Financial Statements of

FUTURPRENEUR FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Futurpreneur Foundation

Opinion

We have audited the financial statements of Futurpreneur Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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 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.

Auditors' 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 auditors' 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.

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 auditors' 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 auditors' 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 24, 2019

FUTURPRENEUR FOUNDATION

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 352,512	$ 581,277
	$ 352,512	$ 581,277
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,000	$ 7,001
Payable to Futurpreneur Canada (note 2)	76,350	204,486
Deferred contributions (note 3)	39,109	83,333
	121,459	294,820
Net assets:		
Unrestricted	76,053	81,457
Internally restricted (note 4)	155,000	205,000
	231,053	286,457
	$ 352,512	$ 581,277

See accompanying notes to financial statements.

On behalf of the Board:

_________________________ Director

_________________________ Director

FUTURPRENEUR FOUNDATION

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Contributions	$ 221,137	$ 424,154
Expenses:		
Program	266,891	191,134
Operating	9,534	6,263
Finance	116	86
	276,541	197,483
Excess (deficiency) of revenue over expenses	$ (55,404)	$ 226,671

See accompanying notes to financial statements.

FUTURPRENEUR FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted	Internally restricted (note 4)	2019 Total	2018 Total
Net assets, beginning of year	$ 81,457	$ 205,000	$ 286,457	$ 59,786
Excess (deficiency) of revenue over expenses	(55,404)	–	(55,404)	226,671
Interfund transfer (note 4)	50,000	(50,000)	–	–
Net assets, end of year	$ 76,053	$ 155,000	$ 231,053	$ 286,457

See accompanying notes to financial statements.

FUTURPRENEUR FOUNDATION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (55,404)	$ 226,671
Change in non-cash operating working capital:		
Prepaid expenses	–	989
Accounts payable and accrued liabilities	(1,001)	(32,993)
Payable to Futurpreneur Canada	(128,136)	194,728
Deferred contributions	(44,224)	63,333
Increase (decrease) in cash	(228,765)	452,728
Cash, beginning of year	581,277	128,549
Cash, end of year	$ 352,512	$ 581,277

See accompanying notes to financial statements.

Futurpreneur Foundation (formerly Foundation for an Entrepreneurial Canada) (the "Organization") was incorporated under Part II of the Canada Corporations Act and is continued under the Canada Not-for-Profit Corporations Act as a corporation without share capital. The Organization's purpose is to advance education that focusses on personal and business skills development and entrepreneurship. This purpose is met by delivering programs, conducting research and publication of such research.

The Organization is registered as a charity under the Income Tax Act (Canada) effective April 1, 2012 and is exempt from income taxes. Accordingly, a provision for income taxes is not recorded in these financial statements.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The significant accounting policies are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for restricted contributions that include contributions from corporations. Corporate contributions are recognized as income on a straight-line basis over the term of the contracts provided that spending restrictions are met during the term of the contracts.

(b) Deferred contributions:

Deferred contributions are recognized as contributions revenue in the statement of operations and changes in net assets on a straight-line basis over the term of the contract provided that contract terms are met during the term of the contract.

(c) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. The financial instruments in the reporting year are all cash.

2. Related party transactions:

The Organization operates independently and has an economic relationship with Futurpreneur Canada. Futurpreneur Canada is a not-for-profit organization that is providing administrative support and facilities to the Organization.

During the year, related party revenue and expenses recognized in the financial statements of the Organization are as follows:

	2019	2018
Program costs	$ 266,891	$ 178,333
Administration fees	–	12,000

Related party balances, which are non-interest bearing, are due on demand and can be settled on a net basis, are as follows:

	2019	2018
Payable to Futurpreneur Canada	$ 76,350	$ 204,486

2. Related party transactions (continued):

Futurpreneur Canada has not been consolidated with the financial statements of the Organization. The financial summary for Futurpreneur Canada is as follows:

Statement of financial position:

	2019	2018
Assets	$ 36,033,350	$ 36,881,350
Liabilities	6,685,746	7,866,285
Net assets	$ 29,347,604	$ 29,015,065

Statement of operations:

	2019	2018
Revenue	$ 13,360,511	$ 12,009,889
Expenses	13,027,972	12,792,779
Excess (deficiency) of revenue over expenses	$ 332,539	$ (782,890)

Statement of cash flows:

	2019	2018
Operating activities	$ 2,687,697	$ (2,368,628)
Financing activities	(1,733,998)	1,791,578
Investing activities	(198,423)	(131,107)
Increase (decrease) in cash and cash equivalents	755,276	(708,157)
Cash and cash equivalents, beginning of year	9,809,638	10,517,795
Cash and cash equivalents, end of year	$ 10,564,914	$ 9,809,638

3. Deferred contributions:

The Organization has received corporate contributions. The amount of contributions not yet recognized as revenue is as follows:

	2019	2018
Balance, beginning of year	$ 83,333	$ 20,000
Contributions received	176,667	166,667
Amounts recognized as contributions	(220,891)	(103,334)
Balance, end of year	$ 39,109	$ 83,333

4. Internally restricted:

During fiscal 2018, the Board of Directors approved a transfer of $205,000 from unrestricted to internally restricted net assets. The internally restricted net assets are set aside for future strategic initiatives and multi-year program support.

During the year, $50,000 (2018 - nil) was distributed from the internally restricted net assets to unrestricted net assets to fund program costs incurred during the year.

5. Financial risk management:

The Organization's activities expose it to some liquidity risk. The Organization's overall risk management program and business practice seek to minimize any potential adverse effect of those risks on the Organization's performance.

(a) Liquidity risk:

Liquidity risk management relies on maintaining sufficient cash and monitoring the availability of funding.

(b) Interest rate and market risks:

The Organization believes that it is not exposed to significant interest rate and market risks arising from its financial instruments.