Financial Planning Foundation

Financial Statements
March 31, 2019

Independent auditor's report

To the Members of Financial Planning Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Financial Planning Foundation (the Entity) as at March 31, 2019 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 Entity's financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations and 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 a summary of significant accounting policies.

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

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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, Licensed Public Accountants

Concord, Ontario
August 13, 2019

Financial Planning Foundation

Statement of Financial Position

As at March 31, 2019

	2019 $	2018 $
Assets		
Current assets		
Cash and cash equivalents (note 3)	115,716	232,441
Term deposit (note 4)	134,454	-
Accounts receivable	641	890
Prepaid expenses	3,955	3,605
	254,766	236,936
Intangible assets (note 5)	-	46
	254,766	236,982
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	7,000	24,494
Advances from related party (note 6)	5,044	5,590
	12,044	30,084
Net Assets		
Unrestricted	242,722	206,898
	254,766	236,982

Economic dependence (note 8)

Approved by the Board of Directors

______________________________ Director ______________________________ Director

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

Financial Planning Foundation

Statement of Operations and Net Assets

For the year ended March 31, 2019

	2019 $	2018 $
Income		
Financial Planning Standards Council contribution (note 6)	10,000	10,000
Institut québécois de planification financière contribution (note 6)	25,000	25,000
Donations – receipted and unreceipted	38,722	36,175
Interest income	1,624	1,122
	75,346	72,297
Expenses		
Office and general	19,476	40,690
Research grants (note 7)	20,000	70,000
	39,476	110,690
Excess of income over expenses (expenses over income) before amortization	35,870	(38,393)
Amortization		
Capital assets	-	77
Intangible assets	46	213
	46	290
Excess of income over expenses (expenses over income) for the year	35,824	(38,683)
Net assets – Beginning of year	206,898	245,581
Net assets – End of year	242,722	206,898

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

Financial Planning Foundation

Statement of Cash Flows

For the year ended March 31, 2019

	2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Excess of income over expenses (expenses over income) for the year	35,824	(38,683)
Items not affecting cash		
Amortization of capital assets	-	77
Amortization of intangible assets	46	213
	35,870	(38,393)
Changes in non-cash working capital balances related to operations		
Accounts receivable	249	7,635
Prepaid expenses	(350)	(451)
Accounts payable and accrued liabilities	(17,494)	23,829
	18,275	(7,380)
Investing activities		
Purchase of term deposit	(134,454)	-
Financing activities		
Advances from related party	(546)	(4,917)
Decrease in cash and cash equivalents during the year	(116,725)	(12,297)
Cash and cash equivalents – Beginning of year	232,441	244,738
Cash and cash equivalents – End of year	115,716	232,441

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

1 Purpose of the organization

Financial Planning Foundation (the Foundation) was incorporated without share capital under the Canada Corporations Act on October 14, 2004 as a not-for-profit organization. On September 24, 2014, the Foundation was granted continuance under the Canada Not-for-profit Corporations Act.

The Foundation's mandate is to develop and promote financial planning research and education for the benefit of financial and allied professionals, education providers and the Canadian public.

The Foundation is a registered charitable organization under the Income Tax Act (Canada) and as such is exempt from income taxes.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) (Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook), as issued by the Canadian Accounting Standards Board applied within the framework of the accounting policies summarized below.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposits and guaranteed investment certificates with a maturity of 90 days from the date of acquisition.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided for at rates and bases designed to amortize the cost of intangible assets over their estimated useful lives as follows:

Computer software	30% declining balance

Impairment of long-lived assets

The Foundation reviews its long-lived assets for impairment. An impairment charge is recognized for long-lived assets, including intangible assets, whenever events or changes in circumstances cause an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposal, as determined by valuation. The impairment loss is calculated as the difference between the fair value of the assets and their carrying value, if any.

Revenue recognition

The Foundation follows the deferral method of accounting for donations. Contributions received in respect of future events are deferred until the related expenses are incurred.

Unrestricted donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations and net assets.

It is management's opinion that the Foundation is not exposed to significant liquidity risk, interest rate risk, credit risk, market risk and foreign currency risk.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and operating costs during the reporting period. Actual results could differ from these estimates.

3 Cash and cash equivalents

	2019 $	2018 $
Cash balance	115,716	99,542
Guaranteed investment certificate	-	132,899
	115,716	232,441

4 Term deposit

The term deposit is comprised of a $134,454 guaranteed investment certificate issued on January 29, 2019, bearing interest of 1.30% per annum with maturity on May 6, 2019.

5 Intangible assets

Intangible assets consist of the following:

	2019			2018
	Cost $	Accumulated amortization $	Net $	Net $
Computer software	-	-	-	46

During the year, the Foundation wrote off $6,106 (2018 – $nil) of fully amortized intangible assets.

6 Related party transactions

All related party transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, Financial Planning Standards Council (FPSC) contributed $10,000 (2018 – $10,000) to the Foundation in addition to providing management and administrative services. FPSC will assess its support of the Foundation on an annual basis.

Amounts payable to FPSC of $5,044 (2018 – $5,590) are non-interest bearing and due on demand.

FPSC's management continues to assist the Foundation with the administrative functions and has two seats on the Foundation's board. Accordingly, FPSC has significant influence over the Foundation.

During the year, the Foundation received $25,000 (2018 – $25,000) from Institut québécois de planification financière (IQPF) as a part of IQPF's pledge to make annual contributions to the Foundation totalling $125,000 over five years ending June 30, 2018. IQPF has two seats on the Foundation's board. Accordingly, IQPF has significant influence over the Foundation.

7 Research grants

During the year, the Foundation made disbursements for two studies: Identifying and Removing the Psychological and Information Barriers to Online Investment Advice and Using Behavioural Insights to Improve the Delivery of Financial Planning: A Critical Review and Recommendations. The total disbursements related to these projects in fiscal 2019 were $20,000.

8 Economic dependence

The Foundation receives funding from FPSC and IQPF that accounts for approximately 13% (2018 – 14%) and 33% (2018 – 35%), respectively, of income for the year ended March 31, 2019 (note 6).

9 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year's financial statements.