

Park Street Education

Financial Statements

For the Year Ended December 31, 2023

Audit. Tax. Advisory.

Independent Auditor's Report

To the Directors of Park Street Education

Opinion

We have audited the financial statements of Park Street Education (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not for Profit Organizations ("ASNPO").

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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. 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.

Emphasis of matter

We draw attention to Note 3 to the financial statements which describes that the Organization adopted ASNPO on January 1, 2023 with a transition date of January 1, 2022. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2022 and the statement of operations, net assets, and cash flows for the year ended December 31, 2022 and the related disclosures. Our opinion is not modified in respect of this matter. We were not engaged to report on the comparative information and, as such, it is unaudited.

Other matter

The statement of financial position as at December 31, 2022, and the statement of operations, net assets, and cash flows for the year then ended, were neither audited nor reviewed.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities 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 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 judgement 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 risks 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 of the Organization'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 the Organization'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 the Organization 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.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
June 27, 2024

Park Street Education
Statement of Financial Position
As at December 31, 2023

	Note	December 31, 2023 \$	December 31, 2022 \$ (Note 3)
ASSETS			
Current assets:			
Cash		50,654	63,225
Accounts receivable	5	11,707	72,168
HST receivable		4,336	-
Prepaid expenses		9,665	9,193
Total Assets		<u>76,362</u>	<u>144,585</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	5	126,159	260,607
Deferred revenue		-	7,500
Total Liabilities		<u>126,159</u>	<u>268,107</u>
Total Net Assets		<u>(49,797)</u>	<u>(123,522)</u>
Total Liabilities and Net Assets		<u>76,362</u>	<u>144,585</u>

Approved on behalf of the Board:

"Mark Harrison", Director

"Anika Chabra", Director

Park Street Education
Statement of Operations
Year ended December 31, 2023

	Note	December 31, 2023 \$	December 31, 2022 \$ (Note 3)
REVENUE			
Tuition fees		11,865	-
Corporate services		137,970	176,008
Donations		314,334	100,000
Total Revenue		<u>464,169</u>	<u>276,008</u>
EXPENSES			
Human resource expenses	5	55,054	436
Marketing expenses	5	11,624	4,928
IT expenses	5	7,971	11,852
Communication, equipment and service expenses	5	2,453	1,786
Office and administrative expenses	5	47,407	16,127
Overhead allocation costs	5	595	514
Tutor fees	5	95,190	87,529
Salaries and wages	5	170,150	276,358
Total Expenses		<u>390,444</u>	<u>399,530</u>
Excess (deficiency) of revenues over expenses		<u>73,725</u>	<u>(123,522)</u>

The accompanying notes are an integral part of the financial statements.

Park Street Education
Statement of Changes in Net Assets
Year ended December 31, 2023

	December 31, 2023	December 31, 2022
	\$	\$
		(Note 3)
Balance, Beginning of year	(123,522)	-
Excess (deficiency) of revenues over expenses	73,725	(123,522)
Balance, End of year	<u>(49,797)</u>	<u>(123,522)</u>

The accompanying notes are an integral part of the financial statements.

Park Street Education
Statement of Cash Flows
Year ended December 31, 2023

	December 31, 2023	December 31, 2022
	\$	\$
		(Note 3)
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	73,725	(123,522)
Changes in working capital balances		
Accounts receivable	60,461	(72,168)
HST receivable	(4,336)	-
Prepaid expenses	(472)	(9,193)
Accounts payable and accrued liabilities	(134,448)	142,511
Deferred revenue	(7,500)	7,500
	<u>(12,571)</u>	<u>(54,872)</u>
Net cash (used in) operating activities	<u>(12,571)</u>	<u>(54,872)</u>
Net change in cash	(12,571)	(54,872)
Cash, beginning of period	<u>63,225</u>	<u>118,097</u>
Cash, end of period	<u><u>50,654</u></u>	<u><u>63,225</u></u>

The accompanying notes are an integral part of the financial statements.

Park Street Education
Notes to the Financial Statements
Year Ended December 31, 2023

1. Purpose of the Organization

Park Street Education (the “Organization”) is a charitable, social impact organization with a vision to close the equity gap in education for underserved youth. The Organization was incorporated under the laws of Canada as a not-for-profit organization on May 7, 2021 and obtained registered charity status on January 1, 2023.

Under the Income Tax Act (Canada), the Organization is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.

Revenue from fundraising events is recognized in the fiscal year in which the program is concluded.

Tuition fees and corporate services are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the year. Actual results could differ from those estimates. These estimates which include reserves for accounts receivable, and accrued liabilities are reviewed periodically and adjustments are made as appropriate in the year they become known.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. Salary and benefits expenses are allocated based on the employees’ role.

Financial instruments

The Organization initially measures its financial instruments at fair value, except for related party transactions, adjusted by, in the case of a financial asset or financial liability that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. When a financial asset is originated or acquired or a financial liability is issued or assumed in a related party transaction, the Organization initially measures at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. When the financial asset originated or acquired or the financial liability issued or assumed has repayment terms, the cost of the instrument is determined using the undiscounted cash flows, excluding interest and dividend payments. When the financial asset originated or acquired or the financial liability issued or assumed does not have repayment terms, the cost of the instrument is determined using the consideration transferred or received by the Organization in the transaction.

Park Street Education
Notes to the Financial Statements
Year Ended December 31, 2023

The Organization measures its financial assets and liabilities, except for related party instruments, subsequently at amortized cost. Financial assets subsequently measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

The Organization measures its related party financial instruments with repayment terms using the cost method less any reduction for impairment. These include accounts receivable, accounts payable and accrued liabilities.

Contributed materials and services

Materials and services are regularly contributed to the Organization. Due to the difficulty in determining their fair value, contributed goods and services are not recognized in these financial statements. This includes the use of volunteers to provide services.

3. First-time adoption of Accounting Standards for Not for Profit Organizations (“ASNPO”)

The Organization adopted ASNPO on January 1, 2023 with a transition date of January 1, 2022. Upon transition to ASNPO, the Organization:

- a) Recognized all assets and liabilities whose recognition was required by ASNPO;
- b) Derecognized items as assets or liabilities if ASNPO did not permit such recognition;
- c) Reclassified items that it recognized previously as one type of asset, liability or component of net assets, but are recognized as a different type of asset, liability or component of net assets under ASNPO; and
- d) Applied ASNPO in measuring all recognized assets and liabilities

As a result of the adoption of ASNPO, there were no significant adjustments to the Organization's financial statements as at January 1, 2022. The statement of financial position as at December 31, 2022, and the statements of operations, net assets, and cash flows for the year then ended and related disclosures, were neither audited nor reviewed.

4. 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 December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. In order to reduce its credit risk, the Organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As at December 31, 2023, 100% (2022 – 97%) of the accounts receivable was due from one customer (2022 – one customer).

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 customers and other related sources, and accounts payable. As at December 31, 2023, 100% (2022 – 100%) of the accounts payable was due to one vendor over 10% (2022 – one vendor).

Park Street Education
Notes to the Financial Statements
Year Ended December 31, 2023

5. Related party transactions

During the year ended December 31, 2023, the Organization incurred \$15,076 (2022 – \$47,518) in expenditures due to an organization related to a director of the Organization. These amounts were recorded at the exchange amount, which is the amount agreed to by the related parties.

As at December 31, 2023, accounts receivable included \$11,640 (2022 – \$nil) due to an organization related to a director of the Organization.

As at December 31, 2023, accounts payable and accrued liabilities included \$109,217 (2022 – \$260,607) due to an organization related to a director of the Organization. The accounts payable were generated through costs incurred by the related organization on behalf of the Organization.