

Financial Statements of

**SOCIAL INNOVATION  
INSTITUTE**

And Independent Auditors' Report thereon

Year ended May 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Social Innovation Institute

### ***Opinion***

We have audited the financial statements of Social Innovation Institute (the Entity), which comprise:

- the statement of financial position as at May 31, 2020
- the statement of operations for the year then ended
- the statement of fund balance for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at May 31, 2020, and its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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.

### ***Auditors' 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 auditors' 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 the 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.



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- 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 auditors' 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 auditors' 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

October 23, 2020

# SOCIAL INNOVATION INSTITUTE

## Statement of Financial Position

May 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 476,591	\$ 792,805
Accounts receivable (note 2)	78,763	—
Prepaid expenses	5,911	14,659
Harmonized sales tax	34,965	35,765
	<u>\$ 596,230</u>	<u>\$ 843,229</u>

## Liabilities and Fund Balance

Liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 146,890	\$ 39,624
Deferred revenue (note 3)	355,074	761,645
	<u>501,964</u>	<u>801,269</u>
Fund balance:		
General Operating Fund	94,266	41,960
Subsequent event (note 5)		
	<u>\$ 596,230</u>	<u>\$ 843,229</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# SOCIAL INNOVATION INSTITUTE

## Statement of Operations

Year ended May 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Grants	\$ 1,096,571	\$ 828,236
Consulting	78,563	—
Donations	15,738	11,878
Miscellaneous	7,973	3,143
	<u>1,198,845</u>	<u>843,257</u>
Expenses:		
Program (note 2)	829,035	695,654
Personnel	184,335	55,118
Rent (note 2)	57,167	24,909
Consulting (note 2)	54,880	49,500
General and administration	12,317	1,825
Audit and legal (note 2)	8,805	12,619
	<u>1,146,539</u>	<u>839,625</u>
Excess of revenue over expenses	<u>\$ 52,306</u>	<u>\$ 3,632</u>

See accompanying notes to financial statements.

# SOCIAL INNOVATION INSTITUTE

## Statement of Fund Balance

Year ended May 31, 2020, with comparative information for 2019

	2020	2019
	General Operating Fund	General Operating Fund
Balance, beginning of year	\$ 41,960	\$ 38,328
Excess of revenue over expenses	52,306	3,632
Balance, end of year	\$ 94,266	\$ 41,960

See accompanying notes to financial statements.

# SOCIAL INNOVATION INSTITUTE

## Statement of Cash Flows

Year ended May 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 52,306	\$ 3,632
Change in non-cash operating working capital:		
Accounts receivable	(78,763)	106
Prepaid expenses	8,748	(14,343)
Harmonized sales tax	800	(31,318)
Accounts payable and accrued liabilities	107,266	(16,409)
Deferred revenue	(406,571)	731,764
Increase (decrease) in cash	(316,214)	673,432
Cash, beginning of year	792,805	119,373
Cash, end of year	\$ 476,591	\$ 792,805

See accompanying notes to financial statements.

# SOCIAL INNOVATION INSTITUTE

Notes to Financial Statements

Year ended May 31, 2020

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Social Innovation Institute ("SII") was incorporated under the Canada Not-for-profit Corporations Act as a corporation without share capital under Ontario Letters Patent on May 5, 2015. SII was created to catalyze initiatives that advance the social, cultural, environmental and economic well-being of Canadians.

SII provides workshops and conferences on social innovation, research and similar topics, employment training, tools and services programs to impoverished unemployed persons, and provides Canadian registered charities with access to shared services, workspace and other infrastructures at below-market rates.

SII transitioned to a charitable organization registered under the Income Tax Act (Canada) (the "Act") effective October 18, 2016. The registration number is 82237 1969 RR0001. As such, SII is exempt from income taxes and able to issue donation receipts for income tax purposes.

The legal name was changed from Social Innovation Charitable Foundation to Social Innovation Institute on April 25, 2019.

In order to maintain its status as a charity registered under the Act, SII must meet certain requirements within the Act and file an annual return with Canada Revenue Agency in support of these requirements.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook:

### (a) Basis of presentation:

SII follows the deferral method of accounting for contributions following fund accounting. The general operating fund reports unrestricted funds used for general operational needs.

### (b) Revenue recognition:

Donations, grants and miscellaneous revenue are recognized when receivable.

# SOCIAL INNOVATION INSTITUTE

Notes to Financial Statements (continued)

Year ended May 31, 2020

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## 1. Significant accounting policies (continued):

Restricted contributions and grants are recognized in the year in which the related expenses are incurred. Amounts that relate to future fiscal periods are recorded as deferred revenue until the related costs are incurred.

Unrestricted contributions and grants are recognized when receivable if that amount can be reasonably estimated and collection is reasonably assured.

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. SII has not elected to carry any such financial instruments at fair value.

### (d) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable. Actual results could differ from those estimates.

## 2. Related party transactions and balances:

SII is related to the Centre for Social Innovation ("CSI") by virtue that CSI is the sole member of and elects the Board of Directors of SII as well as both entities have overlapping programmatic interest. The Board of Directors' of SII and CSI are independent.

### (a) Legal fees:

During the year, legal fees of \$1,004 (2019 - \$729) were paid to a legal firm in which a board member of CSI is a partner.

# SOCIAL INNOVATION INSTITUTE

Notes to Financial Statements (continued)

Year ended May 31, 2020

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## 2. Related party transactions and balances (continued):

(b) Rent:

During the year ended May 31, 2020, SII paid \$57,167 (2019 - \$24,909) in rent to CSI.

(c) Program and consulting expenses:

During the year, consulting services of \$345,677 (2019 - \$303,013) were received from CSI for management, programming and financial services.

(d) Staffing and other related services:

During the year, SII provided staffing and other related services to CSI in the amount of \$73,763 (2019 - nil).

(e) Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are amounts payable to CSI of \$89,964 (2019 - \$4,972).

(f) Accounts receivable:

Included in accounts receivable are amounts from CSI of \$78,763 (2019 - nil).

The above transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

## 3. Deferred revenue:

	2020	2019
Balance, beginning of year	\$ 761,645	\$ 29,881
Grants received	690,000	1,560,000
Grants recognized as revenue	(1,096,571)	(828,236)
Balance, end of year	\$ 355,074	\$ 761,645

# SOCIAL INNOVATION INSTITUTE

Notes to Financial Statements (continued)

Year ended May 31, 2020

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## 4. Financial risks:

Other than as disclosed in note 5, there have been no changes in the financial risk exposures as compared to prior year.

### (a) Credit risk:

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. SII's exposure to credit risk is in accounts receivable. Credit risk is minimized by ensuring that credit is only extended to those entities that management believes has the financial capacity to pay obligations as they become due.

### (b) Liquidity risk:

SII considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs at a reasonable cost.

## 5. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This pandemic has had a significant financial, market and social dislocating impact globally. At the time of approval of these financial statements, SII has not experienced an impact to revenue in relation to the COVID-19 pandemic.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify any such adjustments. The current events and conditions are expected to be temporary, however there is uncertainty around the length of the disruption and impact on future operations. As a result, an estimate of the financial effect of these items is not practicable at this time.