

ST. JAMES TOWN FAMILY LITERACY SERVICES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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Posner & Ma

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INDEPENDENT AUDITOR'S REPORT

To the members of St. James Town Family Literacy Services

We have audited the accompanying financial statements of **St. James Town Family Literacy Services**, which comprise the statement of financial position as at **December 31, 2015** and the statement of operations, statement of changes in net assets and statement of 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 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 the 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 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 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 assessments, the auditor considers internal controls 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.



Posner & Ma

CHARTERED PROFESSIONAL ACCOUNTANTS

Basis for Qualified Opinion

In common with many not for profit organizations, the organization derives certain of its non-grant revenues, the completeness of which are not susceptible of satisfactory audit verification.

Accordingly, our verification of these revenues 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 revenues, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible 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 **St. James Town Family Literacy Services** as at **December 31, 2015** and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MAY 13, 2016
Toronto, Canada

Posner & Ma, LLP
Chartered Accountants

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash and cash equivalents - (Note 10)	212,964	142,635
Long Term Funding Commitment (Note 9)	543,300	646,000
Accounts receivable - (Note 11)	141,703	144,495
Prepaid expenses	14,361	5,249
	912,328	938,379
	912,328	938,379
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	29,139	38,559
Deferred revenue (Note 3)	773,633	794,600
	802,772	833,159
NET ASSETS		
Net assets	109,556	105,220
	912,328	938,379

Approved on behalf of the Board

Director

Director

See accompanying notes

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015

	2015	2014
REVENUES:		
Organizational grants	\$ 534,324	\$ 413,273
Individual donations	20,598	47,247
Interest income	402	2,017
	<u>555,324</u>	<u>462,537</u>
EXPENSES		
Wages and honorarium	349,280	329,793
Program expenses	183,815	109,876
Rent and insurance	17,893	25,195
	<u>550,988</u>	<u>464,864</u>
Excess (deficiency) revenue over expenses	4,336	(2,327)
Net Assets beginning of year	105,220	107,547
Net Assets, end of year	\$ 109,556	\$ 105,220

ST. JAMES TOWN FAMILY LITERACY SERVICES**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Operating activities		
Excess (Deficiency) of revenue over expenses	4,336	(2,327)
Changes in non-cash working capital balances:		
Accounts receivable	2,792	(15,301)
Deferred revenue	(122,218)	290,227
Restricted Funds	101,250	-
Long Term Funding Commitment	102,700	(374,000)
Prepaid expenses	(9,110)	168
Accounts payable and accrued liabilities	(9,420)	28,348
	<u>65,994</u>	<u>(70,558)</u>
Net increase in cash and cash equivalents during the year	<u>70,329</u>	<u>(72,886)</u>
Cash and cash equivalents at beginning of period	<u>142,635</u>	<u>215,519</u>
Cash and cash equivalents at end of period	<u>212,964</u>	<u>142,635</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2015

	2015	2014
Foundation Donations		
G.H Wood	107,000	40,000
MLSE	65,000	-
RBC Foundation	33,600	32,000
Manulife Foundation	30,000	40,000
Woodgreen Community Services	21,900	12,400
Other	42,365	27,650
John and Pat Mccutcheon	-	20,000
Harry A. Newman Memorial Foundation	-	2,000
	299,865	174,050
Federal Funding		
Government of Canada	114,103	20,000
New Horizons	-	21,685
Miscellaneous	1,680	10,005
	115,783	51,690
Provincial Funding		
Ministry of Tourism Culture and Sport	43,697	17,864
Other	1,792	85,491
	45,489	103,355
Municipal Funding		
Investing in Neighbourhoods	50,887	56,468
City of Toronto	18,300	27,710
Arts Council	4,000	-
	73,187	84,178
Donations		
Individuals	7,100	33,164
Program Fees		
	3,855	8,653
Interest and Miscellaneous Income		
	10,045	7,447
Total Income	\$ 555,324	\$ 462,537

ST. JAMES TOWN FAMILY LITERACY SERVICES

SOURCES AND USES OF FUNDS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Expenses		
Wages and Honorarium		
Wages and Salaries	325,107	305,324
Executive Director	20,000	20,000
Volunteer Recognition	3,172	2,107
Tuition and Training Fees	1,000	2,363
	<hr/>	
	349,280	329,793
Program Expenses		
Program Materials	80,253	45,753
Consultants	39,505	19,115
Office and General	13,268	8,995
Technology	11,034	1,880
Permit Fees	9,054	11,778
Repair and Maintenance	7,757	84
Telephone and Internet	6,858	6,633
Meetings	6,676	6,682
Accounting and legal	4,587	3,357
Vehicle	4,473	2,988
Memberships	350	2,609
	<hr/>	
	183,815	109,876
Rent and Insurance		
Rent	14,829	20,793
Insurance	3,064	4,402
	<hr/>	
	17,893	25,195
Total Expenses	\$ 550,988	\$ 464,864

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial Instruments

i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable .

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in an ING bank account.

Equipment

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. As an organization with less than \$500,000 of annual revenue the organization has adopted the policy of expensing equipment in the year of acquisition.

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Externally 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 collection is reasonably assured.

Grant income and expenditures are recorded on the accrual basis of accounting, other income is recorded when received.

Use of Estimates

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 reported period. Actual results could differ from these estimates.

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

Donated Property and Services

During the year, voluntary services were provided. Because these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Property, Plant and Equipment

The average total revenues of the Organization over the past two years is less than \$500,000 and therefore the Organization is not required to record capital assets and amortization in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. As a result, additions to capital assets, both purchased and contributed are recorded as a capital expenditure in the statement of operations and changes in net assets in the year of acquisition.

2. GOVERNMENT GRANTS

The organization recorded the following government grants in the year as income:

	2015	2014
Federal Funding	115,783	51,690
Provincial Funding	45,489	125,755
Municipal and City Funding	73,187	61,778
	234,459	239,223

3. DEFERRED REVENUE

Deferred Revenue represents unspent externally restricted donations received or receivable at December 31, 2015 for the following programs:

	2015	2014
Public Health Agency of Canada	370,000	470,000
Healthy Living	133,300	-
Syrian Sanctuary	42,483	-
Seniors	40,000	120,000
FMS	38,000	-
After School	33,600	89,600
Employment	15,000	15,000
Mo Davis	-	100,000
	\$ 672,383	\$ 794,600

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. RELATED PARTY TRANSACTIONS

The following table summarizes the Organization's related party transactions for the year:

	2015	2014
Remuneration paid to executive director	\$20,000	\$20,000
Donations made by directors to the Organization	-	-

5. FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortized cost

The carrying value of cash, accounts receivable, accounts payable and deferred revenue approximate the fair value due to the immediate or short-term nature of these financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization's credit risk is due mainly to its accounts receivable from various grants. The organization believes its credit exposure is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the changes in interest rates will affect the value of fixed income securities held by the organization. The short-term interest bearing instruments held by the organization have a limited exposure to interest rate risk due to their short-term maturity.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. No currency risk exists as there were no foreign currency transactions during the year.

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 changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes no other price risk factors exist.

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. GUARANTEES

In the normal course of business, the organization entered into an insurance agreement that meets the definition of a guarantee.

The organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suit or actions.

7. CAPITAL MANAGEMENT

The organization defines capital as its unrestricted net assets

The organization's objective of managing the unrestricted net assets is to balance the need for stability of operations as a going concern with a desire to maximize services and benefits provided to members.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables and accrued liabilities	27,546	29,893
Payroll and withholding taxes	1,593	5,860
	29,139	35,753

9. Long Term Funding Commitment

A grant was pledged from the Geoffrey H Wood foundation and the Public Health Agency of Canada. The funds were pledged to support the Healthy Living Program.

10. Cash and Cash Equivalents

	2015	2014
Petty Cash	1,317	1,548
Term Deposit	10,594	10,594
Savings Account	199,193	147,931
Chequing Account	1,858	(17,710)
	212,964	142,365

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. Accounts Receivable

	2015	2014
G.H Wood Foundation	40,000	40,000
Miscellaneous	25,620	11,329
Public Health Agency of Canada	22,483	30,000
Ministry of Tourism, Cultural and Sport	16,800	33,600
Public Health Agency of Canada	26,800	-
The Pat and John McCutcheon Foundation	5,000	20,000
Tom Goldspink	5,000	5,000
Woodgreen Community Services	-	3,200
Home Management	-	1,366
	141,703	144,495
