts payable are net wages payable to employees of \$41,281 (2015: \$35,053) that were paid out subsequently in 2017 in addition to the government remittances.

6. DEFERRED CONTRIBUTIONS

Included in Deferred Contributions are funds that have either been received or were receivable prior to the end of the year that related to expenses/projects occurring after the fiscal year end.

7. DONATED SERVICES AND MATERIALS

During the year, the organization benefited from donated services and materials totaling \$15,161 (2015: \$133,946) including: materials such as ballot boxes and voting screens (\$5,832) in addition to warehouse space (\$9,329). All of these donated services and materials have been recorded as expenses at their fair value as they would otherwise have been purchased if they had not been donated.

8. EXPENSE ALLOCATIONS

In these financial statements, General expenses totaling \$455,597 (2015: \$604,451) have been allocated to program activities based on the number of hours spent by employees between general activities and program-based activities.

	<u>2016</u>	<u>2015</u>
Bank charges	\$ 669	\$ 535
Insurance costs	2,347	2,336
Office and administrative	8,975	9,761
Professional fees	6,379	7,741
Rental expenses	39,896	41,405
Salaries and honoraria	387,242	533,779
Telephone expenses	10,089	8,875
Travel expenses	-	19
	<u>\$ 455,597</u>	<u>\$ 604,451</u>

9. GOVERNMENT ASSISTANCE

Included in income, or as a reduction of expenses are hiring subsidies of \$nil (2015: \$3,000) and other government wage subsidies of \$1,691 (2015: \$1,048)

CIVIX

Notes to Financial Statements

Year Ended December 31, 2016

10. DONATIONS AND GRANTS

The organization accepts multi-year commitments from donors to provide stable annual funding enabling the organization to expand its programming. To date, the organization has received commitments from various donors over the next five years and beyond as follows:

2017	\$	700,599
2018		548,500
2019		448,000
2020		19,000
2021		12,500
2022		7,500

It should be noted that these commitments have, to the date of the financial statements, been kept however the timing of the payments may vary from year to year.

In 2015, the organization received a Trillium grant to be paid over 48 months that will enable it to increase its capacity and program delivery by enhancing its volunteer network and growing general operating support. The \$200,000 grant will be paid as follows: \$50,000 (2015), \$50,000 (2016), \$25,000 (2017), \$50,000 (2018) and \$25,000 (2019).

11. LEASE COMMITMENTS

The organization leases premises under a lease that expires in January 2017 and in May 2014 entered into a second unit adjacent to its current unit that expires in April 2017. Under both leases, the organization is required to pay base rent, utilities and HST. Both leases continue month to month after their expiry and can be terminated by the organization or the landlord with 30 days notice.

Known future minimum lease payments (including the unrecoverable portion of HST) as at year end for both leases are as follows:

2017	\$	<u>56,224</u>
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In addition to the above noted leases for premises, in July 2015, the organization leased a phone system for their main location. Minimum lease payments are as follows: \$1,868 (2015), \$4,482 (2016), \$4,482 (2017) and \$2,615 (2018).

CIVIX

Notes to Financial Statements

Year Ended December 31, 2016

12. SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, the following has transpired:

1. In 2017, the organization received a donation of \$1,050,000 from a private foundation to be paid in 3 equal installments of \$350,000 between 2017 and 2020. The purpose of the donation is for the organization to support democracy programming in the province of Quebec based on an agreed budget spanning October 1, 2017 to August 31, 2020. The budget will require Civix to expend the following amounts in that period: \$425,784 (2017/2018), \$481,910 (2018/2019) and \$633,820 (2019/2020) and be responsible for funding the shortfall between the annual expenditures and the annual \$350,000 donation.
 2. As part of the above-mentioned project in Quebec, in November 2017, the organization entered into a 2 year lease for premises in Montreal, Quebec. Under the terms of the gross lease, the organization is to pay a base amount of rent and is responsible for paying its own utilities. The expected amount of costs, not including the non-recoverable portion of sales taxes, to the organization are \$nil (2017), 24,774 (2018) and \$21,121 (2019). Note that the organization received a 2 month rent free inducement in 2017 worth \$4,110.
 3. Subsequent to the year end, the organization received general and program receipts totaling \$1,525,000 (2017 estimated) and incurred general and program disbursements of \$1,523,000 (2017 estimated). Included in the receipts are program service contracts, program related grants and sponsorships, reimbursed expenses, general grants and sponsorships, Caucus donations and other general donations. Included in the disbursements would be both general and program related expenses.
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13. ECONOMIC DEPENDENCE

The accompanying financial statements have been prepared on a going concern basis which contemplate the realization of assets and the satisfaction of liabilities and commitments in the normal course of the organization's operations.

The continuation of the organization is dependent upon receiving continued financial support from government departments and agencies, foundations, corporations and other members. Failure to obtain revenue from these sources would significantly impact the ability of the organization to continue to be able to operate its programs at the existing levels of service.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CIVIX**Net Contribution from Programs****(Schedule 1)****Year Ended December 31, 2016**

	2016	2015
RECEIPTS		
Contributions & sponsorships	\$ 333,840	\$ 615,103
Service	314,293	816,274
Reimbursed expenses	17,217	526,506
Donated services and materials (Note 7)	15,161	133,946
Other income	-	369
	<u>680,511</u>	<u>2,092,198</u>
DISBURSEMENTS		
Salaries	388,764	583,691
Educator training	83,612	354,668
Mailing and distribution	81,101	605,208
Printing	62,468	288,391
Video	44,222	90,762
Travel	42,710	61,505
Rent	39,896	41,405
Media and communications	29,056	37,915
Graphic design	24,271	22,051
Translation	14,386	23,137
Office & administration	11,269	18,564
Telephone	10,089	11,586
Professional fees	6,379	7,741
Insurance	2,347	2,336
Bank charges	669	552
Consulting	605	7,873
Research	-	24,946
Honoraria	-	250
	<u>841,844</u>	<u>2,182,581</u>
DEFICIENCY OF DISBURSEMENTS OVER RECEIPTS	<u>\$ (161,333)</u>	<u>\$ (90,383)</u>

The accompanying notes are an integral part of these financial statements.