CODE 4 CANADA

Financial Statements

Year Ended December 31, 2023

CODE 4 CANADA

Index to Financial Statements

Year Ended December 31, 2023

RAPKIN WEIN LLP
Chartered Professional Accountants

2 Sheppard Avenue East, Suite 600
Toronto, Ontario M2N 5Y7
T: 416-231-1819 F: 416-352-0171
www.rapkinwein.com

INDEPENDENT AUDITOR'S REPORT

To the Directors of Code 4 Canada

Opinion

We have audited the financial statements of Code 4 Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures and 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 ASNPO, 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:

(continues)

- 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.

Rapkin Wein LLP

Toronto, Ontario
May 31, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CODE 4 CANADA

Statement of Financial Position

December 31, 2023

	2023	2022
FINANCIAL ASSETS		
CURRENT		
Cash	$ 1,377,711	$ 975,717
Accounts receivable	509,640	834,401
Prepaid expenses	13,013	11,289
Investments *(Note 3)*	518,238	503,671
	2,418,602	2,325,078
EQUIPMENT *(Note 4)*	27,350	19,479
	$ 2,445,952	$ 2,344,557
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 82,477	$ 89,697
Government remittances payable	3,457	23,810
Deferred contributions *(Note 5)*	172,610	113,419
	258,544	226,926
NET ASSETS (Unrestricted)	2,187,408	2,117,631
	$ 2,445,952	$ 2,344,557

ON BEHALF OF THE BOARD

DocuSigned by:
Hilda Tang 6/17/2024
AC0090A70AF49E...
_________________________ *Director*

DocuSigned by:
6/19/2024
F4A37272EF67455...
_________________________ *Director*

See accompanying notes

CODE 4 CANADA

Statement of Revenues and Expenditures and Changes in Net Assets

Year Ended December 31, 2023

	2023	2022
REVENUES		
Contributions *(Note 5)*	**$ 3,873,477**	$ 2,345,174
Interest	**32,206**	12,880
Donations	**29,876**	-
Miscellaneous	**1,195**	1,050
Membership fees	**-**	12,560
	3,936,754	2,371,664
EXPENSES		
Wages and benefits	**3,595,408**	2,567,518
Office and general	**99,828**	72,824
Professional fees	**46,867**	71,044
Contractors	**38,995**	134,867
Travel, meetings and conventions	**35,460**	11,057
Training	**17,626**	14,033
Meals and entertainment	**12,670**	4,298
Amortization	**8,249**	6,855
Insurance	**6,642**	8,570
Advertising and promotion	**2,693**	5,406
Rental	**1,974**	4,239
Interest and bank charges	**565**	1,802
	3,866,977	2,902,513
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**69,777**	(530,849)
NET ASSETS - BEGINNING OF YEAR	**2,117,631**	2,648,480
NET ASSETS - END OF YEAR	**$ 2,187,408**	$ 2,117,631

See accompanying notes

CODE 4 CANADA

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**$ 69,777**	$ (530,849)
Items not affecting cash:		
Amortization of equipment	**8,249**	6,855
Loss on disposal of equipment	**-**	213
	78,026	(523,781)
Changes in non-cash working capital:		
Accounts receivable	**324,762**	307,672
Accounts payable and accrued liabilities	**(7,222)**	52,740
Government remittances payable	**(20,353)**	(47,333)
Prepaid expenses	**(1,724)**	(11,289)
Deferred contributions	**59,191**	(33,105)
	354,654	268,685
Cash flow from (used by) operating activities	**432,680**	(255,096)
INVESTING ACTIVITIES		
Purchase of equipment	**(16,120)**	(17,483)
Proceeds on disposal of equipment	**-**	2,460
Purchase of investments	**(14,566)**	(3,671)
Cash flow used by investing activities	**(30,686)**	(18,694)
INCREASE (DECREASE) IN CASH FLOW	**401,994**	(273,790)
Cash - beginning of year	**975,717**	1,249,507
CASH - END OF YEAR	**$ 1,377,711**	$ 975,717

See accompanying notes

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).

Revenue recognition

The organization follows the deferral method of accounting for contributions, including government grants.

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.

Membership fees are recognized as revenue in the year services are provided.

Sponsorship is recognized when events are held.

Interest is recognized when earned.

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. At year end, all financial assets and liabilities were recorded at amortized cost.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	2 years	straight-line method

(continues)

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

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

Measurement uncertainty

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. The most significant of these estimates is the calculation of deferred revenue. 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. INVESTMENTS

The organization has an investment in a GIC bearing interest at 4.45% maturing March 6, 2024.

4. EQUIPMENT

	Cost	Accumulated amortization	**2023 Net book value**	2022 Net book value
Computer equipment	$ 40,014	$ 16,250	**$ 23,764**	$ 14,996
Furniture and fixtures	10,207	6,621	**3,586**	4,483
Leasehold improvements	4,725	4,725	**-**	-
	$ 54,946	$ 27,596	**$ 27,350**	$ 19,479

5. DEFERRED CONTRIBUTIONS

The organization received contributions from the Government of Canada, Province of Ontario, Province of Nova Scotia, City of Toronto, City of Kingston and various private individuals and enterprises. The amounts paid relate to milestones achieved or expenses incurred that were stipulated in the agreements with the Government of Canada, provinces and cities.

	Government of Canada	Provincial	Cities and Other	**2023**
Opening balance	$ (62,172)	$ -	$ (51,247)	$ (113,419)
Contributions	3,025,399	200,812	588,075	3,814,286
Revenue recognized	(3,135,837)	(200,812)	(536,828)	(3,873,477)
Closing balance	$ (172,610)	$ -	$ -	$ (172,610)

6. 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, 2023.

(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. 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.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk. The organization is exposed to this risk through its investments. The organization manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

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