

ST. JAMES TOWN FAMILY LITERACY SERVICES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

CONTENTS

AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
SOURCES AND USES OF FUNDS	6-7
NOTES TO FINANCIAL STATEMENTS	8-13



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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, 2016** 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, 2016** 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 4, 2017
Toronto, Canada

Posner & Ma, LLP
Chartered Accountants

LICENSED PUBLIC ACCOUNTANTS

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalents - (Note 10 and Note 12)	2,057,626	212,964
Accounts receivable - (Note 11)	57,457	141,703
Prepaid expenses	4,568	14,361
	2,119,650	369,028
NON CURRENT		
Long Term Funding Commitment (Note 9)	492,569	543,300
	2,612,219	912,328
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	14,803	29,139
Deferred revenue (Note 3)	\$ 2,417,599	773,633
	2,432,402	802,772
NET ASSETS		
Net assets	179,818	109,556
	2,612,219	912,328

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, 2016

	2016	2015
REVENUES:		
Organizational grants	\$ 534,898	\$ 534,324
Individual donations	48,129	20,598
Interest income	1,152	402
	584,179	555,324
EXPENSES		
Wages and honorarium	372,522	349,280
Program expenses	125,455	183,815
Rent and insurance	15,940	17,893
	513,917	550,988
Excess (deficiency) revenue over expenses	70,262	4,336
Net Assets beginning of year	109,556	105,220
Net Assets, end of year	\$ 179,818	\$ 109,556

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating activities		
Excess (Deficiency) of revenue over expenses	76,262	4,336
Changes in non-cash working capital balances:		
Accounts receivable	84,246	2,792
Deferred revenue	1,643,966	(122,218)
Restricted Funds	70,330	101,250
Long Term Funding Commitment	50,731	102,700
Prepaid expenses	9,792	(9,110)
Accounts payable and accrued liabilities	(14,336)	(9,420)
	<u>1,844,730</u>	<u>65,994</u>
Net increase in cash and cash equivalents during the year	<u>1,920,991</u>	<u>70,329</u>
Cash and cash equivalents at beginning of period	<u>142,635</u>	<u>142,635</u>
Cash and cash equivalents at end of period	<u>2,063,626</u>	<u>212,964</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS

YEAR ENDED DECEMBER 31, 2016

	2016	2015
Foundation Donations		
G.H Wood	72,384	107,000
Manulife Foundation	45,000	30,000
RBC Foundation	27,800	33,600
Bell Canada	26,000	
Woodgreen Community Services	18,150	21,900
Other	18,100	42,365
MLSE	-	65,000
	207,434	299,865
Federal Funding		
Government of Canada	174,684	114,103
Miscellaneous	-	1,680
	174,684	115,783
Provincial Funding		
Ministry of Tourism Culture and Sport	80,754	43,697
Other	-	1,792
	80,754	45,489
Municipal Funding		
Investing in Neighbourhoods	66,426	50,887
City of Toronto	5,600	18,300
Arts Council	-	4,000
	72,026	73,187
Donations		
Individuals	39,002	7,100
Program Fees	9,126	3,855
Interest and Miscellaneous Income	1,152	10,045
Total Income	\$ 584,179	\$ 555,324

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2016

	2016	2015
Expenses		
Wages and Honorarium		
Wages and Salaries	352,431	325,107
Executive Director	20,000	20,000
Volunteer Recognition	91	3,172
Tuition and Training Fees	-	1,000
	372,522	349,280
Program Expenses		
Program Materials	32,120	80,253
Technology	24,925	11,034
Consultants	20,665	39,505
Permit Fees	11,420	9,054
Office and General	8,284	13,268
Telephone and Internet	8,035	6,858
Repair and Maintenance	6,809	7,757
Meetings	6,271	6,676
Accounting and legal	3,551	4,587
Vehicle	1,772	4,473
Memberships	1,602	350
	125,455	183,815
Rent and Insurance		
Rent	10,925	14,829
Insurance	5,015	3,064
	15,940	17,893
Total Expenses	\$ 513,917	\$ 550,988

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

DESCRIPTION OF THE ORGANIZATION

St James Town Family Literacy Services encourages neighbours to help neighbours to provide direct services, education, training and research in order to develop the life and social skills of children, families and adults in St James Town.

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.

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

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:

	2016	2015
Federal Funding	174,684	115,783
Provincial Funding	80,754	45,489
Municipal and City Funding	72,026	73,187
	<u>327,464</u>	<u>234,459</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. DEFERRED REVENUE

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

	2016	2015
Syrian Sanctuary	1,680,175	42,483
Public Health Agency of Canada	527,816	370,000
Mo Davis	100,000	-
Healthy Living	96,940	133,300
Fundamental Movement: Swimming	12,668	38,000
Seniors	-	40,000
After School	-	33,600
Employment	-	15,000
	\$ 2,417,599	\$ 672,383

4. RELATED PARTY TRANSACTIONS

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

	2016	2015
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.

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. FINANCIAL INSTRUMENTS - Continued

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.

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

	2016	2015
Trade payables and accrued liabilities	13,284	27,546
Payroll and withholding taxes	1,518	1,593
	14,803	29,139

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

9. Long Term Funding Commitment

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

10. Cash and Cash Equivalents

	2016	2015
Petty Cash	463	1,317
Term Deposit - General Purpose	310,996	10,594
Term Deposit - Restricted	1,648,900	-
Savings Account	53,533	199,193
Chequing Account	43,733	1,858
	2,057,626	212,964

The organization is holding term several term deposits in trust for families immigrating from Syria. These term deposits are not for general use and their use is restricted for the specific purpose of helping families come to Canada.

11. Accounts Receivable

	2016	2015
Public Health Agency of Canada	38,983	49,283
Government of Canada	10,000	-
Tom Goldspink	5,000	5,000
Investing In Neighbourhoods	2,974	-
Miscellaneous	500	25,620
G.H Wood Foundation	-	40,000
Ministry of Tourism, Cultural and Sport	-	16,800
The Pat and John McCutcheon Foundation	-	5,000
	57,457	141,703

12. Syrian Refugee Project

During the year, the organization worked with accredited Sponsorship Agreement Holders (SAC) to provide settlement support for refugees arriving to Canada. The support provided included but was not limited to sourcing housing, clothing furniture, employment.

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

13. Economic Dependence

The organization is economically dependent upon its funders for the continued operations of its programs.

14. Comparative Figures

Certain of the prior years' comparative figures have been reclassified to conform to the current year's financial statement presentation.