

P.E.I. LITERACY ALLIANCE INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

P.E.I. LITERACY ALLIANCE INC.

YEAR ENDED MARCH 31, 2014

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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, 2014 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, 2014 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.

AUGUST 26, 2014
CHARLOTTETOWN, PRINCE EDWARD ISLAND


CHARTERED ACCOUNTANTS

P.E.I. LITERACY ALLIANCE INC.

STATEMENT OF NET ASSETS

MARCH 31, 2014

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT		
Cash and short term investments	\$ 189,183	\$ 170,241
Restricted Cash	44,589	23,042
Receivables	1,903	9,053
Prepaid expenses	<u>1,734</u>	<u>4,295</u>
	<u>\$ 237,409</u>	<u>\$ 206,631</u>


LIABILITIES


CURRENT		
Payables and accruals, including government remittances payable of \$NIL (2013 - \$499)	\$ 3,319	\$ 6,488
Deferred revenue	<u>44,589</u>	<u>23,042</u>
	<u>47,908</u>	<u>29,530</u>

NET ASSETS

UNRESTRICTED	<u>189,501</u>	<u>177,101</u>
	<u>\$ 237,409</u>	<u>\$ 206,631</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, 2014

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 177,101	\$ 218,256
Excess (Deficiency) of Revenues over Expenditures	<u>12,400</u>	<u>(41,155)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 189,501</u>	<u>\$ 177,101</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Transfer from PGI Golf Tournament	\$ 27,000	\$ 40,000
Transfer from Sharing Our Gifts	7,679	-
Raise a Reader	11,608	13,423
Grant - Canadian Council of Learning	-	1,140
Recovery of expenses	1,766	4,766
Plain Language Revenue	1,100	325
Donations	4,152	3,730
Interest	1,289	1,829
Net project income (loss) - Note 4	11,365	(33,023)
Workshop registration	240	2,520
Wage Subsidy	<u>-</u>	<u>766</u>
	<u>66,199</u>	<u>35,476</u>
EXPENSES		
Advertising	1,211	3,314
Awards	3,800	4,500
Bursaries	6,000	8,250
Conferences, travel and accommodations	5,645	8,880
Equipment purchases	-	68
Grants	-	7,500
Honoraria	1,000	651
Insurance	1,199	1,199
Interest and bank charges	1,325	1,200
Office and miscellaneous	3,446	1,925
Professional fees	4,811	8,897
Rent	42	477
Wages and benefits	<u>25,320</u>	<u>29,770</u>
	<u>53,799</u>	<u>76,631</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 12,400</u>	<u>\$ (41,155)</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
CASH PROVIDED FROM (USED FOR)		
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of expenditures over revenues	\$ 12,400	\$ (41,155)
Net changes in non-cash working capital items		
Receivables	7,150	5,208
Prepaid expense	2,561	(1,170)
Payables and accruals	(3,169)	1,205
Deferred revenue	<u>21,547</u>	<u>(54,658)</u>
INCREASE (DECREASE) IN CASH	40,489	(90,570)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>193,283</u>	<u>283,853</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$ 233,772</u>	<u>\$ 193,283</u>
CASH AND SHORT TERM INVESTMENTS CONSISTS OF:		
UNRESTRICTED	\$ 189,183	\$ 170,241
RESTRICTED	<u>44,589</u>	<u>23,042</u>
	<u>\$ 233,772</u>	<u>\$ 193,283</u>

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

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 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.

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

3. GOING CONCERN AND FUTURE OPERATIONS

These financial statements have been prepared on the going concern basis which assumes that the organization will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the organization has experienced a significant loss of funding. The application of the going concern basis is dependant on the organization's ability to sustain future funding. The organization has unrestricted net assets to fund their mandate but eventually new funding will be required.

These financial statements do not reflect adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate, adjustments would be necessary to the the reported revenues and expenses and the Statement of Revenue and Expenditures classifications used.

3. NET PROJECT INCOME (LOSS)

	<u>PAGE</u>	<u>2014</u>	<u>2013</u>
PGI Golf Tournament For Literacy	8	\$ 20,254	\$ (20,167)
Summer Tutoring Program for Kids	8	-	(12,753)
Office of Literacy and Essential Skills	9	303	(103)
General Education Development Marketing	9	(2,812)	-
Sharing Our Gifts	10	-	-
2014 Book	10	-	-
Family Literacy Partnership	11	(6,380)	-
Canadian Literacy Evaluation	11	-	-
		<u>\$ 11,365</u>	<u>\$ (33,023)</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, 2014

	<u>2014</u>	<u>2013</u>
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY		
REVENUE	\$ <u>62,543</u>	\$ <u>54,259</u>
EXPENSES		
Advertising	644	1,412
Awards	354	400
Gifts/honoraria	77	-
Learner's Award	200	200
Meals	3,942	3,583
Miscellaneous	8,393	7,554
Professional fees	1,200	2,911
Resource materials	53	17
Talking Health with Seniors video	-	16,947
Travel	426	1,402
	<u>15,289</u>	<u>34,426</u>
NET PROJECT INCOME BEFORE TRANSFERS	47,254	19,833
TRANSFERS TO ADMINISTRATIVE ACCOUNT	<u>(27,000)</u>	<u>(40,000)</u>
NET PROJECT INCOME (LOSS)	\$ <u>20,254</u>	\$ <u>(20,167)</u>
SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS		
REVENUE	\$ <u>-</u>	\$ <u>125,724</u>
EXPENSES		
Equipment rental/purchase	-	29
Gifts/honoraria	-	100
Materials	-	385
Office and miscellaneous	-	3,028
Travel	-	11,261
Wages	-	123,674
	<u>-</u>	<u>138,477</u>
NET PROJECT LOSS	\$ <u>-</u>	\$ <u>(12,753)</u>

*PGI funds used to
support this project.*

*+
= 36,780
True Net
Income*

P.E.I. LITERACY ALLIANCE INC.

SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS

SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING

YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS		
REVENUE	\$ <u>136,582</u>	\$ <u>148,108</u>
EXPENSE		
Catering	108	732
Equipment rental and purchase	-	40
Insurance	1,200	1,200
Office	850	972
Postage	1,682	1,858
Printing	1,547	2,280
Professional fees	2,053	2,316
Registration	553	240
Rent	240	1,038
Telephone and internet	3,755	5,065
Travel	1,532	2,018
Wages	<u>115,092</u>	<u>130,452</u>
	<u>128,612</u>	<u>148,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,970	(103)
DEFERRED REVENUE, END OF YEAR	<u>7,667</u>	<u>-</u>
NET PROJECT INCOME (LOSS)	\$ <u><u>303</u></u>	\$ <u><u>(103)</u></u>
 SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING		
REVENUE	\$ <u>2,689</u>	\$ <u>9,941</u>
EXPENSES		
Advertising	3,882	5,477
Project management	1,500	1,500
Telephone	<u>119</u>	<u>275</u>
	<u>5,501</u>	<u>7,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,812)	2,689
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>2,689</u>
NET PROJECT LOSS	\$ <u><u>(2,812)</u></u>	\$ <u><u>-</u></u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE V - SHARING OUR GIFTS
SCHEDULE VI -2014 BOOK
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
SCHEDULE V - SHARING OUR GIFTS		
REVENUE	\$ <u>7,679</u>	\$ <u>11,825</u>
EXPENSES		
Printing and Photography	-	554
Professional fees	-	1,500
Wages	<u>-</u>	<u>2,092</u>
	<u>-</u>	<u>4,146</u>
EXCESS OF REVENUE OVER EXPENDITURES	7,679	7,679
TRANSFER TO ADMINISTRATIVE ACCOUNT	7,679	-
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>7,679</u>
NET PROJECT INCOME	<u>\$ -</u>	<u>\$ -</u>
 SCHEDULE VI - 2014 BOOK		
REVENUE	\$ <u>15,600</u>	\$ <u>-</u>
EXPENSES		
2014 Book	9,000	-
Travel	<u>67</u>	<u>-</u>
	<u>9,067</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	6,533	-
DEFERRED REVENUE, END OF YEAR	<u>6,533</u>	<u>-</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, 2014

	<u>2014</u>	<u>2013</u>
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP		
REVENUE	\$ <u>2,035</u>	\$ <u>8,083</u>
EXPENSES		
Advertising	525	886
Catering	271	496
Equipment rental and purchase	345	-
Professional fees	250	375
Resources materials	249	41
Wages	<u>6,775</u>	<u>4,250</u>
	<u>8,415</u>	<u>6,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,380)	2,035
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>2,035</u>
NET PROJECT LOSS	\$ <u>(6,380)</u>	\$ <u>-</u>
 SCHEDULE VIII - CANADIAN LITERACY EVALUATION		
REVENUE	\$ <u>-</u>	\$ <u>25,000</u>
EXPENSES		
Workplace Learning	<u>-</u>	<u>25,000</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>