

# **The Reading Partnership**

## **Financial Statements**

**March 31, 2023**

**Independent Auditors' Report**

To the Directors of The Reading Partnership

We have audited the accompanying financial statements of The Reading Partnership, which comprise the balance sheet as at March 31, 2023, the statement of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Qualified Opinion*

In our opinion, except for the effects of matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of The Reading Partnership as at March 31, 2023, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Basis for Qualified Opinion*

In common with many charitable organizations, The Reading Partnership derives revenue from donations. The completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this amount was limited to the amount records in the organization's accounting records and we were not able to determine whether any adjustments might be necessary to the donations.

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 Entity 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 those 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

## *Auditor's Responsibilities for the Audit of the 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 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 the 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 judgment 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 Entity'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 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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.

### *Other Matters*

The financial statements for the year ended March 31, 2022, were reported on by another auditor who expressed an unqualified opinion on September 12, 2022

***DO Chartered Professional Accountants***

Hamilton Ontario

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(July 11, 2023)

*Licensed Public Accountant*

# The Reading Partnership

## Balance Sheet as at March 31, 2023

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	2023	2022
<b>ASSETS</b>		
Current:		
Cash	\$ 447,462	96,234
Due from trustee (Note 3)	108,995	104,987
Account receivable	17,952	17,676
Prepaid expenses	4,726	-
Harmonized sales tax receivable	3,762	-
	<u>582,897</u>	<u>218,897</u>
Non-current:		
Restricted cash (Note 1)	201,479	100,000
Capital assets (Note 5)	2,876	-
Intangible assets	5	5
	<u>204,360</u>	<u>100,005</u>
	<u>787,257</u>	<u>318,902</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued liabilities	50,395	7,381
Deferred revenue (Note 4)	393,160	148,199
	<u>443,555</u>	<u>155,580</u>
<b>NET ASSETS</b>		
Internally restricted (Note 1)	201,479	100,000
Unrestricted	142,223	63,322
	<u>343,702</u>	<u>163,322</u>
	<u>\$ 787,257</u>	<u>318,902</u>

On behalf of the Board: \_\_\_\_\_ Director

\_\_\_\_\_ Director

# The Reading Partnership

## Statement of Operations For the year ended March 31, 2023

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	2023	2022
<b>REVENUES</b>		
Donations:		
<i>Corporate</i>	\$ 385,699	31,064
<i>Foundations</i>	224,925	52,353
<i>Individuals</i>	48,509	25,869
Government Grants (Note 4)	195,510	208,010
Other Grants	153,877	251,154
Interest	4,307	4
	<u>1,012,827</u>	<u>568,454</u>
 <b>EXPENSES</b>		
Salary and wages	305,914	186,115
Program expenses	346,404	198,219
Professional fees	105,127	19,667
Trustee administrative fees (Note 3)	59,295	38,110
Office and administrative	14,269	7,358
Depreciation	1,438	3,354
	<u>832,447</u>	<u>452,823</u>
 <b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>180,380</u>	<u>115,631</u>

See accompanying Notes to Financial Statements

## The Reading Partnership

### Statement of Changes in Net Assets March 31, 2023

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	Internally Restricted – Operating Reserve Fund	Unrestricted	Total 2023	Total 2022
	\$	\$	\$	\$
Beginning Balance	100,000	63,322	<b>163,322</b>	47,691
Excess of Revenue over expenses for year	1,479	178,901	<b>180,380</b>	115,631
Interfund transfer	100,000	(100,000)	-	-
Ending Balance	201,479	142,223	<b>343,702</b>	163,322

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See accompanying Notes to Financial Statement

## The Reading Partnership

### Statement of Cash Flows for the year ended March 31, 2023

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	2023	2022
<b>OPERATING ACTIVITIES:</b>		
Excess (Deficiency) of revenues over expenses	\$ 180,380	\$ 115,631
Amortization of capital asset	1,438	3,354
Impact on cash of changes in working capital items:		
Accounts receivable	(276)	(17,676)
Prepaid expenses	(4,726)	-
Due from trustee	(4,008)	73,240
Accounts payable and accrued liabilities	43,014	7,381
Deferred revenues	244,961	14,304
Harmonized sales tax receivable	(3,762)	-
Net cash generated by (used in) operating activities:	457,021	196,234
<b>INVESTING ACTIVITIES</b>		
Change in restricted cash	(101,479)	(100,000)
Purchase of capital assets	(4,314)	-
<b>Increase/Decrease in cash</b>	<b>351,228</b>	<b>96,234</b>
<b>CASH, beginning of year</b>	<b>96,234</b>	<b>-</b>
<b>CASH, end of year</b>	<b>\$ 447,462</b>	<b>\$ 96,234</b>

See accompanying Notes to Financial Statement

# The Reading Partnership

## Notes to Financial Statements

March 31, 2023

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### 1. NATURE AND PURPOSE OF THE ORGANIZATION

The Reading Partnership (the "Organization" or "TRP") is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Organization is dedicated to advance education by providing and designing innovative programs, products and experiences that improve literacy, build knowledge, skills and confidence, and create positive reading, writing, and learning environments adapted for learners of all ages.

The Organization is a registered charity under the Income Tax Act (Canada) and is generally exempt from corporate income taxes. The Organization is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. These requirements have been met at March 31, 2023.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in part III of the CPA Canada handbook and include the following significant policies

#### **Basis of presentation**

The Organization's net assets are comprised of unrestricted net assets and internally restricted operating reserve fund.

#### **Unrestricted net assets**

Unrestricted net assets account for the day-day operations of the Organization.

#### **Internally restricted operating reserve fund**

Operating reserve fund is established to support the long-term financial stability of the Organization and respond to changing economic conditions which may have a material effect on the Organization's financial position. This fund is internally restricted and not available for operating purposes without the approval of the Board of Directors.

During the year, the Board of Directors approved the establishment of the Operating reserve fund and an interfund transfer of \$100,000 from the unrestricted operating fund to the operating reserve fund. The operating reserve fund is invested in an interest savings bank account.

#### **Revenue recognition**

TRP follows the deferral method of accounting for grants and donations. Externally restricted revenues are recognized in the year in which the activity takes place and related expenses are incurred.

Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not for profit 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



# The Reading Partnership

## Notes to Financial Statements March 31, 2023

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### **SIGNIFICANT ACCOUNTING POLICIES (Contd)**

period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

#### **Financial instruments**

TRP initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash consists of cash on hand and bank deposits residing in accounts at a major Canadian bank.

It is management's opinion that the organization is not exposed to significant interest rate, liquidity, currency, or credit risk arising from these financial instruments.

#### **Capital assets**

Property and equipment are recorded at cost and depreciated over their estimated useful lives on the straight line basis at the following annual rates:

Computer equipment: 50%

Contributed intangible assets are measured at a nominal amount because their fair value can not be determined. Contributed intangible assets are not amortized.

### **3. TRUSTEESHIP ARRANGEMENT**

The Reading Partnership was incorporated on June 23, 2020. Prior to its incorporation, it was operating as a project under the MakeWay Charitable Society ("MakeWay", formerly "Tides Canada"), a national registered charity.

On November 16, 2020, The Reading Partnership ("TRP") entered into a trusteeship agreement with Boys and Girls Club of East Scarborough ("BGCES"), a registered charity incorporated in Ontario. On December 18, 2020, TRP signed an agreement with MakeWay to transfer all assets and liabilities of TRP project held by Makeway to TRP effective December 31, 2020. The net assets transferred from Makeway consisted of intangible assets valued at a nominal amount of \$5, tangible assets at a fair value of \$6,708 and unspent funds of \$36,000. Effective January 1, 2021, TRP began to operate as a not-for-profit organization under the trusteeship of BGCES. BGCES acts as the flow-through funding agency between TRP and its funders and donors and also provides other supporting services to TRP.

During the current year, TRP paid \$59,295 ( 2021 - \$38,110) of administration fees to BGCES.

As at March 31, 2023, the balance receivable from BGCES is \$108,995 representing the net assets value held by BGCES on behalf of TRP, which is non-interest bearing.

The trusteeship agreement is set to end on July 31, 2023.

# The Reading Partnership

## Notes to Financial Statements March 31, 2023

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### 4. GOVERNMENT GRANTS AND DEFERRED REVENUE

*Government grants consists of the following:*

	2023	2022
Ministry of Children, Community and Social Services	\$ 176,760	\$ 176,760
Government of Canada (Black Business Initiative)	18,750	26,250
City of Toronto	-	5,000
	<u>\$ 195,510</u>	<u>\$ 208,010</u>

*Deferred revenue consists of the following:*

	2023	2022
Donations: Corporate and Foundations	<u>\$ 393,160</u>	<u>\$ 148,199</u>

### 5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value March 31, 2023	Net Book Value March 31, 2022
Computer equipment	<u>\$ 11,022</u>	<u>\$ (8,146)</u>	<u>\$ 2,876</u>	<u>\$ -</u>