

Financial Statements of

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

Year ended August 31, 2020

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Financial Statements

Year ended August 31, 2020

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## **Independent Auditors' Report**

### Financial Statements

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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, 2020
- 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, 2020, 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

Date

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

## Statement of Financial Position

August 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 430,170	\$ -
Short-term investments	80,000	80,000
Accounts receivable (note 2)	234,607	142,316
Prepaid expenses	28,127	23,598
	<u>772,904</u>	<u>245,914</u>
Tangible capital assets (note 3)	15,008	24,318
Intangible assets (note 4)	19,422	58,267
	<u>\$ 807,334</u>	<u>\$ 328,499</u>

## Liabilities and Net Assets

Current liabilities		
Bank indebtedness	\$ -	\$ 16,401
Accounts payable and accrued liabilities (note 5)	41,321	4,687
Deferred revenue	177,250	73,122
Short-term loan (note 6)	-	20,000
	<u>218,571</u>	<u>114,210</u>
Net assets:		
Unrestricted	588,763	214,289
	<u>\$ 807,334</u>	<u>\$ 328,499</u>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

## Statement of Operations and Changes in Net Assets

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Donations from registered charities	\$ 1,239,245	\$ 1,569,552
Tax-receipted donations	393,810	511,491
Donations from outside Canada	20,678	19,580
Government grants	802,815	793,130
Canada Emergency Wage Subsidy	340,280	-
Non-tax receipted donations	4,873	3,696
Donations in-kind	932	1,087
Investment income and interest	1,040	1,380
Other income	3,772	5,685
	<u>2,807,445</u>	<u>2,905,601</u>
Expenses:		
Program expenditures (note 8):		
Teacher training and support	716,578	807,149
Teacher recruitment and selection	565,850	675,230
Community engagement	368,368	513,915
	<u>1,650,796</u>	<u>1,996,294</u>
Support expenditures (note 9):		
Organizational governance and advisory	31,160	596
Fundraising and administration	751,015	718,465
	<u>782,175</u>	<u>719,061</u>
Total expenses	<u>2,432,971</u>	<u>2,715,355</u>
Excess of revenue over expenses	374,474	190,246
Net assets, beginning of year	214,289	24,043
Net assets, end of year	<u>\$ 588,763</u>	<u>\$ 214,289</u>

See accompanying notes to financial statements.

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

## Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses	\$ 374,474	\$ 190,246
Amortization of capital assets	10,366	10,695
Amortization of intangible assets	38,845	38,844
	<u>423,685</u>	<u>239,785</u>
Change in non-cash operating working capital:		
Decrease (Increase) in accounts receivable	(92,291)	(98,222)
Decrease (Increase) in prepaid expenses	(4,529)	(3,180)
Increase (Decrease) in accounts payable and accrued liabilities	36,634	(46,600)
Increase in deferred revenue	104,128	73,122
	<u>467,627</u>	<u>164,905</u>
Financing activities:		
Increase in short-term investments	–	(70,000)
Change in short-term loans	(20,000)	(148,333)
	<u>(20,000)</u>	<u>(218,333)</u>
Investing activities:		
Additions to capital assets	(1,056)	(4,289)
	<u>446,571</u>	<u>(57,717)</u>
Increase (decrease) in cash and cash equivalents	446,571	(57,717)
Cash and cash equivalents (bank indebtedness), beginning of year	(16,401)	41,316
	<u>\$ 430,170</u>	<u>\$ (16,401)</u>
Cash and cash equivalents (bank indebtedness), end of year	\$ 430,170	\$ (16,401)
Cash (bank indebtedness) consists of:		
Cash and cash equivalents	\$ 430,170	\$ –
Line of credit	–	(16,401)
	<u>\$ 430,170</u>	<u>\$ (16,401)</u>

See accompanying notes to financial statements.



# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements

Year ended August 31, 2020

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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, 2020

## 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	2020 Net book value	2019 Net book value
Computer equipment	\$ 17,432	\$ 14,860	\$ 2,572	\$ 5,592
Furniture and fixtures	37,559	25,123	12,436	18,726
	\$ 54,991	\$ 39,983	\$ 15,008	\$ 24,318

Cost and accumulated amortization at August 31, 2019 amounted to \$53,935 and \$29,617, respectively.

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2020

## 4. Intangible assets:

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

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Website	\$ 116,533	\$ 97,111	\$ 19,422	\$ 58,267

Cost and accumulated amortization at August 31, 2018 amounted to \$116,533 and \$58,266, respectively.

## 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$nil (2019 - \$nil) payable for government remittances.

## 6. 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, \$nil (2019 - \$20,000) of this facility has been utilized.
- (b) The Organization has access to a \$50,000 credit facility. At year end, \$ 2,724 (2019 - \$3,194) 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.

## 7. 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, 2020

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## 7. Financial instruments (continued):

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Organization believes it is not subject to significant market risk.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization believes it is not subject to significant interest rate risk arising from its financial instruments.

(e) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization believes it is not subject to significant currency risk as it does not hold any financial instruments that are denominated in a foreign currency.

(f) Other Price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization believes it is not subject to significant other price risk arising from its financial instruments.

# TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Notes to Financial Statements (continued)

Year ended August 31, 2020

## 8. Program expenditures:

Year ended August 31,	2020	2019
Teacher training and support projects		
Advertising and promotion	\$ 10,246	\$ 14,633
Travel and accommodation	83,347	153,953
Payroll and consulting fees	534,877	528,068
Training and general expenses	88,108	110,495
	<u>\$ 716,578</u>	<u>\$ 807,149</u>
Teacher recruitment and selection projects		
Advertising and promotion	\$ 52,532	\$ 39,950
Travel and accommodation	33,177	78,385
Payroll and consulting fees	426,677	497,856
Training and general expenses	53,464	59,039
	<u>\$ 565,850</u>	<u>\$ 675,230</u>
Community engagement projects		
Advertising and promotion	\$ 6,727	\$ 23,492
Travel and accommodation	37,180	112,955
Payroll and consulting fees	286,899	338,698
Supplies and operating expenses	37,562	38,770
	<u>\$ 368,368</u>	<u>\$ 513,915</u>

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, 2020

## 9. Support expenditures:

Year ended August 31,	2020	2019
Organizational governance and advisory		
Advertising and promotion	\$ 2,710	\$ –
Travel and accommodation	\$ 4,874	\$ 596
Payroll and consulting fees	\$ 23,228	\$ –
Supplies and operating expenses	348	–
	<b>\$ 31,160</b>	<b>\$ 596</b>
Fundraising and administration		
Advertising and promotion	\$ 15,387	\$ 28,111
Travel and accommodation	10,836	30,930
Payroll and consulting fees	569,596	454,726
Occupancy cost	51,849	35,803
Supplies and operating expenses	103,347	168,895
	<b>\$ 751,015</b>	<b>\$ 718,465</b>

## 10. Impact of COVID-19 pandemic:

The coronavirus disease (COVID-19) was declared a pandemic in March 2020. This has resulted in governments worldwide, including Canadian and certain provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include implementation of travel bans, grounding of aircraft, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The Organization sought access to available Government support such as the Canadian Emergency Wage Subsidy. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Organization's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time.