

Financial Statements of

**TEACH FOR CANADA/
ENSEIGNER POUR LE
CANADA**

Year ended August 31, 2019

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Financial Statements

Year ended August 31, 2019

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Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Members of Teach for Canada/Enseigner pour le Canada

Opinion

We have audited the financial statements of Teach for Canada/Enseigner pour le Canada (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2019
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at August 31, 2019, and its results of 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.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

January 28, 2020

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Statement of Financial Position

August 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ —	\$ 41,316
Short-term investments	80,000	10,000
Accounts receivable (note 2)	142,316	44,094
Prepaid expenses	23,598	20,418
	<u>245,914</u>	<u>115,828</u>
Tangible capital assets (note 3)	24,318	30,724
Intangible assets (note 4)	58,267	97,111
	<u>\$ 328,499</u>	<u>\$ 243,663</u>

Liabilities and Net Assets

Current liabilities		
Bank indebtedness	\$ 16,401	\$ —
Accounts payable and accrued liabilities	4,687	51,287
Deferred revenue	73,122	—
Short-term loan (note 5)	20,000	168,333
	<u>114,210</u>	<u>219,620</u>
Net assets:		
Unrestricted	214,289	24,043
	<u>\$ 328,499</u>	<u>\$ 243,663</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:



Christie Kneteman, Director



Kyle Hill, Director

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Statement of Operations and Changes in Net Assets

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Donations from registered charities	\$ 1,569,552	\$ 1,571,281
Tax-receipted donations	511,491	281,638
Donations from outside Canada	19,580	31,283
Government grants	793,130	515,079
Non-tax receipted donations	3,696	20,452
Donations in-kind	1,087	–
Investment income and interest	1,380	129
Other income	5,685	6,640
	<u>2,905,601</u>	<u>2,426,502</u>
Expenses:		
Program expenditures (note 7):		
Teacher training and support	807,149	869,171
Teacher recruitment and selection	675,230	651,258
Community engagement	513,915	355,934
	<u>1,996,294</u>	<u>1,876,363</u>
Support expenditures (note 8):		
Organizational governance and advisory	596	4,922
Fundraising and administration	718,465	529,546
	<u>719,061</u>	<u>534,468</u>
Total expenses	<u>2,715,355</u>	<u>2,410,831</u>
Excess of revenue over expenses	<u>190,246</u>	<u>15,671</u>
Net assets, beginning of year	24,043	8,372
Net assets, end of year	<u>\$ 214,289</u>	<u>\$ 24,043</u>

See accompanying notes to financial statements.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses	\$ 190,246	\$ 15,671
Amortization of capital assets	10,695	9,189
Amortization of intangible assets	38,844	19,422
	<u>239,785</u>	<u>44,282</u>
Change in non-cash operating working capital:		
Increase in accounts receivable	(98,222)	(9,049)
Increase in prepaid expenses	(3,180)	(9,417)
Decrease in accounts payable and accrued liabilities	(46,600)	(5,855)
Increase in deferred revenue	73,122	—
	<u>164,905</u>	<u>19,961</u>
Financing activities:		
Increase in short-term investments	(70,000)	—
Change in short-term loans	(148,333)	111,227
	<u>(218,333)</u>	<u>111,227</u>
Investing activities:		
Additions to capital assets	(4,289)	(14,790)
Additions to intangible assets	—	(72,878)
	<u>(4,289)</u>	<u>(87,668)</u>
Increase (decrease) in cash and cash equivalents	(57,717)	43,520
Cash and cash equivalents (bank indebtedness), beginning of year	41,316	(2,204)
Cash and cash equivalents (bank indebtedness), end of year	<u>\$ (16,401)</u>	<u>\$ 41,316</u>
Cash (bank indebtedness) consists of:		
Cash and cash equivalents	\$ —	\$ 70,028
Line of credit	(16,401)	(28,712)
	<u>\$ (16,401)</u>	<u>\$ 41,316</u>

See accompanying notes to financial statements.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements

Year ended August 31, 2019

Teach for Canada, (the “Organization”) was incorporated under the Canada Not-for-profit Corporation Act on March 20, 2012. It is a registered charity under section 149(1)(f) of the Income Tax Act (Canada) and as such, is exempt from income tax.

The Organization works with schools in remote communities to recruit, prepare, and retain committed teachers, with the goal of making education more equal in all regions of Canada.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies.

(a) Basis of presentation:

The Organization uses the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

Donation revenue from registered charities is recorded when the amounts are known, the amount is received or receivable and collection is reasonably assured.

Tax receipted donations are recorded when received.

Other revenue is recorded when received or receivable.

(c) Tangible capital assets and intangible assets:

Tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method at the following rates:

Assets	Rate
Furniture and equipment	20%
Computer	25%
Intangible asset	3 years

(d) Contributed services:

Volunteers contribute countless hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(e) Expenses:

Program expenditures are incurred on teacher recruitment projects, teacher training and support projects, and community engagement projects. They are recognized as expenditures when the funds are disbursed by the Organization.

Expenses are recorded and reported by programs and support services. Certain officers and employees perform a combination of programs, fundraising and administrative activities. As a result, compensations are allocated based on time prorated to each activity. Expenditures directly related to the programs have been allocated based on the actual utilization of such expenses for each of the programs. Office rent and general advertising and promotions are allocated to administration and fundraising. Allocations are based on tracking of each expense and reviewed periodically by management.

(f) Use of estimates:

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 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 these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Accounts receivable:

Accounts receivable are reimbursements from the Government of Ontario and GST/HST federal and provincial rebates granted to public service bodies. As all amounts are considered collectible and no allowance has been provided.

3. Tangible capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 17,432	\$ 11,840	\$ 5,592	\$ 9,415
Furniture and fixtures	36,503	17,777	18,726	21,309
	<u>\$ 53,935</u>	<u>\$ 29,617</u>	<u>\$ 24,318</u>	<u>\$ 30,724</u>

Cost and accumulated amortization at August 31, 2018 amounted to \$49,646 and \$18,922, respectively.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2019

4. Intangible assets:

Intangible assets relate to development of Teach for Canada's website. The website launched in October 2017.

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Website	\$ 116,533	\$ 58,266	\$ 58,267	\$ 97,111

Cost and accumulated amortization at August 31, 2018 amounted to \$116,533 and \$19,422, respectively.

5. Short-term loan:

- (a) The Organization has access to an \$80,000 credit facility. The facility can be utilized as a revolving demand with an interest rate of prime plus 2.0% per annum. As at year end, \$20,000 (2018 - \$65,000) of this facility has been utilized.
- (b) The Organization has access to a \$50,000 credit facility. At year end, \$3,194 (2018 - \$25,002) of this facility has been utilized. This amount is included in the year end accounts payable and accrued liabilities balance on the statement of financial position.

6. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2019

6. Financial instruments (continued):

(c) Interest rate risk:

The Organization believes it is not subject to significant interest rate risk arising from its financial instruments.

There has been no change to the risk exposures from 2018.

7. Program expenditures:

Year ended August 31,	2019	2018
Teacher training and support projects		
Advertising and promotion	\$ 14,633	\$ 26,915
Travel and accommodation	153,953	209,703
Payroll and consulting fees	528,068	513,347
Training and general expenses	110,495	119,206
	\$ 807,149	\$ 869,171
Teacher recruitment and selection projects		
Advertising and promotion	\$ 39,950	\$ 108,403
Travel and accommodation	78,385	101,883
Payroll and consulting fees	497,856	384,898
Training and general expenses	59,039	56,074
	\$ 675,230	\$ 651,258
Community engagement projects		
Advertising and promotion	\$ 23,492	\$ 14,058
Travel and accommodation	112,955	162,766
Payroll and consulting fees	338,698	135,859
Supplies and operating expenses	38,770	43,251
	\$ 513,915	\$ 355,934

The program expenditures are expenses directly related to and attributed to the respective projects.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2019

8. Support expenditures:

Year ended August 31,	2019	2018
Organizational governance and advisory		
Travel and accommodation	\$ 596	\$ 4,813
Supplies and operating expenses	–	109
	\$ 596	\$ 4,922
Fundraising and administration		
Advertising and promotion	\$ 28,111	\$ 12,672
Travel and accommodation	30,930	50,754
Payroll and consulting fees	454,726	333,216
Occupancy cost	35,803	21,357
Supplies and operating expenses	168,895	111,547
	\$ 718,465	\$ 529,546