

ST. JAMES TOWN FAMILY LITERACY SERVICES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of St. James Town Family Literacy Services

Qualified Opinion

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, 2019** and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at **December 31, 2018**, 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.

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.

Our audit opinion on the financial statements for the year ended **December 31, 2018** was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material a material misstatement resulting from fraud is higher than for on resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the over presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

October 1, 2020
Toronto, Canada

Posner & Ma, LLP
Chartered Accountants

LICENSED PUBLIC ACCOUNTANTS

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Unrestricted cash and cash equivalents (Note 10)	\$ 430,880	\$ 468,120
Restricted cash (Note 10 and Note 12)	621,258	1,188,581
Accounts receivable - (Note 11)	33,822	77,689
Prepaid expenses	5,818	5,167
	<u>1,091,778</u>	<u>1,739,557</u>
	<u>\$ 1,091,778</u>	<u>\$ 1,739,557</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	44,113	40,131
Restricted program deposits (Note 3)	223,940	296,940
Syrian deposits in trust (Note 12)	635,391	1,213,979
	<u>903,443</u>	<u>1,551,050</u>
NET ASSETS		
Net assets	<u>188,334</u>	<u>188,507</u>
	<u>\$ 1,091,778</u>	<u>\$ 1,739,557</u>

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, 2019

	2019	2018
REVENUES:		
Organizational grants	\$ 500,089	\$ 498,340
Individual donations	27,797	39,527
Interest and miscellaneous income	15,238	10,493
	<u>543,124</u>	548,360
EXPENSES		
Wages and honorarium	403,383	378,773
Program expenses	124,417	159,383
Rent and insurance	15,496	16,065
	<u>543,297</u>	554,220
Excess (deficiency) revenue over expenses	(173)	(5,860)
Net Assets beginning of year	188,507	194,367
Net Assets, end of year	\$ 188,334	\$ 188,507

ST. JAMES TOWN FAMILY LITERACY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
Operating activities		
Excess (Deficiency) of revenue over expenses	(173)	(5,860)
Changes in non-cash working capital balances:		
Accounts receivable	43,868	66,934
Restricted deposits	(651,589)	(700,250)
Long Term Funding Commitment	-	382,080
Prepaid expenses	(651)	(600)
Accounts payable and accrued liabilities	3,982	8,876
	<u>(604,390)</u>	<u>(242,960)</u>
Net increase in cash and cash equivalents during the year	<u>(604,563)</u>	<u>(248,821)</u>
Cash and cash equivalents at beginning of period	<u>1,656,701</u>	<u>1,905,521</u>
Cash and cash equivalents at end of period	<u>\$ 1,052,137</u>	<u>\$ 1,656,701</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
Foundation Donations		
Manulife Foundation	-	60,000
Other	91,200	59,772
Bell Canada	32,750	15,000
Woodgreen Community Services	8,400	9,600
	132,350	144,372
Federal Funding		
Government of Canada	156,056	147,681
Provincial Funding		
Ministry of Tourism Culture and Sport	117,648	130,225
Municipal Funding		
City of Toronto	57,600	43,892
Investing in Neighbourhoods	36,435	32,170
	94,035	76,062
Donations		
Individuals	9,235	22,729
Program Fees	18,562	16,798
Interest and Miscellaneous Income	15,238	10,493
Total Income	\$ 543,124	\$ 548,360

ST. JAMES TOWN FAMILY LITERACY SERVICES
SOURCES AND USES OF FUNDS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
Expenses		
Wages and Honorarium		
Wages and Salaries	382,983	356,473
Executive Director	20,000	20,000
Volunteer Recognition	400	2,300
	403,383	378,773
Program Expenses		
Program	79,494	113,652
Consultants	27,423	9,029
Technology	2,260	17,000
Office and General	2,292	6,466
Telephone and Internet	7,037	6,295
Accounting and legal	3,475	3,164
Repair and Maintenance	2,436	2,776
Donations	-	1,000
	124,417	159,383
Rent and Insurance		
Rent	11,922	11,922
Insurance	3,574	4,143
	15,496	16,065
Total Expenses	\$ 543,297	\$ 554,220

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

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.

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:

	<u>2019</u>	<u>2018</u>
Federal Funding	156,056	147,681
Provincial Funding	117,648	130,225
Municipal and City Funding	94,035	76,062
	<u>\$ 367,739</u>	<u>\$ 353,968</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. RESTRICTED PROGRAM DEPOSITS

Restricted program deposits represents unspent restricted funds received or receivable at December 31, 2019 for the following programs:

	<u>2019</u>	<u>2018</u>
Healthy Living	123,940	196,940
Mo Davies	100,000	100,000
	<u>\$ 223,940</u>	<u>\$ 296,940</u>

4. RELATED PARTY TRANSACTIONS

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

	<u>2019</u>	<u>2018</u>
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, 2019

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

	<u>2019</u>	<u>2018</u>
Trade payables and accrued liabilities	39,477	37,240
Payroll and withholding taxes	4,636	2,891
	<u>\$ 44,113</u>	<u>\$ 40,131</u>

ST. JAMES TOWN FAMILY LITERACY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

9. LONG-TERM FUNDING COMMITMENT

A grant was pledged from the Public Health Agency of Canada in 2017. The funds were pledged to support the Health Living Program. Further grants were pledged in 2019.

10. CASH AND CASH EQUIVALENTS

	2019	2018
Unrestricted		
Term Deposit - General Purpose	323,749	317,385
Savings Account	109,509	107,684
Chequing Account	(2,378)	43,051
	430,880	468,120
Restricted		
Term Deposit - Restricted	621,258	1,188,581
	\$ 1,052,138	\$ 1,656,701

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

	2019	2018
Public Health Agency of Canada	23,059	50,732
Investing In Neighbourhoods	4,163	22,157
Miscellaneous	6,600	4,800
	\$ 33,822	\$ 77,689

12. SYRIAN REFUGEE PROJECT

The organization holds funds in trust for the purpose of distribution to Syrian refugees upon their arrival to Canada.

13. ECONOMIC DEPENDENCE

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