Canada Learning Code Inc.
(Formerly Ladies Learning Code Inc.)
Financial Statements
December 31, 2018

Contents

For the year ended December 31, 2018

Independent Auditor's Report

To the Board of Directors of Canada Learning Code Inc.:

Opinion

We have audited the financial statements of Canada Learning Code Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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, 2018, 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.

Other Matter

The financial statements of Canada Learning Code Inc. for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 15, 2018.

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.
- 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

April 17, 2019 | Licensed Public Accountants

Canada Learning Code Inc.
Statement of Financial Position
As at December 31, 2018

	2018	*2017*
Assets		
Current		
Cash	**892,874**	280,348
Accounts receivable	**2,078,774**	16,172
Prepaid expenses and deposits	**66,754**	49,645
Sales taxes recoverable	**404,403**	69,226
	3,442,805	415,391
Capital assets *(Note 4)*	**983,374**	103,211
Intangible assets *(Note 5)*	**400,000**	-
	4,826,179	518,602
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 6)*	**524,163**	33,209
Current portion of deferred contributions *(Note 3) (Note 7)*	**1,487,555**	266,904
Current portion of deferred capital grants *(Note 8)*	**228,227**	24,078
Lease inducement	**6,230**	9,629
	2,246,175	333,820
Deferred contributions *(Note 7)*	**175,000**	-
Deferred capital grants *(Note 8)*	**582,484**	20,055
	3,003,659	353,875
Net Assets	**1,822,520**	164,727
	4,826,179	518,602

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc.
Statement of Operations and Changes in Net Assets
For the year ended December 31, 2018

	2018	2017
Revenue		
Government grants	**5,312,086**	206,239
Corporate contributions	**1,412,085**	964,290
Program service fees	**450,990**	545,485
Individual contributions	**106,391**	22,685
Amortization of deferred capital grants	**193,017**	22,550
Other income	**58,623**	48,777
	7,533,192	1,810,026
Expenses		
Wages and benefits	**2,146,381**	869,489
Advertising and promotion	**879,598**	148,416
Production and supplies	**1,209,978**	344,073
Office and general	**762,178**	130,919
Occupancy *(Note 3)*	**239,271**	141,888
Professional fees	**212,695**	36,471
Insurance	**50,755**	9,923
Special events	**6,300**	19,265
Bad debt	**2,000**	2,750
Amortization of capital assets	**266,243**	33,303
Amortization of intangible assets	**100,000**	-
	5,875,399	1,736,497
Excess of revenue over expenses	**1,657,793**	73,529
Net assets, beginning of year	**164,727**	91,198
Net assets, end of year	**1,822,520**	164,727

The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc.
Statement of Cash Flows
For the year ended December 31, 2018

	2018	*2017*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**1,657,793**	73,529
Amortization of capital assets	**266,243**	33,303
Amortization of intangible assets	**100,000**	-
Amortization of lease inducement	**(3,398)**	(566)
Amortization of deferred capital grants	**(193,017)**	(22,550)
	1,827,621	83,716
Changes in working capital accounts		
Accounts receivable	**(2,062,602)**	(9,876)
Sales taxes recoverable	**(335,177)**	(55,514)
Prepaid expenses and deposits	**(17,109)**	(44,000)
Accounts payable and accrued liabilities	**490,952**	14,369
Deferred contributions	**1,395,651**	(15,156)
	1,299,336	(26,461)
Investing		
Receipt of capital grants	**959,596**	66,683
Purchase of capital assets	**(1,146,406)**	(93,408)
Purchase of intangible assets	**(500,000)**	-
Lease inducement	**-**	10,195
	(686,810)	(16,530)
Increase (decrease) in cash	**612,526**	(42,991)
Cash, beginning of year	**280,348**	323,339
Cash, end of year	**892,874**	280,348

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Canada Learning Code 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. On May 15, 2018, the Organization changed its name from Ladies Learning Code Inc. to Canada Learning Code Inc.

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

2. Significant accounting policies

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:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue 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

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, accounts receivable and accounts payable and accrued liabilities.

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

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 leasehold improvement allowance which is amortized on the straight-line basis over the term of the lease.

Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute many hours during the year to assist the Organization in carrying out its services. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

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

The Organization rents office space from a company that is controlled by a Board member of the Organization. The amount charged for rent and common operating charges for 2018 were $218,595 (2017 - $57,050).

Included in the current portion of deferred contributions, includes $971,608 contributed by members of senior management and the Board.

4. Capital assets

	Cost	*Accumulated amortization*	*2018 Net book value*	*2017 Net book value*
Vehicles	**484,595**	**86,651**	**397,944**	10,413
Computer equipment	**572,986**	**189,289**	**383,697**	47,450
Equipment	**207,809**	**32,247**	**175,562**	13,259
Furniture and fixtures	**32,313**	**14,742**	**17,571**	17,756
Leasehold improvements	**17,200**	**8,600**	**8,600**	14,333
	1,314,903	**331,529**	**983,374**	103,211

5. Intangible assets

	2018	2017
Web platform and software	**502,249**	2,249
Less: accumulated amortization	**(102,249)**	(2,249)
	400,000	-

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are amounts due to federal and provincial governments totalling $101,141 (2017 - $Nil).

7. 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:

	2018	2017
Balance, beginning of year	**266,904**	282,060
Contributions	**2,307,604**	541,334
Less: Amounts recognized as revenue during the year	**(911,953)**	(556,490)
	1,662,555	266,904
Less: current portion	**1,487,555**	266,904
Balance, end of year	**175,000**	-

8. Deferred capital grants

Changes in deferred capital grants are as follows:

	2018	2017
Balance, beginning of year	**44,133**	-
Amounts received during the year	**959,595**	66,683
Less: Amortization of deferred capital grants	**(193,017)**	(22,550)
	810,711	44,133
Less: current portion	**228,227**	24,078
Balance, end of year	**582,484**	20,055

9. Commitments

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

2019	216,000
2020	162,000
	378,000

10. 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 $20,000 of which $2,419 (2017 - $Nil) was utilized.

11. 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, 95% of the receivable balance is due from the federal government. Additionally, the Organization manages its credit risk by maintaining its cash on deposit with large reputable financial institutions.

12. Comparative figures

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