

**FP CANADA RESEARCH FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2021

**HILBORN**<sub>LLP</sub>

## **Independent Auditor's Report**

To the Members of FP Canada Research Foundation

### **Opinion**

We have audited the financial statements of FP Canada Research Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, 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 Foundation as at March 31, 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 Foundation 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 for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on July 10, 2020.

### **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 ability of the Foundation 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 financial reporting process of the Foundation.

### **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 the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 internal control of the Foundation.
- 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 ability of the Foundation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
June 17, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# FP CANADA RESEARCH FOUNDATION

## Statement of Financial Position

March 31	2021 \$	2020 \$
<b>ASSETS</b>		
Current assets		
Cash	90,587	131,026
Term deposit (note 3)	136,869	136,234
Prepaid expenses	4,532	4,419
	<b>231,988</b>	<b>271,679</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,250	7,875
Due to FP Canada (note 4)	43	8,501
	<b>4,293</b>	<b>16,376</b>
<b>NET ASSETS</b>	<b>227,695</b>	<b>255,303</b>
	<b>231,988</b>	<b>271,679</b>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board of Directors:

Director

Director

# FP CANADA RESEARCH FOUNDATION

## Statement of Operations

Year ended March 31	2021 \$	2020 \$
Revenues		
FP Canada contribution (note 4)	10,000	10,000
Institut québécois de planification financière contribution (note 4)	25,000	25,000
Donations	28,719	24,288
Interest income	415	1,720
	<u>64,134</u>	<u>61,008</u>
Expenses		
Office and general	18,672	18,427
Research grants (note 5)	73,070	25,000
Donation (note 5)	-	5,000
	<u>91,742</u>	<u>48,427</u>
Excess of revenues over expenses (expenses over revenues) for year	<u>(27,608)</u>	<u>12,581</u>

## Statement of Changes in Net Assets

Year ended March 31	2021 \$	2020 \$
Balance, beginning of year	255,303	242,722
Excess of revenues over expenses (expenses over revenues) for year	(27,608)	12,581
Balance, end of year	<u>227,695</u>	<u>255,303</u>

The accompanying notes are an integral part of these financial statements

# FP CANADA RESEARCH FOUNDATION

## Statement of Cash Flows

Year ended March 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year	(27,608)	12,581
Change in non-cash working capital items		
Decrease (increase) in prepaid expenses	(113)	177
Increase (decrease) in accounts payable and accrued liabilities	(3,625)	875
	<u>(31,346)</u>	<u>13,633</u>
Cash flows from investing activities		
Purchase of term deposit	(136,869)	(136,234)
Proceeds on maturity of deposit	136,234	134,454
	<u>(635)</u>	<u>(1,780)</u>
Cash flows from financing activities		
Advances from (repayment to) FP Canada	(8,458)	3,457
Net change in cash	<u>(40,439)</u>	<u>15,310</u>
Cash, beginning of year	<u>131,026</u>	<u>115,716</u>
Cash, end of year	<u>90,587</u>	<u>131,026</u>

The accompanying notes are an integral part of these financial statements

# FP CANADA RESEARCH FOUNDATION

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## Notes to Financial Statements

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March 31, 2021

### **Nature and description of the organization**

FP Canada Research Foundation (the "Foundation") was incorporated without share capital under the Canada Corporations Act on October 14, 2004. On September 24, 2014, the Foundation was granted continuance under the Canada Not-for-profit Corporations Act.

The Foundation's mandate is to fund, promote and disseminate financial planning research for the benefit of Canadians.

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

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(a) Revenue recognition**

The Foundation follows the deferral method of accounting for contributions.

Contributions include corporate and other donations. 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 as revenue in the year in which the related expenses are incurred.

#### **(b) Related party transactions**

A party is considered related to the Foundation if such party or the Foundation has the ability to, directly or indirectly, control or exercise significant influence over the other's financial and operating decisions, or if the Foundation and such party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with related parties in the normal course of business are initially recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties

# FP CANADA RESEARCH FOUNDATION

## Notes to Financial Statements (continued)

March 31, 2021

### 1. Significant accounting policies (continued)

#### (c) Financial instruments

Financial instruments, with the exception of related party transactions, are measured at fair value on initial recognition. Financial instruments are subsequently measured at amortized cost.

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 if 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.

#### (d) Use of estimates

The preparation of financial statements in accordance 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 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 those estimates.

### 2. Financial instrument risk management

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentration.

The financial instruments of the Foundation and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X			X	
Term deposit	X			X	
Accounts payable and accrued liabilities		X			
Due to FP Canada		X			

#### Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

The Foundation reduces its exposure to the credit risk of cash and term deposit by maintaining balances with a Canadian financial institution.



## Notes to Financial Statements (continued)

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March 31, 2021

### 2. Financial instrument risk management (continued)

#### Liquidity risk

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they come due.

The liquidity of the Foundation is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

#### Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Foundation. Market risk is comprised of currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates.

The Foundation is not exposed to currency risk.

#### Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

#### Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Foundation is not exposed to other price risk.

#### Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Foundation from that of the prior year.

### 3. Term deposit

The term deposit was issued on February 8, 2021 (2020 – February 3, 2020), bears interest of 0.25% (2020 – 1.10%) and matures on May 10, 2021 (2020 – May 4, 2020).

# FP CANADA RESEARCH FOUNDATION

## Notes to Financial Statements (continued)

March 31, 2021

### 4. Related party transactions and economic dependence

FP Canada and Institut québécois de planification financière ("IQPF") each have two seats on the Board of Directors of the Foundation. Accordingly, FP Canada and IQPF may each exert significant influence over the Foundation and as such, are related to the Foundation.

FP Canada provides management and administrative support services to the Foundation. Expenses paid by FP Canada, on behalf of the Foundation, are reimbursed by the Foundation to FP Canada.

FP Canada and IQPF provide annual discretionary contributions to the Foundation.

At March 31, 2021, there is a balance due to FP Canada in the amount of \$43 (2020 - \$8,501) which is unsecured, non-interest bearing and due on demand.

Contributions from FP Canada and IQPF account for 16% and 39% (2020 – 16% and 41%) of revenues, respectively, and the Foundation relies on FP Canada for management and administrative support services. The Foundation is economically dependent on the continued support of FP Canada and IQPF.

### 5. Research grants and donations

During the year, the Foundation disbursed three research grants, with a total value of \$73,070, in relation to three studies: Timing Decisions for CPP/QPP Benefits and Identifying, Removing the Psychological and Information Barriers to Financial Advice and Implementation Gap.

In fiscal 2020, the Foundation disbursed two research grants with a total value of \$25,000 in relation to two studies: Identifying and Removing the Psychological and Information Barriers to Online Financial Advice and Implementation Gap. The Foundation also donated \$5,000 to a research institute for access to relevant research and a research community with interests aligned to the strategic priorities of the Foundation.

### 6. Commitments

The Foundation has approved research grants related to financial planning studies. The annual commitments for research grants are as follows:

	<u>\$</u>
2022	125,000
2023	27,900
	<u>152,900</u>

### 7. Impact of COVID-19

The global pandemic of the virus known as COVID-19 has led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the future financial effect, if any, on the Foundation.

# HILBORN

LISTENERS. THINKERS. DOERS.