

Amadeusz
Financial Statements
December 31, 2020

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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, 2020, 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, 2020, 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.

Markham, Ontario
April 30, 2021

LG PARTNERS LLP
Chartered Professional Accountants and
Licensed Public Accountants



Amadeusz
Statement of Financial Position

As at December 31	2020	2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	78,027	26,289
Amounts receivable (Note 3)	59,034	8,671
Prepaid expenses	-	2,165
	137,061	37,125
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	9,560	7,642
Deferred contributions (Note 5)	70,742	37,600
	80,302	45,242
Net assets		
General Fund (deficit) - unrestricted	2,341	(8,117)
Reserve Fund - internally restricted	54,418	-
	56,759	(8,117)
	137,061	37,125

See accompanying notes

Approved on behalf of the board:

Sonya Aslan Director

Ardavan Eizadirad Director



Amadeusz
Statement of Changes in Net Assets

For the year ended December 31	2020	2019
	\$	\$
General Fund		
General fund surplus (deficit), beginning of year	(8,117)	-
Excess (deficiency) of revenue over expenditures	64,876	(8,117)
Transfer to reserve fund	<u>(54,418)</u>	-
General fund surplus (deficit), end of year	<u>2,341</u>	<u>(8,117)</u>
Reserve Fund		
Reserve fund surplus, beginning of year	-	-
Transfer from general fund	<u>54,418</u>	-
Reserve fund surplus, end of year	<u>54,418</u>	-
General and reserve fund surplus (deficit)	<u>56,759</u>	<u>(8,117)</u>

See accompanying notes



Amadeusz
Statement of Revenue and Expenditures

For the year ended December 31	2020	2019
	\$	\$
Revenue		
Contributions - Scale (Note 5)	92,690	101,113
Contributions - Vanier (Note 5)	20,168	17,954
Administration fee	27,389	5,000
Wage subsidy	54,757	-
	<u>195,004</u>	<u>124,067</u>
Expenditures		
Salaries and benefits	105,176	99,110
Rent	9,924	13,673
Professional fees	8,599	8,668
Fundraising expenses	2,477	-
Insurance	2,165	1,579
Program related expenses	1,261	4,209
Office and general	263	3,783
Bank charges	259	203
Telephone	4	620
Advertising and promotion	-	339
	<u>130,128</u>	<u>132,184</u>
Excess (deficiency) of revenue over expenditures	64,876	(8,117)

See accompanying notes



Amadeusz
Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
Cash Flow from (used in) Operating Activities		
Excess (deficiency) of revenue over expenditures	<u>64,876</u>	<u>(8,117)</u>
Changes in working capital balances related to operations:		
Amounts receivable	(50,363)	(8,671)
Prepaid expenses	2,165	(2,165)
Accounts payable and accrued liabilities	1,918	7,642
Deferred contributions	<u>33,142</u>	<u>37,600</u>
Net cash provided by operating activities	<u>33,142</u>	<u>34,406</u>
Increase in cash during the year	51,738	26,289
Cash and cash equivalents, beginning of year	<u>26,289</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>78,027</u>	<u>26,289</u>

See accompanying notes



For the year ended December 31, 2020

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 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.

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose:

(i) Reserve Fund - Internally Restricted

As of December 31, 2020, the Board of Directors of the Organization has designated net assets of \$54,418 to begin the process of building a contingency reserve of three to six months of operating costs for any potential future declines in funding due to unforeseen circumstances. Allocations towards this fund are comprised of revenues incurred from membership fees, donations, unused administration fees and government wage subsidies.

(ii) General Fund

The purpose of this fund is to account for the regular operations of the Organization.



For the year ended December 31, 2020

2. Significant Accounting Policies (continued)

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 Organization 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 \$0 (\$2,428 - 2019).

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.



For the year ended December 31, 2020

2. Significant Accounting Policies (continued)

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.

3. Amounts Receivable

Amounts receivable are a grant receivable from the Provincial Ministry regarding the Vanier program and reimbursements receivable from Albion Neighbourhood Services. These amounts have been collected subsequently to December 31, 2020 and therefore there are no impaired amounts or related allowances required.

4. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 8,190	\$ 5,112
Government remittances	1,370	2,530
	<u>\$ 9,560</u>	<u>\$ 7,642</u>



For the year ended December 31, 2020

5. Deferred Contributions

Deferred contributions consists of externally restricted contributions that have not yet been spent. Amortization of the deferred contributions is recorded on the same basis as eligible expenses are incurred. The contributing foundations have the right to withdraw or withhold funds at their discretion.

The continuity of deferred contributions is as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of the year	\$ 37,600	\$ -
Funds received during the year	146,000	156,667
Recognized to income during the year	<u>(112,858)</u>	<u>(119,067)</u>
Balance, end of the year	<u>\$ 70,742</u>	<u>\$ 37,600</u>
	<u>2020</u>	<u>2019</u>
Scale	\$ 17,030	\$ 33,887
Youth Action Fund	44,167	-
Vanier	9,545	3,713
Total	<u>\$ 70,742</u>	<u>\$ 37,600</u>



For the year ended December 31, 2020

6. Lease Commitment

Under a lease agreement expiring December 31, 2022, the Organization is obligated for annual rental payments on its premises of \$14,916.

Future minimum annual lease payments for premises are as follows:

2021	\$	14,916
2022	\$	14,916

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, 2020.

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.



For the year ended December 31, 2020

8. Financial Instruments (continued)

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.

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, 2020, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

10. Effects of COVID-19

In response to the global COVID-19 pandemic, the Organization enacted protocols and contingency plans, which have mitigated impacts of the pandemic on its operations. At this stage, the impact on the Organization's business and results have not been materially significant. The Organization will continue to follow the various government policies and advice and do its utmost to continue operations and mitigate the impact of the pandemic.

11. Subsequent Event

The organization has applied to become a registered charity subsequent to year end. The application is currently under review.

