

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.

FINANCIAL STATEMENTS

MARCH 31, 2023


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Foundations Learning & Skills Saskatchewan Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASFNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Foundations Learning & Skills Saskatchewan Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Virtus Group Chartered Professional Accountants & Business Advisors LLP, in accordance with Canadian generally accepted auditing standards.


Sheryl Harrow-Yurach


Kristine Sparrow



Saskatoon, SK
May 31, 2023

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	2023	2022
Assets		
Current		
Cash (Note 3)	\$ 870,756	\$ 929,796
Accounts receivable (Note 4)	6,661	34,353
Goods and services tax recoverable	5,095	3,258
Prepaid expenses	1,790	1,535
Investments (Note 5)	211,858	198,753
	1,096,160	1,167,695
Capital assets (Note 6)	94,416	105,524
Long-term investment (Note 7)	85,000	-
	\$ 1,275,576	\$ 1,273,219
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 75,002	\$ 66,934
Deferred revenues (Note 8)	651,584	715,185
	726,586	782,119
Deferred capital contributions (Note 9)	46,750	52,250
	773,336	834,369
Net Assets		
Unrestricted fund	244,774	175,776
Invested in capital assets	47,666	53,274
Restricted fund	209,800	209,800
	502,240	438,850
	\$ 1,275,576	\$ 1,273,219

Lease commitments (Note 12)

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See accompanying notes to the financial statements

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	Unrestricted Fund	Invested in capital assets	Restricted fund	2023	2022
Net assets - beginning of year	\$ 175,776	\$ 53,274	\$ 209,800	\$ 438,850	\$ 365,609
Excess of revenue over expenses	68,998	(5,608)	-	63,390	73,241
Net assets - end of year	\$ 244,774	\$ 47,666	\$ 209,800	\$ 502,240	\$ 438,850

See accompanying notes to the financial statements

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Revenue		
Grant revenue (<i>Schedule 1</i>)	\$ 1,031,423	\$ 915,452
Donations	244,050	151,529
Lit Up! (<i>Schedule 2</i>)	82,053	-
PGI Golf Tournament for Literacy (<i>Schedule 2</i>)	81,274	64,810
Contract services	28,001	14,142
Internal management fees	8,171	11,668
Other	6,661	17,224
Amortization of deferred capital contributions	5,500	5,500
Office sales	3,370	900
Government assistance (<i>Note 10</i>)	-	120,216
	<u>1,490,503</u>	<u>1,301,441</u>
Expenses		
Salaries and wages	916,456	850,371
Sub-contracts	138,047	89,624
Rental	69,757	70,109
Program materials	56,893	59,500
Office	43,809	36,633
Facilities, utilities and maintenance	37,466	36,235
Advertising and promotion	31,525	20,012
Lit Up! (<i>Schedule 2</i>)	27,308	-
PGI Golf Tournament for Literacy (<i>Schedule 2</i>)	19,886	18,537
Professional fees	18,130	13,888
Travel	13,890	2,446
Nutrition	12,601	2,525
Amortization	11,108	11,108
Professional development	10,785	6,392
Administration	8,171	11,668
Insurance	6,256	6,019
Endowment	5,000	-
Licenses and memberships	3,426	3,405
Interest and bank charges	1,148	766
Honorariums	600	-
	<u>1,432,262</u>	<u>1,239,238</u>
Excess Of Revenue Over Expenses from operations	58,241	62,203
Other income (expenses)	<u>5,149</u>	<u>11,038</u>
Excess Of Revenue Over Expenses for the year	<u>\$ 63,390</u>	<u>\$ 73,241</u>

See accompanying notes to the financial statements

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Cash flows from operating activities		
Excess of revenue over expenses	\$ 63,390	\$ 73,241
Items not affecting cash:		
Amortization of capital assets	11,108	11,108
Amortization of deferred capital contributions	(5,500)	(5,500)
	<u>68,998</u>	<u>78,849</u>
Changes in non-cash working capital:		
Accounts receivable	27,692	(30,886)
Accounts payable and accrued liabilities	8,068	13,785
Deferred revenues	(63,601)	293,963
Prepaid expenses	(255)	(44)
Goods and services tax recoverable	(1,837)	2,224
	<u>(29,933)</u>	<u>279,042</u>
Cash flows from operating activities	<u>39,065</u>	<u>357,891</u>
Cash flows from investing activities		
Purchase of investments	(175,000)	-
Proceeds on disposal of short-term investments	73,162	-
Net decrease (increase) in value of investments	3,733	(8,786)
	<u>(98,105)</u>	<u>(8,786)</u>
Cash flows from investing activities	<u>(98,105)</u>	<u>(8,786)</u>
Increase (decrease) in cash flow	(59,040)	349,105
Cash - beginning of year	929,796	580,691
Cash - end of year (Note 3)	\$ 870,756	\$ 929,796

See accompanying notes to the financial statements

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

1. Purpose of the organization

Foundations Learning & Skills Saskatchewan Inc. (the "organization") is a not-for-profit organization of Saskatchewan. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization is a community-based volunteer organization that offers free literacy services to adults, children, and families.

At a special meeting of its members in May 2022, the organization changed its name from READ Saskatoon Inc. to Foundations Learning & Skills Saskatchewan Inc., so as to better reflect the organization's mission, vision, and scope of service delivery.

2. Summary of significant accounting policies

Basis of presentation

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASFNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Significant items subject to such estimates and assumptions include amortization of capital assets, accrued liabilities and deferred capital contributions. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash

Cash is defined as cash on hand, net of outstanding deposits, cheques issued and outstanding at the reporting date and high interest savings accounts.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Leasehold improvements	15 years straight line method over the course of the lease plus one renewal term
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Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. Only half the amortization is recognized in the year of acquisition and the year of disposal.

Revenue recognition

Foundations Learning & Skills Saskatchewan Inc. follows the deferral method of accounting for contributions.

Restricted contributions for expenses of future periods (including grant revenues, Lit Up! sponsorships and PGI Golf Tournament sponsorships) are recognized as revenue in the year in which the related expenses are incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

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FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

2. Summary of significant accounting policies (continued)

Unrestricted contributions (such as donations and fundraising activities) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contract services and rental revenues are service-related revenues. These revenues are recognized systematically over the term of approved agreements and when reasonable assurance exists regarding the measurement and collectibility of the agreed upon consideration.

Office sales are recognized when products are delivered to customers, there is clear evidence that an arrangement exists, amounts are fixed or can be determined, and the ability to collect is reasonably assured.

Investment income is recognized as revenue when reasonable assurance exists regarding measurement and collectibility.

The Organization recognizes subsidies and grants received from various government programs as revenue in the period qualified after all necessary applications have been completed and collection is reasonably assured. If the grant or subsidy arose as a result of incurring certain expenses the corresponding grant or subsidy revenue will be reported in the same period as the expenses. These amounts may be subject to review by Canada Revenue Agency or other government agencies. Any differences between the amounts recorded in the financial statements and the amount received will be recognized in income in the period in which new information becomes known.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization has no related party financial instruments required to be recognized at fair value.

All other related party financial instruments are measured at cost on initial recognition and subsequently measured using the cost method less any reduction for impairment. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial instruments recorded at amortized cost include: cash, accounts receivable, term deposits, and accounts payable and accrued liabilities. The fair value of cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the immediate or short-term period to maturity.

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FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments recorded at fair value include marketable securities.

Pledges

Due to the uncertainty surrounding the collectability of pledges, the Organization recognizes only those pledges for which amounts have been received prior to year end.

Contributed services

Volunteers contribute a significant amount of their time each year. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

3. Cash

	2023	2022
Cash on hand	\$ 773,735	\$ 930,874
Cash in investment account	102,303	29,141
Outstanding deposits	200	203
Cheques issued and outstanding	(5,482)	(30,422)
	\$ 870,756	\$ 929,796

4. Accounts receivable

Impairment of accounts receivable is not recorded in the financial statements since the entity has a history of collecting all of its receivables. During the year, the Organization incurred bad debts of \$nil (2022 - \$nil).

5. Investments

	2023	2022
<u>Marketable securities</u>		
Saskatoon Foundation Managed Fund	\$ 121,858	\$ 123,084
Quadrus Investments	-	75,669
	121,858	198,753
<u>Term deposits</u>		
1 - Year Redeemable GIC	80,000	-
Investments - BMO	10,000	-
	90,000	-
	\$ 211,858	\$ 198,753

The Quadrus Investment Services Ltd. investment consists of mutual funds recorded at fair market value. The Saskatoon Community Foundation investment consists of investments in a managed fund recorded at fair market value.

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

6. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 166,617	\$ 72,201	\$ 94,416	\$ 105,524

In the year ended March 31, 2023, the Organization has assessed for full and partial impairment on capital assets and determined that there is no impairment.

7. Long-term investment

Long-term investment includes a GIC with an interest rate of 4.0% maturing November 30, 2024.

	2023	2022
Non-redeemable GIC	\$ 85,000	\$ -
	\$ 85,000	\$ -

8. Deferred revenues

	March 31, 2022	Contributions received	Recognized as revenues	March 31, 2023
Adult literacy	\$ 36,501	\$ 176,396	\$ (183,571)	\$ 29,326
Family literacy	55,041	182,972	(222,596)	15,417
Financial literacy	174,979	253,554	(286,533)	142,000
Spark	36,771	167,550	(69,871)	134,450
Volunteer tutor	7,500	19,000	(15,415)	11,085
Matched savings	18,451	6,000	(3,380)	21,071
CIF - Spark	8,888	19,000	(15,638)	12,250
Training contracts	9,028	-	(5,001)	4,027
Operational	25,416	172,228	(177,228)	20,416
Rental income campaign pledge	232,765	-	(58,191)	174,574
PGI golf tournament	12,600	32,300	(27,600)	17,300
LIT UP!	11,792	42,741	(28,592)	25,941
We Are Story	-	8,000	-	8,000
Campaign pledges	85,453	2,000	(51,726)	35,727
	\$ 715,185	\$ 1,081,741	\$ (1,145,342)	\$ 651,584

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

9. Deferred capital contributions

Deferred capital contributions represents the unamortized amount of grants received for the purchase or development of capital assets. Deferred capital contributions are amortized on the same basis as the related capital assets.

	2023	2022
Balance, beginning of the year	\$ 52,250	\$ 57,750
Amortization of deferred capital contributions	(5,500)	(5,500)
Balance, end of the year	\$ 46,750	\$ 52,250

10. Government assistance

During the prior year, the Organization received government assistance in the forms of the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Rent Subsidy (CERS), and the Canada Recovery Hiring Program (CRHP). In the prior year, the Organization received \$82,530 under the CEWS program, \$9,743 under the CERS program, and \$27,943 under the CRHP program. As these government assistance programs ceased in the prior year, there were no amounts received in the current year.

11. Restrictions on net assets

In 2000, the Organization's Board of Directors internally restricted a Long Live Foundations Fund, the purpose of which is to ensure the long-term viability of the Organization. This internally restricted amount is not available for other purposes without approval of the Board of Directors.

12. Lease commitments

The Organization is committed to future lease obligations under a lease agreement for office space in Saskatoon, Saskatchewan - for the lease period from July 1, 2016 to June 30, 2026 yielding monthly rent payments as follows: for the first two years \$3,473 plus occupancy costs, for the years three through six \$4,105 plus occupancy costs, for the years seven through ten \$4,421 plus occupancy costs.

Future minimum lease payments for the entity as at March 31, 2023 are as follows:

2024	\$ 53,052
2025	53,052
2026	13,263
	<u>\$ 119,367</u>

13. Internal management and facilities fees

The Organization charges internal management fees and internal facilities fees to the various programs carried out during the year.

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

14. Financial instruments

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2023.

Credit risk

Credit risk arises from the potential that grantors, donors, sponsors or other sources will fail to perform their obligations. The Organization is exposed to credit risk from the aforementioned parties. The Organization transacts with a significant number of parties which minimizes concentration of credit risk. The Organization regularly reviews the collectibility of all existing receivables.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, accounts payable and accrued liabilities. The Organization manages this risk through monitoring project budgets and future cash flow forecasts.

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 rate risk, interest rate risk and other price risk. The Organization is mainly exposed to other price risk.

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 exposed to other price risk through its investments.

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.

GRANT REVENUE

(Schedule 1)

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
Operational funding		
Operational Grants	\$ 177,228	\$ 113,119
Rental funding	58,191	-
Operational funding total	235,419	113,119
Program funding		
Financial literacy funding	286,533	305,050
Family literacy funding	222,596	210,569
Adult literacy funding	182,571	141,823
Spark	69,871	64,343
Community Initiatives Fund - Volunteer Tutor	15,415	29,167
CIF - Spark	15,638	27,779
Matched Savings	3,380	18,102
SCF - Reconciliation Project	-	5,500
Program funding total	796,004	802,333
	\$ 1,031,423	\$ 915,452

See accompanying notes to the financial statements

FOUNDATIONS LEARNING & SKILLS SASKATCHEWAN INC.

SUPPLEMENTARY REVENUES AND EXPENDITURES

(Schedule 2)

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
PGI Golf Tournament for Literacy		
Revenue	\$ 81,274	\$ 64,810
Expenses	<u>(19,886)</u>	<u>(18,537)</u>
PGI Golf Tournament for Literacy total	<u>\$ 61,388</u>	<u>\$ 46,273</u>
Lit Up!		
Revenue	\$ 82,053	\$ -
Expenses	<u>(27,308)</u>	<u>-</u>
Lit Up! total	<u>\$ 54,745</u>	<u>\$ -</u>

Due to public health restrictions as a result of the COVID-19 pandemic, the Lit Up! event was not held in the prior fiscal year. Therefore, no comparative revenues or expenses have been presented for this event.