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**CIVIX**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of CIVIX,

### Opinion

We have audited the financial statements of CIVIX (the organization), which comprise the statement of financial position as at December 31, 2018, 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, the accompanying financial statements present fairly, in all material respects, the financial position of CIVIX as at December 31, 2018 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 Opinion

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 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.

### 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

April 24, 2019  
Toronto, Ontario

# CIVIX

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash	\$ 554,506	\$ 791,934
Marketable securities	3,745	4,400
HST rebate recoverable	109,271	64,367
Accounts receivable	185,073	203,955
Prepaid expenses	<u>17,926</u>	<u>11,255</u>
	870,521	1,075,911
Capital assets (note 3)	<u>1,238</u>	<u>2,478</u>
	<u>\$ 871,759</u>	<u>\$ 1,078,389</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 136,211	\$ 147,792
Deferred contributions (note 4)	<u>656,379</u>	<u>855,904</u>
	<u>792,590</u>	<u>1,003,696</u>
Net assets		
Invested in capital assets	1,238	2,478
Unrestricted	<u>77,931</u>	<u>72,215</u>
	<u>79,169</u>	<u>74,693</u>
	<u>\$ 871,759</u>	<u>\$ 1,078,389</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# CIVIX

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>REVENUE</b>		
Contributions (note 5)	\$ 1,913,773	\$ 1,080,013
Fee for service	722,560	429,700
Investment income (loss)	(213)	992
Other	<u>7,606</u>	<u>19,096</u>
	<u>2,643,726</u>	<u>1,529,801</u>
<b>EXPENSES</b>		
Salaries and benefits	947,040	646,174
Media and communications	466,456	61,699
Printing	304,492	106,957
Mailing and distribution	280,257	66,764
Travel	179,633	116,483
Educator training	172,068	313,310
Occupancy costs	84,324	57,263
Administration	63,316	46,087
Professional fees	47,872	43,690
Research and evaluation	42,306	26,021
Graphic design	33,651	20,036
Translation	16,596	14,528
Amortization	<u>1,239</u>	<u>1,239</u>
	<u>2,639,250</u>	<u>1,520,251</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	4,476	9,550
Net assets, beginning of year	<u>74,693</u>	<u>65,143</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 79,169</u>	<u>\$ 74,693</u>

see accompanying notes

# CIVIX

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 4,476	\$ 9,550
Add back (deduct) non-cash items-		
Amortization of capital assets	1,239	1,239
Unrealized loss (gain)	655	(83)
Net change in non-cash working capital items (see below)	<u>(243,798)</u>	<u>782,102</u>
Net cash generated from (used for) operating activities	<u>(238,083)</u>	<u>792,891</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>-</u>	<u>(3,716)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(237,428)	789,092
Cash, beginning of year	<u>791,934</u>	<u>2,842</u>
<b>CASH, END OF YEAR</b>	<u>\$ 554,506</u>	<u>\$ 791,934</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
HST rebate recoverable	\$ (44,904)	\$ (37,967)
Accounts receivable	18,882	150,645
Prepaid expenses	(6,671)	(2,982)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(11,580)	6,497
Deferred contributions	<u>(199,525)</u>	<u>665,909</u>
	<u>\$ (243,798)</u>	<u>\$ 782,102</u>

see accompanying notes

# CIVIX

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CIVIX (the organization) is incorporated without share capital under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### Revenue recognition

The principal sources of revenue and recognition of these sources of revenue for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions, which include grants and donations.

Externally restricted contributions, including project grants, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred revenue. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recognized when received.

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

- ii) Fee for service revenue is recognized in the period in which the services are provided.
- iii) Investment income is recognized in the period earned.

#### Capital assets

Capital assets are initially recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office furniture & equipment	- 3 years, straight line basis
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### 2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, marketable securities, accounts receivable and accounts payable and accrued liabilities, initially at fair value. Marketable securities are subsequently recorded at fair value based on quoted prices in an active market. All other financial instruments are subsequently recorded net of any provisions for impairment in value.

# CIVIX

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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### 3. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated Amortization	2018 Net	2017 Net
Office furniture & equipment	<u>\$ 3,716</u>	<u>\$ (2,478)</u>	<u>\$ 1,238</u>	<u>\$ 2,478</u>

### 4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 855,904	\$ 189,995
Add cash received from contributions	1,714,248	1,745,922
Less contribution revenue recognized (note 5)	<u>(1,913,773)</u>	<u>(1,080,013)</u>
Deferred contributions, end of year	<u>\$ 656,379</u>	<u>\$ 855,904</u>

### 5. CONTRIBUTIONS

Contribution revenue recognized in the year was from the following sources:

	2018	2017
Foundations	\$ 819,385	\$ 383,780
Government	814,355	436,419
Corporations	185,350	162,600
Other groups	62,769	75,000
Individuals	<u>31,914</u>	<u>22,214</u>
	<u>\$ 1,913,773</u>	<u>\$ 1,080,013</u>

### 6. LEASE COMMITMENT

The organization leases office space in Toronto, Ontario and Montreal, Quebec. The lease agreement for the office in Toronto is month to month. Minimum annual payment under the terms of the lease for the office in Montreal, which expires on November 30, 2019, is as follows:

2019	\$ 22,605
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