

French for the Future

Financial Statements

March 31, 2011

French for the Future

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Independent Auditors' Report

To the Members of
French for the Future

Report on the Financial Statements

We have audited the accompanying financial statements of French for the Future, which comprise the statement of financial position as at March 31, 2011, 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 generally accepted accounting principles, 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.

Auditors' 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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization receives donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations was limited to the amounts recorded in the records of the Organization, and we were not able to determine whether any adjustments might be necessary to revenue, (deficiency) excess of revenue over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of French for the Future as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MSCM LLP

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
July 13, 2011



French for the Future

Statement of Financial Position

March 31, 2011

	2011	2010
Assets		
Current assets		
Cash	\$ 136,524	\$ 209,841
Short-term investment	50,000	-
Grant receivable	27,500	-
Prepays and other	26,198	25,089
	240,222	234,930
Capital assets <i>(note 4)</i>	11,463	19,684
	\$ 251,685	\$ 254,614
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 61,562	\$ 47,023
Net assets		
Net assets internally restricted for contingency purposes <i>(note 7)</i>	50,000	-
Unrestricted net assets	140,123	207,591
	190,123	207,591
	\$ 251,685	\$ 254,614

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

Approved by the Board

Director

French for the Future

Statement of Operations for the year ended March 31, 2011

	2011	2010
Revenue		
Grants	\$ 550,000	\$ 550,000
Donations	131,868	238,633
Donations-in-kind	-	2,994
	<u>681,868</u>	<u>791,627</u>
Expenses		
Salaries and benefits	240,980	249,771
Honoraria	175,756	193,395
General and administrative	148,177	149,599
Travel	76,994	67,366
Publicity	49,209	44,533
Amortization	8,220	6,164
	<u>699,336</u>	<u>710,828</u>
(Deficiency) excess of revenue over expenses for the year	\$ (17,468)	\$ 80,799

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

French for the Future

Statement of Changes in Net Assets for the year ended March 31, 2011

	Restricted contingency funds	Unrestricted	2011	2010
Net assets				
Balance, beginning of year	\$ -	\$ 207,591	\$ 207,591	\$ 126,792
(Deficiency) excess of revenues over expenses	-	(17,468)	(17,468)	80,799
Internally imposed restrictions (note 7)	50,000	(50,000)	-	-
Balance, end of year	\$ 50,000	\$ 140,123	\$ 190,123	\$ 207,591

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

French for the Future

Statement of Cash Flows for the year ended March 31, 2011

	2011	2010
Cash flows from operating activities		
Cash receipts from grants and donations	\$ 654,368	\$ 843,475
Cash paid to suppliers and employees	(677,685)	(700,645)
	(23,317)	142,830
Cash flows from investing activities		
Purchase of capital assets	-	(14,198)
Purchase of short-term investment	(50,000)	-
	(50,000)	(14,198)
(Decrease) increase in cash	(73,317)	128,632
Cash, beginning of year	209,841	81,209
Cash, end of year	\$ 136,524	\$ 209,841

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

Notes to Financial Statements

March 31, 2011

1. Purpose of the Organization

Le français pour l'avenir/French for the Future ("the Organization") was incorporated on October 7, 1999 as a corporation without share capital under the laws of Canada. It began operations on October 1, 2000. Its mandate is to host educational programmes for high school French Immersion and French first language students across Canada. The Organization is registered as a charitable organization under the Income Tax Act (Canada), and as such, is exempt from income taxes.

2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to not-for-profit entities on a consistent basis.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the expected useful lives of the capital assets using the following methods and annual rates:

Office furniture and equipment	-	5	years straight-line
Website re-design costs	-	3	years straight-line

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted grants are recognized as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Donations are recognized when received since pledges are not legally enforceable claims.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably estimated and when the materials and services would be otherwise purchased by the Organization. Contributed materials and services are recorded as donations-in-kind at their estimated fair value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant Accounting Policies - continued

Capital disclosures

The Organization defines capital as unrestricted net assets. The Organization's objectives when managing capital are to invest in capital assets as required to host French language programmes across Canada and to hold sufficient unrestricted net assets to withstand negative unexpected financial events. There are no external restrictions on capital.

Financial instruments

The Organization's financial instruments include cash, short-term investment, grant receivable, and accounts payable and accrued liabilities. These instruments are classified as held-for-trading and are measured at fair value. For cash, grant receivable, and accounts payable and accrued liabilities, the carrying value approximates their fair value due to their short-term nature. The fair value of short-term investment, consisting of a guaranteed investment certificate, is based on cost plus accrued interest. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Organization applies Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in these financial statements instead of Financial Instruments - Disclosures (Handbook Section 3862), and Financial Instruments - Presentation (Handbook Section 3863), as permitted under the transition rules for not-for-profit organizations in these standards.

3. Future Changes in Accounting Policies

Canadian Generally Accepted Accounting Principles

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for Canadian publicly accountable profit-oriented enterprises. In December 2010, the AcSB issued a new set of accounting standards developed specifically for Canadian private sector not-for-profit organizations.

Not-for-profit organizations can continue to use the current Canadian GAAP until fiscal years beginning on or after January 1, 2012. At that time they must adopt either accounting standards for not-for-profit organizations or IFRS. The adoption of either set of standards may require adjustments to the comparative figures for the prior year.

A decision will be made on which set of standards will be adopted after an impact assessment is completed.

French for the Future

Notes to Financial Statements

March 31, 2011

4. Capital Assets

			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture and equipment	\$ 23,662	\$ 18,566	\$ 5,096	\$ 6,950
Website re-design costs	62,226	55,859	6,367	12,734
	\$ 85,888	\$ 74,425	\$ 11,463	\$ 19,684

5. Bank Indebtedness

The Organization has an approved and available line of credit of up to \$50,000, interest bearing at the bank's prime rate plus 2.50% per annum and due on demand. As at March 31, 2011 and 2010 the line of credit was not utilized.

6. Commitments

At March 31, 2011, the Organization was committed to operating lease payments for rental of its premises and office equipment for the following amounts:

2012	\$ 35,271
2013	35,271
2014	13,046
	\$ 83,588

7. Restrictions on Net Assets

During the year, the Organization internally restricted \$50,000 of unrestricted net assets to be held for contingency purposes.

Internally restricted amounts are not available for any other purposes without approval of the Board of Directors.