

Canada Learning Code Inc. / Canada en programmation inc.
Financial Statements
December 31, 2022

Canada Learning Code Inc./ Canada en programmation inc.

Contents

For the year ended December 31, 2022

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To the Board of Directors of Canada Learning Code Inc./ Canada en programmation inc.:

Opinion

We have audited the financial statements of Canada Learning Code Inc./ Canada en programmation inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2022, 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 Organization as at December 31, 2022, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Mississauga, Ontario

May 29, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Canada Learning Code Inc./ Canada en programmation inc.
Statement of Financial Position

As at December 31, 2022

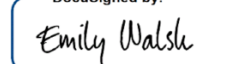
	2022	2021
Assets		
Current		
Cash	3,063,859	654,244
Term deposits (Note 3)	458,110	3,030,147
Accounts receivable (Note 4)	571,302	130,000
Sales taxes recoverable	62,557	92,344
Prepaid expenses and other assets	22,864	96,058
	4,178,692	4,002,793
Capital assets (Note 5)	292,151	397,016
Intangible assets (Note 6)	-	100,000
	4,470,843	4,499,809
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	133,973	74,436
Current portion of deferred contributions (Note 8)	803,289	561,051
Current portion of deferred capital grants (Note 9)	12,622	141,204
	949,884	776,691
Deferred capital grants (Note 9)	28,766	94,619
	978,650	871,310
Commitments (Note 11)		
Net Assets		
Reserve fund	3,000,000	3,000,000
Unrestricted net assets	492,193	628,499
	3,492,193	3,628,499
	4,470,843	4,499,809

Approved on behalf of the Board

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Director

5/31/2023

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Director

5/30/2023

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The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc./ Canada en programmation inc.

Statement of Operations

For the year ended December 31, 2022

	2022	2021
Revenue		
Government grants (Note 8), (Note 10)	3,246,909	1,709,715
Corporate contributions (Note 8)	1,209,887	1,545,288
Amortization of deferred capital grants (Note 9)	194,435	159,660
Individual contributions	65,735	75,593
Other income	36,858	12,221
Program service fees	23,629	27,648
	4,777,453	3,530,125
Expenses		
Wages and benefits	3,385,657	2,580,125
Advertising and promotion	499,418	670,296
Production and supplies	428,126	633,037
Occupancy	216,302	111,441
Office and general	83,849	28,452
Professional fees	43,598	47,392
Insurance	38,919	49,042
Amortization of capital assets (Note 5)	117,490	174,711
Amortization of intangible assets (Note 6)	100,000	100,000
	4,913,359	4,394,496
Deficiency of revenue over expenses before other items	(135,906)	(864,371)
Other items		
(Loss) gain on disposal of capital assets	(400)	60,375
Deficiency of revenue over expenses	(136,306)	(803,996)

The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc./ Canada en programmation inc.
Statement of Changes in Net Assets
For the year ended December 31, 2022

	<i>Reserve Fund</i>	<i>Unrestricted net assets</i>	2022	2021
Net assets, beginning of year	3,000,000	628,499	3,628,499	4,432,495
Deficiency of revenue over expenses	-	(136,306)	(136,306)	(803,996)
Net assets, end of year	3,000,000	492,193	3,492,193	3,628,499

The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc./ Canada en programmation inc.

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash (used for) provided by the following activities		
Operating		
Deficiency of revenue over expenses	(136,306)	(803,996)
Amortization of capital assets	117,490	174,711
Amortization of intangible assets	100,000	100,000
Amortization of deferred capital grants	(194,435)	(159,660)
Loss (gain) on disposal of capital assets	400	(60,375)
	(112,851)	(749,320)
Changes in working capital accounts		
Accounts receivable	(441,302)	365,535
Sales taxes recoverable	29,787	62,969
Prepaid expenses and other assets	73,194	(5,222)
Accounts payable and accrued liabilities	59,537	(103,361)
Deferred contributions	242,238	(114,207)
	(149,397)	(543,606)
Investing		
Purchase of term deposits	(458,110)	(8,543,192)
Proceeds on disposal of term deposits	3,030,147	8,514,878
Purchase of capital assets	(14,427)	(18,789)
Proceeds on disposal of capital assets	1,402	140,452
	2,559,012	93,349
Increase (decrease) in cash	2,409,615	(450,257)
Cash, beginning of year	654,244	1,104,501
Cash, end of year	3,063,859	654,244

The accompanying notes are an integral part of these financial statements

Canada Learning Code Inc./ Canada en programmation inc.

Notes to the Financial Statements

For the year ended December 31, 2022

1. Incorporation and nature of the organization

Canada Learning Code Inc./ Canada en programmation inc. (the "Organization") is a not-for-profit organization federally incorporated on January 23, 2012, as a corporation without share capital under the Canada Not-for-Profit Corporations Act. On January 15, 2018, the Organization was registered as a charitable organization and, as such, is exempt from taxes under the Income Tax Act.

The Organization provides computer programming and design workshops for beginners across Canada.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. Two funds are maintained, the Unrestricted fund, and the Reserve fund.

The Unrestricted fund reports the Organization's activities related to its ongoing operations.

The Reserve fund is an internally restricted fund which reports the Organization's cash and net assets held in reserve for any of the following purposes, as directed by the board of directors:

- (a) Support the Organization's ongoing operations in the event of unforeseen shortfalls;
- (b) Funding one-time, non-recurring expenditures that will build the long-term capacity of the Organization.

Funds may be transferred into or out of the Reserve fund or revenue and expenses recognized in the fund at the Board of Directors' discretion. The Organization is currently intending to maintain a fund balance equal to six months of average recurring operating costs.

Revenue recognition

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. Restricted contributions are recognized as revenue of the appropriate fund 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.

Revenue from fees and contracts are recognized when the services have been provided.

The Organization operates Chapters in cities across Canada where individuals in each city (referred to as Chapter Leads) execute event operations and earn a percentage of the net income from each event as a commission. These financial statements report revenue based on the gross amount earned by Chapters.

Government assistance is recognized as revenue when received or receivable and the expenses for which it is intended are incurred.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Vehicles	30 %
Computer equipment	55 %
Equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	Term of lease

Canada Learning Code Inc./ Canada en programmation inc.
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Intangible assets

Intangible assets comprise of web platform and software costs, and are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method over 2 to 5 years, which is intended to amortize the cost of the assets over their estimated useful lives.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

Deferred capital grants

Deferred capital grants represents amounts contributed for the purchase of capital and intangible assets and is amortized at the same rate as the related capital and intangible assets.

Lease inducement

Lease inducement consists of a rent-free period which is amortized on a straight-line basis over the term of the lease.

Contributed materials and services

The Organization's policy is to not recognize contributed materials and services in the statement of operations. Unrecognized services received represent the contributions of volunteers' time and efforts to help the Organization deliver its objectives.

Canada Learning Code Inc./ Canada en programmation inc.
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Use of estimates

The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital and intangible assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

3. Term deposits

Term deposits bear interest rates at 3.82% and mature in January, 2023.

4. Accounts receivable

Included in accounts receivable are expected contributions pledged to the Organization in the amount of \$134,000 (2021 - \$100,000).

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2022 Net book value</i>	<i>2021 Net book value</i>
Vehicles	247,910	194,634	53,276	76,108
Computer equipment	706,689	663,984	42,705	73,308
Equipment	403,771	220,296	183,475	229,495
Furniture and fixtures	39,370	29,424	9,946	12,432
Leasehold improvements	12,037	9,288	2,749	5,673
	1,409,777	1,117,626	292,151	397,016

6. Intangible assets

	<i>2022</i>	<i>2021</i>
Web platform and software	502,249	502,249
Less: accumulated amortization	(502,249)	(402,249)
	-	100,000

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are amounts due to federal and provincial governments totalling \$9,257 (2021 - \$Nil).

Canada Learning Code Inc./ Canada en programmation inc.
Notes to the Financial Statements
For the year ended December 31, 2022

8. Deferred contributions

Deferred contributions represents restricted contributions received in advance for projects or expenditures that are to be provided in future years.

Changes in the deferred contribution balance are as follows:

	2022	2021
Balance, beginning of year	561,051	675,259
Contributions	3,541,160	695,055
Less: amounts recognized as revenue during the year	<u>(3,298,922)</u>	<u>(809,263)</u>
	803,289	561,051
Less: current portion	<u>803,289</u>	<u>561,051</u>
Long-term portion, end of year	<u>-</u>	<u>-</u>

Amount recognized as revenue during the year consists of \$965,699 (2021 - \$761,463) in corporate contributions and \$2,333,224 (2021- \$47,800) in government grants.

9. Deferred capital grants

Changes in deferred capital grants are as follows:

	2022	2021
Balance, beginning of year	235,823	395,483
Less: Amortization of deferred capital grants	<u>(194,435)</u>	<u>(159,660)</u>
	41,388	235,823
Less: current portion	<u>12,622</u>	<u>141,204</u>
Long-term portion, end of year	<u>28,766</u>	<u>94,619</u>

10. Government assistance

In response to the COVID-19 pandemic, the Government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") to provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during the prescribed claim periods. During the year, the Organization recognized \$Nil (2021 - \$547,658) in CEWS as government grant revenue.

Additionally, the Government of Canada introduced the Canadian Emergency Rent Subsidy ("CERS") to provide assistance to qualifying renters. The Organization recognized \$Nil (2021 - \$55,278) in CERS as government grant revenue.

11. Commitments

The Organization has entered into a lease agreement for its head office space with estimated minimum annual payments as follows:

2023	91,637
2024	97,977
2025	<u>8,213</u>
	<u>197,827</u>

Canada Learning Code Inc./ Canada en programmation inc.
Notes to the Financial Statements
For the year ended December 31, 2022

12. Credit facility

The Organization has a demand operating facility of \$1,000,000 bearing interest at the bank's prime rate plus 0.25% per annum. This credit facility is secured by a general security agreement consisting of first ranking security interest in all assets of the Organization and imposes financial covenants on the Organization. As at year end, the Organization has not utilized the facility.

Additionally, the Organization has access to a credit card facility of \$10,000 of which \$4,774 (2021 - \$3,438) was utilized.

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the opinion of management, the credit risk exposure to the Organization is low. At year end, 18% (2021 - 77%) of the accounts receivable balance is due from one (2021 - one) corporate donor. At year end, 77% (2021 - Nil) of the accounts receivable balance was due from the federal government. Additionally, the Organization's cash and term deposits are held with one financial institution. The Organization manages its credit risk by maintaining its cash on deposit and term deposits with a large reputable financial institution.