

## **Financial Statements**

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**Canadian Children's Literacy Foundation**

**March 31, 2022**

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# Canadian Children's Literacy Foundation

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March 31, 2022

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## Independent auditor's report

December 1, 2022

To the directors of **Canadian Children's Literacy Foundation**:

### *Opinion*

We have audited the accompanying financial statements of **Canadian Children's Literacy Foundation** (the "Foundation"), which comprise the statement of financial position as at March 31, 2022 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

*Auditor's Responsibility for the Audit of Financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario




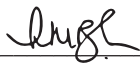
**Canadian Children's Literacy Foundation**  
**Statement of Financial Position**

March 31	2022	2021
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	1,206,401	793,429
Harmonized sales tax recoverable	18,828	23,058
Donations receivable	-	300,000
Prepaid expenses	<u>12,660</u>	<u>4,715</u>
	1,237,889	1,121,202
<b>Capital assets [note 3]</b>	<u>4,097</u>	260
	<u>1,241,986</u>	<u>1,121,462</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	222,841	93,419
Deferred contributions [note 4]	<u>663,282</u>	<u>455,146</u>
	886,123	548,565
<b>NET ASSETS</b>		
Unrestricted	<u>355,863</u>	572,897
	<u>1,241,986</u>	<u>1,121,462</u>

see accompanying notes

On behalf of the Board:

  
 \_\_\_\_\_  
 Director

  
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 Director

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**Canadian Children's Literacy Foundation**  
**Statement of Changes In Net Assets**

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Year ended March 31	2022	2021
	\$	\$
<b>Balance</b> , beginning of year	<b>572,897</b>	254,200
Excess (deficiency) of revenue over expenses for the year [note 5]	<b>(217,034)</b>	318,697
<b>Balance</b> , end of year	<b>355,863</b>	572,897

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*see accompanying notes*

**Canadian Children's Literacy Foundation**  
**Statement of Operations**

Year ended March 31	2022	2021
	\$	\$
<b>Revenue</b>		
Donations	1,142,516	1,466,036
Interest	<u>2,577</u>	<u>1,803</u>
	<b><u>1,145,093</u></b>	<b><u>1,467,839</u></b>
<b>Expenses</b>		
Compensation	880,041	721,938
Program material and other costs	350,837	344,881
Professional fees	99,392	52,500
Information technology	22,851	25,766
General and administrative	7,710	7,708
Amortization	755	624
Travel and conferences	541	123
Government assistance - Temporary Wage Subsidy	<u>-</u>	<u>(4,398)</u>
	<b><u>1,362,127</u></b>	<b><u>1,149,142</u></b>
<b>Excess (deficiency) of revenue over expenses for the year [note 5]</b>	<b><u>(217,034)</u></b>	<b><u>318,697</u></b>

*see accompanying notes*



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Canadian Children's Literacy Foundation

Statement of Cash Flows

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Year ended March 31	2022	2021
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	(217,034)	318,697
Adjustment for item not affecting cash - Amortization	<u>755</u>	<u>624</u>
	(216,279)	319,321
Changes in non-cash working capital balances -		
(Increase) decrease in harmonized sales tax recoverable	4,230	16,529
(Increase) decrease in donations receivable	300,000	(300,000)
(Increase) decrease in prepaid expenses	(7,945)	5,086
Increase (decrease) in accounts payable and accrued liabilities	129,422	(90,913)
Increase (decrease) in deferred contributions	<u>208,136</u>	<u>162,465</u>
	417,564	112,488
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(4,592)</u>	<u>-</u>
<b>Net change in cash</b> during the year	412,972	112,488
<b>Cash</b> , beginning of year	793,429	680,941
<b>Cash</b> , end of year	<u>1,206,401</u>	<u>793,429</u>

*see accompanying notes*

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**Canadian Children's Literacy Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2022

**1. PURPOSE OF THE FOUNDATION**

Canadian Children's Literacy Foundation (the "Foundation") aims to advance education in improving children's literacy by:

- a) providing training and similar programs for families, caregivers, other support groups and non-profit organizations to develop and implement effective educational activities and services for Canadian children;
- b) undertaking research into children's literacy, including its challenges and opportunities, and disseminating results to the public;
- c) increasing public awareness on children's literacy through campaigns and the provision of information and training resources;
- d) receiving and maintaining a fund or funds and applying all or part of the principal and income therefrom, from time to time, to qualified donees as defined in subsection 149.1(1) of the Income Tax Act (Canada) [the "Act"], conducting activities to improve children's literacy; and
- e) doing all such things as are ancillary and incidental to the attainment of the above charitable purposes.

The Foundation was incorporated on May 9, 2017 under the Canada Not-for-profit Corporations Act as an organization without share capital. The Foundation is classified as a public foundation as defined in paragraph 149.1(1) of the Act and, therefore, is exempt from income tax providing that it complies with donation and certain other requirements as specified by the Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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**Canadian Children's Literacy Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2022

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash**

Cash consists of bank balances held with financial institutions.

**Capital assets**

Capital assets are recorded at cost. Amortization of capital assets is provided at the following annual rates which are designed to charge operations with the total cost of these assets over their estimated useful lives:

Computer equipment	Straight-line over three years
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**Contributed goods and services**

The Foundation receives contributions of goods and services that assist the Foundation in carrying out its activities. Such contributed goods and services are recognized in the financial statements where fair value can be reasonably estimated and a donation receipt is provided by the Foundation.

**Financial instruments**

The Foundation initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and accounts payable and accrued liabilities.

The Foundation has no financial assets or liabilities measured at fair value.

**Use of estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. The significant items subject to such management estimates and assumptions include the estimated useful lives of capital assets and the internal allocation of salaries and overhead to programs for purposes of recognizing restricted contributions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**Canadian Children's Literacy Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

**3. CAPITAL ASSETS**

	Cost \$	Accumulated amortization \$	Net book value	
			2022 \$	2021 \$
Computer equipment	6,465	2,368	4,097	260

**4. DEFERRED CONTRIBUTIONS**

Deferred contributions includes unexpended, externally-restricted contributions. The continuity of deferred contributions is as follows:

Project	Balance, beginning of year \$	Contributions received \$	Contributions recognized as revenue \$	Balance, end of year \$
Promoting Early Literacy in Healthcare Settings	455,146	1,135,000	986,091	604,055
Community consultations in collaboration with The Reading Partnership	-	76,161	16,934	59,227
Read On Canada!	-	50,000	50,000	-
A Path Forward for Early Literacy Policy	-	21,333	21,333	-
	455,146	1,282,494	1,074,358	663,282

**5. REVENUE OVER EXPENSES**

The Foundation received a \$300,000 donation in March 2021 which was recognized as revenue for the year ended March 31, 2021, with an understanding that the funds would be substantially used in the current fiscal year ending March 31, 2022. Accordingly, the current year deficit of \$217,034 resulted primarily from the expenses being incurred in the current year with respect to this donation from March 2021. No similar donations have been received at the current year-end and thus management does not expect this scenario to reoccur.

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**Canadian Children's Literacy Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2022

**6. RELATED PARTY TRANSACTIONS**

The Foundation received donations totaling \$105,000 (2021 - \$1,102,500) during the year from entities to which different directors of the Foundation are related.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**7. FINANCIAL INSTRUMENTS RISK EXPOSURE**

The Foundation is not exposed to significant credit risk, liquidity risk or market risk.

**8. IMPACT OF THE OUTBREAK OF NOVEL CORONAVIRUS**

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") as a global pandemic, which continues to spread in Canada and around the world. Management has navigated the impact of the pandemic since its onset and is continuously monitoring the outbreak and its potential impact on the Foundation's future operations. There is uncertainty about the length and potential impact of the disturbance. As a result, management is unable to estimate its potential impact as at the date of these financial statements.