

# **Deaf Literacy Initiative**

**Financial Statements**

**March 31, 2018**



## **Deaf Literacy Initiative**

**March 31, 2018**

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CHARTERED ACCOUNTANTS

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## Auditors' Report

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To the Directors of  
Deaf Literacy Initiative

We have audited the accompanying financial statements of Deaf Literacy Initiative which comprises the statement of financial position as at March 31, 2018, and the statements of receipts and expenditures and fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Deaf Literacy Initiative as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

*R & C Chartered Accountants.*

Mississauga, Ontario  
June 29, 2018

Chartered Accountants  
*Licensed Public Accountants*

**Deaf Literacy Initiative**  
**Statement of Financial Position**  
**March 31, 2018**

	2018	2017
	\$	\$
<b>Assets</b>		
Current Assets		
Cash	6,255	-
Short term investments	-	15,843
Accounts receivable	-	453
Government remittances recoverable	4,598	4,285
Prepaid expenses	5,190	5,190
<b>Total Assets</b>	<b>16,043</b>	<b>25,771</b>
<b>Liabilities and Fund Balance</b>		
Current Liabilities		
Bank indebtedness	-	11,388
Accounts payable and accrued liabilities	14,227	2,479
<b>Total Liabilities</b>	<b>14,227</b>	<b>13,867</b>
<b>Fund Balance</b>	<b>1,816</b>	<b>11,904</b>
<b>Total Liabilities and Fund Balance</b>	<b>16,043</b>	<b>25,771</b>
<b>Contingency (note 2)</b>		

Approved on Behalf of the Board \_\_\_\_\_

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**Deaf Literacy Initiative**  
**Statement of Receipts and Expenditures and Fund Balance**  
**For the Year Ended March 31, 2018**

	2018	2017
	\$	\$
<b>Revenue</b>		
Government grants (schedule A)	177,773	211,411
Other income	11,015	6,765
	<b>188,788</b>	218,176
<b>Project expenditures (schedule A)</b>	<b>90,875</b>	66,595
	<b>97,913</b>	151,581
<b>Administrative expenditures</b>		
Wages and benefits	56,325	61,366
Rent and utilities	22,474	37,348
Professional fees	13,189	5,481
Insurance	6,111	3,451
Communications	4,377	8,555
Office supplies	2,808	2,060
Professional development	1,283	622
General administration	1,216	1,520
Board meetings	218	2,176
Equipment	-	558
<b>Total operating expenses</b>	<b>108,001</b>	123,137
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,088)</b>	28,444
Fund balance, beginning of year	11,904	(16,540)
<b>Fund balance, end of year</b>	<b>1,816</b>	11,904

**Deaf Literacy Initiative**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2018**

	2018	2017
	\$	\$
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	(10,088)	28,444
	(10,088)	28,444
<b>Change in non-cash operating working capital</b>		
Accounts receivable	453	37,047
Accounts payable and accrued liabilities	11,748	(4,520)
Government remittances recoverable	(313)	5,460
	1,800	66,431
<b>Investing Activities</b>		
Accrued interest receivable	-	(100)
Proceeds from sale of short term investments	15,843	-
	15,843	(100)
<b>Financing Activities</b>		
Bank indebtedness	(11,388)	7,569
Repayable grants	-	(28,722)
Deferred revenue	-	(45,178)
	(11,388)	(66,331)
Increase in cash	6,255	-
Cash, beginning of year	-	-
<b>Cash, end of year</b>	<b>6,255</b>	<b>-</b>

**Deaf Literacy Initiative**  
**Notes to Financial Statements**  
**March 31, 2018**

**Nature of Business**

The Deaf Literacy Initiative is a registered charity incorporated under the Canada Corporation Act by letter patent dated October 31, 1997 and is exempt from income taxes under the Income Tax Act of Canada.

The organization provides accessible and culturally relevant training, research, networking and resources to the Deaf and Deaf-Blind literacy community in Ontario.

**1. Significant accounting policies**

**(a) Basis of accounting**

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations..

**(b) Short term investments**

Short term investments in marketable securities are recorded at the lower of cost or market value.

**(c) Capital assets**

Capital assets are recorded as expenses in the year they are acquired.

**(d) Revenue recognition**

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

**(e) Risk management**

Consistent with other small organizations, risk management policies are typically performed as a part of the overall management of the entity's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. Management's close involvement in operations identifies risks and variations from expectations leading to changes in risk management.

**Deaf Literacy Initiative**  
**Notes to Financial Statements**  
**March 31, 2018**

**1. Significant accounting policies (continued)**

**(f) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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.

**(g) Financial instruments**

The company recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. All transactions related to the financial instrument are recorded on a trade date or settlement basis. All financial instruments are measured at fair value on initial recognition. The company subsequently measures its financial assets and financial liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recorded in net income.

The company classifies its financial instruments as follows:

- Financial assets measured at cost include cash, short term investments and accounts receivable.
- Financial liabilities measured at cost include accounts payable and accrued liabilities and deferred and repayable grants.

**2. Contingencies - litigation**

A lawsuit seeking unspecified damages and other relief are pending against the organization. It is not possible, at this time, for the organization to predict with any certainty the outcome of such litigation. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the organization's financial position.

**3. Financial instruments**

The significant financial risks to which the company is exposed are as follows:

- Credit risk is the risk of loss of a financial asset stemming from a debtors failure to repay or otherwise meet a contractual obligation. To mitigate this risk, the company actively manages and monitors its accounts receivable.
- Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to liquidity risk arising from its liabilities. The company's ability to meet obligations depends on the receipt of funds in the form of revenue or advances.



## Deaf Literacy Initiative

March 31, 2018

### Schedule of Revenue

#### Government Grants

	2018	2017
	\$	\$
<b>MAESD funding</b>		
MAESD - core funding	155,500	123,486
MAESD - ASL Pool	6,820	5,247
MAESD - IT Refresh	15,453	-
	<b>177,773</b>	<b>128,733</b>
<b>Ontario Trillium Foundation</b>		
OTF - Deaf Youth ASL	-	82,678
	<b>177,773</b>	<b>211,411</b>

#### Project expenditures

	2018	2017
	\$	\$
<b>MAESD</b>		
MAESD - ASL pool	6,702	5,464
MAESD - core funding	47,209	198
Other Project costs	36,964	-
	<b>90,875</b>	<b>5,662</b>
<b>Ontario Trillium Foundation</b>		
OTF Trillium	-	2,361
OTF - Deaf Youth ASL	-	58,572
	-	<b>60,933</b>
	<b>90,875</b>	<b>66,595</b>