

BACK TO SCHOOL PROJECT FOUNDATION
Financial Statements
Year Ended May 31, 2016

BACK TO SCHOOL PROJECT FOUNDATION

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Year Ended May 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Back to School Project Foundation

I have audited the accompanying financial statements of Back to School Project Foundation, which comprise the statement of financial position as at May 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Back to School Project Foundation as at May 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
December 6, 2016

Garrett Popadynetz CPA, CA

CHARTERED PROFESSIONAL ACCOUNTANT

BACK TO SCHOOL PROJECT FOUNDATION

Statement of Financial Position

May 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 201,489	\$ -
Term deposits	320,000	-
Interest receivable	1,512	-
Goods and services tax recoverable	4,057	-
Prepaid expenses	633	-
	<u>\$ 527,691</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness	\$ -	\$ 262
Accounts payable and accrued liabilities	22,360	-
Deferred contributions	79,278	-
Due to related parties (Note 5)	27,235	-
	<u>128,873</u>	<u>262</u>
NET ASSETS	<u>398,818</u>	<u>(262)</u>
	<u>\$ 527,691</u>	<u>\$ -</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

BACK TO SCHOOL PROJECT FOUNDATION
Statement of Revenues and Expenditures
For the Year Ended May 31, 2016

	2016	2015
REVENUE		
Donations	\$ 796,756	\$ 49
PROGRAM EXPENSES		
Program Support	126,822	-
School Infrastructure & Student Engagement	83,312	-
Community Development	22,472	-
Office rent	12,956	-
Programming Infrastructure	7,542	-
Mentor Support	612	-
	<u>253,716</u>	<u>-</u>
GROSS PROFIT	<u>543,040</u>	49
EXPENSES		
Fundraising	82,573	-
Administrative	63,341	311
	<u>145,914</u>	<u>311</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>397,126</u>	<u>(262)</u>
OTHER INCOME		
Interest on investments	1,512	-
Foreign exchange gains and losses	442	-
	<u>1,954</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 399,080</u>	<u>\$ (262)</u>

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Statement of Changes in Net Assets

Year Ended May 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ (262)	\$ -
Excess of revenue over expenses	<u>399,080</u>	<u>(262)</u>
NET ASSETS - END OF YEAR	<u>\$ 398,818</u>	<u>\$ (262)</u>

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Statement of Cash Flow

Year Ended May 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 399,080	\$ (262)
Changes in non-cash working capital:		
Interest receivable	(1,512)	-
Accounts payable and accrued liabilities	22,360	-
Deferred income	79,278	-
Prepaid expenses	(633)	-
Goods and services tax payable	(4,057)	-
	95,436	-
Cash flow from (used by) operating activities	494,516	(262)
FINANCING ACTIVITY		
Advances from related parties	27,235	-
INCREASE (DECREASE) IN CASH FLOW	521,751	(262)
Deficiency - beginning of year	(262)	-
CASH (DEFICIENCY) - END OF YEAR	\$ 521,489	\$ (262)

BACK TO SCHOOL PROJECT FOUNDATION

Notes to Financial Statements

Year Ended May 31, 2016

1. DESCRIPTION OF OPERATIONS

Back to School Project Foundation (the Organization) was founded for the purpose of providing: leadership training programs and workshops to educate youth; network and development opportunities for educators; community building activities to enrich the lives of youth and families; and programming opportunities to development quality role models in society. The organization is a registered charity under the Income Tax Act (Canada) that is a non-share capital corporation incorporated under the **Canada Not-for-profit Corporations Act ("CNCA") on April 23, 2014.**

2. BASIS OF PRESENTATION

The Organization's accounting and reporting policies conform to Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized in Note 3 below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. By their nature, these amounts are subject to measurement uncertainty and the effect of on the financial statements of changes in such estimates in future periods, could be significant. Actual results may differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include amounts held with banks and investment managers, and money market instruments that are highly liquid, have a maturity of less than 90 days, are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

Revenue recognition

Back to School Project Foundation follows the deferral method of accounting for sponsorship income and contributions. Corporate sponsorship supporting programming and organization activities are unrestricted and are recognized in revenue in the fiscal year to which the sponsorship relates.

Restricted contributions and grants 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

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Notes to Financial Statements

Year Ended May 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

All amounts in the accompanying financial statements are stated in Canadian dollars. Transactions in foreign currency are translated at the rates of exchange in effect on the dates of the transaction and foreign assets and liabilities are translated at the year-end rates of exchange.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Taxes

The Organization is a registered charity exempt from federal income taxes under paragraph 149(1)(f) of the Income Tax Act (ITA) of Canada.

Allocation of expenses

The Organization allocates its costs to three functional areas: programming, fundraising and administration. General costs are allocated to the functional areas based on the estimates of time spent and usage of space in each area.

Fundraising activities include a portion of the CEO's compensation (2015 - 15%), contractor expenses, general promotion, travel and media expenses.

The Organization also incurs a number of general support expenses that are common to the administrative of the Organization and its programs. This includes 10% of the CEO's compensation for the year ended May 31, 2016.

Contributed services

Donations of materials and services are recognized when the fair value can be reasonably estimated and materials and services are used in the normal course of operations.

Volunteers contribute a significant number of hours to the Organization to assist it in carrying out its activities. Due to the difficulty of determining fair value, volunteer services are not recognized in the financial statements.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

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Notes to Financial Statements

Year Ended May 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

- a) Net assets invested in property and equipment represents the Organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.
- b) Internally restricted net assets are funds which have been designated for a specific purpose by the Organization's Board of Directors. There are no internally restricted net assets at May 31, 2016.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Organization each year, not of transfers, and are available for general purposes.

Financial instruments policy

The Organization initially measures financial assets and liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable and deposits. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

In the opinion of management, the Organization is not exposed to significant interest, currency, or credit risks.

4. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions:

	<u>2016</u>	<u>2015</u>
Classroom Champions USA (CC US) <i>(affiliated organization)</i>		
Donations received by the Organization on behalf of CC US	\$ (4,704)	\$ -
Advance of funds for expenses relating to CC US	47,804	-
Expenses incurred relating to CC US	<u>(24,604)</u>	-
	<u>\$ 18,496</u>	<u>\$ -</u>
Classroom Champions Not-for-Profit <i>(affiliated organization)</i>		
Donation received	\$ 200,000	\$ -
Expenses paid on behalf of the Organization to be reimbursed	8,739	-
	<u>\$ 208,739</u>	<u>\$ -</u>

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

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Notes to Financial Statements

Year Ended May 31, 2016

5. DUE TO RELATED PARTIES

	<u>2016</u>	<u>2015</u>
Classroom Champions USA	\$ 18,496	\$ -
Classroom Champions Not-for-Profit	8,739	-
	<u>\$ 27,235</u>	<u>\$ -</u>

Advances from a related Organization are non-interest bearing and have no set repayment terms. The Organization is related by common board of directors and management.

6. DEFERRED CONTRIBUTIONS

Corporate sponsorship supporting programming and organization activities are unrestricted and are recognized in revenue in the fiscal year to which the sponsorship relates.

	<u>2016</u>	<u>2015</u>
Deferred corporate sponsorship contributions	\$ 79,278	\$ -

All amounts are expected to be recognized in the 2017 fiscal year.

7. Alberta Charitable Fundraising Act

As required under Alberta's Charitable Fundraising Act and Regulation, the following amounts are disclosed for activity in the province of Alberta.

	<u>2016</u>	<u>2015</u>
Revenue		
Gross contributions received	\$ 796,756	\$ 49
Subtotal	796,756	49
Expenses		
Total fundraising costs	82,573	-
	<u>\$ 879,329</u>	<u>\$ 49</u>

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Notes to Financial Statements

Year Ended May 31, 2016

8. SUBSEQUENT EVENTS

Back to School Project Foundation was created to have Classroom Champions programing operating as a charity to provide further incentive to donors. Subsequent to year end and prior to the release of the audit report, the Classroom Champions not-for-profit corporation and Back To School Project Foundation registered charity have been amalgamated, effective August 1, 2016 and will operate under the Amalgamated Corprations name Classroom Champions.

The Amalgamated Corporations mandate will be the same as those of Back To School Project Foundation.

There shall be one class of members in the Amalgamated Corporation. Upon issuance of the Certificate of Amalgamation, all existing full members of BSPF and CC shall be deemed to be Members of the Corporation.

Back To School Project Foundation shall contribute to the Amalgamated Corporation, all its assets subject to all its liabilities.
