

**FINANCIAL STATEMENTS**

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**BOOK CLUBS FOR INMATES INC. /  
CERCLES DE LECTURE POUR DÉTENUS INC.**

**December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Book Clubs for Inmates Inc./Cercles de Lecture pour Détenus Inc.:**

### Qualified Opinion

I have audited the accompanying financial statements of **Book Clubs for Inmates Inc./Cercles de Lecture pour Détenus Inc.**, which comprise the statement of financial position as at December 31, 2023 and the statements of surplus, revenue and expenditures, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of **Book Clubs for Inmates Inc./Cercles de Lecture pour Détenus Inc.** as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, **Book Clubs for Inmates Inc./Cercles de Lecture pour Détenus Inc.** derives revenue from donations, the completeness of which is not susceptible to my obtaining evidence I considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the accounts of **Book Clubs for Inmates Inc./Cercles de Lecture pour Détenus Inc.**. Therefore, I was unable to determine whether any adjustments might have been found necessary with respect to revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 for both the 2023 and 2022 year-ends. My conclusion on the financial statements as at and for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the not-for-profit in accordance with the ethical requirements that are relevant to my audit of financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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## INDEPENDENT AUDITOR'S REPORT

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### **Responsibilities 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 generally accepted 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 the financial statements, management is responsible for assessing the not-for-profit'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 not-for-profit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the not-for-profit's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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.

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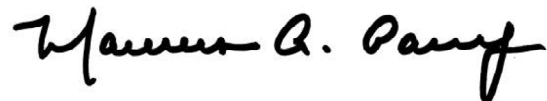
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## INDEPENDENT AUDITOR'S REPORT

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- 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 not-for-profit'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 not-for-profit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the not-for-profit 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.

I 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 I identify during my audit.



Toronto, Ontario  
April 11, 2024

CPA, CA, Professional Corporation  
Authorized to practice public accounting by  
The Chartered Professional Accountants of Ontario

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Book Clubs for Inmates Inc. / Cercles de Lecture pour Détenus Inc.

STATEMENT OF FINANCIAL POSITION

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Year ended December 31	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	374,172	230,366
Investments [note 2]	110,824	105,992
Amounts receivable	11,690	10,276
Prepaid expenses	<u>193</u>	<u>4,542</u>
	496,879	351,176
<b>Long-term</b>		
Equipment [note 3]	<u>1,393</u>	
	498,272	351,176
<b>LIABILITIES AND SURPLUS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	6,553	6,387
Government remittances payable	2,238	2,599
Deferred designated grants	<u>3,565</u>	<u>16,879</u>
	12,356	25,865
<b>Surplus</b>		
Operating Fund, unrestricted	<u>485,916</u>	<u>325,311</u>
	498,272	351,176

*see accompanying notes*

On behalf of the Board:

Director

Director

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Book Clubs for Inmates Inc. / Cercles de Lecture pour Détenus Inc.

**STATEMENT OF SURPLUS**

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Year ended December 31	2023	2022
	\$	\$
<b>Balance</b> , beginning of year	<b>325,311</b>	319,371
Excess of revenue over expenditures for the year	<b>160,605</b>	5,940
<b>Balance</b> , end of year	<b>485,916</b>	325,311

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*see accompanying notes*

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**Book Clubs for Inmates Inc. / Cercles de Lecture pour Détenus Inc.****STATEMENT OF REVENUE AND EXPENDITURES**

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Year ended December 31	2023	2022
	\$	\$
<b>Revenue</b>		
In-kind donation of books	447,070	118,670
Donations	179,325	156,766
Designated grants	131,714	10,421
Bequests	81,481	
Public Safety Canada grant	45,186	45,186
Investment & other income	<u>5,300</u>	<u>2,079</u>
	<u>890,076</u>	<u>333,122</u>
<b>Expenses</b>		
Books donated to penitentiary libraries	452,195	119,271
Salaries and benefits	124,145	125,244
Books for book clubs	73,453	35,705
Children of Inmates Reading Program expenses	23,743	3,765
Professional fees	17,410	15,539
Administration	9,227	7,764
Rent	8,731	8,731
Volunteer appreciation	5,706	3,489
Travel	5,651	1,859
Authors' visits	3,057	
Communications	2,251	1,480
Fundraising	1,907	2,816
Insurance	952	131
Telephone and internet	764	1,169
Amortization	<u>279</u>	<u>219</u>
	<u>729,471</u>	<u>327,182</u>
<b>Excess of revenue over expenditures for the year</b>	<u>160,605</u>	<u>5,940</u>

*see accompanying notes*



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**Book Clubs for Inmates Inc. / Cercles de Lecture pour Détenus Inc.**

**STATEMENT OF CASH FLOWS**

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Year ended December 31	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	160,605	5,940
Adjustment for amortization, an item which did not require an outlay of cash	<u>279</u>	<u>219</u>
	160,884	6,159
Net change in working capital balances:		
Amounts receivable	(1,414)	(2,872)
Prepaid expenses	4,349	34,856
Accounts payable and accrued liabilities	166	(720)
Government remittances payable	(361)	296
Deferred grants	<u>(13,314)</u>	<u>11,879</u>
	150,310	49,598
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,672)	
Purchase of investments, net	<u>(4,832)</u>	<u>(1,459)</u>
<b>Change in cash</b> during the year	143,806	48,139
<b>Cash</b> , beginning of year	<u>230,366</u>	<u>182,227</u>
<b>Cash</b> , end of year	<u>374,172</u>	<u>230,366</u>

*see accompanying notes*

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2023

**PURPOSE OF THE ORGANIZATION**

Book Clubs for Inmates Inc./Cercles de Lecture pour Deténus Inc. (the "Organization") is dedicated to establishing book clubs for inmates of federal penitentiaries to enhance the lives of inmates. The book clubs offer intellectual stimulation to inmates in an environment devoid of stimulating choices. The discussions provide the opportunity to discuss the challenges of life, moral choices and relationships - issues found in abundance in good literature. At the same time, the book clubs foster literacy, respectful listening, an interest in literature, and increased self awareness and empathy.

Book Clubs for Inmates Inc./Cercles de Lecture pour Deténus Inc. is a registered charity and as such is not subject to income taxes. Its registration number is 80417 0009. The Organization incorporated on May 2, 2011 and was continued under the Canada Not-for-profit Corporations Act on October 22, 2013.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value. Subsequently financial assets and liabilities are measured at amortized cost, except for investments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses. Transaction costs that are directly attributable to the acquisition of investments are recognized in net income in the period incurred.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Equipment**

Equipment is recorded at cost when purchased or at its fair market value when donated. Amortization is calculated on the straight-line method based on the estimated useful life of three years.

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The most significant estimate in the financial statements is the estimated useful life of equipment.

**Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions whereby donations are recorded to a restricted fund according to the directions of the donor. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants for operating expenses are recorded as revenue in the statement of revenue and expenditures when received or receivable.

Investment income (comprising interest, dividends, gains (losses) on sale of securities) is recorded when earned.

**Contributed services**

Volunteers contribute an undeterminable, but substantial number of hours during the year to assist the Organization in carrying out its mission. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

**2. INVESTMENTS**

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
BMO High Interest Savings Account	110,824	110,824	105,992	105,992

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 2023

**3. EQUIPMENT**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	
	<b>\$</b>	<b>\$</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	3,324	(1,931)	<b>1,393</b>	NIL

**4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

Items that meet the definition of financial instruments consist of cash, amounts receivable, investments, and accounts payable and accrued liabilities. Financial instrument transactions, such as collecting receivables, buying and selling investments, settling payables, may result in exposure to significant financial risks and concentration of risk.

The nature and extent of significant risks as of December 31, 2023, are described below. There have been no changes to the significant risks from the prior year.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's financial assets that are exposed to credit risk consist primarily of cash, investments and amounts receivable. Cash consists of deposits with a major Canadian bank. Investments consist of guaranteed investments certificates and income funds held in an account with a major Canadian brokerage. The Organization is subject to credit risk through its amounts receivable. Credit risk is limited due to the small number of receivables owed to the Organization.

**Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to interest rate.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Organization is exposed to interest rate risk on its investments due to the uncertain interest rates that will be in effect when its guaranteed investment certificate matures.