

# FINANCIAL STATEMENTS

---

ENACTUS CANADA

June 30, 2021

---

---

**Enactus Canada**  
**CONTENTS**

---

June 30, 2021

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	4
Statement of changes in net assets	5
Statement of operations	6
Statement of cash flows	7
Notes to financial statements	8

Brian J. Quinlan, CPA, CA

Ryan Knight, CPA, CA

Dickson Lai, CPA, CA

---

## INDEPENDENT AUDITOR'S REPORT

---

To the members of  
**Enactus Canada:**

### *Opinion*

We have audited the accompanying financial statements of **Enactus Canada** (the "Organization"), which comprise the statement of financial position as at June 30, 2021 and the statements of changes in net assets, operations 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 the Organization as at June 30, 2021 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 these 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.

.....continued

---

## INDEPENDENT AUDITOR'S REPORT (continued)

---

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 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 Responsibility for the Audit of 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 it 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 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 judgement 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 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.

.....continued

---

## INDEPENDENT AUDITOR'S REPORT (continued)

---

- 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.

Toronto, Ontario  
September 27, 2021

*Campbell Lawless LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Enactus Canada

**STATEMENT OF FINANCIAL POSITION**

June 30	2021 \$	2020 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	717,929	1,146,504
Short-term deposits	1,037,071	1,007,758
Accounts receivable [note 3]	85,417	248,514
Prepaid expenses	<u>116,320</u>	<u>51,032</u>
	1,956,737	2,453,808
<b>Long-term deposits</b>	8,296	16,951
<b>Prepaid expenses</b>	15,733	91,788
<b>Capital assets [note 4]</b>	5,540	5,826
<b>Long-term deposit restricted for endowment purposes [note 6]</b>	<u>100,000</u>	<u>100,000</u>
	<u>2,086,306</u>	<u>2,668,373</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	271,721	269,357
Deferred revenue [note 5]	<u>305,440</u>	<u>1,112,055</u>
	<u>577,161</u>	<u>1,381,412</u>
<b>NET ASSETS</b>		
Restricted [note 6]	100,000	100,000
Unrestricted	<u>1,409,145</u>	<u>1,186,961</u>
	1,509,145	1,286,961
	<u>2,086,306</u>	<u>2,668,373</u>

*see accompanying notes*

On behalf of the Board:

Director

Director

---

Enactus Canada

**STATEMENT OF CHANGES IN NET ASSETS**

---

Year ended June 30	2021 Restricted \$	2021 Unrestricted \$	2021 Total \$	2020 Total \$
<b>Balance</b> , beginning of year	100,000	1,186,961	<b>1,286,961</b>	934,903
Excess of revenue over expenses for the year		222,184	<b>222,184</b>	352,058
<b>Balance</b> , end of year	100,000	1,409,145	<b>1,509,145</b>	1,286,961

---

*see accompanying notes*

Enactus Canada

**STATEMENT OF OPERATIONS**

Year ended June 30	2021 Restricted \$	2021 Unrestricted \$	2021 Total \$	2020 Total \$
<b>Revenue</b>				
Corporate		1,702,250	<b>1,702,250</b>	1,796,149
Foundations		466,735	<b>466,735</b>	467,926
Administration fees and other	2,500	124,403	<b>126,903</b>	54,852
Individuals		108,058	<b>108,058</b>	110,808
Government		<u>15,957</u>	<u><b>15,957</b></u>	<u>2,386</u>
	<u>2,500</u>	<u>2,417,403</u>	<u><b>2,419,903</b></u>	<u>2,432,121</u>
<b>Expenses</b>				
Program	2,500	1,534,239	<b>1,536,739</b>	1,487,536
Operations and administration		397,114	<b>397,114</b>	370,745
Development		263,866	<b>263,866</b>	236,920
Government assistance				<u>(15,138)</u>
	<u>2,500</u>	<u>2,195,219</u>	<u><b>2,197,719</b></u>	<u>2,080,063</u>
<b>Excess of revenue over expenses</b>				
for the year	NIL	222,184	<b>222,184</b>	352,058

*see accompanying notes*



Enactus Canada

**STATEMENT OF CASH FLOWS**

Year ended June 30	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	222,184	352,058
Add item not involving cash - Amortization	<u>6,282</u>	<u>5,964</u>
	228,466	358,022
Changes in non-cash working capital items -		
(Increase) decrease in accounts receivable	163,097	(104,270)
(Increase) decrease in prepaid expenses	10,767	(37,874)
Increase (decrease) in accounts payable and accrued liabilities	2,364	73,472
Increase (decrease) in deferred revenue	<u>(806,615)</u>	<u>624,929</u>
	<u>(401,921)</u>	<u>914,279</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposits	(20,658)	(506,543)
Purchase of capital assets	<u>(5,996)</u>	<u>(2,284)</u>
	<u>(26,654)</u>	<u>(508,827)</u>
<b>Net change in cash</b> during the year	(428,575)	405,452
<b>Cash</b> , beginning of year	<u>1,146,504</u>	<u>741,052</u>
<b>Cash</b> , end of year	<u>717,929</u>	<u>1,146,504</u>

*see accompanying notes*

---

**Enactus Canada**

**NOTES TO FINANCIAL STATEMENTS**

---

June 30, 2021

**1. PURPOSE OF ORGANIZATION**

Enactus Canada (the "Organization") works to shape generations of entrepreneurial leaders who are passionate about advancing the economic, social and environmental health of Canada.

The Organization was incorporated on April 21, 1999 under the Canada Corporations Act as a corporation without share capital. Effective January 24, 2014, the Organization is continued under the Canada Not-for-profit Corporations Act.

The Organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income tax.

These financial statements do not include the activities of any of the affiliated, but independent, university and college campus-based organizations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

**Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized in the fiscal year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets in the year.

All other revenue is recognized when delivery has occurred or services have been rendered and measurement and collection are reasonably assured.

**Cash**

Cash consists primarily of cash on hand and balances within bank accounts held with financial institutions.

**Capital assets and amortization**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded only if the fair value can be reasonably estimated at the date of contribution. The Organization amortizes the cost of capital assets over their estimated useful lives as follows:

Computer equipment	Straight-line over three years
--------------------	--------------------------------

## NOTES TO FINANCIAL STATEMENTS

---

June 30, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Contributed materials and services**

Various companies provide the Organization with in-kind materials and professional services. In addition, volunteers contribute their time to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, these contributed materials and services are not recognized in the financial statements.

#### **Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

The Organization has no financial assets or liabilities measured at fair value.

#### *Impairment*

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

#### **Use of estimates**

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant items subject to such management estimates and assumptions are the estimated useful lives of the capital assets. Actual results could differ from the estimates.

### 3. ACCOUNTS RECEIVABLE

The Organization's accounts receivable include outstanding pledges in the amount of \$40,000 (2020 - \$109,375), all of which have been reported as revenue.

Enactus Canada

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

**4. CAPITAL ASSETS**

	Cost	Accumulated amortization	Net book value	
	\$	\$	2021 \$	2020 \$
Computer equipment	18,846	13,306	5,540	5,826

Operations and administration expenses include amortization expense of \$6,282 (2020 - \$5,964).

**5. DEFERRED REVENUE**

Deferred revenue represents funding received in the current year that relates to future years.

	Restricted for endowment purposes	Unrestricted for operating purposes	Total 2021	Total 2020
	\$	\$	\$	\$
<b>Balance</b> , beginning of year	1,667	1,110,388	<b>1,112,055</b>	487,126
Amounts recognized as revenue	(2,500)	(1,017,355)	<b>(1,019,855)</b>	(326,000)
Amounts received	2,500	210,740	<b>213,240</b>	950,929
<b>Balance</b> , end of year	1,667	303,773	<b>305,440</b>	1,112,055

**6. RESTRICTIONS ON NET ASSETS**

The net assets restricted for endowment purposes include an amount of \$100,000 that is subject to externally imposed restrictions stipulating that the principal be maintained permanently. Investment income earned on the principal is externally restricted for bursary purposes of up to \$2,500 annually. Investment income in excess of \$2,500 is unrestricted for operating purposes.

**7. COMMITMENTS**

The Organization is committed under an operating lease for rental of premises to July 30, 2022. The minimum annual commitment in 2022 is \$72,878.

## NOTES TO FINANCIAL STATEMENTS

---

June 30, 2021

### 8. REVOLVING DEMAND FACILITY

The Organization has a revolving demand facility to a maximum of \$100,000. The revolving demand facility bears interest at a Canadian credit union's prime lending rate plus 1.5%, is due on demand and is secured by a general security agreement covering all assets of the Organization. As at June 30, 2021, the entire revolving demand facility remained available for use.

### 9. FINANCIAL INSTRUMENT RISK EXPOSURE

The Organization is exposed to credit risk, liquidity risk and market risk through its financial instruments. The Organization has no changes in its risk exposure from the prior period.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial assets that are exposed to credit risk consist primarily of cash, term deposits and accounts receivable. Cash and term deposits consist of deposits with major Canadian chartered banks and credit unions. Credit risk associated with accounts receivable is limited due to the credit quality and diversity of the parties extended credit. The Organization does not anticipate non-performance by these counterparties.

#### **Liquidity risk**

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing activities and holding assets that can be readily converted into cash.

#### **Market risk**

The Organization is exposed to market risk, which 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, other price risk and interest rate risk. The Organization is exposed to interest rate risk only.

#### *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 is exposed to interest rate risk on its fixed-rate financial instruments, which consist solely of term deposits. Fixed-rate instruments subject the Organization to a fair value risk.

**NOTES TO FINANCIAL STATEMENTS**

---

June 30, 2021

**10. SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") as a global pandemic, which continues to spread in Canada and around the world. Management is continuously monitoring the outbreak of COVID-19 and its potential impact on the Organization. While the extent and duration of the impact of COVID-19 on local economies remain uncertain, the outbreak has the potential to affect the Organization's operations. Management is unable to estimate its potential impact on the Organization as at the date of these financial statements.