Financial Statements of

TEACH FOR CANADA/ ENSEIGNER POUR LE CANADA

Year ended August 31, 2022

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Financial Statements

Year ended August 31, 2022

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INDEPENDENT AUDITOR'S 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 Organization), which comprise:

- the statement of financial position as at August 31, 2022
- 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 Organization as at August 31, 2022, and its results of operations, its 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 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 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 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.
- 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

February 9, 2023

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Statement of Financial Position

August 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 461,796	$ 451,910
Short-term investments	80,000	80,000
Accounts receivable (note 2)	126,662	102,620
Prepaid expenses	59,784	51,930
	728,242	686,460
Restricted cash	828,363	724,558
Tangible capital assets (note 3)	7,767	8,293
	$ 1,564,372	$ 1,419,311
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	$ 31,410	$ 10,342
Deferred revenue	828,363	724,558
	859,773	734,900
Net assets:		
Unrestricted	704,599	684,411
Commitments (note 9)		
Impact of COVID-19 (note 12)		
	$ 1,564,372	$ 1,419,311

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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Donations from registered charities	$ 878,155	$ 761,438
Tax-receipted donations	769,500	514,601
Donations from outside Canada	352,632	29,723
Non-tax receipted donations	2,887	4,064
Government grants (note 7)	527,814	1,099,233
Investment income and interest	85	520
Other income	3,000	–
	2,534,073	2,409,579
Expenses:		
Program expenditures (note 10):		
Teacher training and support	935,426	759,109
Teacher recruitment and selection	500,737	511,360
Community engagement	312,241	283,368
	1,748,404	1,553,837
Support expenditures (note 11):		
Organizational governance and advisory	6,902	30,340
Fundraising and administration	758,579	729,754
	765,481	760,094
Total expenses	2,513,885	2,313,931
Excess of revenue over expenses	20,188	95,648
Net assets, beginning of year	684,411	588,763
Net assets, end of year	$ 704,599	$ 684,411

See accompanying notes to financial statements.

TEACH FOR CANADA/ENSEIGNER POUR LE CANADA

Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used for):		
Operations:		
Excess of revenue over expenses	$ 20,188	$ 95,648
Amortization of tangible capital assets	5,210	8,014
Amortization of intangible capital assets	–	19,422
	25,398	123,084
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(24,042)	131,987
Increase in prepaid expenses	(7,854)	(23,803)
Increase (decrease) in accounts payable and accrued liabilities	21,068	(30,979)
Increase in deferred revenue	103,805	547,308
	118,375	747,597
Investing activities:		
Additions to tangible capital assets	(4,684)	(1,299)
Increase in cash	113,691	746,298
Cash, beginning of year	1,176,468	430,170
Cash, end of year	$ 1,290,159	$ 1,176,468
Represented by:		
Cash	$ 461,796	$ 451,910
Restricted cash	828,363	724,558
	$ 1,290,159	$ 1,176,468

See accompanying notes to financial statements.

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 and intangible 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.

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. Other expenses such as office rent are allocated across departments based on headcount per department. 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	2022 Net book value	2021 Net book value
Computer equipment	$ 23,416	$ 18,411	$ 5,005	$ 1,801
Furniture and fixtures	37,558	34,796	2,762	6,492
	$ 60,974	$ 53,207	$ 7,767	$ 8,293

Cost and accumulated amortization at August 31, 2021 amounted to $56,290 and $47,997, respectively.

4. Intangible assets:

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

		Cost		Accumulated amortization		2022 Net book value		2021 Net book value
Website	$	116,533	$	116,533	$	–	$	–

Cost and accumulated amortization at August 31, 2021 amounted to $116,533 and $116,533, respectively.

5. Accounts payable and accrued liabilities

There are no amounts included in accounts payable and accrued liabilities for government remittances such as sales or payroll related taxes.

6. Short-term loan:

(a) The Organization has access to an $80,000 credit facility secured by a GIC held in the same amount. 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 (2021 - $nil) of this facility has been utilized.

(b) The Organization has access to a $50,000 credit facility. As at year end, $nil (2021 - $nil) of this facility has been utilized.

7. Government grants:

Included in government grants are the following COVID-19 specific subsidies available from the federal government:

		2022		2021
Canada Recovery Hiring Program (Emergency Wage Subsidy)	$	7,789	$	397,000
Canada Emergency Rent Subsidy		–		75,000
	$	7,789	$	472,000

8. 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.

(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.

9. Commitments

The Organization has signed a lease for office space that expires September 2025. The minimum lease payments for office space for the is as follows:

2023	$	60,846
2024		63,032
2025		64,894
2026		5,421
	$	194,193

The Organization is required to pay a proportionate share of operating expenses that approximate $30,000 per annum.

10. Program expenditures:

Year ended August 31		2022		2021
Teacher training and support projects:				
Advertising and promotion	$	13,315	$	14,662
Travel and accommodation		10,060		(351)
Payroll and consulting fees		806,783		629,257
Training and general expenses		105,268		115,541
	$	935,426	$	759,109
Teacher recruitment and selection projects:				
Advertising and promotion	$	67,899	$	53,673
Travel and accommodation		27		(294)
Payroll and consulting fees		404,241		411,411
Training and general expenses		28,570		46,570
	$	500,737	$	511,360
Community engagement projects:				
Advertising and promotion	$	6,353	$	4,510
Travel and accommodation		9,152		22
Payroll and consulting fees		280,614		252,428
Supplies and operating expenses		16,122		26,408
	$	312,241	$	283,368

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

11. Support expenditures:

Year ended August 31		2022		2021
Organizational governance and advisory:				
Advertising and promotion	$	349	$	350
Travel and accommodation		3,358		–
Payroll and consulting fees		96		15,383
Supplies and operating expenses		3,099		14,607
	$	6,902	$	30,340
Fundraising and administration:				
Advertising and promotion	$	15,144	$	14,324
Travel and accommodation		2,275		184
Payroll and consulting fees		659,645		589,771
Occupancy cost		30,740		49,748
Supplies and operating expenses		50,775		75,727
	$	758,579	$	729,754

12. 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.