East York Learning Experience

Financial Statements

March 31, 2020

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Independent Auditor's Report

To the members of
East York Learning Experience:

Qualified Opinion

We have audited the financial statements of East York Learning Experience (the entity), which comprise the statement of financial position as at March 31, 2020, statement of operations and net assets and statement of cash flows for the year then ended, accompanying schedules and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 entity as at March 31, 2020, and its results of operations 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 non-for-profit organizations, the entity derives revenue from donations, 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 entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and net assets for the year ended March 31, 2020.

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

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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.

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
July 9, 2020

East York Learning Experience
Statement of Financial Position
March 31, 2020

	2020	2019
Assets		
Current		
Cash	$ 98,836	$ 72,812
Accounts receivable	1,181	2,921
Goods and services tax recoverable (note 3)	1,082	1,031
Grant receivable	-	6,590
Prepaids	1,225	1,205
	$ 102,324	$ 84,559
Liabilities		
Current		
Accounts payable and accrued liabilities (note 6)	$ 7,728	$ 7,919
Deferred revenue and grants	-	5,000
	7,728	12,919
Net Assets	94,596	71,640
	$ 102,324	$ 84,559

Impact of COVID-19 (note 9)

Gail McCullough on behalf of Linda Kelly Director   Gail McCullough on behalf of: Amanda Li Director

See accompanying notes to the financial statements

East York Learning Experience
Statement of Operations and Net Assets
Year Ended March 31, 2020

	2020	2019
Revenue		
Grants and donations expended (see schedule)	$ 184,382	$ 183,534
Expenses		
Salaries	$ 112,618	$ 121,130
Rent, maintenance and leaseholds	12,569	12,146
Program and office supplies	12,484	6,048
Employee benefits	9,825	9,836
Professional fees	5,004	5,004
Transportation	2,392	2,409
Insurance	1,909	2,807
Non-recoverable portion of goods and services taxes (note 3)	1,015	1,170
Telephone	893	1,133
Child care	680	500
Fundraising	379	577
Purchase of property, plant and equipment (note 5)	371	4,363
Miscellaneous	335	4
Workers compensation	334	426
Professional development	205	300
Volunteer recognition	193	142
Delivery	92	260
Bank charges	90	90
Printing	29	184
Education and training resources	18	-
	161,435	168,529
Other revenue		
Interest	9	5
Excess of revenue over expenditures	22,956	15,010
Net assets, beginning of year	71,640	56,630
Net assets, end of year	$ 94,596	$ 71,640

East York Learning Experience
Schedule of Grants and Donations
Year Ended March 31, 2020

	Revenue in 2020	Revenue in 2019
Ministry of Advanced Education and Skills Development	$ **121,686**	$ 121,576
Miscellaneous donations	**32,459**	19,916
Fundraising events	**9,666**	16,128
Foundations	**9,500**	719
City of Toronto	**6,591**	20,996
Human Resources and Skills Development Canada	**4,480**	4,199
	$ **184,382**	$ 183,534

East York Learning Experience
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
Cash, beginning of year	**$ 72,812**	$ 54,912
Cash receipts		
Grants	**134,347**	150,121
Donations	**41,960**	20,635
Fundraising	**11,405**	16,367
Interest	**9**	5
	187,721	187,128
Cash disbursements		
Salaries and administration	**161,326**	164,865
Purchase of property, plant and equipment	**371**	4,363
	161,697	169,228
Cash, end of year	**$ 98,836**	$ 72,812

1. Organization and incorporation

East York Learning Experience (the "organization" or "EYLE") commenced funded operations as a not-for-profit unincorporated entity during April 1987. On April 29, 1988, the organization obtained its letters patent under the Corporations Act (Ontario), constituting a corporation without share capital. Subsequently, the organization received registration as a charitable organization for tax purposes on July 8, 1988.

Mission Statement: EYLE's adult literacy, numeracy and digital literacy programs transform lives and enhance self-worth by empowering individuals to reach their full potential.

2. Accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO):

Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the reported amounts of revenues and expenses during the current year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. The main estimate relates to the allocation of deferred revenue and grants.

Revenue recognition

The organization follows the deferral method of accounting for grants and donations. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred, otherwise they are deferred. 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. In addition, the organization occasionally receives grants for funding periods that include those beyond the fiscal period end date. Accordingly, only that portion of grants which have been expended in the current period are recognized as revenue, otherwise they are deferred.

Cash

Cash consists of current operating bank accounts. The organization has no restrictions on these accounts.

Donated services

During the period, various services and items have been donated in kind to the organization for fundraising events. The value of donated services and items are not recognized in the financial statements because of the difficulty of measurement.

Property, plant and equipment

Property, plant and equipment are expensed in the period of purchase.

2. Accounting policies (continued)

Financial instruments

Measurement of financial instruments

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

The organization subsequently measures its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and grant receivable.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indications of impairment. The amount of any write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement of value, provided it is no 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 net income.

3. Goods and services tax

As a charitable organization, East York Learning Experience is eligible for a rebate of a fixed percentage of the goods and services tax paid on purchases. The current rebate factors are 50% for the federal portion and 82% for the provincial portion.

4. Income taxes

The organization is a registered charity within the meaning of the Income Tax Act (Canada) and is not subject to either federal or provincial income taxes.

5. Capital assets

During the year, the organization purchased computer equipment for $371 (2019 - $419). The organization used the funds from the operating grant from the Ministry of Labour, Training and Skills Development for these expenses.

The organization also incurred costs for upgrades to office ventilation in prior year for $3,944 (none in the current year). These upgrades used funds raised from fundraising and donations.

6. Accounts payable and accrued liabilities

	2020	2019
Trade payable and accrued liabilities	$ 5,206	$ 5,312
Government remittances	2,522	2,607
	$ 7,728	$ 7,919

7. Lease commitment

The future minimum premise lease payments over the next two years are as follows:

2021	$ 12,687
2022	6,344
	$ 19,031

8. Financial instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2020.

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization has a comprehensive plan in place to meet its obligations as they come due – primarily through the use of cash flow from operations.

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 risks relate to its accounts receivable and grant receivable. The organization is not exposed to such risk as the receivables are due from federal, provincial and municipal governments.

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 three types of risk: currency risk, interest rate risk and other price risk. The organization is not exposed to such risks.

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. The organization is not exposed to such risk as it does not transact in a foreign currency and it does not hold any assets that are exposed to foreign exchange fluctuations.

8. Financial instruments (continued)

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. The organization is not exposed to such risk as it has no financial instruments that will be impacted by fluctuation in market interest rates.

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. The organization is not exposed to other price risk.

9. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The economic effects within the organization's environment and in the global markets, disruption in supply chains, and measures introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's future operations and financial results.

The organization cannot estimate the length and gravity of the COVID-19 pandemic. The organization is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

As of the date of the approval of the financial statements on July 9, 2020, certain fundraising events planned for the 2020/2021 season have been postponed and may be cancelled at a later date due to the current measures enforced by the government. While this presents uncertainty over future revenues, management expects the organization will have adequate cash flow to fund its operations during this crisis through existing revenue sources that have confirmed their funding intentions and maintaining tight controls over operating expenses. Revenue is expected to decrease compared to fiscal 2020, however, operations are expected to be sustainable due to significant cash reserves in the organization.