Canada Learning Code Inc.
Financial Statements
December 31, 2020

Canada Learning Code/ Canada en programmation inc.
Contents
For the year ended December 31, 2020

Independent Auditor's Report

To the Board of Directors of Canada Learning Code/ Canada en programmation inc.:

Opinion

We have audited the financial statements of Canada Learning Code/ Canada en programmation inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets 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 December 31, 2020, 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 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

SUITE 900, 50 BURNHAMTHORPE ROAD W, MISSISSAUGA ON, L5B 3C2
T: 416.626.6000 F: 416.626.8650 MNP.ca

- 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.

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.

MNP LLP

Mississauga, Ontario | Chartered Professional Accountants

June 18, 2021 | Licensed Public Accountants

MNP

Canada Learning Code
Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	**1,104,501**	1,115,990
Term deposits *(Note 4)*	**3,001,833**	3,005,502
Accounts receivable	**495,535**	7,565
Prepaid expenses and other assets	**90,836**	91,266
Sales taxes recoverable	**155,313**	197,093
	4,848,018	4,417,416
Capital assets *(Note 5)*	**633,014**	669,256
Intangible assets *(Note 6)*	**200,000**	300,000
	5,681,032	5,386,672
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**177,795**	112,980
Current portion of deferred contributions *(Note 8)*	**494,228**	888,127
Current portion of deferred capital grants *(Note 9)*	**159,660**	187,001
	831,683	1,188,108
Deferred contributions *(Note 8)*	**181,031**	-
Deferred capital grants *(Note 9)*	**235,823**	395,483
	1,248,537	1,583,591
Net Assets		
Reserve fund	**3,000,000**	3,000,000
Unrestricted net assets	**1,432,495**	803,081
	4,432,495	3,803,081
	5,681,032	5,386,672

Approved on behalf of the Board

DocuSigned by:
Julia Druzic
F11FB68FD908490...
Director

DocuSigned by:
Boris Wertz
8CD8468B9128493...
Director

The accompanying notes are an integral part of these financial statements

Canada Learning Code/ Canada en programmation inc.
Statement of Operations
For the year ended December 31, 2020

	2020	*2019*
Revenue		
Government grants *(Note 8)*	**4,354,993**	3,522,885
Corporate contributions *(Note 8)*	**1,942,948**	3,108,273
Amortization of deferred capital grants *(Note 9)*	**187,001**	228,227
Program service fees *(Note 8)*	**54,404**	227,759
Other income	**33,409**	29,621
Individual contributions *(Note 3)*	**30,954**	1,103,769
	6,603,709	8,220,534
Expenses		
Wages and benefits	**3,112,793**	2,741,574
Production and supplies	**1,005,057**	1,055,542
Advertising and promotion	**1,039,111**	823,587
Office and general	**143,126**	688,517
Occupancy	**119,798**	200,511
Professional fees	**88,444**	159,961
Insurance	**72,737**	73,054
Amortization of capital assets	**290,367**	397,227
Amortization of intangible assets	**100,000**	100,000
	5,971,433	6,239,973
Excess of revenue over expenses before other items	**632,276**	1,980,561
Other items		
Loss on disposal of capital assets	**(2,862)**	-
Excess of revenue over expenses	**629,414**	1,980,561

The accompanying notes are an integral part of these financial statements

Canada Learning Code/ Canada en programmation inc.
Statement of Changes in Net Assets
For the year ended December 31, 2020

	Reserve fund	*Unrestricted net assets*	*2020*	*2019*
Net assets, beginning of year	**3,000,000**	**803,081**	**3,803,081**	1,822,520
Excess of revenue over expenses	**-**	**629,414**	**629,414**	1,980,561
Net assets, end of year	**3,000,000**	**1,432,495**	**4,432,495**	3,803,081

The accompanying notes are an integral part of these financial statements

Canada Learning Code/ Canada en programmation inc.
Statement of Cash Flows
For the year ended December 31, 2020

	2020	*2019*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**629,414**	1,980,561
Amortization of capital assets	**290,367**	397,227
Amortization of intangible assets	**100,000**	100,000
Capitalization of lease inducement	**(13,221)**	(6,230)
Amortization of deferred capital grants	**(187,001)**	(228,227)
Loss on disposal of capital assets	**2,862**	-
	822,421	2,243,331
Changes in working capital accounts		
Accounts receivable	**(487,970)**	2,071,209
Sales taxes recoverable	**41,780**	207,310
Lease Inducement	**13,221**	-
Prepaid expenses and other assets	**430**	(24,512)
Accounts payable and accrued liabilities	**64,816**	(411,185)
Deferred contributions	**(212,868)**	(774,428)
	241,830	3,311,725
Investing		
Purchase of term deposits	**(3,001,833)**	(3,005,502)
Proceeds on disposal of term deposits	**3,005,502**	-
Proceeds on disposal of capital assets	**5,000**	-
Purchase of capital assets, net	**(261,988)**	(83,107)
	(253,319)	(3,088,609)
(Decrease) Increase in cash	**(11,489)**	223,116
Cash, beginning of year	**1,115,990**	892,874
Cash, end of year	**1,104,501**	1,115,990

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Canada Learning Code/ Canada en programmation inc. (the “Organization”) is a not-for-profit organization federally incorporated on January 23, 2012, as a corporation without share capital under the Canada Not-for-Profit Corporations Act. On January 15, 2018, the Organization was registered as a charitable organization and, as such, is exempt from taxes under the Income Tax Act.

The Organization provides computer programming and design workshops for beginners across Canada.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains two funds: the Unrestricted fund, and the Reserve fund.

The Unrestricted fund reports the Organization’s activities related to its ongoing operations.

The Reserve fund is an internally restricted fund which reports the Organization’s cash and net assets held in reserve for any of the following purposes, as directed by the board of directors:
(a) Support the Organization's ongoing operations in the event of unforeseen shortfalls;
(b) Funding one-time, non-recurring expenditures that will build the long-term capacity of the Organization.

Funds may be transferred into or out of the Reserve fund or revenue and expenses recognized in the fund at the Board of Directors' discretion. The Organization is currently intending to maintain a fund balance equal to six months of average recurring operating costs.

Revenue recognition

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. 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.

Revenue from fees and contracts are recognized when the services have been provided.

The Organization operates Chapters in cities across Canada where individuals in each city (referred to as Chapter Leads) execute event operations and earn a percentage of the net income from each event as a commission. These financial statements report revenue based on the gross amount earned by Chapters.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Vehicles	30 %
Computer equipment	55 %
Equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	Term of lease

2. Significant accounting policies *(Continued from previous page)*

Intangible assets

Intangible assets comprise of web platform and software costs, and are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method over 2 to 5 years, which is intended to amortize the cost of the assets over their estimated useful lives.

Financial instruments

The Organization recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year and, therefore, financial assets and liabilities have been subsequently measured at their amortized cost.

The Organization's financial instruments include cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in (deficiency) excess of revenues over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Deferred capital grants

Deferred capital grants represents amounts contributed for the purchase of capital and intangible assets and is amortized at the same rate as the related capital and intangible assets.

Lease inducement

Lease inducement consists of a rent-free period which is amortized on a straight-line basis over the term of the lease.

Contributed materials and services

The Organization’s policy is to not recognize contributed materials and services in the statement of operations. Unrecognized services received represent the contributions of volunteers’ time and efforts to help the Organization deliver its objectives.

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

3. Related party transactions

Included in contributions revenue is $Nil (2019 - $971,608) contributed by members of senior management and the Board.

4. Term deposits

Term deposits bear interest rates between 0.5% and 0.65% and mature between February 19, 2021 and June 21, 2021.

5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Vehicles	**459,595**	**274,825**	**184,770**	278,561
Computer equipment	**687,734**	**545,749**	**141,985**	209,458
Equipment	**400,661**	**117,505**	**283,156**	153,545
Furniture and fixtures	**39,370**	**23,830**	**15,540**	19,426
Leasehold improvements	**12,037**	**4,474**	**7,563**	8,266
	1,599,397	**966,383**	**633,014**	669,256

6. Intangible assets

	2020	2019
Web platform and software	**502,249**	502,249
Less: accumulated amortization	**(302,249)**	(202,249)
	200,000	300,000

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are amounts due to federal and provincial governments totalling $13,051 (2019 - $17,436).

8. Deferred contributions

Deferred contributions represents restricted contributions received in advance for projects or expenditures that are to be provided in future years.

Changes in the deferred contribution balance are as follows:

	2020	2019
Balance, beginning of year	**888,127**	1,662,555
Contributions	**591,923**	1,666,865
Less: amounts recognized as revenue during the year	**(804,791)**	(2,441,293)
	675,259	888,127
Less: current portion	**494,228**	888,127
Balance, end of year	**181,031**	-

Amount recognized as revenue during the year consists of $483,731 in corporate contributions, $320,130 in government grants and $930 in program service fees.

9. Deferred capital grants

Changes in deferred capital grants are as follows:

	2020	*2019*
Balance, beginning of year	**582,484**	810,711
Less: Amortization of deferred capital grants	**(187,001)**	(228,227)
	395,483	582,484
Less: current portion	**159,660**	187,001
Balance, end of year	**235,823**	395,483

10. Commitments

The Organization has entered into a lease agreement for its head office space with estimated minimum annual payments as follows:

2021	84,721
2022	91,061
2023	91,637
2024	97,977
2025	8,213
	373,609

11. Credit facility

The Organization has a demand operating facility of $1,000,000 bearing interest at the bank's prime rate plus 0.25% per annum. This credit facility is secured by a general security agreement consisting of first ranking security interest in all assets of the Organization and imposes financial covenants on the Organization. As at year end, the Organization has not utilized the facility.

Additionally, the Organization has access to a credit card facility of $10,000 of which $9,850 (2019 - $5,453) was utilized.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. In the opinion of management, the credit risk exposure to the Organization is low. At year end, 72% (2019 - 0%) of the accounts receivable balance is due from the federal government. Additionally, the Organization's cash and term deposits are held with one financial institution. The Organization manages its credit risk by maintaining its cash on deposit and term deposits with a large reputable financial institution.

13. Environmental risk

In March 2020 there was a global outbreak of COVID-19 which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.