

N.W.T. Literacy Council

Financial Statements

March 31, 2013

N.W.T. Literacy Council

Financial Statements

For the year ended March 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Members of N.W.T. Literacy Council

We have audited the accompanying financial statements of N.W.T. Literacy Council, which comprise the statement of financial position as at March 31, 2013, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 is sufficient and appropriate to provide a basis for our audit opinion.

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Basis for Qualified Opinion

In common with many not-for-profit organizations, N.W.T. Literacy Council 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 N.W.T. Literacy Council. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2013, any adjustments might be necessary to donations and excess of revenues over expenses reported in the statements of operations, changes in net assets and cash flows and current assets and net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of N.W.T. Literacy Council as at March 31, 2013 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.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule of Revenues and Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements as a whole.

Comparative Information

Without modifying our opinion, we draw attention to the notes to the financial statements which describe that the N.W.T. Literacy Council adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

KPMG LLP

Chartered Accountants

September 7, 2013
Edmonton, Canada

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N.W.T. Literacy Council

Statement of Financial Position


As at March 31, 2013


| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | | (Unaudited) | (Unaudited) |
| | \$ | \$ | \$ |
| Assets | | | |
| Current | | | |
| Cash | 207,363 | 410,535 | 377,849 |
| Investments (Note 3) | 334,023 | 332,238 | 330,341 |
| Accounts receivable | 3,682 | 1,137 | 27,182 |
| Contributions receivable (Note 4) | 144,985 | 30,474 | 11,142 |
| Goods and services tax rebate | 40,705 | 29,797 | 37,629 |
| Prepaid expenses | 7,759 | 18,632 | 6,930 |
| | 738,517 | 822,813 | 791,073 |
| Restricted cash - Norman J MacPherson trust fund | 10,590 | 10,588 | 10,472 |
| Capital assets (Note 5) | 9,623 | 13,410 | 17,120 |
| Total Assets | 758,730 | 846,811 | 818,665 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities (Note 6) | 168,675 | 255,851 | 190,885 |
| Contributions repayable (Note 7) | - | 383 | 2,085 |
| Accountable advance | - | - | 26,000 |
| Deferred revenue (Note 8) | 237,172 | 281,377 | 302,195 |
| Total Liabilities | 405,847 | 537,591 | 521,145 |
| Net Assets | | | |
| Investment in capital assets | 9,623 | 13,410 | 17,120 |
| Contingency fund | 60,000 | 50,000 | 50,000 |
| Norman J MacPherson trust fund | 10,590 | 10,588 | 10,472 |
| Unrestricted | 272,670 | 235,222 | 219,928 |
| Total Net Assets | 352,883 | 309,220 | 297,520 |
| Total Liabilities and Net Assets | 758,730 | 846,811 | 818,665 |

Commitments (Note 9)

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

N.W.T. Literacy Council

Statement of Operations

For the year ended March 31, 2013

| | 2013 | 2012 |
|---|-----------|-------------|
| | | (Unaudited) |
| | \$ | \$ |
| Revenues: | | |
| Government of Canada | 711,644 | 585,202 |
| Government of the Northwest Territories | 746,781 | 732,251 |
| De Beers | 246 | 5,512 |
| Aurora College | 130,250 | - |
| SEDI Financial | 50,000 | - |
| George Brown College | - | 5,500 |
| | 1,638,921 | 1,328,465 |
| Net amounts recognized (deferred) | 44,205 | 20,818 |
| Contributions to be repaid (Note 7) | - | (363) |
| | 1,683,126 | 1,348,920 |
| Service contracts | 11,000 | 16,960 |
| Memberships | 650 | 2,090 |
| Donations | 41,479 | 16,700 |
| Administration and other | 93,675 | 9,378 |
| Special events | 17,275 | - |
| Interest income | 4,330 | 3,034 |
| | 1,851,535 | 1,397,082 |
| Expenses: | | |
| Administration | 21,700 | - |
| Advertising | 32,066 | 14,441 |
| Amortization | 5,682 | 7,431 |
| Community literacy | 98,760 | 144,564 |
| Contractors | 479,675 | 259,632 |
| Hospitality | 3,226 | 3,020 |
| Honoraria | 1,000 | - |
| Insurance | 2,602 | 2,602 |
| Office expenses | 89,760 | 78,971 |
| Printing | 149,751 | 62,598 |
| Professional development | 5,859 | 5,283 |
| Professional fees | 25,083 | 12,872 |
| Resources | 24,272 | 27,393 |
| Rent | 47,351 | 41,619 |
| Scholarships and distributions | 8,000 | 18,596 |
| Travel | 120,394 | 91,230 |
| Wages and benefits | 571,488 | 485,815 |
| Workshops | 121,205 | 129,431 |
| | 1,807,874 | 1,385,498 |
| Excess of revenues over expenses | 43,661 | 11,584 |

N.W.T. Literacy Council

Statement of Changes in Net Assets

For the year ended March 31, 2013

| | Investment in capital assets | Contingency fund | Norman J MacPherson trust fund | Unrestricted | 2013 | 2012 (Unaudited) |
|--------------------------------------|---------------------------------|---------------------|--------------------------------------|----------------|----------------|---------------------|
| | | | | | \$ | \$ |
| Net assets, beginning of year | 13,410 | 50,000 | 10,588 | 235,222 | 309,220 | 297,520 |
| Excess of revenues over expenses | (5,682) | - | - | 49,343 | 43,661 | 11,584 |
| Interest income | - | - | 2 | - | 2 | 116 |
| Purchase of capital assets | 1,895 | - | - | (1,895) | - | - |
| Transfers | | 10,000 | | (10,000) | | |
| Net assets, end of year | 9,623 | 60,000 | 10,590 | 272,670 | 352,883 | 309,220 |

N.W.T. Literacy Council

Statement of Cash Flows

For the year ended March 31, 2013

| | 2013 | 2012 |
|---|------------------|----------------|
| | | (Unaudited) |
| | \$ | \$ |
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenues over expenses | 43,661 | 11,584 |
| Items which do not involve cash: | | |
| Amortization | 5,682 | 7,431 |
| Changes in non-cash operating working capital | | |
| Decrease (increase) in accounts receivable | (2,545) | 26,045 |
| Increase in contributions receivable | (114,511) | (19,332) |
| Decrease (increase) in goods and service tax rebate | (10,908) | 7,832 |
| Decrease (increase) in prepaid expenses | 10,873 | (11,702) |
| (Decrease) increase in accounts payable and accrued liabilities | (87,176) | 64,966 |
| Decrease in contributions repayable | (363) | (1,702) |
| Decrease in accountable advance | - | (26,000) |
| Decrease in deferred revenue | (44,205) | (20,818) |
| | (199,492) | 38,304 |
| Investing activities | | |
| Purchase of capital assets | (1,895) | (3,721) |
| Purchase of investments | (1,785) | (1,897) |
| Net cash used in investing activities | (3,680) | (5,618) |
| Increase (decrease) in cash | (203,172) | 32,686 |
| Cash, beginning of the year | 410,535 | 377,849 |
| Cash, end of the year | 207,363 | 410,535 |

See accompanying notes to financial statements.

N.W.T. Literacy Council

Notes to Financial Statements

For the year ended March 31, 2013

N.W.T. Literacy Council ("the Council") is incorporated under the Societies Act of the Northwest Territories as a non-profit organization and is a registered charity under the Income Tax Act. The Council promotes literacy in the Northwest Territories for all official languages. The Council is exempt from income taxes pursuant to paragraph 149.1(1)(b) of the Income Tax Act.

1 Basis of presentation:

On April 1, 2012, the Council adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. There are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provision in Canadian accounting standards for not-for-profit organizations, the Council has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provisions in Canadian accounting standards for not-for-profit organizations, the Council has elected to designate that all investments be measured at fair value.

There were no transitional adjustments recorded to net assets and excess of revenues over expenses as a result of the transition to Canadian accounting standards for not-for-profit organizations.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Fund accounting

Revenues and expenses related to general program delivery and administrative activities are reported in unrestricted net assets. Investment in capital assets reports the assets, liabilities, revenue and expenses related to the Council's capital assets.

The Peter Gzowski Invitational fund reports the revenues and expenses related to the Peter Gzowski Invitational Golf Tournament, which is held in the Northwest Territories every second year. The funds raised support community-based and family literacy projects throughout the Northwest Territories.

The Plain Language fund reports the revenues and expenses related to the plain language services offered by the Council. The funds generated sponsor specific projects of the Council.

The Board of Directors established a contingency fund in the event the Council had to cease operations. This fund would be used to discharge all remaining liabilities.

The Norman J MacPherson Trust fund was established to sponsor specific projects of the Council.

(b) Investments

Investments are measured at fair value.

(c) Revenue recognition

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

N.W.T. Literacy Council

Notes to Financial Statements

For the year ended March 31, 2013

2 Significant accounting policies (continued):

(c) Revenue recognition (continued)

NWT Literacy Council receives funding from the Government of Canada and the Government of the Northwest Territories for projects. Funding contributions may span multiple years, allowing excess revenue to be carried forward to future years of the project and applied to eligible costs. This amount by which the contributions received exceeds the eligible operating costs is recognized on the financial statements as a deferred revenue. Under the terms of some contribution agreements any excess revenues on completed projects may be repayable to the funder.

Service contracts, memberships, donations, administration and special events revenue are recognized when earned.

Interest income is recognized as revenue of the unrestricted fund when earned. Interest income earned on funds held in trust is recognized as a direct increase to net assets of the fund.

(d) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. The Council provides amortization on its capital assets using the following methods and annual rates:

| | |
|--------------------------------|-----------------------|
| Office furniture and equipment | 30% declining balance |
| Computers | 45% declining balance |

(e) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship are subsequently measured at fair value. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Council determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Council expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

N.W.T. Literacy Council

Notes to Financial Statements

For the year ended March 31, 2013

3 Investments

| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | | (Unaudited) | (Unaudited) |
| | \$ | \$ | \$ |
| CIBC Premium Canadian T-bill fund | - | 130,635 | 129,741 |
| CIBC Flexible GIC, bearing interest of 1.25%, matures July 2013 | 334,023 | 201,603 | 200,600 |
| | 334,023 | 332,238 | 330,341 |

4 Contributions receivable

| | 2013 | 2012 | 2011 |
|--|----------------|---------------|--------------|
| | | (Unaudited) | (Unaudited) |
| | \$ | \$ | \$ |
| Aurora College | 130,250 | - | - |
| Government of the Northwest Territories - Health and Social Services | 7,935 | - | - |
| Other | 5,000 | 4,928 | - |
| Government of Northwest Territories - Department of Education, Culture and Employment | 1,800 | 16,528 | - |
| De Beers | - | 5,512 | 6,042 |
| Government of Northwest Territories - Department of Industry, Tourism & Investm | - | 3,506 | - |
| George Brown College | - | - | 5,100 |
| | 144,985 | 30,474 | 5,100 |

N.W.T. Literacy Council

Notes to Financial Statements

For the year ended March 31, 2013

5 Capital assets

| | 2013 | | |
|--------------------------------|---------------|-----------------------------|-------------------|
| | \$ | | |
| | Cost | Accumulated Amortization | Net Book Value |
| Office furniture and equipment | 52,005 | 48,375 | 3,630 |
| Computers | 46,253 | 40,259 | 5,993 |
| | 98,258 | 88,634 | 9,623 |

| | 2012 | | |
|--------------------------------|---------------|-----------------------------|-------------------|
| | (Unaudited) | | |
| | \$ | | |
| | Cost | Accumulated Amortization | Net Book Value |
| Office furniture and equipment | 52,005 | 46,821 | 5,184 |
| Computers | 44,358 | 36,132 | 8,226 |
| | 96,363 | 82,953 | 13,410 |

| | 2011 | | |
|--------------------------------|---------------|-----------------------------|-------------------|
| | (Unaudited) | | |
| | \$ | | |
| | Cost | Accumulated Amortization | Net Book Value |
| Office furniture and equipment | 52,005 | 44,599 | 7,406 |
| Computers | 40,637 | 30,923 | 9,714 |
| | 92,642 | 75,522 | 17,120 |

6 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$2,463 (March 31, 2012 - \$2,422; March 31, 2011 - \$1,565), which includes amounts for payroll related taxes.

7 Contributions repayable

| | 2013 | 2012 | 2011 |
|---|----------|-------------|--------------|
| | | (Unaudited) | (Unaudited) |
| | \$ | \$ | \$ |
| Government of the Northwest Territories - Early Childhood Development | - | - | 351 |
| Government of the Northwest Territories - Healthy Children Initiative | - | 363 | 1,714 |
| | - | 363 | 2,065 |

N.W.T. Literacy Council

Notes to Financial Statements

For the year ended March 31, 2013

8 Deferred revenue

| | 2013 | 2012 | 2011 |
|---|----------------|----------------|----------------|
| | | (Unaudited) | (Unaudited) |
| Aurora College - Embedded Literacy & Essential Skills | 305 | - | - |
| Aurora College - Pre - ALBE | 8,528 | - | - |
| De Beers Canada | 2,344 | 2,339 | - |
| Government of the Northwest Territories - Financial Literacy | 2,625 | 2,625 | - |
| Government of the Northwest Territories - Healthy Children Initiative | 682 | 682 | 701 |
| Government of the Northwest Territories - Stabilization Fund | 244 | 10,000 | - |
| Government of the Northwest Territories - Health and Social Services | 26 | - | - |
| Government of the Northwest Territories - Early Childhood Development | 25 | - | 5,346 |
| Government of the Northwest Territories - Adult Literacy Supports | - | 40,476 | - |
| Government of the Northwest Territories - Build Adult Literacy and Essential Skills | - | 3,943 | 4,652 |
| Inuupiaq Inuit Grant - Canada Council for the Arts | - | - | 5,219 |
| Mongol Rally | 30,282 | - | - |
| Northern Men's Research | 5,895 | - | - |
| Office of Literacy and Essential Skills - School-Aged Family Literacy | 121,400 | 141,738 | 143,140 |
| Office of Literacy and Essential Skills - Coalition | 22,436 | 14,150 | 20,915 |
| Office of Literacy and Essential Skills - Youth Literacy | - | 5,539 | - |
| Support and Training for Family and Community Libraries | - | - | 1,213 |
| SEDI Financial Literacy | 24,974 | - | - |
| Social Development Partnership Program - Government of Canada | - | - | 18,999 |
| Social Science & Humanities Research Council Grant | 9,972 | 52,451 | 94,576 |
| Walter and Duncan Gordon Foundation | 7,434 | 7,434 | 7,434 |
| | 237,172 | 281,377 | 302,195 |

9 Commitments

The Council has an operating lease for its premises which expires December 2017. The minimum annual lease payments are as follows:

| | |
|------|----------------|
| 2014 | 37,205 |
| 2015 | 37,577 |
| 2016 | 38,693 |
| 2017 | 39,080 |
| 2018 | 30,181 |
| | 182,736 |

10 Financial risks

The Council manages its investments to earn investment income and invests according to Board approved policy. The Council is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading. The Council believes that it is not exposed to significant interest-rate, market, credit, liquidity or cash flow risk arising from its financial