

**CLASSROOM CHAMPIONS**

**Financial Statements**

**Year Ended July 31, 2015**

**CLASSROOM CHAMPIONS**  
**Index to Financial Statements**  
**Year Ended July 31, 2015**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 10

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of Classroom Champions

We have audited the accompanying financial statements of Classroom Champions, which comprise the statement of financial position as at July 31, 2015 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. The comparative figures presented for the 2013 fiscal year are unaudited.

### 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.

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Independent Auditor's Report to the Board of Directors of Classroom Champions *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Classroom Champions as at July 31, 2015 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, AB  
January 13, 2016



CHARTERED ACCOUNTANTS

**CLASSROOM CHAMPIONS**  
**Statement of Financial Position**  
**July 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 233,631	\$ 337,768
Term deposits	20,000	10,000
Accounts receivable	-	9,137
Due from (to) Related Parties (Notes 4, 6)	11,686	19,898
Prepaid expenses	-	334
	<u>\$ 265,317</u>	<u>\$ 377,137</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 8,451	\$ 8,175
Due to (from) related parties (Note 4)	6,000	-
Deferred contributions (Note 5)	180,000	410,000
	<u>194,451</u>	418,175
<b>NET ASSETS</b>		
General fund	<u>70,866</u>	(41,038)
	<u>\$ 265,317</u>	<u>\$ 377,137</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**CLASSROOM CHAMPIONS**  
**Statement of Revenues and Expenditures**  
**Year Ended July 31, 2015**

	2015	2014
<b>REVENUE</b>		
Corporate Sponsorship	\$ 500,000	\$ 160,000
Donations	1,250	19,300
Merchandise Sales	-	210
	<u>501,250</u>	<u>179,510</u>
<b>PROGRAM EXPENSES</b>		
Program Support	191,630	88,665
School Infrastructure & Student Engagement	78,217	44,321
Community Development	19,203	3,635
Programming Infrastructure	5,140	7,426
Mentor Support	3,304	6,048
	<u>297,494</u>	<u>150,095</u>
	<u>203,756</u>	<u>29,415</u>
<b>NON-PROGRAM EXPENSES</b>		
Administrative	40,059	19,927
Donations	20,000	-
Fundraising	31,875	49,798
	<u>91,934</u>	<u>69,725</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER NON-PROGRAM EXPENSES FROM OPERATIONS</b>	<u>111,822</u>	<u>(40,310)</u>
<b>OTHER INCOME</b>		
Foreign exchange gains and losses	(48)	92
Interest on investment	130	-
	<u>82</u>	<u>92</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER NON-PROGRAM EXPENSES</b>	<u>\$ 111,904</u>	<u>\$ (40,218)</u>

See notes to financial statements

**CLASSROOM CHAMPIONS**  
**Statement of Changes in Net Assets**  
**Year Ended July 31, 2015**

	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ (41,038)</b>	<b>\$ (821)</b>
Excess of revenue over non-program expenses	<u>111,904</u>	<u>(40,218)</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 70,866</u></b>	<b><u>\$ (41,039)</u></b>

See notes to financial statements

**CLASSROOM CHAMPIONS**  
**Statement of Cash Flow**  
**Year Ended July 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over non-program expenses	\$ 111,904	\$ (40,218)
Changes in non-cash working capital:		
Accounts receivable	9,137	(9,137)
Accounts payable and accrued liabilities	276	(3,995)
Deferred contributions	(230,000)	410,000
Prepaid expenses	334	7,516
Due to (from) Related Parties (Note 4)	14,212	(19,898)
	<u>(206,041)</u>	384,486
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(94,137)</b>	344,268
Cash and cash equivalents - beginning of year	347,768	3,500
<b>Cash and cash equivalents - end of year</b>	<b>\$ 253,631</b>	<b>\$ 347,768</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 233,631	\$ 337,768
Term deposits	20,000	10,000
	<u>\$ 253,631</u>	<u>\$ 347,768</u>

See notes to financial statements



**CLASSROOM CHAMPIONS**  
**Notes to Financial Statements**  
**Year Ended July 31, 2015**

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1. DESCRIPTION OF OPERATIONS

Classroom Champions (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 was incorporated under the Canada Not-for-profit Corporations Act (NFP Act) on April 5, 2013.

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2. BASIS OF PRESENTATION

The Organization's accounting and reporting policies conform to Canadian accounting standards for not-for-profit organizations (ASNPO) and are described in Note 3 below.

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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

Classroom Champions 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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**CLASSROOM CHAMPIONS**  
**Notes to Financial Statements**  
**Year Ended July 31, 2015**

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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 not-for-profit corporation exempt from federal income taxes under paragraph 149(1)(l) 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 July 31, 2015.

Contributed goods and volunteer 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.

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 July 31, 2015.
- 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.

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**CLASSROOM CHAMPIONS**  
**Notes to Financial Statements**  
**Year Ended July 31, 2015**

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

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:

	2015	2014
Classroom Champions USA ("CC USA") <i>(affiliated organization)</i>		
Donations received by CCUSA on behalf of the Organization that had not been remitted to the Organization at year end.	\$ 2,950	\$ 2,460
Due from(to) related parties <i>(CEO)</i>		
Salary due from (to)	\$ (6,000)	\$ 17,438
Back to School Project Foundation <i>(affiliated organization)</i>		
Due from related party	\$ 8,740	\$ -
Donations prior to July 31, refer to note 6.	20,000	-
	28,740	-
	\$ 25,690	\$ 19,898

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.

**CLASSROOM CHAMPIONS**  
**Notes to Financial Statements**  
**Year Ended July 31, 2015**

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5. 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>2015</u>	<u>2014</u>
Deferred corporate sponsorship contributions	<u>\$ 180,000</u>	<u>\$ 410,000</u>

All amounts are expected to be recognized in the 2016 fiscal year.

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6. SUBSEQUENT EVENTS

Classroom Champions programming and services will be transferred to a newly established federally registered Charitable Organization, the Back to School Project Foundation. Classroom Champions mission and programs are in line with Back to School Project Foundation's charitable purposes and activities, namely "to advance education by developing and delivering programs and activities to teach and mentor school children and youth, and equip them with life skills." Subsequent to year end, \$220k has been donated and it is expected that all remaining assets, liabilities and IP will be donated to the Back to School Project Foundation in the 2016 operating year.

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