

THE NORTH GROVE SOCIETY
Financial Statements
Year Ended March 31, 2024

THE NORTH GROVE SOCIETY
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Year Ended March 31, 2024

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of The North Grove Society

Qualified Opinion

We have audited the financial statements of The North Grove Society (the "Society"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising activities 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 the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 Society in accordance with 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 qualified audit opinion.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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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 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 of the Society'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 Society'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 Society 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.

Gyle Willey Davidson

Halifax, Nova Scotia
September 12, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

THE NORTH GROVE SOCIETY
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and short term investments <i>(Note 4)</i>	\$ 1,746,890	\$ 1,142,069
Accounts receivable	8,682	1,000
Prepaid expenses	15,109	16,182
Harmonized sales tax recoverable	24,553	16,979
	1,795,234	1,176,230
CAPITAL ASSETS <i>(Note 5)</i>	589,498	630,352
LONG TERM INVESTMENTS	-	85,093
	\$ 2,384,732	\$ 1,891,675
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 204,256	\$ 173,156
Deferred revenue <i>(Note 7)</i>	866,732	656,948
	1,070,988	830,104
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 8)</i>	530,245	516,633
	1,601,233	1,346,737
NET ASSETS		
Unrestricted net assets	121,474	131,418
Net assets invested in capital assets	59,247	113,721
Internally restricted net assets <i>(Note 9)</i>	602,778	299,799
	783,499	544,938
	\$ 2,384,732	\$ 1,891,675

LEASE COMMITMENTS *(Note 10)*

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE NORTH GROVE SOCIETY
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	2024	2023
REVENUES		
Donations and fundraising revenue	\$ 1,023,445	\$ 379,907
Provincial grants	925,017	761,510
Other grants	396,155	415,273
Federal grants	215,926	211,400
Market sales	50,901	29,089
Interest	31,705	15,155
	<u>2,643,149</u>	<u>1,812,334</u>
EXPENDITURES		
Equipment and maintenance	18,799	13,486
Facilities costs	191,379	157,874
Fundraising and promotion	34,001	31,311
Information technology	11,621	23,588
Office	40,985	37,225
Personnel	1,637,286	1,260,076
Professional development	7,853	25,594
Professional fees	85,618	65,415
Program costs	297,696	179,237
Travel and meals	14,932	12,559
	<u>2,340,170</u>	<u>1,806,365</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>302,979</u>	5,969
OTHER INCOME (EXPENDITURES)		
Amortization of deferred capital contributions	68,836	67,004
Amortization	(133,254)	(126,051)
	<u>(64,418)</u>	<u>(59,047)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 238,561</u>	<u>\$ (53,078)</u>

THE NORTH GROVE SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Unrestricted Net Assets	Net Assets Invested in Capital Assets	Internally Restricted Net Assets	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 131,418	\$ 113,721	\$ 299,799	\$ 544,938	\$ 598,016
Excess (deficiency) of revenues over expenditures	-	(64,418)	302,979	238,561	(53,078)
Capital contributions	82,447	(82,447)	-	-	-
Purchase of capital assets	(92,391)	92,391	-	-	-
NET ASSETS - END OF YEAR	\$ 121,474	\$ 59,247	\$ 602,778	\$ 783,499	\$ 544,938

THE NORTH GROVE SOCIETY
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 238,561	\$ (53,078)
Items not affecting cash:		
Amortization	133,254	126,051
Amortization of deferred capital contributions	<u>(68,836)</u>	<u>(67,004)</u>
	<u>302,979</u>	<u>5,969</u>
Changes in non-cash working capital:		
Accounts receivable	(7,682)	22,573
Accounts payable and accrued liabilities	31,091	5,370
Deferred revenue	209,784	364,004
Prepaid expenses	1,073	(2,030)
Harmonized sales tax recoverable	<u>(7,574)</u>	<u>(2,860)</u>
	<u>226,692</u>	<u>387,057</u>
Cash flow from operating activities	<u>529,671</u>	<u>393,026</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(92,391)	(25,096)
Deferred capital contributions	<u>82,447</u>	<u>25,096</u>
Cash flow used by investing activities	<u>(9,944)</u>	<u>-</u>
FINANCING ACTIVITIES		
Long term investments transferred to short term	70,609	-
Reinvestment of matured term deposits	14,485	-
Purchase of long term investments	<u>-</u>	<u>(666)</u>
Cash flow from (used by) financing activities	<u>85,094</u>	<u>(666)</u>
INCREASE IN CASH FLOW	604,821	392,360
Cash - beginning of year	<u>1,142,069</u>	<u>749,709</u>
CASH - END OF YEAR	\$ 1,746,890	\$ 1,142,069
CASH CONSISTS OF:		
Cash	\$ 1,348,045	\$ 843,062
Short term investments	<u>398,845</u>	<u>299,007</u>
	<u>\$ 1,746,890</u>	<u>\$ 1,142,069</u>

THE NORTH GROVE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

1. PURPOSE OF THE SOCIETY

The North Grove Society (the "Society") is incorporated under the Societies Act of Nova Scotia with the purpose to provide information and support to parents and their children. The North Grove Society is strengthening families and helping to shape healthy, productive communities in Dartmouth, Nova Scotia. Registered charity status was received in May 1996, and accordingly, the Society is exempt from income tax under the provisions of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Cash and short term investments

Cash and short term investments consist of deposits held in Canadian financial institutions, net of outstanding transactions, and Guaranteed Investment Certificates (GICs), valued at cost plus accrued interest, as described in note 4.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Paving	8%	declining balance method
Computer equipment	30%	declining balance method
Furniture and equipment	20%	declining balance method
Leasehold improvements - Family Centre	10 years	straight-line method
Leasehold improvements - Food Centre	10 years	straight-line method

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

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THE NORTH GROVE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant accounting estimates in these financial statements include the estimated useful lives of capital assets and accrued liabilities.

Revenue recognition

The North Grove Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets. Investment revenues are recognized when earned.

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year, no goods were donated (2023 - \$nil).

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

THE NORTH GROVE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. Financial instruments consist of cash, short term investments, long term investments, accounts receivable, and accounts payable and accrued liabilities. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. Credit risk is minimized due to the nature of the revenue.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value 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 Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

The guaranteed investment certificates included in cash and short term investments are recorded at market value including accrued interest, which is determined by the closing value of these investments and approximates fair market value.

THE NORTH GROVE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

4. CASH AND SHORT TERM INVESTMENTS

	<u>2024</u>	<u>2023</u>
Cashable Guaranteed Investment Certificate (GIC) bearing interest at 1.10%, maturing August 22, 2024.	\$ 70,609	\$ -
Non redeemable GIC bearing interest at 5.00%, maturing September 18, 2024.	15,963	-
Cashable GIC bearing interest at 4.75%, maturing December 9, 2024.	107,776	-
Cashable GIC bearing interest at 4.75%, maturing December 9, 2024.	99,344	-
Cashable GIC bearing interest at 4.75%, maturing December 9, 2024.	105,153	-
Matured in year	-	299,007
	<u>398,845</u>	<u>299,007</u>
Cash, net of outstanding cheques and deposits	<u>1,348,045</u>	<u>843,062</u>
	<u>\$ 1,746,890</u>	<u>\$ 1,142,069</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2024 Net book value</u>	<u>2023 Net book value</u>
Paving	\$ 22,016	\$ 15,439	\$ 6,577	\$ 7,149
Computer equipment	81,804	79,094	2,710	3,872
Furniture and equipment	291,456	138,106	153,350	89,781
Leasehold improvements - Family Centre	580,970	224,061	356,909	412,838
Leasehold improvements - Food Centre	466,347	396,395	69,952	116,712
	<u>\$ 1,442,593</u>	<u>\$ 853,095</u>	<u>\$ 589,498</u>	<u>\$ 630,352</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Accrued liabilities	\$ 63,488	\$ 54,865
Source deductions payable	1,460	848
Trade payables	<u>139,308</u>	<u>117,443</u>
	<u>\$ 204,256</u>	<u>\$ 173,156</u>

THE NORTH GROVE SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

7. DEFERRED REVENUE

	Beginning balance	Receipts	Recognized as revenue	2024
Family Centre	\$ 214,990	\$ 1,447,540	\$ 1,252,040	\$ 410,490
Food Centre	374,645	501,198	486,914	388,929
Fund Development	67,313	-	-	67,313
	<u>\$ 656,948</u>	<u>\$ 1,948,738</u>	<u>\$ 1,738,954</u>	<u>\$ 866,732</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are donations and grants received as contributions toward the cost of specific assets. They are deferred as revenue and recognized over time on the same basis that the related capital assets are amortized.

	Beginning balance	Receipts	Recognized as revenue	2024
Smart board computer	\$ 2,969	\$ -	\$ 891	\$ 2,078
Primrose renovations - leaseholds	452,249	-	43,032	409,217
Primrose renovations - furniture	61,415	82,447	24,912	118,950
	<u>\$ 516,633</u>	<u>\$ 82,447</u>	<u>\$ 68,835</u>	<u>\$ 530,245</u>

9. INTERNALLY RESTRICTED NET ASSETS

The Society has established an internally restricted operating reserve to provide financial stability for the Society in the event of unexpected and unbudgeted expenditures or significant reductions in revenue. The following restrictions have been placed on the fund:

- The board must approve all transfers to and expenditures from the reserve fund.
- The board may approve partial use of the reserve fund to offset the costs of an unplanned capital expenditure.
- Transfers to the reserve fund must not create a deficit in the unrestricted fund balance. Such transfers must be made from an operating fund surplus.
- The balance in the reserve fund must not exceed the estimate of unfunded expenditures for the next 6 months.

The balance in the reserve fund at March 31, 2024 was \$602,778 (2023 - \$299,799).

10. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises, expiring April 30, 2025. Future minimum lease payments as at March 31, 2024, are as follows:

2025	\$ 23,922
2026	1,994
	<u>\$ 25,916</u>

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.