

ST. JAMES TOWN FAMILY LITERACY SERVICES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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, 2017** 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, 2017** 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.

APRIL 12, 2018

Toronto, Canada

LICENSED PUBLIC ACCOUNTANTS

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents - (Note 10 and Note 12)	\$ 1,905,521	\$ 2,057,626
Accounts receivable - (Note 11)	144,623	57,457
Prepaid expenses	4,567	4,568
	2,054,712	2,119,651
NON CURRENT		
Long Term Funding Commitment (Note 9)	382,080	492,569
	\$ 2,436,792	\$ 2,612,220
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	31,255	14,803
Deferred revenue (Note 3)	\$ 2,211,169	\$ 2,416,199
	2,242,424	2,431,002
NET ASSETS		
Net assets	194,367	181,218
	\$ 2,436,792	\$ 2,612,220

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, 2017

	2017	2016
REVENUES:		
Organizational grants	\$ 506,154	\$ 534,898
Individual donations	36,379	49,529
Interest and miscellaneous income	9,443	1,152
	<u>551,975</u>	<u>585,579</u>
EXPENSES		
Wages and honorarium	310,735	372,522
Program expenses	210,886	125,455
Rent and insurance	17,205	15,940
	<u>538,826</u>	<u>513,917</u>
Excess (deficiency) revenue over expenses	13,149	71,662
Net Assets beginning of year	181,218	109,556
Net Assets, end of year	\$ 194,367	\$ 181,218

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	2017	2016
Operating activities		
Excess (Deficiency) of revenue over expenses	13,149	71,662
Changes in non-cash working capital balances:		
Accounts receivable	(87,166)	84,246
Deferred revenue	(205,030)	1,642,566
Restricted Funds	-	70,330
Long Term Funding Commitment	110,489	50,731
Prepaid expenses	1	9,792
Accounts payable and accrued liabilities	16,452	(14,336)
	<u>(165,254)</u>	<u>1,843,329</u>
Net increase in cash and cash equivalents during the year	<u>(152,106)</u>	<u>1,914,990</u>
Cash and cash equivalents at beginning of period	<u>2,057,626</u>	<u>142,635</u>
Cash and cash equivalents at end of period	<u>1,905,521</u>	<u>2,057,626</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2017

	2017	2016
Foundation Donations		
G.H Wood	-	72,384
Manulife Foundation	30,400	45,000
Other	21,771	18,100
RBC Foundation	15,000	27,800
Woodgreen Community Services	13,250	18,150
Bell Canada	-	26,000
	80,421	207,434
Federal Funding		
Government of Canada	241,120	174,684
Provincial Funding		
Ministry of Tourism Culture and Sport	112,285	80,754
	112,285	80,754
Municipal Funding		
Investing in Neighbourhoods	49,627	66,426
City of Toronto	22,700	5,600
	72,327	72,026
Donations		
Individuals	17,224	40,402
Program Fees	19,154	9,126
Interest and Miscellaneous Income	9,443	1,152
Total Income	\$ 551,975	\$ 585,579

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2017

	2017	2016
Expenses		
Wages and Honorarium		
Wages and Salaries	290,253	352,431
Executive Director	20,000	20,000
Volunteer Recognition	482	91
	310,735	372,522
Program Expenses		
Program Materials	80,052	32,120
Consultants	61,841	20,665
Permit Fees	22,127	11,420
Technology	10,347	24,925
Office and General	8,254	8,284
Telephone and Internet	8,223	8,035
Repair and Maintenance	6,260	6,809
Meetings	6,317	6,271
Accounting and legal	3,164	3,551
Vehicle	4,301	1,772
Memberships	-	1,602
	210,886	125,455
Rent and Insurance		
Rent	12,915	10,925
Insurance	4,290	5,015
	17,205	15,940
Total Expenses	\$ 538,826	\$ 513,917

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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.

2. GOVERNMENT GRANTS

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

	2017	2016
Federal Funding	241,120	174,684
Provincial Funding	112,285	80,754
Municipal and City Funding	72,327	72,026
	425,733	327,464

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

3. DEFERRED REVENUE

Deferred Revenue represents unspent externally restricted donations received or receivable at December 31, 2017 for the following programs:

	2017	2016
Syrian Sanctuary	1,587,193	1,678,775
Public Health Agency of Canada	327,036	527,816
Mo Davis	100,000	100,000
Healthy Living	196,940	96,940
Fundamental Movement: Swimming	-	12,668
	2,211,169	\$ 2,416,199

4. RELATED PARTY TRANSACTIONS

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

	2017	2016
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, 2017

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

	2017	2016
Trade payables and accrued liabilities	29,284	13,284
Payroll and withholding taxes	1,971	1,518
	31,255	14,803

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 Equivalent

	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, 2017

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.