

Canadian Constitution Foundation

Financial Statements
March 31, 2024



Independent auditor's report

To the Board of Directors of Canadian Constitution Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Constitution Foundation (the Foundation) as at March 31, 2024 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.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at March 31, 2024;
- the statement of operations and net assets for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

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 Foundation'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 Foundation'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 Foundation 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
August 14, 2024

Canadian Constitution Foundation

Balance Sheet

As at March 31, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash and cash equivalents	2,992,778	3,078,566
Short-term investments	1,550,945	1,515,209
Other receivables	48,577	83,243
Recoverable taxes	25,261	36,559
Prepaid expenses	14,812	21,338
	<u>4,632,373</u>	<u>4,734,915</u>
Capital assets – net (note 3)	<u>5,570</u>	<u>7,137</u>
	<u>4,637,943</u>	<u>4,742,052</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	126,615	215,247
Deferred contributions (note 4)	<u>1,479,870</u>	<u>1,617,495</u>
	<u>1,606,485</u>	<u>1,832,742</u>
Net Assets		
Net assets invested in capital assets	5,570	7,137
Unrestricted net assets	<u>3,025,888</u>	<u>2,902,173</u>
	<u>3,031,458</u>	<u>2,909,310</u>
	<u>4,637,943</u>	<u>4,742,052</u>
Commitments (note 5)		
Subsequent event (note 8)		

Approved by the Board of Directors

_____ Director _____ Director

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

Canadian Constitution Foundation

Statement of Operations and Net Assets

For the year ended March 31, 2024

	2024 \$	2023 \$
Revenue		
Unrestricted contributions and grants	1,498,932	1,359,678
Recognition of restricted contributions (note 4)	503,819	568,417
Primary documents reimbursement	120,000	145,000
Interest	106,376	15,457
	<u>2,229,127</u>	<u>2,088,552</u>
Expenses		
Project activities	572,976	684,326
Primary documents	153,649	139,644
Staff salaries and benefits	832,763	698,474
Office and administration	325,701	256,225
Travel and fundraising	220,323	102,839
Amortization	1,567	2,198
	<u>2,106,979</u>	<u>1,883,706</u>
Excess of revenue over expenses for the year	122,148	204,846
Net assets – Beginning of year	<u>2,909,310</u>	<u>2,704,464</u>
Net assets – End of year	<u>3,031,458</u>	<u>2,909,310</u>

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

Canadian Constitution Foundation

Statement of Changes in Net Assets

For the year ended March 31, 2024

	2024		2023
	Invested in capital assets \$	Unrestricted \$	Total \$
Balance – Beginning of year	7,137	2,902,173	2,909,310
Excess of revenue over expenses for the year	(1,567)	123,715	122,148
Balance – End of year	5,570	3,025,888	3,031,458

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

Canadian Constitution Foundation

Statement of Cash Flows

For the year ended March 31, 2024

	2024 \$	2023 \$
Cash provided by (used in) outstanding		
Operating activities		
Excess of revenue over expenses for the year	122,148	204,846
Item not affecting cash – amortization	1,567	2,198
	<u>123,715</u>	<u>207,044</u>
Changes in non-cash working capital items		
Other receivables	34,666	(76,427)
Recoverable taxes	11,298	(8,925)
Prepaid expenses	6,526	1,869
Accounts payable and accrued liabilities	(88,632)	161,497
Deferred contributions	<u>(137,625)</u>	<u>(312,819)</u>
	<u>(173,767)</u>	<u>(234,805)</u>
Investing activities		
Purchase of short-term investments	<u>(35,736)</u>	<u>(1,515,209)</u>
Change in cash and cash equivalents during the year	<u>(85,788)</u>	<u>(1,542,970)</u>
Cash and cash equivalents – Beginning of year	<u>3,078,566</u>	<u>4,621,536</u>
Cash and cash equivalents – End of year	<u>2,992,778</u>	<u>3,078,566</u>

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

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2024

1 Purpose of the not-for-profit organization

The Foundation’s mission is to protect the constitutional freedoms of Canadians through education, communication and litigation.

The Canadian Constitution Fund (the Fund) was dissolved on May 15, 2016.

The Foundation was incorporated on April 18, 2002 under the Canada Corporations Act as a not-for-profit organization. The Foundation qualifies for tax-exempt status as a registered charity under the Income Tax Act (Canada).

Accordingly, donations to the Foundation are deductible for income tax purposes by donors from Canada and the Foundation is not subject to income tax.

2 Accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) on a going concern basis that assumes the Foundation will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements include the following significant accounting policies.

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions and term deposits that mature within three months from the date of acquisition. In the current financial year, there are no cash equivalents (2023 – \$nil).

Short-term investments

Short-term investments consist of term deposits held with financial institutions with maturities between three months and one year at the date of acquisition.

Capital assets

Capital assets are recorded at cost. Amortization is recorded at the following rates, which have been established by estimates of useful lives:

Computer hardware	45% declining balance
Furniture and equipment	20% declining balance
Website	45% declining balance

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2024

Revenue recognition

The Foundation follows the deferral method of accounting for revenue. Unrestricted contributions are recognized as revenue when received. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Other revenue is recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Interest earned on the restricted funds are recorded as deferred contributions and are recognized as revenue once the expenses are incurred.

Contributions are received primarily from individual donors, private companies and other charitable organizations.

Contributed materials and services

Volunteers contribute significant hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are recognized at their fair value. For the year ended March 31, 2024, there have been \$nil in-kind donations (2023 – \$nil).

Management's use of estimates

When preparing financial statements according to ASNPO, management makes estimates and assumptions that affect the reported amounts of revenue and expenses during the year, the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities at the date of the financial statements. Management bases its assumptions on a number of factors, including historical experience, current events, actions that the Foundation may undertake in the future and other assumptions believed reasonable under the circumstances. Material measurement uncertainties include estimates of useful lives of capital assets and estimates of collectibility of accounts receivable. Actual results could differ from those estimates.

Financial instruments

The Foundation initially measures financial assets originated or acquired and financial liabilities issued or assumed in an arm's length transaction at fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments, other receivables and recoverable taxes. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayments terms, cost is determined as the sum of undiscounted cash flows less any impairment losses previously recognised by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Foundation in the transaction.

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Notes to Financial Statements

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Transaction costs on financial assets and liabilities measured at amortized cost are adjusted against the carrying value of the related asset or liability and then recognized over the expected life of the instrument using the straight-line method.

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the Foundation determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

If circumstances change, a previously recognized impairment may be reversed to the extent of the improvement, provided the adjusted carrying amount is no greater than the amount that would have been recognized if the impairment had not been recorded.

Future accounting policies

AcG – 20, Customers accounting for cloud computing arrangement

This guideline provides guidance on accounting for a customer's expenditures in a cloud computing arrangement and determining whether a software intangible asset exists in the arrangement. The guideline is effective for fiscal years beginning on or after January 1, 2024, with earlier application permitted. The Foundation will adopt the simplified approach permitted by the guidance as at April 1, 2024 and will assess its impact on the financial statements at that point.

3 Capital assets

	2024		2023	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	21,577	21,265	312	567
Furniture and equipment	35,762	30,504	5,258	6,570
Website	67,366	67,366	-	-
	124,705	119,135	5,570	7,137

Canadian Constitution Foundation

Notes to Financial Statements

March 31, 2024

4 Deferred contributions

Deferred contributions represent unspent resources externally restricted for a designated use. Changes in deferred contributions are as follows:

	2024 \$	2023 \$
Beginning balance	1,617,495	1,930,314
Donations/interest	444,144	394,850
Funds repaid	-	(140,618)
Funds used	(581,769)	(567,051)
Ending balance	<u>1,479,870</u>	<u>1,617,495</u>

5 Lease commitments outstanding

In June 2023, the Foundation entered into a five-year lease with annual payments as follows, as well as entered into a year contract for a shared office space in Toronto in February 2024:

	\$
2025	42,230
2026	34,930
2027	35,110
2028	35,621
2029	<u>62,336</u>
	<u>210,227</u>

6 Related party transactions

Unrestricted contribution revenue of \$45,700 (2023 – \$42,200) was received during the year from directors. As at March 31, 2024, there were no balances due to/from related parties (2023 – \$nil).

7 Financial instrument risk

The Foundation can be exposed to various risks through its financial instruments. The financial instruments used by the Foundation include cash and cash equivalents, short-term investments, other receivables and accounts payable and accrued liabilities. The carrying amounts of these financial instruments represent their fair values due to their short-term maturities.

- Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is not exposed to significant currency risk.

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Notes to Financial Statements

March 31, 2024

- Interest rate risk

Interest rate risk is the risk that the Foundation's investments will change in fair value due to future fluctuations in market interest rates. The Foundation is not exposed to significant interest rate risk.

- Market and other price risk

Market and other price risk is the risk that the fair value of an investment will fluctuate due to changes in market conditions. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Foundation is not exposed to significant market or other price risk. The short-term investments are Guaranteed Investment Certificates (GIC's) and their fair value does not fluctuate.

- Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The Foundation's accounts receivables are not significant and are considered fully collectible. As such, the Foundation is not subject to significant credit risk.

- Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and unrestricted cash flows to fund operations and settle liabilities when due. The Foundation is not subject to significant liquidity risk.

8 Subsequent event

On April 6, 2023, the Supreme Court of Canada refused to hear the appeal in the Cambie Surgeries matter. In July 2024, there was a court hearing which was expected to determine what costs, if any, are to be payable by Cambie Surgeries to the Government of British Columbia. However, there was no determined outcome in terms of value and timing of any potential payouts as a result of the case at this point. This amount is not reasonably determinable until the British Columbia court issues its decision following the hearing costs liability. As at March 31, 2024, there were deferred contributions of \$1.25 million relating to this case on the statement of financial position. The Foundation is exploring future opportunities and obtaining the required approval to redirect the funds. Until a decision is obtained, the deferred amounts on the books of the Foundation pertaining to this case remain deferred.