

**CODE 4 CANADA**  
**Financial Statements**  
**Year Ended December 31, 2017**

**CODE 4 CANADA**  
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**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Code 4 Canada

We have audited the accompanying financial statements of Code 4 Canada, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flows 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Code 4 Canada as at December 31, 2017 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.

### Other Matter

The financial statements for Code 4 Canada for the year ended December 31, 2016 are unaudited.

Toronto, Ontario  
June 25, 2018

*Rapkin Wein LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**CODE 4 CANADA**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016 <i>(Unaudited)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 515,734	\$ 2,686
Funds held in trust <i>(Note 3)</i>	14,260	-
Accounts receivable	40,497	-
Government remittances receivable	-	2,762
	<u>\$ 570,491</u>	<u>\$ 5,448</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 6,957	\$ -
Due to directors	-	1,800
Due to Civic Tech Toronto <i>(Note 3)</i>	14,260	-
Deferred revenue <i>(Note 4)</i>	533,088	-
	<u>554,305</u>	<u>1,800</u>
NET ASSETS (Unrestricted)	<u>16,186</u>	<u>3,648</u>
	<u>\$ 570,491</u>	<u>\$ 5,448</u>

See accompanying notes

**CODE 4 CANADA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

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	<b>2017</b>	2016
		<i>(Unaudited)</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 3,648</b>	\$ 162
Excess of revenue over expenses	<u><b>12,538</b></u>	<u>3,486</u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 16,186</b></u>	<u>\$ 3,648</u>

See accompanying notes

**CODE 4 CANADA**  
**Statement of Operations**  
**For the Year Ended December 31, 2017**

	2017	2016 <i>(Unaudited)</i>
<b>REVENUE</b>		
Grants	\$ 461,498	\$ 15,005
Sponsorship	25,000	6,000
Donations	13,000	7,331
Interest	861	-
	<u>500,359</u>	<u>28,336</u>
<b>EXPENSES</b>		
Wages and benefits	387,540	13,489
Travel	33,116	112
Office and general	21,727	353
Contractors	12,300	4,845
Training	11,000	-
Advertising and promotion	10,286	88
Professional fees	5,367	-
Insurance	3,257	-
Meetings and conventions	1,589	-
Memberships and fees	1,050	-
Interest and bank charges	589	262
Event costs	-	5,701
	<u>487,821</u>	<u>24,850</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 12,538</b>	<b>\$ 3,486</b>

See accompanying notes

**CODE 4 CANADA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016 <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 12,538	\$ 3,486
Changes in non-cash working capital:		
Accounts receivable	(40,497)	-
Government remittances receivable	2,762	(2,762)
Accounts payable and accrued liabilities	6,957	-
Funds held in trust <i>(Note 3)</i>	(14,260)	-
Due to directors	(1,800)	1,800
Deferred revenue	533,088	-
	<u>486,250</u>	<u>(962)</u>
Cash flows from operating activities	<u>498,788</u>	<u>2,524</u>
<b>FINANCING ACTIVITY</b>		
Advances from Civic Tech Toronto <i>(Note 3)</i>	<u>14,260</u>	-
<b>INCREASE IN CASH FLOWS</b>	<b>513,048</b>	<b>2,524</b>
Cash - beginning of year	<u>2,686</u>	<u>162</u>
<b>CASH - END OF YEAR</b>	<b>\$ 515,734</b>	<b>\$ 2,686</b>

See accompanying notes

## CODE 4 CANADA

### Notes to Financial Statements

Year Ended December 31, 2017

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#### 1. PURPOSE OF THE ORGANIZATION

Code 4 Canada (the "organization" or the "entity") is a not-for-profit organization incorporated in Ontario without share capital on May 14, 2013. The organization is committed to connecting government innovators with the technology and design community in Canada. The organization's programs enable governments to deliver better digital public services and empower communities to solve civic challenges using technology and design.

For Canadian income tax purposes the organization qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

##### Adoption of accounting standards for not-for-profit organizations

These are the organization's first financial statements prepared in accordance with ASNFPO and the transitional provisions of Section 1501, First-time Adoption for Not-for-Profit Organizations which has been applied retrospectively. The accounting policies set out below have been applied in preparing the financial statements for the year ended December 31, 2017, the comparative information presented in these financial statements for the year ended December 31, 2016 and in the preparation of an opening ASNFPO statement of financial position at January 1, 2016 (the Foundation's date of transition).

The December 31, 2016 financial statements were prepared using the pre-changeover generally accepted accounting principles. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly no adjustments have been recorded in the comparative statement of financial position, statement of operations, statement of changes in net assets and the cash flows statement. The opening balance sheet as at January 1, 2016 has not been presented as all balances are immaterial. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

##### Revenue recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions 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.

Donations are recognized when received.

Sponsorship is recognized when events are held.

Interest is recognized when earned.

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**CODE 4 CANADA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**3. FUNDS HELD IN TRUST**

Funds held in trust relate to cash held on behalf of Civic Tech Toronto, which is an unincorporated organization. A director of the organization is also a committee member of Civic Tech Toronto.

**4. DEFERRED REVENUE**

The organization received contributions from the Province of Ontario and the Treasury Board of Canada Secretariat. The amounts paid relate to milestones achieved or expenses incurred that were stipulated in the agreements with the Province of Ontario and the Treasury Board of Canada Secretariat.

	Province of Ontario	Treasury Board of Canada Secretariat	<b>2017</b>
Contributions	\$ 700,000	\$ 225,000	\$ 925,000
Amounts paid	(335,662)	(56,250)	(391,912)
Closing balance	<u>\$ 364,338</u>	<u>\$ 168,750</u>	<u>\$ 533,088</u>

**5. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2017.

(continues)

**5. FINANCIAL INSTRUMENTS *(continued)***

***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's cash and accounts receivable is exposed to credit risk. The organization manages this risk by placing its cash with high quality institutions and the cash is covered by the Canada Deposit and Insurance Corporation. The organization has contracts with government agencies and therefore the exposure to this risk is not significant.

***(b) Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization manages this risk as the funds received from government agencies satisfy the day to day operating costs.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.