

**CIVIX**  
**Financial Statements**  
**Year Ended December 31, 2015**

**CIVIX**  
**Index to Financial Statements**  
**Year Ended December 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2015 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, 2015 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.

*Aidan Vanthout*  
*Professional Corporation*

Whitby, Ontario  
March 22, 2018

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

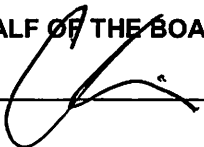
**CIVIX**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 137,395	\$ -
Marketable securities (Note 4)	3,848	3,992
Accounts receivable	162,996	254,035
Harmonized sales tax recoverable	109,208	51,960
Prepaid expenses	8,274	4,755
	<u>\$ 421,721</u>	<u>\$ 314,742</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ -	\$ 12,016
Accounts payable and accrued liabilities (Note 5)	205,341	168,805
Deferred contributions (Note 6)	145,642	89,236
	<u>350,983</u>	<u>270,057</u>
DEFERRED CONTRIBUTIONS (Note 6)	<u>11,669</u>	<u>11,669</u>
	<u>362,652</u>	<u>281,726</u>
NET ASSETS		
Unrestricted funds	<u>59,069</u>	<u>33,016</u>
	<u>\$ 421,721</u>	<u>\$ 314,742</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, 2015**

	<b>2015</b>	<b>2014</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 33,016</b>	<b>\$ 17,558</b>
Excess of receipts over disbursements	<u>26,053</u>	<u>15,458</u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 59,069</b></u>	<u><b>\$ 33,016</b></u>

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

**CIVIX**  
**Statement of Receipts and Disbursements**  
**Year Ended December 31, 2015**

	2015	2014
<b>RECEIPTS</b>		
Program related revenues <i>(Schedule 1)</i>	\$ 2,092,198	\$ 1,050,356
Grants and sponsorships	96,399	79,600
CIVIX caucus donations <i>(Note 10)</i>	62,762	61,417
Donations	39,912	22,575
Miscellaneous recoveries	3,000	9,505
Other income	2,418	16,210
Donation of marketable securities	-	3,775
	<u>2,296,689</u>	<u>1,243,438</u>
<b>DISBURSEMENTS</b>		
Program related expenses <i>(Schedule 1)</i>	2,182,581	1,046,551
Salaries	43,512	130,888
Rental	15,262	11,437
Advertising and promotion	8,986	2,482
Consulting fees	6,449	2,370
Telephone	3,256	2,718
Professional fees	3,219	8,511
Travel	3,190	13,453
Bank charges and other fees	2,413	372
Office	903	8,654
Insurance	866	828
	<u>2,270,637</u>	<u>1,228,264</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS FROM OPERATIONS</b>	<u>26,052</u>	<u>15,174</u>
<b>OTHER INCOME</b>		
Dividend income	145	67
Write-up (down) of marketable securities <i>(Note 4)</i>	(144)	217
	<u>1</u>	<u>284</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<u>\$ 26,053</u>	<u>\$ 15,458</u>

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

**CIVIX****Statement of Cash Flows****Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess of receipts over disbursements	\$ 26,053	\$ 15,458
Item not affecting cash:		
Write-down (up) of marketable securities <i>(Note 4)</i>	144	(217)
	<u>26,197</u>	<u>15,241</u>
Changes in non-cash working capital:		
Accounts receivable	91,039	(201,709)
Accounts payable and accrued liabilities <i>(Note 5)</i>	36,536	65,134
Deferred contributions <i>(Note 6)</i>	56,406	22,021
Prepaid expenses	(3,519)	(2,490)
HST receivable	(57,248)	(34,312)
Deferred contributions (long term) <i>(Note 6)</i>	-	11,669
	<u>123,214</u>	<u>(139,687)</u>
Cash flow from (used by) operating activities	<u>149,411</u>	<u>(124,446)</u>
<b>INVESTING ACTIVITY</b>		
Donation of marketable securities <i>(Note 4)</i>	-	(3,775)
<b>FINANCING ACTIVITY</b>		
Advances from related parties	-	94,803
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>149,411</b>	<b>(33,418)</b>
Cash (deficiency) - beginning of year	<u>(12,016)</u>	<u>21,402</u>
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<b>\$ 137,395</b>	<b>\$ (12,016)</b>

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



## CIVIX

### Notes to Financial Statements Year Ended December 31, 2015

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#### 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.

##### 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.

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# CIVIX

## Notes to Financial Statements

Year Ended December 31, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

#### 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.

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### 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.

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### 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, 2015, 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, 2015, the organization is subject to market risk.

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### 4. MARKETABLE SECURITIES

	<u>2015</u>	<u>2014</u>
Market value	<u>\$ 3,848</u>	<u>\$ 3,992</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 2015, the organization received dividends of \$145 on the securities held.

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**CIVIX****Notes to Financial Statements****Year Ended December 31, 2015**

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

At the end of December 31, 2015 the organization's accounts payable and accrued liabilities included the following:

	<u>2015</u>	<u>2014</u>
Trade payables & accruals	\$ 135,072	\$ 97,896
Wages payable to employees	35,053	38,678
Government remittances (payroll taxes on unpaid wages)	32,638	32,231
EHT Payable	2,578	-
	<u>\$ 205,341</u>	<u>\$ 168,805</u>

Included in accounts payable are net wages payable to employees of \$35,053 (2014: \$38,678) that were paid out subsequently in 2016 in addition to the government remittances

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**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.

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**7. DONATED SERVICES AND MATERIALS**

During the year, the organization benefited from donated services and materials totaling \$133,946 (2014: \$38,878) including: materials such as ballot boxes and voting screens (\$125,762), shipping (\$753) in addition to warehouse space (\$7,431). 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.

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**8. EXPENSE ALLOCATIONS**

In these financial statements, General expenses totaling \$604,451 (2014: \$390,966) have been allocated to program activities based on the number of hours spent by employees between general activities and program-based activities.

	<u>2015</u>	<u>2014</u>
Bank charges	\$ 535	\$ 906
Insurance costs	2,336	2,246
Office and administrative	9,761	7,761
Online	-	468
Professional fees	7,741	6,852
Rental expenses	41,405	31,576
Salaries and honoraria	533,779	333,312
Telephone expenses	8,875	7,499
Translation expenses	-	346
Travel expenses	19	-
	<u>\$ 604,451</u>	<u>\$ 390,966</u>

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**CIVIX**

**Notes to Financial Statements**

**Year Ended December 31, 2015**

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**9. GOVERNMENT ASSISTANCE**

Included in income, or as a reduction of expenses are hiring subsidies of \$3,000 (2014: \$9,505 ) and other government wage subsidies of \$1,048 (2014: \$1,000 )

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**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:

2016	\$ 424,406
2017	700,599
2018	548,500
2019	448,000
2020	19,000
2021 and beyond	20,000

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).

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**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:

2016	\$ 56,224
2017	56,224
	<u>\$ 112,448</u>

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).

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## **CIVIX**

### **Notes to Financial Statements**

**Year Ended December 31, 2015**

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#### **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 \$1,092,027 (2016) and \$1,525,000 (2017 estimated) and incurred general and program disbursements of \$1,086,569 (2016) and \$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.

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#### **14. COMPARATIVE FIGURES**

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

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**CIVIX****Net Contribution from Programs****(Schedule 1)****Year Ended December 31, 2015**

	2015	2014
<b>RECEIPTS</b>		
Service	\$ 816,274	\$ 465,957
Contributions & sponsorships	615,103	538,935
Reimbursed expenses	526,506	6,586
Donated services and materials (Note 7)	133,946	38,878
Other income	369	-
	<u>2,092,198</u>	<u>1,050,356</u>
<b>DISBURSEMENTS</b>		
Mailing and distribution	605,208	214,239
Salaries	583,691	343,470
Educator training	354,668	-
Printing	288,391	220,627
Video	90,762	74,174
Travel	61,505	34,474
Rent	41,405	31,576
Research	24,946	13,096
Online development	24,264	12,229
Translation	23,137	20,750
Graphic design	22,051	10,642
Office & administration	18,564	10,496
Media and communication	13,651	26,318
Telephone	11,586	7,499
Consulting	7,873	-
Professional fees	7,741	23,809
Insurance	2,336	2,246
Bank charges	552	906
Honoraria	250	-
	<u>2,182,581</u>	<u>1,046,551</u>
<b>EXCESS (DEFICIENCY) OF DISBURSEMENTS OVER RECEIPTS</b>	<u>\$ (90,383)</u>	<u>\$ 3,805</u>

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