

FP Canada Research Foundation

Financial Statements
March 31, 2020



Independent auditor's report

To the Members of FP Canada Research Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FP Canada Research Foundation (the Entity) as at March 31, 2020 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.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations and net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

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 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 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 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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
July 10, 2020

FP Canada Research Foundation

Statement of Financial Position

As at March 31, 2020

| | 2020 \$ | 2019 \$ |
|--|---------------|---------------|
| Assets | | |
| Current assets | | |
| Cash | 131,026 | 115,716 |
| Term deposit (note 3) | 136,234 | 134,454 |
| Accounts receivable | 536 | 641 |
| Prepaid expenses | 3,883 | 3,955 |
| | <hr/> 271,679 | <hr/> 254,766 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 7,875 | 7,000 |
| Advances from related party (note 4) | 8,501 | 5,044 |
| | <hr/> 16,376 | <hr/> 12,044 |
| Net Assets | | |
| Unrestricted | <hr/> 255,303 | <hr/> 242,722 |
| | <hr/> 271,679 | <hr/> 254,766 |
| Economic dependence (note 6) | | |
| Subsequent event (note 7) | | |

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

FP Canada Research Foundation

Statement of Operations and Net Assets

For the year ended March 31, 2020

| | 2020 \$ | 2019 \$ |
|--|---------------------|---------------------|
| Income | | |
| FP Canada contribution (note 4) | 10,000 | 10,000 |
| Institut québécois de planification financière contribution (note 4) | 25,000 | 25,000 |
| Donations – receipted and unreceipted | 24,288 | 38,722 |
| Interest income | 1,720 | 1,624 |
| | <hr/> 61,008 | <hr/> 75,346 |
| Expenses | | |
| Office and general | 18,427 | 19,476 |
| Donations (note 5) | 5,000 | - |
| Research grants (note 5) | 25,000 | 20,000 |
| | <hr/> 48,427 | <hr/> 39,476 |
| Excess of income over expenses before amortization | 12,581 | 35,870 |
| Amortization | | |
| Intangible assets | - | 46 |
| | <hr/> - | <hr/> 46 |
| Excess of income over expenses for the year | 12,581 | 35,824 |
| Net assets – Beginning of year | <hr/> 242,722 | <hr/> 206,898 |
| Net assets – End of year | <hr/> <hr/> 255,303 | <hr/> <hr/> 242,722 |

The accompanying notes are an integral part of these financial statements.

FP Canada Research Foundation

Statement of Cash Flows

For the year ended March 31, 2020

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of income over expenses for the year | 12,581 | 35,824 |
| Item not affecting cash | | |
| Amortization of intangible assets | - | 46 |
| | <hr/> | <hr/> |
| | 12,581 | 35,870 |
| Changes in non-cash working capital balances related to operations | | |
| Accounts receivable | 105 | 249 |
| Prepaid expenses | 72 | (350) |
| Accounts payable and accrued liabilities | 875 | (17,494) |
| | <hr/> | <hr/> |
| | 13,633 | 18,275 |
| Investing activities | | |
| Purchase of term deposit | (136,234) | (134,454) |
| Sale of term deposit | 134,454 | - |
| | <hr/> | <hr/> |
| | (1,780) | (134,454) |
| Financing activities | | |
| Advances from related party | 3,457 | (546) |
| | <hr/> | <hr/> |
| Increase (decrease) in cash and cash equivalents during the year | (15,310) | (116,725) |
| Cash and cash equivalents – Beginning of year | <hr/> | <hr/> |
| | 115,716 | 232,441 |
| Cash – End of year | <hr/> | <hr/> |
| | 131,026 | 115,716 |

The accompanying notes are an integral part of these financial statements.

FP Canada Research Foundation

Notes to Financial Statements

March 31, 2020

1 Purpose of the organization

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

The Foundation's mandate is to develop and promote financial planning research and education for the benefit of financial and allied professionals, education providers and the Canadian public.

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

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) (Part III of the Chartered Professional Accountants of Canada Handbook), as issued by the Canadian Accounting Standards Board applied within the framework of the accounting policies summarized below.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposits and guaranteed investment certificates with a maturity of 90 days from the date of acquisition.

Revenue recognition

The Foundation follows the deferral method of accounting for donations. Contributions received in respect of future events are deferred until the related expenses are incurred.

Unrestricted donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instrument at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

FP Canada Research Foundation

Notes to Financial Statements

March 31, 2020

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 whether 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 and net assets.

It is management's opinion that the Foundation is not exposed to significant liquidity risk, interest rate risk, credit risk, market risk and foreign currency risk.

Use of estimates

The preparation of financial statements in accordance with ASNPO 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.

3 Term deposit

The term deposit is comprised of a \$136,234 (2019 – \$134,454) guaranteed investment certificate issued on February 3, 2020 (2019 – issued on January 29, 2019), bearing interest of 1.10% (2019 – 1.30% per annum) per annum with maturity on May 4, 2020 (2019 – maturity on May 6, 2019).

4 Related party transactions

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

During the year, FP Canada contributed \$10,000 (2019 – \$10,000) to the Foundation in addition to providing management and administrative services. FP Canada will assess its support of the Foundation on an annual basis. FP Canada's management continues to assist the Foundation with administrative functions and has two seats on the Foundation's board. Accordingly, FP Canada has significant influence over the Foundation.

Amounts payable to FP Canada of \$8,501 (2019 – \$5,044) are non-interest bearing and due on demand.

During the year, the Foundation received \$25,000 (2019 – \$25,000) from Institut québécois de planification financière (IQPF). IQPF has two seats on the Foundation's board. Accordingly, IQPF has significant influence over the Foundation.

FP Canada Research Foundation

Notes to Financial Statements

March 31, 2020

5 Research grants and donations

During the year, the Foundation made disbursements for two studies: Identifying and Removing the Psychological and Information Barriers to Online Financial Advice and Applying Behavioural Economics to the “Implementation Gap”. The total disbursements related to these projects in fiscal 2020 were \$25,000. 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. In fiscal 2019, the Foundation made disbursements for two studies: Identifying and Removing the Psychological and Information Barriers to Online Financial Advice and Using Behavioural Insights to Improve the Delivery of Financial Planning: A Critical Review and Recommendations. The total disbursements relating to these projects in fiscal 2019 were \$20,000.

6 Economic dependence

The Foundation receives funding from FP Canada and IQPF that accounts for approximately 16% (2019 – 13%) and 41% (2019 – 33%), respectively, of income for the year ended March 31, 2020 (note 4).

7 Subsequent event

On March 11, 2020, the World Health Organization characterized the novel coronavirus (COVID-19) as a global pandemic. Due to the escalation of cases in Canada, the provincial government issued an order to close all non-essential businesses on March 23, 2020. The duration and total impact of the pandemic cannot be predicted, however, as at the date of these financial statements, the Foundation has not experienced a material impact on operations. The pandemic may negatively impact the national or global economy, the availability of contributions and donations, supplies to the Foundation or workforce availability. Given the rapidly evolving situation, it is not possible to predict the duration of the outbreak’s disruption and the extent of the financial impact, which could be material, on the future financial statements. Notwithstanding this, management has evaluated the potential impact on the key business assets and noted no significant impacts at this time.