

The Reading Partnership

Financial Statements

March 31, 2024

D.O. Chartered Professional Accountants

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Independent Auditors' Report

To the Directors of The Reading Partnership

We have audited the accompanying financial statements of The Reading Partnership (the "Organization"), which comprise the balance sheet as at March 31, 2024, 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 Organization as at March 31, 2024, 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 Organization 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization '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 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 Organization'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 Organization 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.

DO Chartered Professional Accountants

Hamilton Ontario


September 24, 2024

A Okunade
Licensed Public Accountant

The Reading Partnership

Balance Sheet as at March 31, 2024

	2024	2023
ASSETS		
Current:		
Cash	\$ 1,095,719	\$ 447,462
Due from trustee (Note 3)	-	108,995
Accounts receivable	65,482	17,952
Prepaid expenses	1,814	4,726
Harmonized sales tax receivable	4,717	3,762
	<u>1,167,732</u>	<u>582,897</u>
Non-current:		
Restricted cash (Note 1)	207,212	201,479
Capital assets (Note 5)	1,438	2,876
Intangible assets	5	5
	<u>208,655</u>	<u>204,360</u>
	<u>1,376,387</u>	<u>787,257</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	135,394	50,395
Government remittances payable	11,190	-
Deferred revenue (Note 4)	591,110	393,160
	<u>737,694</u>	<u>443,555</u>
NET ASSETS		
Internally restricted (Note 1)	207,212	201,479
Unrestricted	431,481	142,223
	<u>638,693</u>	<u>343,702</u>
	<u>\$ 1,376,387</u>	<u>\$ 787,257</u>

On behalf of the Board:  Signed by: _____ Director
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The Reading Partnership

Statement of Operations For the year ended March 31, 2024

	2024	2023
REVENUES		
Government grants (Note 4)	\$ 321,627	\$ 195,510
Donations		
Corporate	347,438	385,699
Foundations	303,124	224,925
Individuals	20,714	48,509
Other grants	283,266	153,877
Earned revenue	87,130	-
Interest	22,978	4,307
	<u>1,386,277</u>	<u>1,012,827</u>
EXPENSES		
Salaries and wages	408,869	305,914
Program expenses	394,973	346,404
Professional fees	245,070	105,127
Trustee administrative fees (Note 3)	-	59,295
Office and administrative	40,936	14,269
Depreciation	1,438	1,438
	<u>1,091,286</u>	<u>832,447</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>294,991</u>	\$ <u>180,380</u>

See accompanying Notes to Financial Statements

The Reading Partnership

Statement of Changes in Net Assets March 31, 2024

	<u>Internally Restricted – Operating Reserve Fund</u>	<u>Unrestricted</u>	<u>Total 2024</u>	<u>Total 2023</u>
Beginning Balance	\$ 201,479	\$ 142,223	\$ 343,702	\$ 163,322
Excess of Revenue over expenses for year	<u>5,733</u>	<u>289,258</u>	<u>294,991</u>	<u>180,380</u>
Ending Balance	<u>\$ 207,212</u>	<u>\$ 431,481</u>	<u>\$ 638,693</u>	<u>\$ 343,702</u>

See accompanying Notes to Financial Statement

The Reading Partnership

Statement of Cash Flows For the Year Ended March 31, 2024

	2024	2023
Cash generated (used in)		
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 294,991	\$ 180,380
Amortization of capital assets	1,438	1,438
Impact on cash of changes in working capital items:		
Accounts receivable	(47,530)	(276)
Prepaid expenses	2,912	(4,726)
Harmonized sales tax receivable	(955)	(3,762)
Due from trustee	108,995	(4,008)
Accounts payable and accrued liabilities	84,999	43,014
Government remittances payable	11,190	-
Deferred revenue	197,950	244,961
	<u>653,990</u>	<u>457,021</u>
INVESTING ACTIVITIES:		
Change in restricted cash	(5,733)	(101,479)
Purchase of capital asset	-	(4,314)
	<u>(5,733)</u>	<u>(105,793)</u>
Increase in cash	648,257	351,228
Cash, beginning of year	447,462	96,234
Cash, end of year	\$ 1,095,719	\$ 447,462

See accompanying Notes to Financial Statement

The Reading Partnership

Notes to Financial Statements March 31, 2024

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 ended March 2023, 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

The Organization 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.

The Reading Partnership

Notes to Financial Statements March 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

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

Financial instruments

The Organization 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%
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Contributed intangible assets are measured at a nominal amount because their fair value cannot be determined. Contributed intangible assets are not amortized.

4. TRUSTEESHIP ARRANGEMENT

The Organization 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, Organization entered into a trusteeship agreement with Boys and Girls Club of East Scarborough ("BGCES"), a registered charity incorporated in Ontario. On December 18, 2020, the Organization signed an agreement with MakeWay to transfer all assets and liabilities of the Organization project held by MakeWay to the Organization 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, the Organization began to operate as a not-for-profit organization under the trusteeship of BGCES. BGCES acts as the flow-through funding agency between the Organization and its funders and donors and also provides other supporting services to the Organization. During the current year ended March 2024, the Organization paid \$0 (2023: \$59,295) of administration fees to BGCES.

As at March 31, 2024 and 2023, the balance receivable from BGCES is \$0 and \$108,995, respectively, representing the net assets value held by BGCES on behalf of TRP, which is non-interest bearing.

The trusteeship agreement ended on July 31, 2023.

The Reading Partnership

Notes to Financial Statements March 31, 2024

5. GOVERNMENT GRANTS AND DEFERRED REVENUE

Government grants consists of the following:

	2024	2023
Government of Canada (SBCCI)	\$ 45,000	\$ -
Employment and Social Development Canada	4,862	-
Ministry of Citizenship and Multiculturalism	271,765	-
Ministry of Children, Community and Social Services	-	176,760
Government of Canada (Black Business Initiative)	-	18,750
	<u>\$ 321,627</u>	<u>\$ 195,510</u>

Deferred revenue consists of the following:

	2024	2023
Donations: Corporate and Foundations	\$ <u>591,110</u>	\$ <u>393,160</u>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value March 31, 2024	Net Book Value March 31, 2023
Computer equipment	\$ <u>11,022</u>	\$ <u>(9,584)</u>	\$ <u>1,438</u>	\$ <u>2,876</u>