

**PARKDALE PROJECT READ INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**PARKDALE PROJECT READ INC.**

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# JARVIS RYAN ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the members of  
Parkdale Project Read Inc.

### *Qualified Opinion*

We have audited the financial statements of Parkdale Project Read Inc., which comprise the statement of financial position as at March 31, 2024, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying 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 and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **INDEPENDENT AUDITOR'S REPORT, continued**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 related 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 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 organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# JARVIS RYAN ASSOCIATES

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## INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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 organization'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.

*Jarvis Ryan Associates*

Mississauga, Ontario  
June 25, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**PARKDALE PROJECT READ INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 116,252	\$ 85,607
Accounts receivable (note 2)	188	18,569
Government remittances receivable	7,199	4,489
Prepaid expenses	<u>1,233</u>	<u>11,663</u>
	124,872	120,328
<b>PROPERTY AND EQUIPMENT (note 3)</b>	<u>20,757</u>	<u>14,884</u>
	<u><u>\$ 145,629</u></u>	<u><u>\$ 135,212</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 43,266	\$ 49,361
Government remittances payable	14,398	-
Deferred income (note 4)	53,281	24,389
Grant repayable (note 5)	<u>-</u>	<u>9,842</u>
	110,945	83,592
<b>FUND BALANCES</b>		
General fund	<u>34,684</u>	<u>51,620</u>
	<u><u>\$ 145,629</u></u>	<u><u>\$ 135,212</u></u>

On behalf of the Board

DocuSigned by:  
  
 \_\_\_\_\_ Director

DocuSigned by:  
  
 \_\_\_\_\_ Director

**PARKDALE PROJECT READ INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
BALANCE, beginning of year	\$ 51,620	\$ 76,241
DEFICIENCY OF REVENUE OVER EXPENSES	<u>(16,936)</u>	<u>(24,621)</u>
BALANCE, end of year	<u>\$ 34,684</u>	<u>\$ 51,620</u>

**PARKDALE PROJECT READ INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
Government grants (note 6)	\$ 349,212	\$ 337,324
Other grants, contributions and donations (note 7)	<u>86,129</u>	<u>44,017</u>
	<u>435,341</u>	<u>381,341</u>
<b>EXPENSES</b>		
Salaries and employee benefits (note 8)	313,144	279,467
General and administrative costs (note 9)	80,671	80,999
Learner subsidies (note 10)	32,500	22,659
Other learner expenses	20,072	18,603
Amortization	<u>5,890</u>	<u>4,234</u>
	<u>452,277</u>	<u>405,962</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<u>\$ (16,936)</u>	<u>\$ (24,621)</u>



**PARKDALE PROJECT READ INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (16,936)	\$ (24,621)
Item not affecting cash		
Amortization	<u>5,890</u>	<u>4,234</u>
	(11,046)	(20,387)
Change in non-cash working capital items:		
Accounts receivable	18,381	(5,572)
Government remittances receivable	(2,710)	350
Prepaid expenses	10,430	(280)
Accounts payable and accrued liabilities	(6,096)	(10,398)
Government remittances payable	14,398	-
Deferred income	28,892	9,943
Grant repayable	<u>(9,842)</u>	<u>980</u>
	<u>42,407</u>	<u>(25,364)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on maturity of guaranteed investment certificate	-	48,439
Purchase of property and equipment	<u>(11,762)</u>	<u>(6,611)</u>
	<u>(11,762)</u>	<u>41,828</u>
<b>INCREASE IN CASH</b>	30,645	16,464
CASH, beginning of year	<u>85,607</u>	<u>69,143</u>
CASH, end of year	<u>\$ 116,252</u>	<u>\$ 85,607</u>

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**Nature of operations**

Parkdale Project Read Inc. (the "organization") is a charity incorporated as a corporation without share capital under the Ontario Business Corporations Act. The organization provides services to adults to upgrade their reading, writing and numeric skills, as well as educating the Parkdale community about literacy. The organization is a registered charity under the Income Tax Act under registration number BN 119080299 RR0001 and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

**1. Significant accounting policies**

The organization applies the Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook - Accounting.

**(a) Revenue recognition**

The organization follows the deferral method of accounting for contributions which include government grants and donations. The organization is funded primarily by the Province of Ontario in accordance with the budget arrangements established by the Ministry of Advanced Education and Skills Development (the "Ministry") through its Literacy and Basic Skills Grant. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued for. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Grants, donations and other funding are recognized as revenue when received, unless the amounts received covers a specific time and in such cases the revenue is allocated over the specific time period.

**(b) Cash and cash equivalents**

The organization's policy is to disclose bank balances and cash equivalents and highly liquid temporary investments, usually with a maturity period of three months or less from the date of acquisition, under cash .

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**1. Significant accounting policies, continued**

**(c) Accounts receivable**

The company's policy is to disclose accounts receivable net of a reserve for doubtful accounts. There were no reserves for doubtful accounts in the current year (2023: nil).

**(d) Property and equipment**

Property and equipment are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Office furniture and equipment	20% Declining balance
Computer equipment	55% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

**(e) Measurement uncertainty**

The preparation of 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**(f) Contributed goods and services**

Contributed materials which are used in the normal course of the organization's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated. Goods are recorded in the financial statements at fair value on the date of the donation. There were \$660 contributed goods in the current year (2023: nil).

The work of the organization is dependent on the voluntary services of many members. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**1. Significant accounting policies, continued**

**(g) Financial instruments**

**Measurement of financial instruments**

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of revenue over expenses in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable and government remittance receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, government remittance payable and grant repayable.

The organization has not designated any financial asset or financial liability to be measured at fair value.

**Impairment**

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in deficiency of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in deficiency of revenue over expenses.

**Transaction costs**

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**2. Accounts receivable**

	2024	2023
City of Toronto - property tax rebate	\$ -	\$ 18,501
Other	188	68
	\$ 188	\$ 18,569

**3. Property and equipment**

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Office furniture and equipment	\$ 56,243	\$ 49,072	\$ 7,171	\$ 6,783
Leasehold improvements	32,195	26,356	5,839	6,037
Computer equipment	30,226	22,479	7,747	2,064
	\$ 118,664	\$ 97,907	\$ 20,757	\$ 14,884

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**4. Deferred income**

2024	2024			
	Balance, beginning of year	Received	Recognized	Balance, end of year
Ministry - IT Refresher	\$ 3,272	\$ -	\$ (940)	\$ 2,332
Ontario Trillium Foundation - Capital Grant	-	10,099	(2,446)	7,653
Meridian grant	121	-	(121)	-
Canada Helps: D.M.E. Memorial Funds	618	-	(200)	418
Canada Helps: Wendy Tanner Memorial Fund	660	-	(660)	-
Ontario Trillium Foundation	-	45,800	(31,178)	14,622
Ontario Trillium Foundation - Capital Grant	9,100	1,000	(10,100)	-
The Premal Laxman Love For All Fund	10,618	330	-	10,948
Toronto Foundations	-	15,000	-	15,000
Canadian Red Cross	-	33,828	(31,520)	2,308
	<u>\$ 24,389</u>	<u>\$ 106,057</u>	<u>\$ (77,165)</u>	<u>\$ 53,281</u>
2023	2023			
	Balance, beginning of year	Received	Recognized	Balance, end of year
Ministry - IT Refresher	\$ 4,541	\$ -	\$ (1,269)	\$ 3,272
Meridian grant	121	-	-	121
United Way	105	-	(105)	-
Canada Helps: D.M.E. Memorial Funds	718	-	(100)	618
Canada Helps: Wendy Tanner Memorial Fund	1,564	-	(904)	660
Telus Friendly Future Foundation	7,397	-	(7,397)	-
Ontario Trillium Foundation - Capital Grant	-	10,100	(1,000)	9,100
The Premal Laxman Love For All Fund	-	10,618	-	10,618
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,446</u>	<u>\$ 20,718</u>	<u>\$ (10,775)</u>	<u>\$ 24,389</u>

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**5. Grant repayable**

Represents funds received from the Ministry of Labour, Training, and Skills Development which were unspent during the grant period hence repayable.

**6. Government grants**

	<u>2024</u>	<u>2023</u>
Ministry of Labour, Training, and Skills Development - Literacy & Basic Skills program (note 11)	\$ 345,824	\$ 336,056
Ministry of Labour, Training, and Skills Development - Literacy & Basic Skills program - IT Refresher	<u>3,388</u>	<u>1,268</u>
	<u>\$ 349,212</u>	<u>\$ 337,324</u>

**7. Other grants, contributions and donations**

	<u>2024</u>	<u>2023</u>
Corporate donations - other	\$ 2,921	\$ 19,035
Individual donations	17,721	13,382
Community services grants	-	7,397
City of Toronto - property tax rebate	-	2,021
Interest income	1,920	1,883
United Way	430	299
Trillium	31,178	-
Foundations	36,521	-
Donations in-kind	660	-
Other income	<u>(5,222)</u>	<u>-</u>
	<u>\$ 86,129</u>	<u>\$ 44,017</u>

**8. Salaries and employee benefits**

	<u>2024</u>	<u>2023</u>
Wages and benefits	\$ 267,424	\$ 235,892
Employee benefits	<u>45,720</u>	<u>43,575</u>
	<u>\$ 313,144</u>	<u>\$ 279,467</u>

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**9. General and administrative costs**

	2024	2023
Office and general	\$ 36,144	\$ 36,683
Rent and occupancy cost	29,400	28,195
Accounting and legal	8,476	9,874
Insurance	3,043	4,088
Administrative costs	3,608	2,159
	\$ 80,671	\$ 80,999

**10. Learner subsidies**

Learner subsidies represent public transit tokens and passes, child care subsidies and digital learning and training supports provided to participants in the organization's LBS and Academic Upgrading Program. These were funded by the Ministry of Labour, Training, and Skills Development - Literacy & Basic Skills program (note 6) for use for training supports for learners, in the amounts of \$32,500 (2023: \$22,659).

**11. Economic dependence**

Approximately 80% (2023: 88%) of the organization's revenue is received from the Ministry of Labour, Immigration, Training, and Skills Development for its Literacy and Basic Skills program.

**12. Commitment**

The company is committed under a non-cancelable operating lease agreement for the rental of its premises. Future minimum annual payment requirements are as follows:

2025	\$ 30,600
2026	31,800
2027	32,700
2028	33,000
2029	33,000
	\$ 161,100



**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**13. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relates to its cash, accounts receivable and government remittances receivable.

With respect to cash of \$116,252 (2023: \$85,607), the organization reduces its exposure to credit risk by ensuring these financial assets are placed with financial institutions with high credit ratings. In the opinion of management, credit risk associated with cash is assessed as low, not material and unchanged from the prior year.

With respect to accounts receivable of \$188 (2023: \$18,569) and government remittances receivable of \$7,199 (2023: \$4,489), the organization reduces its exposure to credit risk by assessing its receivables on a continuous basis for any amounts that are not collectible. In the opinion of management, credit risk associated with accounts receivable and government remittances receivable are assessed as low, not material and unchanged from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Financial instruments that subject the organization to liquidity risk consist primarily of accounts payable and accrued liabilities of \$43,266 (2023: \$49,361). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management, liquidity risk is assessed as low, not material and unchanged from the prior year.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk.

**PARKDALE PROJECT READ INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**13. Financial instruments, continued**

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the opinion of management, the organization is not exposed to interest rate risk which remains unchanged from the prior year.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the opinion of management, the organization is not exposed to currency rate risk which remains unchanged from the prior year.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. In the opinion of management, the company is not exposed to other price risk which remains unchanged from the prior year.