Amadeusz

Financial Statements

December 31, 2019

Contents

LG PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Markhamwoods Business Centre
325 Renfrew Drive, Suite 202
Markham, Ontario L3R 9S8
T 905.415.0775 / F 905.415.2314
www.lgpartners.ca

Independent Auditors' Report

To the Members of Amadeusz:

Opinion
We have audited the accompanying financial statements of Amadeusz, which comprise the statement of financial position as at December 31, 2019, and the statement of revenues and expenditures, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amadeusz as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion
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 Amadeusz 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 opinion.

Responsibility 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 these financial statements, management is responsible for assessing Amadeusz's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Amadeusz or to cease operations, or has no realistic alternative to do so. Those charged with governance are responsible for overseeing Amadeusz's financial reporting process.

Auditor's Responsibility 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 Amadeusz'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 Amadeusz'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 Amadeusz 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.

LG PARTNERS LLP

Markham, Ontario
June 25, 2020

Chartered Professional Accountants and
Licensed Public Accountants

As at December 31	2019
	$

Assets

Current assets	
Cash and cash equivalents	26,289
Amounts receivable (Note 3)	8,671
Prepaid expenses	2,165
	37,125

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued liabilities (Note 4)	7,642
Deferred contributions (Note 5)	37,600
	45,242
Net assets	
Accumulated deficit - unrestricted	(8,117)
	37,125

See accompanying notes

Approved on behalf of the board:

Sonya Aslan ____________ Director

Ardavan Eizadirad ____________ Director

For the year ended December 31	2019
	$
Net assets, beginning of year	-
Excess of expenditures over revenue	(8,117)
Accumulated deficit, end of year	(8,117)

See accompanying notes

For the year ended December 31	2019
	$
Revenue	
Contributions - Scale	101,113
Contributions - Vanier	17,954
Administration fee	5,000
	124,067
Expenditures	
Salaries and benefits	99,110
Rent	13,673
Professional fees	8,668
Program related expenses	4,209
Office and general	3,783
Insurance	1,579
Telephone	620
Advertising and promotion	339
Bank charges	203
	132,184
Deficiency of revenue over expenditures	(8,117)

See accompanying notes

For the year ended December 31	2019
	$
Cash Flow from (used in) Operating Activities	
Deficiency of revenue over expenditures	(8,117)
Changes in working capital balances related to operations:	
Amounts receivable	(8,671)
Prepaid expenses	(2,165)
Accounts payable and accrued liabilities	7,642
Deferred contributions	37,600
Net cash provided by operating activities	34,406
Increase in cash during the year	26,289
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	26,289

See accompanying notes

For the year ended December 31, 2019

1. Nature of Operations

Amadeusz (the "Organization") is a not-for-profit organization in Ontario, providing support to young people who are incarcerated to create positive change in their lives through access to education, community support, mentorship, and care.

The Organization was incorporated without share capital on May 8, 2017 under the Canada Not-for-Profit Corporations Act. Prior to 2019, the Organization was reported in a trusteeship organization Albion Neighbourhood Services.

The Organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as contained in Part III of the Canadian Institute of Chartered Accountant ("CICA") Handbook. To the extent Part III of the CPAC Handbook does not address certain matters applicable to the Organization; it will use accounting standards for private enterprises contained in Part II of the CPAC Handbook.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include grants for various programs. 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. Unrestricted donations are recognized as revenue when received since pledges are not legally enforceable claims. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Revenue from administration services are recognized when services are rendered.

Cash and Cash Equivalents

The company considers all highly liquid investments to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates fair value.

Capital Assets

The Organization follows the limited application of section 4431, "Tangible Capital Assets Held by Not-for-Profit Organizations," of the CPAC Handbook, in paragraph 4431.38 as the average of annual revenues recognized in the financial statements for the current and preceding year is less than $500,000. Capital assets are expensed when acquired. The amount expensed and included in office expense in the current year is $2,428.

For the year ended December 31, 2019

2. Significant Accounting Policies (continued)

Contributed Services

Volunteers contribute extensive time and effort to assist the Organization in carrying out its activities. In addition, some of the community groups are provided with meeting rooms from local community facilities at no charge. Because of the difficulty in determining fair value, contributed materials and services are not recognized in the financial statements.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management reviews these estimates periodically, which include accruals and as adjustments become necessary they are reported in the period in which they become known. Actual results may vary from the current estimates.

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.

Financial assets measured at cost or amortized cost include cash and amounts receivable.

Financial liabilities measured at cost or amortized cost includes accounts payable and accrued liabilities.

Impairment of Financial Instruments

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the impairment, 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 the statement of revenue and expenditures.

For the year ended December 31, 2019

3. Amounts Receivable

Amounts receivable are a grant receivable from the Provincial Ministry regarding the Vanier program. These amounts have been collected subsequently to December 31, 2019 and therefore there are no impaired amounts or related allowances required.

4. Accounts Payable and Accrued Liabilities

		2019
Trade payables and accrued liabilities	$	5,112
Government remittances		2,530
	$	7,642

5. Deferred Contributions

		2019
Funds received during the year	$	156,667
Recognized to income during the year		(119,067)
Balance, end of the year	$	37,600

		2019
Scale	$	33,887
Vanier		3,713
Total	$	37,600

6. Lease Commitment

Under a lease expiring December 31, 2020, the organization is obligated for annual rental payments on its premises of $14,916.

Future minimum annual lease payments for premises are as follows:

2020	$	14,916

For the year ended December 31, 2019

7. Related Party Transactions

Transactions between the Organization and the board members are considered to be related party transactions. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There were no related party transactions during the year.

8. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the balance sheet date, December 31, 2019:

Credit Risk
Credit risk is the risk of a loss if counterparty to a financial instrument fails to meet its contractual obligations. The Organization is exposed to credit risk from its cash balance. To manage this risk, the Organization maintains its account with credit worthy financial institutions.

Interest Rate Risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is not exposed to interest rate risk as it does not have any interest bearing financial instruments.

Liquidity Risk
Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with the settlement of its financial liabilities. The Organization manages liquidity risk by maintaining sufficient cash on hand to settle obligations as they arise. The Organization is not subject to any significant liquidity risks arising from its financial instruments.

For the year ended December 31, 2019

9. Capital Management

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2019, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

10. Subsequent Event

Subsequent to year end, there are significant economic and social disturbances being caused by COVID-19. The effect of this on the organization is uncertain.