

**FP CANADA RESEARCH FOUNDATION**

FINANCIAL STATEMENTS

MARCH 31, 2023

**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, 2023, 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, 2023, 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.

### **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  
July 10, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# FP CANADA RESEARCH FOUNDATION

## Statement of Financial Position

March 31	2023 \$	2022 \$
<b>ASSETS</b>		
Current assets		
Cash	57,612	16,985
Term deposit (note 3)	89,938	137,133
Public service body rebate receivable	8,372	5,150
Due from FP Canada (note 4)	-	22,731
Prepaid expenses	5,119	5,296
	<b>161,041</b>	<b>187,295</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	28,865	29,250
Due to FP Canada (note 4)	72,072	-
	<b>100,937</b>	<b>29,250</b>
<b>NET ASSETS</b>	<b>60,104</b>	<b>158,045</b>
	<b>161,041</b>	<b>187,295</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	2023 \$	2022 \$
Revenues		
FP Canada contribution (note 4)	35,000	35,000
Institut québécois de planification financière contribution (note 4)	25,000	25,000
Donations	13,783	24,388
Interest income	2,744	295
	<u>76,527</u>	<u>84,683</u>
Expenses		
Office and administration	47,555	30,850
Research grants (note 5)	63,222	88,507
	<u>110,777</u>	<u>119,357</u>
Excess of expenses over revenues before the following	<u>(34,250)</u>	<u>(34,674)</u>
Legal matters	(38,761)	(34,976)
Strategic review	(24,930)	-
	<u>(63,691)</u>	<u>(34,976)</u>
Excess of expenses over revenues for year	<u>(97,941)</u>	<u>(69,650)</u>

## Statement of Changes in Net Assets

Year ended March 31	2023 \$	2022 \$
Balance, beginning of year	158,045	227,695
Excess of expenses over revenues for year	<u>(97,941)</u>	<u>(69,650)</u>
Balance, end of year	<u>60,104</u>	<u>158,045</u>

The accompanying notes are an integral part of these financial statements

# FP CANADA RESEARCH FOUNDATION

## Statement of Cash Flows

Year ended March 31	2023 \$	2022 \$
Cash flows from operating activities		
Excess of expenses over revenues for year	(97,941)	(69,650)
Adjustments to determine net cash provided by (used in) operating activities		
Contribution receivable from FP Canada	-	(25,000)
Receipt of prior year contribution receivable from FP Canada	25,000	-
	(72,941)	(94,650)
Change in non-cash working capital items		
Increase in public service body rebate receivable	(3,222)	(4,778)
Decrease (increase) in prepaid expenses	115	(1,136)
Increase (decrease) in accounts payable and accrued liabilities	(385)	25,000
	(76,433)	(75,564)
Cash flows from investing activities		
Purchase of term deposit	(89,938)	(137,133)
Proceeds on maturity of term deposit	137,195	136,869
	47,257	(264)
Cash flows from financing activities		
Advances from FP Canada	69,803	2,226
Net change in cash	40,627	(73,602)
Cash, beginning of year	16,985	90,587
Cash, end of year	57,612	16,985

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, 2023

### **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.

Pursuant to Articles of Amendment subsequent to year end, the Foundation changed its name to Canadian Foundation for Financial Planning with a new mandate to facilitate access to financial planning advice, knowledge and skills, through initiatives and programs geared to enhancing the financial well-being 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.

Interest income is recognized as revenue on an accrual basis.

#### **(b) Related parties**

A party is considered to be 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 are initially measured at cost, determined using undiscounted cash flows.

## Notes to Financial Statements (continued)

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March 31, 2023

1. **Significant accounting policies (continued)**

(c) **Financial instruments**

**Measurement of financial assets and liabilities**

The Foundation initially measures its financial assets and financial liabilities, with the exception of financial instruments originated in a related party transaction, at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all of its financial assets and financial liabilities, with the exception of related party financial instruments, at amortized cost.

Related party financial instruments are subsequently measured at cost less impairment.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and term deposit.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial liabilities measured at cost less impairment include amounts due to FP Canada.

**Impairment**

At the end of each year, the Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Foundation, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Foundation determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.



## Notes to Financial Statements (continued)

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March 31, 2023

1. **Significant accounting policies (continued)**

(c) **Financial instruments (continued)**

**Impairment (continued)**

When the Foundation identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(d) **Contributed services**

The work of the Foundation is dependant on the voluntary service of many individuals. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(e) **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

# FP CANADA RESEARCH FOUNDATION

## Notes to Financial Statements (continued)

March 31, 2023

### 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.

#### 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.

## Notes to Financial Statements (continued)

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March 31, 2023

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

#### 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 bears interest of 4.2% (2022 - 0.50%) and matures on June 29, 2023 (2022 - May 31, 2022).

### 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, 2023, there is a balance due to FP Canada in the amount of \$72,072 (2022 - due from FP Canada in the amount of \$22,731) which is unsecured, non-interest bearing and due on demand.

Contributions from FP Canada and IQPF account for 46% and 33% (2022 - 48% and 26%) 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

During the year, the Foundation disbursed three research grants, with a total value of \$63,222, in relation to three studies: Post Retirement Drawdown Decision Model, Financial Planner Bias, and Leveraging Equity in Residential Property to Provide Retirement Income.

In fiscal 2022, the Foundation disbursed three research grants, with a total value of \$88,507, in relation to three studies: The Values and Priorities of Millennials, Financial Planner Bias and Leveraging Equity in Residential Property to Provide Retirement Income.

# FP CANADA RESEARCH FOUNDATION

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## Notes to Financial Statements (continued)

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March 31, 2023

6. **Commitments**

The Foundation has approved research grants for fiscal 2024 related to a financial planning study in the amount of \$20,000.

The Foundation is committed to consulting services as part of its strategic review in the amount of \$19,943.

# HILBORN

LISTENERS. THINKERS. DOERS.