

P.E.I. LITERACY ALLIANCE INC.

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

P.E.I. LITERACY ALLIANCE INC.

YEAR ENDED MARCH 31, 2015

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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, 2015 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.

Other Matter

The financial statements of P.E.I. Literacy Alliance Inc. for the year ended March 31, 2014 were audited by another auditor who expressed a qualified opinion on those financial statements on August 26, 2014.

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, 2015 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 11, 2015
CHARLOTTETOWN, PRINCE EDWARD ISLAND

Mella & Shea
CHARTERED ACCOUNTANTS

P.E.I. LITERACY ALLIANCE INC.

STATEMENT OF NET ASSETS

MARCH 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT		
Cash and short term investments	\$ 101,455	\$ 189,183
Restricted Cash	39,194	44,589
Receivables	6,841	1,903
Prepaid expenses	<u>604</u>	<u>1,734</u>
	<u>\$ 148,094</u>	<u>\$ 237,409</u>

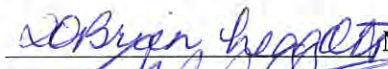

LIABILITIES

CURRENT		
Payables and accruals, including government remittances payable of \$2,757 (2014 - \$NIL)	\$ 5,803	\$ 3,319
Deferred revenue	<u>39,194</u>	<u>44,589</u>
	<u>44,997</u>	<u>47,908</u>

NET ASSETS

UNRESTRICTED	<u>103,097</u>	<u>189,501</u>
	<u>\$ 148,094</u>	<u>\$ 237,409</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, 2015

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	\$ 189,501	\$ 177,101
Excess (Deficiency) of Revenues over Expenditures	<u>(86,404)</u>	<u>12,400</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 103,097</u>	<u>\$ 189,501</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Transfer from PGI Golf Tournament	\$ 66,016	\$ 27,000
Transfer from Sharing Our Gifts	-	7,679
Raise a Reader	15,321	11,608
Reading town	6,000	-
Recovery of expenses	-	1,766
Plain Language Revenue	800	1,100
Donations	11,010	4,152
Interest	909	1,289
Net project income (loss) - Note 4	(52,778)	11,365
Workshop registration	<u>-</u>	<u>240</u>
	<u>47,278</u>	<u>66,199</u>
EXPENSES		
Advertising	785	1,211
Awards	3,300	3,800
Bursaries	2,250	6,000
Conferences, travel and accommodations	6,260	5,645
Honoraria	1,510	1,000
Insurance	2,138	1,199
Interest and bank charges	876	1,325
Office and miscellaneous	4,946	3,446
Professional fees	11,944	4,811
Rent	10	42
Telephone	1,640	-
Wages and benefits	<u>98,023</u>	<u>25,320</u>
	<u>133,682</u>	<u>53,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (86,404)</u>	<u>\$ 12,400</u>

P.E.I. LITERACY ALLIANCE INC.
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED FROM (USED FOR)		
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (86,404)	\$ 12,400
Net changes in non-cash working capital items		
Receivables	(4,938)	7,150
Prepaid expense	1,130	2,561
Payables and accruals	2,484	(3,169)
Deferred revenue	<u>(5,395)</u>	<u>21,547</u>
INCREASE (DECREASE) IN CASH	(93,123)	40,489
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	<u>233,772</u>	<u>193,283</u>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	<u>\$ 140,649</u>	<u>\$ 233,772</u>
CASH AND SHORT TERM INVESTMENTS CONSISTS OF:		
UNRESTRICTED	\$ 101,455	\$ 189,183
RESTRICTED	<u>39,194</u>	<u>44,589</u>
	<u>\$ 140,649</u>	<u>\$ 233,772</u>

P.E.I. LITERACY ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

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, 2015

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.

4. NET PROJECT INCOME (LOSS)

	<u>PAGE</u>	<u>2015</u>	<u>2014</u>
PGI Golf Tournament For Literacy	8	\$ (35,466)	\$ 20,254
Summer Tutoring Program for Kids	8	(9,011)	-
Office of Literacy and Essential Skills	9	854	303
General Education Development Marketing	9	-	(2,812)
Sharing Our Gifts	10	-	-
2014 Book	10	(9,060)	-
Family Literacy Partnership	11	495	(6,380)
Family Literacy Workshops	11	-	-
Free Books Program	12	(590)	-
		<u>\$ (52,778)</u>	<u>\$ 11,365</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, 2015

	<u>2015</u>	<u>2014</u>
SCHEDULE I - PGI GOLF TOURNAMENT FOR LITERACY		
REVENUE	\$ <u>42,422</u>	\$ <u>62,543</u>
EXPENSES		
Advertising	354	644
Awards	282	354
Gifts/honoraria	200	77
Learner's Award	200	200
Meals	3,038	3,942
Miscellaneous	6,976	8,393
Professional fees	-	1,200
Resource materials	154	53
Travel	<u>668</u>	<u>426</u>
	<u>11,872</u>	<u>15,289</u>
NET PROJECT INCOME BEFORE TRANSFERS	30,550	47,254
TRANSFERS TO ADMINISTRATIVE ACCOUNT	<u>(66,016)</u>	<u>(27,000)</u>
NET PROJECT INCOME (LOSS)	\$ <u>(35,466)</u>	\$ <u>20,254</u>
 SCHEDULE II - SUMMER TUTORING PROGRAM FOR KIDS		
REVENUE	\$ <u>123,257</u>	\$ <u>-</u>
EXPENSES		
Materials	48	-
Office and miscellaneous	2,107	-
Travel	8,867	-
Wages	<u>121,246</u>	<u>-</u>
	<u>132,268</u>	<u>-</u>
NET PROJECT LOSS	\$ <u>(9,011)</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS
SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
SCHEDULE III - OFFICE OF LITERACY AND ESSENTIAL SKILLS		
REVENUE	\$ <u>47,384</u>	\$ <u>136,582</u>
EXPENSE		
Catering	-	108
Insurance	300	1,200
Office	4,557	850
Postage	1,354	1,682
Printing	342	1,547
Professional fees	4,000	2,053
Registration	24	553
Rent	-	240
Telephone and internet	898	3,755
Travel	993	1,532
Wages	<u>34,062</u>	<u>115,092</u>
	<u>46,530</u>	<u>128,612</u>
EXCESS OF REVENUES OVER EXPENDITURES	854	7,970
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>7,667</u>
NET PROJECT INCOME	\$ <u>854</u>	\$ <u>303</u>
 SCHEDULE IV - GENERAL EDUCATION DEVELOPMENT MARKETING		
REVENUE	\$ <u>-</u>	\$ <u>2,689</u>
EXPENSES		
Advertising	-	3,882
Project management	-	1,500
Telephone	<u>-</u>	<u>119</u>
	<u>-</u>	<u>5,501</u>
NET PROJECT LOSS	\$ <u>-</u>	\$ <u>(2,812)</u>

P.E.I. LITERACY ALLIANCE INC.
 SCHEDULE V - SHARING OUR GIFTS
 SCHEDULE VI -2014 BOOK
 YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
SCHEDULE V - SHARING OUR GIFTS		
REVENUE	\$ <u>-</u>	\$ <u>7,679</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	7,679
TRANSFER TO ADMINISTRATIVE ACCOUNT	<u>-</u>	<u>7,679</u>
NET PROJECT INCOME	<u>\$ -</u>	<u>\$ -</u>
 SCHEDULE VI - 2014 BOOK		
REVENUE	\$ <u>27,353</u>	\$ <u>15,600</u>
EXPENSES		
2014 Book	-	9,000
Catering	428	-
Professional fees	31,385	-
Postage	622	-
Resource materials	3,778	-
Travel	<u>200</u>	<u>67</u>
	<u>36,413</u>	<u>9,067</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,060)	6,533
DEFERRED REVENUE, END OF YEAR	<u>-</u>	<u>6,533</u>
NET PROJECT LOSS	<u>\$ (9,060)</u>	<u>\$ -</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP
SCHEDULE VIII - FAMILY LITERACY WORKSHOPS
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
SCHEDULE VII - FAMILY LITERACY PARTNERSHIP		
REVENUE	\$ <u>3,750</u>	\$ <u>2,035</u>
EXPENSES		
Advertising	973	525
Catering	1,211	271
Gifts/honoraria	48	-
Equipment rental and purchase	-	345
Parking	14	-
Professional fees	460	250
Resources materials	549	249
Wages	-	6,775
	<u>3,255</u>	<u>8,415</u>
NET PROJECT INCOME (LOSS)	\$ <u>495</u>	\$ <u>(6,380)</u>
 SCHEDULE VIII - FAMILY LITERACY WORKSHOPS		
REVENUE	\$ <u>10,000</u>	\$ <u>-</u>
EXPENSES		
Equipment	496	-
Professional fees	300	-
	<u>796</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	9,204	-
DEFERRED REVENUE, END OF YEAR	<u>9,204</u>	<u>-</u>
NET PROJECT INCOME	\$ <u>-</u>	\$ <u>-</u>

P.E.I. LITERACY ALLIANCE INC.
SCHEDULE IX - FREE BOOKS PROGRAM
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
SCHEDULE IX - FREE BOOKS PROGRAM		
REVENUE	\$ <u>500</u>	\$ <u>-</u>
EXPENSES		
Resource materials	961	-
Printing and photocopying	<u>129</u>	<u>-</u>
	<u>1,090</u>	<u>-</u>
NET PROJECT LOSS	\$ <u>(590)</u>	\$ <u>-</u>