

# **P.E.I. LITERACY ALLIANCE INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2012**

**P.E.I. LITERACY ALLIANCE INC.**

**YEAR ENDED MARCH 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of P.E.I. Literacy Alliance Inc.

We have audited the accompanying financial statements of P.E.I. Literacy Alliance Inc. which comprise of the statement of net assets as at March 31, 2012 and the statements of changes in net assets, revenues and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian generally accepted accounting principles, 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 financial statements based on our audit. 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 risk assessments, the auditor considers internal control 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 a qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Alliance derives revenue from donations and fees, 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 revenue over expenses, assets and net assets.

### *Qualified Opinion*

In our opinion, except for the effect of the matters described in the previous paragraphs, these financial statements present fairly, in all material respects, the statement of financial net assets as at March 31, 2012 and the statements of changes in net assets, revenues and expenditures and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

SEPTEMBER 10, 2012  
CHARLOTTETOWN, PRINCE EDWARD ISLAND

  
CHARTERED ACCOUNTANTS

P.E.I. LITERACY ALLIANCE INC.

STATEMENT OF NET ASSETS

MARCH 31, 2012

ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT</b>		
Cash and short term investments	\$ 283,853	\$ 356,811
Receivables	14,261	15,707
Prepaid expenses	<u>3,125</u>	<u>9,349</u>
	<u>\$ 301,239</u>	<u>\$ 381,867</u>

LIABILITIES

<b>CURRENT</b>		
Payables and accruals	\$ 5,283	\$ 10,140
Deferred revenue	<u>77,700</u>	<u>136,040</u>
	<u>82,983</u>	<u>146,180</u>

NET ASSETS

<b>UNRESTRICTED</b>	<u>218,256</u>	<u>235,687</u>
	<u>\$ 301,239</u>	<u>\$ 381,867</u>

APPROVED ON BEHALF OF THE ALLIANCE:

 Member  
 Member

P.E.I. LITERACY ALLIANCE INC.  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2012

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	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 235,687	\$ 242,360
Excess of Expenditures over Revenues	<u>(17,431)</u>	<u>(6,673)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 218,256</u>	<u>\$ 235,687</u>

**P.E.I. LITERACY ALLIANCE INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**YEAR ENDED MARCH 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>REVENUE</b>		
Laubach Literacy of Canada	\$ -	\$ 16,944
Transfer from PGI Golf Tournament	10,180	12,000
Transfer from Igniting the Power Within	22,264	-
Raise a Reader	23,805	14,000
Grant - Canadian Council of Learning	3,500	-
Recovery of expenses	4,571	10,255
Plain Language Revenue	925	1,950
Donations	1,921	1,322
Interest	2,468	1,708
Net project income (loss) - Note 3	22,347	283
Workshop registration	<u>240</u>	<u>580</u>
	<u><b>92,221</b></u>	<u><b>59,042</b></u>
<b>EXPENSES</b>		
Advertising	3,837	3,393
Awards	4,500	4,500
Bursaries	7,500	8,250
Conferences, travel and accommodations	11,034	12,652
Equipment purchases	9,497	1,906
Grants	1,000	7,500
Honoraria	1,604	786
Insurance	1,200	131
Interest and bank charges	499	223
Office and miscellaneous	6,678	4,012
Professional fees	31,538	8,807
Rent	580	1,159
Wages and benefits	<u>30,185</u>	<u>12,396</u>
	<u><b>109,652</b></u>	<u><b>65,715</b></u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u><b>\$ (17,431)</b></u>	<u><b>\$ (6,673)</b></u>

**P.E.I. LITERACY ALLIANCE INC.**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Excess of expenditures over revenues	\$ (17,431)	\$ (6,673)
Net changes in non-cash working capital items		
Receivables	1,446	9,889
Prepaid expense	6,224	(6,513)
Payables and accruals	(4,857)	6,823
Deferred revenue	<u>(58,340)</u>	<u>(27,844)</u>
<b>DECREASE IN CASH</b>	<b>(72,958)</b>	<b>(24,318)</b>
<b>CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>356,811</b></u>	<u><b>381,129</b></u>
<b>CASH AND SHORT TERM INVESTMENTS, END OF YEAR</b>	<b>\$ <u>283,853</u></b>	<b>\$ <u>356,811</u></b>

**P.E.I. LITERACY ALLIANCE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2012**

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**1. MANDATE**

The P.E.I. Literacy Alliance advances literacy for the people of Prince Edward Island.

**2. ACCOUNTING POLICIES**

**CASH AND SHORT TERM INVESTMENTS**

Cash and short term investments consist of cash on deposit, less cheques issued and outstanding, and investments in money market instruments.

**PROPERTY AND EQUIPMENT**

Property and equipment are expensed on acquisition.

**REVENUE RECOGNITION**

Grant revenue is recognized in accordance with the terms and conditions of the grant. Deferred revenues result from the project completion dates of specific grants extending beyond the fiscal year end.

**USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 management's best estimates as additional information becomes available in the future.

**DONATED SERVICES**

In order to achieve objectives of the organization, the Alliance is dependent on the services donated by many individuals. Since these services are not normally purchased by the association and because of the difficulty in determining their fair value, donated services are not monetarily recorded in the records of the association.

**FINANCIAL INSTRUMENTS**

The P.E.I. Literacy Alliance financial instruments consist of cash, short term investments, receivables, payables and accruals. Unless otherwise noted it is management's opinion that the P.E.I. Literacy Alliance is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair market value of these financial instruments approximate their carrying values, unless otherwise noted.



**P.E.I. LITERACY ALLIANCE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2012**

**3. NET PROJECT INCOME (LOSS)**

	<u>PAGE</u>	<u>2012</u>	<u>2011</u>
PGI Golf Tournament For Literacy	8	\$ 16,593	\$ 8,355
Summer Tutoring Program for Kids	8	8,844	(10,663)
Office of Literacy and Essential Skills	9	(3,090)	(211)
General Education Development Marketing	9	-	-
Sharing Our Gifts	10	-	-
Igniting the Power Within	10	-	-
Family Literacy Partnership	11	-	-
Health Literacy Seniors	11	-	2,802
		<u>\$ 22,347</u>	<u>\$ 283</u>

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

Effective January 1, 2012, existing Canadian generally accepted accounting principles (GAAP) will cease to exist for not-for-profit organizations and will be replaced with Canadian accounting standards for not-for-profit organizations. These new accounting standards specific to not-for-profit organizations will be applicable for year ends beginning on, or after January 1, 2012.

P.E.I. LITERACY ALLIANCE INC.  
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY  
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS  
YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
<b>SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY</b>		
<b>REVENUE</b>	<b>\$ <u>50,462</u></b>	<b>\$ <u>43,261</u></b>
<b>EXPENSES</b>		
Advertising	2,465	1,202
Awards	200	200
Donations	5,000	5,000
Gifts/honoraria	1,131	2,449
Insurance	-	605
Learner's Award	200	200
Meals	5,718	5,771
Miscellaneous	4,622	4,195
Professional fees	2,034	140
Resource materials	34	433
Travel	<u>2,285</u>	<u>2,711</u>
	<b><u>23,689</u></b>	<b><u>22,906</u></b>
<b>NET PROJECT INCOME BEFORE TRANSFERS</b>	<b>26,773</b>	<b>20,355</b>
<b>TRANSFERS TO ADMINISTRATIVE ACCOUNT</b>	<b><u>(10,180)</u></b>	<b><u>(12,000)</u></b>
<b>NET PROJECT INCOME</b>	<b>\$ <u>16,593</u></b>	<b>\$ <u>8,355</u></b>
<b>SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS</b>		
<b>REVENUE</b>	<b>\$ <u>141,454</u></b>	<b>\$ <u>109,151</u></b>
<b>EXPENSES</b>		
Equipment rental/purchase	173	-
Gifts/honoraria	294	275
Materials	1,822	767
Office and miscellaneous	3,405	4,186
Travel	12,157	9,694
Wages	<u>113,259</u>	<u>104,892</u>
	<b><u>131,110</u></b>	<b><u>119,814</u></b>
<b>EXCESS REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)</b>	<b>10,344</b>	<b>(10,663)</b>
<b>DEFERRED REVENUE, END OF YEAR</b>	<b><u>1,500</u></b>	<b><u>-</u></b>
<b>NET PROJECT INCOME (LOSS)</b>	<b>\$ <u>8,844</u></b>	<b>\$ <u>(10,663)</u></b>

**P.E.I. LITERACY ALLIANCE INC.**  
**SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS**  
**SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING**  
**YEAR ENDED MARCH 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS</b>		
<b>REVENUE</b>	<b>\$ <u>149,107</u></b>	<b>\$ <u>141,120</u></b>
<b>EXPENSE</b>		
Catering	611	1,076
Insurance	1,199	2,265
Office	2,470	1,199
Postage	2,415	2,623
Printing	1,870	674
Professional fees	4,614	5,115
Registration	330	-
Rent	1,572	1,583
Telephone and internet	5,335	5,500
Travel	2,805	352
Wages	<u>120,315</u>	<u>120,944</u>
	<u><b>143,536</b></u>	<u><b>141,331</b></u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		
<b>(EXPENDITURES OVER REVENUES)</b>	5,571	(211)
<b>DEFERRED REVENUE, END OF YEAR</b>	<u>8,661</u>	<u>-</u>
<b>NET PROJECT LOSS</b>	<b>\$ <u>(3,090)</u></b>	<b>\$ <u>(211)</u></b>

**SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING**

<b>REVENUE</b>	<b>\$ <u>11,820</u></b>	<b>\$ <u>16,979</u></b>
<b>EXPENSES</b>		
Advertising	-	3,659
Project management	1,500	1,500
Telephone	<u>379</u>	<u>-</u>
	<u><b>1,879</b></u>	<u><b>5,159</b></u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	9,941	11,820
<b>DEFERRED REVENUE, END OF YEAR</b>	<u>9,941</u>	<u>11,820</u>
<b>NET PROJECT INCOME</b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

P.E.I. LITERACY ALLIANCE INC.  
SCHEDULE V - SHARING OUR GIFTS  
SCHEDULE VI - IGNITING THE POWER WITHIN  
YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
<b>SCHEDULE V - SHARING OUR GIFTS</b>		
<b>REVENUE</b>	\$ <u>48,723</u>	\$ <u>70,011</u>
<b>EXPENSES</b>		
Gifts/honoraria	1,070	-
Office supplies	210	22
Printing and Photography	2,385	-
Professional fees	7,568	4,941
Travel	61	-
Wages	<u>25,604</u>	<u>16,325</u>
	<u>36,898</u>	<u>21,288</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>11,825</b>	<b>48,723</b>
<b>DEFERRED REVENUE, END OF YEAR</b>	<u><b>11,825</b></u>	<u><b>48,723</b></u>
<b>NET PROJECT INCOME</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>

**SCHEDULE VI - IGNITING THE POWER WITHIN**

<b>REVENUE</b>	\$ <u>22,264</u>	\$ <u>96,588</u>
<b>EXPENSES</b>		
Catering	-	20,371
Equipment rental	-	4,726
Gifts/honoraria	-	1,727
Office supplies	-	65
Professional fees	-	6,592
Rent	-	8,153
Travel	-	23,092
Wages	<u>-</u>	<u>9,598</u>
	<u>-</u>	<u>74,324</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>22,264</b>	<b>22,264</b>
<b>TRANSFER TO ADMINISTRATIVE ACCOUNT</b>	<b>22,264</b>	-
<b>DEFERRED REVENUE, END OF YEAR</b>	<u><b>-</b></u>	<u><b>22,264</b></u>
<b>NET PROJECT INCOME</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>

P.E.I. LITERACY ALLIANCE INC.  
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP  
SCHEDULE VIII - HEALTH LITERACY SENIORS  
YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
<b>SCHEDULE VII - FAMILY LITERACY PARTNERSHIP</b>		
<b>REVENUE</b>	\$ <u>9,391</u>	\$ <u>11,756</u>
<b>EXPENSES</b>		
Advertising	512	860
Catering	576	825
Gifts/honoraria	-	355
Office and miscellaneous	-	50
Professional fees	420	632
Resources materials	-	221
Travel	-	47
	<u>1,508</u>	<u>2,990</u>
<b>NET PROJECT INCOME</b>	7,883	8,766
<b>DEFERRED REVENUE, END OF YEAR</b>	<u>7,883</u>	<u>8,766</u>
<b>NET PROJECT INCOME</b>	\$ <u>-</u>	\$ <u>-</u>
 <b>SCHEDULE VIII - HEALTH LITERACY SENIORS</b>		
<b>REVENUE</b>	\$ <u>-</u>	\$ <u>5,000</u>
<b>EXPENSES</b>		
Catering	-	133
Gifts/honoraria	-	1,500
Professional fees	-	400
Travel	-	165
	<u>-</u>	<u>2,198</u>
<b>NET PROJECT INCOME</b>	\$ <u>-</u>	\$ <u>2,802</u>