

P.E.I. LITERACY ALLIANCE INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

P.E.I. LITERACY ALLIANCE INC.

YEAR ENDED MARCH 31, 2016

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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, 2016 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, 2016 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.



CHARTERED PROFESSIONAL ACCOUNTANTS
September 13, 2016
Charlottetown, Prince Edward Island

P.E.I. LITERACY ALLIANCE INC.

STATEMENT OF NET ASSETS

MARCH 31, 2016

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT		
Cash and short term investments	\$ 34,304	\$ 101,455
Restricted Cash	56,638	39,194
Receivables	15,674	6,841
Prepaid expenses	<u>-</u>	<u>604</u>
	<u>\$ 106,616</u>	<u>\$ 148,094</u>

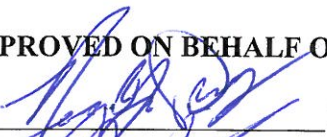
LIABILITIES

CURRENT		
Payables and accruals, including government remittances payable of \$616 (2015 - \$2,757)	\$ 5,505	\$ 5,803
Deferred revenue	<u>56,638</u>	<u>39,194</u>
	<u>62,143</u>	<u>44,997</u>

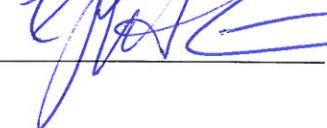
NET ASSETS

UNRESTRICTED	<u>44,473</u>	<u>103,097</u>
	<u>\$ 106,616</u>	<u>\$ 148,094</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, 2016

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 103,097	\$ 189,501
Deficiency of Revenues over Expenditures	<u>(58,624)</u>	<u>(86,404)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	\$ <u>44,473</u>	\$ <u>103,097</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Project Revenue (Net of deferred revenue) - Note 5	\$ 230,714	\$ 245,462
Transfer from PGI Golf Tournament	-	66,016
Raise a Reader	14,080	15,321
Donations	11,771	11,010
Reading town	5,467	6,000
Plain Language Revenue	1,260	800
Interest and Miscellaneous	<u>1,234</u>	<u>909</u>
	<u>264,526</u>	<u>345,518</u>
EXPENSES		
Advertising	1,481	785
Awards	-	3,300
Bursaries	3,000	2,250
Conferences, travel and accommodations	5,140	6,260
Honoraria	1,006	1,510
Insurance	2,016	2,138
Interest and bank charges	873	876
Office and miscellaneous	1,787	4,946
Professional fees	8,880	11,944
Project Expenses - Note 5	201,973	298,240
Rent	61	10
Telephone	2,180	1,640
Wages and benefits	<u>94,753</u>	<u>98,023</u>
	<u>323,150</u>	<u>431,922</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (58,624)</u>	<u>\$ (86,404)</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
CASH PROVIDED FROM (USED FOR)		
CASH FLOW FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (58,624)	\$ (86,404)
Net changes in non-cash working capital items		
Receivables	(8,833)	(4,938)
Prepaid expense	604	1,130
Payables and accruals	(298)	2,484
Deferred revenue	<u>17,444</u>	<u>(5,395)</u>
DECREASE IN CASH	(49,707)	(93,123)
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>140,649</u>	<u>233,772</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	\$ <u>90,942</u>	\$ <u>140,649</u>
CASH AND SHORT TERM INVESTMENTS CONSISTS OF:		
UNRESTRICTED		
Cash	\$ 34,304	\$ 28,651
Short-term Investments	<u>-</u>	<u>72,804</u>
	34,304	101,455
RESTRICTED	<u>56,638</u>	<u>39,194</u>
	\$ <u>90,942</u>	\$ <u>140,649</u>

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. MANDATE

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

2. NATURE OF OPERATIONS

The P.E.I. Literacy Alliance Inc. is incorporated under the laws of Prince Edward Island as a non-profit organization. The organization is registered as a charitable organization with Canada Revenue Agency under the Income Tax Act and as such, is exempt from income taxes.

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.

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

4. 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.

5. NET PROJECT INCOME (LOSS)

	<u>Page</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Deferred Revenue</u>	<u>Net 2016</u>	<u>Net 2015</u>
PGI Golf Tournament For Literacy	8	\$ 43,189	\$ 17,098	\$ -	\$ 26,091	\$ (35,466)
Summer Tutoring Program for Kids	8	154,500	150,104	-	4,396	(9,011)
Office of Literacy and Essential Skills	9	-	-	-	-	854
PEI Volunteers for Literacy	9	54,922	21,036	33,886	-	-
Math Tutoring Training Program	10	6,470	8,216	-	(1,746)	-
2014 Book	10	-	-	-	-	(9,060)
Free Books Program	10	-	-	-	-	(590)
Family Literacy Partnership	11	-	-	-	-	495
Family Literacy Workshops	11	<u>9,204</u>	<u>5,519</u>	<u>3,685</u>	<u>-</u>	<u>-</u>
		<u>\$ 268,285</u>	<u>\$ 201,973</u>	<u>\$ 37,571</u>	<u>\$ 28,741</u>	<u>\$ (52,778)</u>

6. PRIOR YEAR FIGURES

Certain prior year figures have been reclassified to conform with current year presentation.

P.E.I. LITERACY ALLIANCE INC.

SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY

SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY		
REVENUE	\$ <u>43,189</u>	\$ <u>42,422</u>
EXPENSES		
Advertising	1,198	354
Awards	319	282
Gifts/honoraria	150	200
Learner's Award	200	200
Meals	6,531	3,038
Miscellaneous	5,618	6,976
Professional fees	683	-
Resource materials	7	154
Travel	<u>2,392</u>	<u>668</u>
	<u>17,098</u>	<u>11,872</u>
NET PROJECT INCOME BEFORE TRANSFERS	26,091	30,550
TRANSFERS TO ADMINISTRATIVE ACCOUNT	<u>-</u>	<u>(66,016)</u>
NET PROJECT INCOME (LOSS)	\$ <u>26,091</u>	\$ <u>(35,466)</u>
 SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS		
REVENUE	\$ <u>154,500</u>	\$ <u>123,257</u>
EXPENSES		
Materials	1,026	48
Office and miscellaneous	2,331	2,107
Travel	13,450	8,867
Wages	<u>133,297</u>	<u>121,246</u>
	<u>150,104</u>	<u>132,268</u>
NET PROJECT INCOME (LOSS)	\$ <u>4,396</u>	\$ <u>(9,011)</u>

P.E.I. LITERACY ALLIANCE INC.

SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS

SCHEDULE IV - P.E.I. VOLUNTEERS FOR LITERACY

YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS		
REVENUE	\$ <u>-</u>	\$ <u>47,384</u>
EXPENSE		
Insurance	-	300
Office	-	4,557
Postage	-	1,354
Printing	-	342
Professional fees	-	4,000
Registration	-	24
Telephone and internet	-	898
Travel	-	993
Wages	<u>-</u>	<u>34,062</u>
	<u>-</u>	<u>46,530</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>854</u>

SCHEDULE IV - P.E.I. VOLUNTEERS FOR LITERACY

REVENUE		
Revenue	\$ 30,322	\$ 24,600
Deferred revenue, beginning of year	<u>24,600</u>	<u>-</u>
	<u>54,922</u>	<u>24,600</u>
EXPENSES		
Office supplies	885	-
Professional fees	766	-
Registration fees	4,119	-
Resource materials	1,200	-
Travel	709	-
Wages	<u>13,357</u>	<u>-</u>
	<u>21,036</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	33,886	24,600
DEFERRED REVENUE, END OF YEAR	<u>33,886</u>	<u>24,600</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE V - MATH TUTOR TRAINING PROGRAM
SCHEDULE VI -2014 BOOK
SCHEDULE V11 - FREE BOOKS PROGRAM
YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
SCHEDULE V - MATH TUTOR TRAINING PROGRAM		
REVENUE	\$ <u>6,470</u>	\$ <u>-</u>
EXPENSES		
Office supplies	267	-
Professional fees	303	-
Resource materials	619	-
Wages	<u>7,027</u>	<u>-</u>
	<u>8,216</u>	<u>-</u>
NET PROJECT INCOME (LOSS)	\$ <u>(1,746)</u>	\$ <u>-</u>
 SCHEDULE VI - 2014 BOOK		
REVENUE	\$ <u>-</u>	\$ <u>27,353</u>
EXPENSES		
Catering	-	428
Postage	-	622
Professional fees	-	31,385
Resource materials	-	3,778
Travel	<u>-</u>	<u>200</u>
	<u>-</u>	<u>36,413</u>
NET PROJECT LOSS	\$ <u>-</u>	\$ <u>(9,060)</u>
 SCHEDULE VII - FREE BOOKS PROGRAM		
REVENUE	\$ <u>-</u>	\$ <u>500</u>
EXPENSES		
Printing and photocopying	-	129
Resource materials	<u>-</u>	<u>961</u>
	<u>-</u>	<u>1,090</u>
NET PROJECT LOSS	\$ <u>-</u>	\$ <u>(590)</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE VIII - FAMILY LITERACY PARTNERSHIP
SCHEDULE IX - FAMILY LITERACY WORKSHOPS
YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
SCHEDULE VIII - FAMILY LITERACY PARTNERSHIP		
REVENUE	\$ <u>-</u>	\$ <u>3,750</u>
EXPENSES		
Advertising	-	973
Catering	-	1,211
Gifts/honoraria	-	48
Parking	-	14
Professional fees	-	460
Resources materials	-	549
	<u>-</u>	<u>3,255</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>495</u>
 SCHEDULE IX - FAMILY LITERACY WORKSHOPS		
REVENUE		
Revenue	\$ -	\$ 10,000
Deferred revenue, beginning of year	<u>9,204</u>	<u>-</u>
	<u>9,204</u>	<u>10,000</u>
EXPENSES		
Equipment	5,519	496
Professional fees	<u>-</u>	<u>300</u>
	<u>5,519</u>	<u>796</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,685	9,204
DEFERRED REVENUE, END OF YEAR	<u>3,685</u>	<u>9,204</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>