

**FONDATION LA CLÉ**

(formerly Fondation de l'Office municipal d'habitation de Montréal)

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**FONDATION LA CLÉ**  
(formerly Fondation de l'Office municipal d'habitation de Montréal)  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the directors of Fondation La Clé

### *Qualified Opinion*

We have audited the financial statements of Fondation La Clé (formerly Fondation de l'Office municipal d'habitation de Montréal) (the "Foundation"), which comprise the balance sheet as at June 30, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2021, and the result of its operation and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

As is the case with many not-for-profit organizations, the Foundation receives donations proceeds for which, the completeness cannot be verified satisfactory. Accordingly, our audit of these revenues was limited to the amounts recorded in the accounts of the Foundation and we were unable to determine whether any adjustments might be necessary to donations recognized, excess of revenues over expenses and cash flows from operating activities for the year ended June 30, 2021, current assets as at June 30, 2021, and net assets as at July 1, 2020, and June 30, 2021. Consequently, we have expressed a qualified opinion on the financial statements for the fiscal year ended June 30, 2021, due to the potential impacts of this scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described “Auditor’s Responsibilities for the Audit of the Financial statements” section of our report. We are independent of the Foundation 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 audit opinion.

#### *Other Matter*

The financial statements for the year ended June 30, 2020, were audited by another auditor who expressed a qualified opinion on those financial statements on September 23, 2020.

#### *Other Information*

Management is responsible of management for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Management and Those Charged 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 it 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 Foundation'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 Foundation'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 Foundation 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.

*Gareau-Rinfret CPA Inc.*<sup>1</sup>

Longueuil, Quebec  
December 8, 2021

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<sup>1</sup> By CPA Auditor, CA, public accountancy permit No. A125715

**FONDATION LA CLÉ**  
 (formerly Fondation de l'Office municipal d'habitation de Montréal)  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED JUNE 30, 2021**

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	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Income – Unrestricted (Schedule A)	\$364,353	\$151,492
OMHM donations (Note 11)	35,000	33,254
Other income (Schedule B)	(233)	1,116
	<b>399,120</b>	<b>185,862</b>
<b>Expenses</b>		
Scholarships and financial aid	110,162	121,500
Professional fees related to the Major Fundraising Campaign	61,026	23,968
Professional fees in human resources	57,094	55,389
Salaries and benefits	25,467	669
Silent auction fees	20,229	-
Professional fees	15,271	14,678
Public relations expenses	12,978	11,910
Office supplies	3,466	4,358
Insurance	2,924	2,387
Administration fees	2,835	2,835
Credit card fees	1,136	901
Telecommunications	180	-
Taxes and permits	123	35
Expenses associated with other activities	-	129
	<b>312,891</b>	<b>238,759</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$86,229</b>	<b>(\$52,897)</b>

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

**FONDATION LA CLÉ**  
(formerly Fondation de l'Office municipal d'habitation de Montréal)  
**CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**

				<b>2021</b>	<b>2020</b>
	<b>Net assets invested in intangible assets</b>	<b>Restricted net assets</b>	<b>Unrestricted net assets</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ -	\$58,280	\$135,762	\$194,042	\$246,939
Excess (deficiency) of revenue over expenses	-	(48,280)	134,509	\$86,229	(\$52,897)
Internally restricted	-	46,835	(46,835)	-	-
Assets restricted to intangible assets	7,900	-	(7,900)	-	-
<b>Balance, end of year</b>	<b>\$7,900</b>	<b>\$56,835</b>	<b>\$215,536</b>	<b>\$280,271</b>	<b>\$194,042</b>

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



**FONDATION LA CLÉ**  
 (formerly Fondation de l'Office municipal d'habitation de Montréal)  
**BALANCE SHEET**  
**AS OF JUNE 30, 2021**

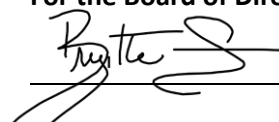
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	2021	2020
<b>Assets</b>		
Current assets		
Cash balance	\$216,416	\$153,640
Reserved cash balance	56,835	58,280
Accounts receivable (Note 3)	29,356	10,119
Prepaid expenses	2,827	2,774
	305,434	224,813
Investments (Note 5)	64,065	63,599
Intangible assets (Note 6)	7,900	-
	\$377,399	\$288,412
<b>Liabilities</b>		
Current liabilities		
Accounts payable (Note 7)	\$22,128	\$19,370
Deferred contributions (Note 8)	75,000	75,000
	97,128	94,370
<b>Net assets</b>		
Net assets invested in intangible assets	7,900	-
Restricted net assets (Note 9)	56,835	58,280
Unrestricted net assets	215,536	135,762
	280,271	194,042
	\$377,399	\$288,412

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

Commitments (Note 12)

For the Board of Directors,

  
 \_\_\_\_\_, director  
 \_\_\_\_\_, director

Brigitte Samson

**FONDATION LA CLÉ**  
(formerly Fondation de l'Office municipal d'habitation de Montréal)  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**

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	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$86,229	\$(52,897)
Non-cash items :		
Unrealized gains (losses) on investments	(338)	535
Reinvested dividend income	(128)	-
	<u>(85,763)</u>	<u>(52,362)</u>
Net change in non-cash items related to operating activities :		
Accounts receivable	(19,237)	49,046
Prepaid expenses	(53)	104
Accounts payable	2,758	9,180
Deferred contributions	-	75,000
	<u>69,231</u>	<u>80,968</u>
<b>Investment activities</b>		
Purchase of investments	-	(123,785)
Purchase of intangible assets	(7,900)	-
Decrease (increase) in reserved cash balance	1,445	(18,945)
Proceeds from the disposal of investments	-	59,651
	<u>(6,455)</u>	<u>(83,079)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>62,776</b>	<b>(2,111)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>153,640</b>	<b>155,751</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$216,416</b>	<b>\$153,640</b>

Cash and cash equivalents consist of the cash balance.

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

## **1. Purpose and legal form of the Foundation**

Fondation La Clé (formerly Fondation de l'Office municipal d'habitation de Montréal) (the "Foundation") was incorporated as a non-profit organization under part III of Quebec's *Companies Act* on March 7, 2007, and is a charitable organization within the meaning of the *Income Tax Act*.

The Foundation's mission is to help young people living in low-cost housing managed by the Office municipal d'habitation de Montréal to persevere in their studies and reach their full potential. It promotes academic perseverance, increased self-esteem and the development of these young people's initiative.

## **2. Significant accounting policies**

The Foundation follows the Canadian accounting standards for not-for-profit organizations in part III of the CPA Canada Handbook – Accounting.

### **Use of estimates**

The preparation of financial statements requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the depreciation of financial assets and the useful life of intangible amortizable assets.

### **Revenue recognition**

The Foundation 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 receipt is reasonably assured. Endowment contributions are recognized as a direct increase in net assets.

Investment transactions are recorded on the date that they occur and the resulting revenue is recognized according to an accrual basis of accounting.

Interest income is recognized on the basis of time elapsed while dividend income is recognized on the date of declaration. Gains on investments are recognized when they occur.

### **Pledge recognition**

As the receipt of pledged amounts is uncertain, the Foundation recognizes as pledges only those amounts actually received at the date of completion of the financial statements.

## **2. Significant accounting policies (continued)**

### **Contributed services**

The Office municipal d'habitation de Montréal ("OMHM") provides the Foundation with administrative support from the Executive Committee, the Secretariat General and the Finance Department, consulting from the Social and Community Development Department, collaboration from the Communications Department and volunteer participation from OMHM employees. Because of the difficulty in determining the fair value of the contributions received in the form of services, they are not recognized in the financial statements. In addition, the Foundation operates in spaces that are offered to it free of charge by the OMHM. It does not recognize this service contribution in its financial statements.

### **Intangible assets**

Intangible assets are recorded at cost. They are amortized on a straight-line basis over the periods indicated below:

	<b>Method</b>	<b>Period</b>
Website	Straight-line amortization	4 years

### **Conversion of transactions and items denominated in foreign currencies**

The Foundation uses the temporal method to convert its foreign currency transactions.

Monetary assets and liabilities are converted at the exchange rate in effect at the balance sheet date. Other assets and liabilities are converted at the exchange rate prevailing on the transaction date. Revenues and expenses are converted at the average exchange rate for the year. Exchange gains and losses are included in the Statement of operations.

### **Cash and cash equivalents**

It is the Foundation's policy to report bank balances and term deposits with maturities of three months or less from the date of acquisition as cash and cash equivalents.

### **Financial instruments**

#### *Initial and subsequent assessment*

Financial assets and liabilities are initially measured at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

**2. Significant accounting policies (continued)**

**Financial instruments (continued)**

The Foundation subsequently measured all of its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments listed on an active market, which are measured at fair value. Variations in the fair value of these financial instruments are recorded in the financial results for the period in which they occur.

Financial assets measured at amortized cost on a straight-line basis consist of the cash balance, restricted cash balance and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis consist of accounts payable and accrued liabilities.

Financial assets measured at fair value consist of shares of publicly traded companies and mutual funds and equivalents.

**3. Accounts receivable**

	<b>2021</b>	<b>2020</b>
Accounts receivable	\$21,969	\$6,201
Sales tax receivable	7,387	3,918
	<u>\$29,356</u>	<u>\$10,119</u>

**4. Pledges**

As part of its Major Fundraising Campaign, the Foundation has secured pledges totalling \$824,000 as at June 30, 2021. In accordance with the Foundation's policy in this regard as disclosed in Note 2, only \$68,000 has been recognized as revenue in the fiscal year.

**5. Investments**

	<b>2021</b>	<b>2020</b>
Shares of publicly traded companies, measured at fair value (cost of \$4,782)	\$4,585	\$4,247
Mutual funds and equivalents, measured at fair value (cost of \$59,480)	59,480	59,352
	<u>\$64,065</u>	<u>\$63,599</u>

**6. Intangible assets**

	<b>2021</b>	<b>2020</b>
	<b>Net book</b>	<b>Net book</b>
	<b>value</b>	<b>value</b>
Website	\$7,900	\$ -

**7. Accounts payable**

	<b>2021</b>	<b>2020</b>
Accounts payable	\$3,931	\$4,997
Accrued liabilities	18,197	14,373
	<b>\$22,128</b>	<b>\$19,370</b>

**8. Deferred contributions**

	<b>2021</b>	<b>2020</b>
<b>Deferred contributions are broken down as follows:</b>		
Lucie and André Chagnon Foundation	\$75,000	\$75,000
	<b>2021</b>	<b>2020</b>
Balance, beginning of year	\$75,000	\$ -
Plus: amount received for subsequent fiscal years	75,000	75,000
	150,000	75,000
Less: amount recognized as revenue in the fiscal year	(75,000)	-
Balance, end of year	\$75,000	\$75,000

## **9. Restricted net assets**

The Foundation's Board of Directors has resolved to restrict the amounts to be disbursed in accordance with agreements with its partners. The Foundation may not use such internally restricted amounts for any other purpose without the prior consent of the Board of Directors. As of June 30, 2021, the Foundation has restricted \$46,835 (\$81,170 in 2020) of its funds to programs associated with its partners. Accordingly, as at June 30, 2021, the balance of internally restricted net assets under an agreement with Educaid is \$34,335 (\$45,780 in 2020) and that under an agreement with the Fondation du Collège de Montréal is \$22,500 (\$12,500 in 2020) for a total of \$56,835 (\$58,280 in 2020). A cash balance of \$56,835 (\$58,280 in 2020) has been reserved for these purposes. An expense of \$48,280 (\$34,335 in 2020) was recorded in the Foundation's statement of operations under these agreements.

## **10. Gifts in kind**

During the fiscal year, the Foundation received and recorded equity investments given by major donors for a total of \$97,364 (\$64,967 in 2020) and gifts of various goods for the silent auction for a total of \$17,231 (\$ - in 2020). These gifts were recorded at their fair values at the date of receipt of the gift.

## **11. Transactions with the OMHM**

The OMHM Board of Directors approved a resolution of support for the Foundation. Under the resolution, annual expenses including communication expenses and professional fees up to a maximum of \$15,000 are assumed by the OMHM's community and social development reserves. This amount is authorized until December 31, 2021. As at June 30, 2021, \$15,000 (\$13,255 in 2020) in expenses have been assumed by OMHM and \$ - (\$1,745 in 2020) have been paid directly by OMHM.

The OMHM Board of Directors approved a resolution of support for the Foundation. Under the resolution, half (50%) of the annual human resources and management expenses incurred by the Foundation up to a maximum of \$20,000 are assumed by the OMHM. This amount is authorized until December 31, 2021. As at June 30, 2021, \$20,000 (\$20,000 in 2020) in expenses have been assumed by OMHM.

## **12. Commitments**

The Foundation's undertakings under agreements with its partners total \$114,878 and the payments to be made over the next five years are as follows:

## 12. Commitments (continued)

2022	\$85,933
2023	16,445
2024	5,000
2025	5,000
2026	2,500
	<hr/>
	\$114,878

## 13. Financial instruments

### Financial risks

The significant risks associated with financial instruments to which the Foundation is exposed as at June 30, 2021, are set out below.

### Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulties in meeting obligations associated with its financial liabilities. The Foundation is exposed to this risk primarily with its accounts payable and accrued liabilities.

### Credit risk

Credit risk is the risk that a party to a financial asset will default on an obligation and cause the Foundation to incur a financial loss. The Foundation's credit risk is primarily related to accounts receivable.

As for pledges, the Foundation records at the end of the fiscal year only amounts received at the date of completion of the financial statements.

### Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in foreign exchange rates.

The Foundation makes sales and purchases in foreign currencies. As a result, certain assets and liabilities are exposed to currency fluctuations. As at June 30, 2021, assets and liabilities denominated in foreign currencies and converted into Canadian dollars are as follows:

Cash balance (in US currency)	\$39,279
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### **13. Financial instruments (continued)**

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in interest rates. The Foundation is exposed to interest rate risk with its fixed and variable interest rate financial instruments. Fixed interest rate instruments make the Foundation subject to fair value risk as fair value varies inversely with variations in market interest rates. Variable rate instruments make the Foundation subject to fluctuations in related future cash flows.

#### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of variations in market prices (other than those arising from interest rate risk and currency risk), whether such variations are caused by factors specific to the instrument itself or its issuer, or by factors affecting all similar financial instruments traded on the market. The Foundation is exposed to other price risk with its investments in publicly traded stocks, the value of which fluctuates with the stock market.

### **14. Comparative figures**

Certain figures for 2020 have been reclassified to conform to the presentation adopted in 2021.

	<b>2021</b>	<b>2020</b>
<b>Schedule A – Income – Unrestricted</b>		
Donations in kind (Note 10)	\$114,594	\$66,967
Corporate donations	189,576	47,013
Donations from individuals	28,920	19,611
OMHM employee contributions	16,676	15,401
Event sponsorships	-	2,500
Silent auction	14,587	-
	<b>\$364,353</b>	<b>\$151,492</b>
<b>Schedule B – Other income</b>		
Dividend income	\$476	\$474
Realized gains (losses) on investments	258	(534)
Unrealized gains (losses) on investments	338	(535)
Interest income	-	1,711
Unrealized foreign exchange losses	449	-
Realized foreign exchange losses	1,754	-
	<b>(\$233)</b>	<b>\$1,116</b>