

French for the Future
Financial Statements
March 31, 2009

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Auditors' Report

To the Members of
French for the Future

We have audited the statement of financial position of French for the Future as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the six month period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations and its cash flows for the six month period then ended in accordance with Canadian generally accepted accounting principles.

MSCM LLP

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
May 22, 2009

French for the Future


Statement of Financial Position

March 31, 2009 and September 30, 2008

	2009	2008
Assets		
Current assets		
Cash	\$ 81,209	\$ 257,807
Grant and other receivables	54,842	-
Prepays and other	35,309	9,427
	171,360	267,234
Capital assets (note 4)	11,650	6,129
	\$ 183,010	\$ 273,363
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,218	\$ 42,763
Net assets		
Invested in capital assets	11,650	6,129
Unrestricted	115,142	224,471
	126,792	230,600
	\$ 183,010	\$ 273,363

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

Approved by the Board

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Director

French for the Future

Statement of Operations

*for the six month period ended March 31, 2009
and the year ended September 30, 2008*

	2009	2008
Revenue		
Grants (note 6)	\$ 176,353	\$ 573,060
Donations	129,582	185,929
	<u>305,935</u>	<u>758,989</u>
Expenses		
Salaries and benefits	131,234	182,979
Honoraria	110,561	175,199
Travel	59,415	49,558
Publicity	54,651	55,437
Materials	47,569	139,740
Amortization	6,313	11,446
	<u>409,743</u>	<u>614,359</u>
(Deficiency) excess of revenue over expenses for the period	\$ (103,808)	\$ 144,630

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

French for the Future

Statement of Changes in Net Assets
for the six month period ended March 31, 2009
and the year ended September 30, 2008

	Invested in capital assets	Unrestricted	2009	2008
Net assets				
Balance, beginning of period	\$ 6,129	\$ 224,471	\$ 230,600	\$ 85,970
(Deficiency) excess of revenues over expenses	(6,313)	(97,495)	(103,808)	144,630
Investment in capital assets	11,834	(11,834)	-	-
Balance, end of period	\$ 11,650	\$ 115,142	\$ 126,792	\$ 230,600

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

French for the Future

Statement of Cash Flows

*for the six month period ended March 31, 2009
and the year ended September 30, 2008*

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash receipts from grants and donations	\$ 251,093	\$ 819,504
Cash paid to suppliers and employees	(413,894)	(763,733)
Interest paid	(1,963)	(2,754)
	<u>(164,764)</u>	<u>53,017</u>
Cash flows from investing activities		
Purchase of capital assets	(11,834)	(2,337)
(Decrease) increase in cash	(176,598)	50,680
Cash, beginning of period	257,807	207,127
Cash, end of period	<u>\$ 81,209</u>	<u>\$ 257,807</u>

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

Notes to Financial Statements

March 31, 2009

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.

Change of fiscal year end

Effective October 1, 2008, the Organization changed its fiscal year end from September 30 to March 31 in order to coincide with the year end of its primary source of funding. These financial statements include the six month fiscal period ended March 31, 2009 hereafter referred to as "2009", and the 12 month fiscal period ended September 30, 2008 hereafter referred to as "2008".

2. Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 on a cash basis 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 generally accepted accounting principles 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.

Notes to Financial Statements

March 31, 2009

2. Significant Accounting Policies - continued

Capital disclosures

The Organization defines capital as the sum of net assets invested in capital assets and 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, grant and other receivables, and accounts payable and accrued liabilities. These instruments are classified as held-for-trading and are measured at fair value. Their carrying value approximates their fair value due to their short-term nature. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. Changes in Accounting Policies

Financial Instruments

The Organization was prepared to adopt Handbook Sections 3862 and 3863 which replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements.

The Organization has elected to continue to apply Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in these financial statements instead of Handbook Sections 3862 and 3863, as permitted under the transition rules for not-for-profit organizations in these new standards.

4. Capital Assets

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Office furniture and equipment	\$ 19,014	\$ 15,323	\$ 3,691	\$	2,104
Website re-design costs	52,676	44,717	7,959		4,025
	\$ 71,690	\$ 60,040	\$ 11,650	\$	6,129

Notes to Financial Statements

March 31, 2009

5. Bank Indebtedness

The Organization has an approved and available a line of credit up to \$50,000, interest bearing at the bank's prime rate plus 2.50% per annum. As at March 31, 2009 and September 30, 2008, the line of credit was not utilized.

6. Due to Minister of Canadian Heritage

The Organization is a party to an agreement with the Minister of Canadian Heritage ("the Minister") regarding funding for "French for the Future". As a result of Canadian Heritage performing an audit of the funds received by the Organization relating to the Contribution Agreement, the Minister has determined that the amount of funding provided in 2006 exceeded the amount which the Organization spent in qualifying expenditures. Pursuant to their agreement, the excess funding is repayable to Canadian Heritage together with interest at a prescribed rate. Based on preliminary correspondence with the Minister in 2006, the Organization estimated that the amount due as repayment was \$200,000. This amount was accrued in the 2006 financial statements and grant revenue was reduced by the same amount. In 2008, the Organization repaid the excess funding of \$206,000; the 2008 grant revenue was reduced by the difference of \$6,000.

7. Commitment

At March 31, 2009, the Organization was committed to operating lease payments for rental of its premises and office equipment for the following amounts:

2010	\$	33,887
2011		13,427
2012		3,093
2013		3,093
2014		2,320
	\$	55,820
