

P.E.I. LITERACY ALLIANCE INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

P.E.I. LITERACY ALLIANCE INC.

YEAR ENDED MARCH 31, 2013

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Changes in Net Assets	3
Statement of Revenues and Expenditures	4
Statement of Cash Flow	5
NOTES TO FINANCIAL STATEMENTS	6 - 7
SCHEDULES	
Schedule I - PGI Golf Tournament For Literacy	8
Schedule II - Summer Tutoring Program for Kids	8
Schedule III - Office of Literacy and Essential Skills	9
Schedule IV - General Education Development Marketing	9
Schedule V - Sharing our Gifts	10
Schedule VI - Igniting the Power Within	10
Schedule VII - Family Literacy Partnership	11
Schedule VIII - Canadian Literacy Evaluation	11

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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, 2013 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 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 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 matter described in the previous paragraph, these financial statements present fairly, in all material respects, the statement of financial net assets as at March 31, 2013 and the statements of changes in net assets, revenues and expenditures and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the organization adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the organization's statement of net assets as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets, and cash flow for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

SEPTEMBER 4, 2013
CHARLOTTETOWN, PRINCE EDWARD ISLAND


CHARTERED ACCOUNTANTS

P.E.I. LITERACY ALLIANCE INC.

STATEMENT OF NET ASSETS

MARCH 31, 2013

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT		
Cash and short term investments	\$ 170,241	\$ 206,153
Restricted Cash	23,042	77,700
Receivables	9,053	14,261
Prepaid expenses	<u>4,295</u>	<u>3,125</u>
	<u>\$ 206,631</u>	<u>\$ 301,239</u>



LIABILITIES

CURRENT		
Payables and accruals, including government remittances payable of \$499 (2012 - \$NIL)	\$ 6,488	\$ 5,283
Deferred revenue	<u>23,042</u>	<u>77,700</u>
	<u>29,530</u>	<u>82,983</u>

NET ASSETS

UNRESTRICTED	<u>177,101</u>	<u>218,256</u>
	<u>\$ 206,631</u>	<u>\$ 301,239</u>

APPROVED ON BEHALF OF THE BOARD:

 Member
 Member

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 218,256	\$ 235,687
Excess of Expenditures over Revenues	<u>(41,155)</u>	<u>(17,431)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	\$ <u>177,101</u>	\$ <u>218,256</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUE		
Transfer from PGI Golf Tournament	\$ 40,000	\$ 10,180
Transfer from Igniting the Power Within	-	22,264
Raise a Reader	13,423	23,805
Grant - Canadian Council of Learning	1,140	3,500
Recovery of expenses	4,766	4,571
Plain Language Revenue	325	925
Donations	3,730	1,921
Interest	1,829	2,468
Net project income (loss) - Note 4	(33,023)	22,347
Workshop registration	2,520	240
Wage Subsidy	<u>766</u>	<u>-</u>
	<u>35,476</u>	<u>92,221</u>
EXPENSES		
Advertising	3,314	3,837
Awards	4,500	4,500
Bursaries	8,250	7,500
Conferences, travel and accommodations	8,880	11,034
Equipment purchases	68	9,497
Grants	7,500	1,000
Honoraria	651	1,604
Insurance	1,199	1,200
Interest and bank charges	1,200	499
Office and miscellaneous	1,925	6,678
Professional fees	8,897	31,538
Rent	477	580
Wages and benefits	<u>29,770</u>	<u>30,185</u>
	<u>76,631</u>	<u>109,652</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>\$ (41,155)</u>	<u>\$ (17,431)</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
CASH PROVIDED FROM (USED FOR)		
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of expenditures over revenues	\$ (41,155)	\$ (17,431)
Net changes in non-cash working capital items		
Receivables	5,208	1,446
Prepaid expense	(1,170)	6,224
Payables and accruals	1,205	(4,857)
Deferred revenue	<u>(54,658)</u>	<u>(58,340)</u>
DECREASE IN CASH	(90,570)	(72,958)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>283,853</u>	<u>356,811</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	\$ <u>193,283</u>	\$ <u>283,853</u>
CASH AND SHORT TERM INVESTMENTS CONSISTS OF:		
UNRESTRICTED	\$ 170,241	\$ 206,153
RESTRICTED	<u>23,042</u>	<u>77,700</u>
	\$ <u>193,283</u>	\$ <u>283,853</u>

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

1. MANDATE

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

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the organization's first financial statements prepared in accordance with the accounting standards for not-for-profit organizations (ASNFPFO) which has been applied retrospectively. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and the preparation of an opening ASNFPFO statement of financial position at April 1, 2011, (the organization's date of transition).

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNFPFO had no impact on the previously reported assets, liabilities and net assets of the organization, and accordingly; no adjustments have been recorded in the comparative statement of financial position, statement of operations and statement of cash flow. Certain of the organization's disclosures included in these financial statements reflect the new disclosure of ASNFPFO.

RESTATED STATEMENT OF FINANCIAL POSITION FOR ASNFPFO TRANSITION

ASSETS

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>	<u>April 1,</u> <u>2011</u>
CURRENT			
Cash and short term investments	\$ 170,241	\$ 206,153	\$ 220,771
Restricted Cash	23,042	77,700	136,040
Receivables	9,053	14,261	15,707
Prepays	<u>4,295</u>	<u>3,125</u>	<u>9,349</u>
	<u>\$ 206,631</u>	<u>\$ 301,239</u>	<u>\$ 381,867</u>

LIABILITIES

CURRENT			
Payables and accruals	\$ 6,488	\$ 5,283	\$ 10,140
Deferred revenue	<u>23,042</u>	<u>77,700</u>	<u>136,040</u>
	<u>29,530</u>	<u>82,983</u>	<u>146,180</u>

NET ASSETS

UNRESTRICTED	<u>177,101</u>	<u>218,256</u>	<u>235,687</u>
	<u>\$ 206,631</u>	<u>\$ 301,239</u>	<u>\$ 381,867</u>

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

3. 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 Organization's financial assets measured at cost consist of cash, short term investments and receivables. Financial liabilities measured at amortized cost consist of payables and accruals. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

4. NET PROJECT INCOME (LOSS)

	<u>PAGE</u>	<u>2013</u>	<u>2012</u>
PGI Golf Tournament For Literacy	8	\$ (20,167)	\$ 16,593
Summer Tutoring Program for Kids	8	(12,753)	8,844
Office of Literacy and Essential Skills	9	(103)	(3,090)
General Education Development Marketing	9	-	-
Sharing Our Gifts	10	-	-
Igniting the Power Within	10	-	-
Family Literacy Partnership	11	-	-
Canadian Literacy Evaluation	11	-	-
		<u>\$ (33,023)</u>	<u>\$ 22,347</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS
YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY		
REVENUE	\$ <u>54,259</u>	\$ <u>50,462</u>
EXPENSES		
Advertising	1,412	2,465
Awards	400	200
Donations	-	5,000
Gifts/honoraria	-	1,131
Learner's Award	200	200
Meals	3,583	5,718
Miscellaneous	7,554	4,622
Professional fees	2,911	2,034
Resource materials	17	34
Talking Health with Seniors video	16,947	-
Travel	<u>1,402</u>	<u>2,285</u>
	<u>34,426</u>	<u>23,689</u>
NET PROJECT INCOME BEFORE TRANSFERS	19,833	26,773
TRANSFERS TO ADMINISTRATIVE ACCOUNT	<u>(40,000)</u>	<u>(10,180)</u>
NET PROJECT INCOME (LOSS)	\$ <u>(20,167)</u>	\$ <u>16,593</u>
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS		
REVENUE	\$ <u>125,724</u>	\$ <u>141,454</u>
EXPENSES		
Equipment rental/purchase	29	173
Gifts/honoraria	100	294
Materials	385	1,822
Office and miscellaneous	3,028	3,405
Travel	11,261	12,157
Wages	<u>123,674</u>	<u>113,259</u>
	<u>138,477</u>	<u>131,110</u>
EXCESS REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(12,753)	10,344
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>1,500</u>
NET PROJECT INCOME (LOSS)	\$ <u>(12,753)</u>	\$ <u>8,844</u>

*- PGI funds used
to create this
Health-Literacy
Video*

*True net
income was
\$36,780*

P.E.I. LITERACY ALLIANCE INC.

SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS

SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING

YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS		
REVENUE	\$ <u>148,108</u>	\$ <u>149,107</u>
EXPENSE		
Catering	732	611
Insurance	1,200	1,199
Office	1,012	2,470
Postage	1,858	2,415
Printing	2,280	1,870
Professional fees	2,316	4,614
Registration	240	330
Rent	1,038	1,572
Telephone and internet	5,065	5,335
Travel	2,018	2,805
Wages	<u>130,452</u>	<u>120,315</u>
	<u>148,211</u>	<u>143,536</u>
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(103)	5,571
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>8,661</u>
NET PROJECT LOSS	\$ <u>(103)</u>	\$ <u>(3,090)</u>

SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING

REVENUE	\$ <u>9,941</u>	\$ <u>11,820</u>
EXPENSES		
Advertising	5,477	-
Project management	1,500	1,500
Telephone	<u>275</u>	<u>379</u>
	<u>7,252</u>	<u>1,879</u>
EXCESS OF REVENUE OVER EXPENDITURES	2,689	9,941
DEFERRED REVENUE, END OF YEAR	<u>2,689</u>	<u>9,941</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE V - SHARING OUR GIFTS
SCHEDULE VI - IGNITING THE POWER WITHIN
YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
SCHEDULE V - SHARING OUR GIFTS		
REVENUE	\$ <u>11,825</u>	\$ <u>48,723</u>
EXPENSES		
Gifts/honoraria	-	1,070
Office supplies	-	210
Printing and Photography	554	2,385
Professional fees	1,500	7,568
Travel	-	61
Wages	<u>2,092</u>	<u>25,604</u>
	<u>4,146</u>	<u>36,898</u>
EXCESS OF REVENUE OVER EXPENDITURES	7,679	11,825
DEFERRED REVENUE, END OF YEAR	<u>7,679</u>	<u>11,825</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>
 SCHEDULE VI - IGNITING THE POWER WITHIN		
REVENUE	\$ <u>-</u>	\$ <u>22,264</u>
EXPENSES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	22,264
TRANSFER TO ADMINISTRATIVE ACCOUNT	<u>-</u>	<u>22,264</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE INC.
 SCHEDULE VII - FAMILY LITERACY PARTNERSHIP
 SCHEDULE VIII - CANADIAN LITERACY EVALUATION
 YEAR ENDED MARCH 31, 2013

	<u>2013</u>	<u>2012</u>
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP		
REVENUE	\$ <u>8,083</u>	\$ <u>9,391</u>
EXPENSES		
Advertising	886	512
Catering	496	576
Professional fees	375	420
Resources materials	41	-
Wages	<u>4,250</u>	<u>-</u>
	<u>6,048</u>	<u>1,508</u>
NET PROJECT INCOME	2,035	7,883
DEFERRED REVENUE, END OF YEAR	<u>2,035</u>	<u>7,883</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>
 SCHEDULE VIII - CANADIAN LITERACY EVALUATION		
REVENUE	\$ <u>25,000</u>	\$ <u>-</u>
EXPENSES		
Workplace Learning	<u>25,000</u>	<u>-</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>