



Financial Statements

Engage Nova Scotia Civic Engagement
Society

March 31, 2020

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Independent Practitioner's Review Engagement Report

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To the Board of Directors of
[Engage Nova Scotia Civic Engagement Society](#)

We have reviewed the accompanying financial statements of Engage Nova Scotia Civic Engagement Society that comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Engage Nova Scotia Civic Engagement Society as at March 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.

Independent Practitioner's Review Engagement Report (continued)

Other matter

The financial statements of Engage Nova Scotia Civic Engagement Society for the year ended March 31, 2019, were reviewed by another practitioner who expressed an unmodified opinion on those statements on June 14, 2019.

Halifax, Canada
June 17, 2020

Grant Thornton LLP

Chartered Professional Accountants

Engage Nova Scotia Civic Engagement Society

Statement of Operations and Changes in Net Assets

| Year ended March 31 | 2020 | 2019 |
|---|-------------------|-------------------|
| Revenues | | |
| Government grants | \$ 480,078 | \$ 402,500 |
| In-kind revenue (Note 4) | 131,708 | 153,622 |
| Donations | <u>31,001</u> | <u>43,749</u> |
| | <u>642,787</u> | <u>599,871</u> |
| Expenditures | | |
| Advertising and promotion | 6,473 | 1,465 |
| Amortization | 2,978 | 2,840 |
| Contract services | - | 2,905 |
| Consulting fees | 17,738 | 1,075 |
| In-kind expenses (Note 4) | 130,658 | 153,622 |
| Insurance | 1,340 | 3,054 |
| Interest and bank charges | 184 | 120 |
| Meetings and conferences | 14,594 | 10,468 |
| Office | 8,784 | 5,270 |
| Professional fees | 10,706 | 5,802 |
| Projects (Note 5) | 90,600 | 30,366 |
| Rent | 2,266 | - |
| Repairs and maintenance | 397 | - |
| Salaries and wages | 365,907 | 284,845 |
| Telephone | 6,957 | 7,010 |
| Travel | 16,207 | 19,420 |
| Web services | <u>5,116</u> | <u>3,423</u> |
| | <u>680,905</u> | <u>531,685</u> |
| (Deficiency) excess of revenues over expenditures | (38,118) | 68,186 |
| Surplus, beginning of year | <u>226,080</u> | <u>157,894</u> |
| Surplus, end of year | <u>\$ 187,962</u> | <u>\$ 226,080</u> |

Engage Nova Scotia Civic Engagement Society

Statement of Financial Position

March 31

2020

2019

Assets

Current

| | | |
|---------------------------------|----------------|----------------|
| Cash and cash equivalents | \$ 136,462 | \$ 202,865 |
| Receivables | 60,078 | 20,000 |
| Harmonized sales tax receivable | 7,929 | 3,673 |
| Prepays | 1,819 | 1,001 |
| | <u>206,288</u> | <u>227,539</u> |

Furniture and equipment (Note 6)

7,694 4,693

\$ 213,982 \$ 232,232

Liabilities

Current

| | | |
|--------------------------------|-----------|----------|
| Payables and accruals (Note 7) | \$ 26,020 | \$ 6,152 |
|--------------------------------|-----------|----------|

Surplus

187,962 226,080

\$ 213,982 \$ 232,232

On behalf of the Board

_____ Director

Engage Nova Scotia Civic Engagement Society

Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|---|-------------|-----------|
| (Deficiency) excess of revenues over expenditures | \$ (38,118) | \$ 68,186 |
| Item not affecting cash | | |
| Amortization | 2,978 | 2,840 |
| | (35,140) | 71,026 |
| Change in non-cash working capital items | | |
| Receivables | (40,078) | 58,369 |
| Harmonized sales tax | (4,256) | (3,673) |
| Prepays | (818) | (1,001) |
| Payables and accruals | 19,867 | (34,494) |
| | (60,425) | 90,227 |

Investing

| | | |
|-------------------------------------|---------|-------|
| Purchase of furniture and equipment | (5,978) | (514) |
|-------------------------------------|---------|-------|

(Decrease) increase in cash and cash equivalents (66,403) 89,713

Cash and cash equivalents

| | | |
|-------------------|------------|------------|
| Beginning of year | 202,865 | 113,152 |
| End of year | \$ 136,462 | \$ 202,865 |

Engage Nova Scotia Civic Engagement Society

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

Engage Nova Scotia Civic Engagement Society ("the Society") exists to promote and advance a province-wide culture of collaboration, innovation and self-reliance. The Society was federally incorporated as a non-profit organization under section 149.1 (1) of the Income Tax Act and is therefore not subject to income taxes.

2. Change in accounting policies

On April 1, 2019, the Society adopted new Section 4433, Tangible Capital Assets Held By Not-For-Profit Organizations, which requires not-for-profit organizations to separate tangible capital assets into significant components, write down capital assets to fair value or replacement costs and assess the future economic benefits of the assets. The adoption of this new section has had no impact to the Society's financial statements.

3. Significant accounting policies

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit enterprises (ASNPO).

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and balances with banks or other financial institutions.

Furniture and equipment

Furniture and equipment are carried at cost less, where applicable, any accumulated amortization and impairment losses. The Society recognizes one half year's amortization during the year of acquisition.

The amortization rates used for each class of furniture and equipment are:

| | |
|--------------------------------|-----|
| Computer equipment | 50% |
| Office furniture and equipment | 20% |

Revenue recognition

Revenue from operating grants and donations are recognized as stated in the terms of the agreements. Unrestricted operating grants and donations are recognized when amounts are determinable and collection is reasonably assured in the period of the receipt.

Revenue from event registrations is recognized in the period in which the event occurs.

Other revenue is recognized when received.

Engage Nova Scotia Civic Engagement Society

Notes to the Financial Statements

March 31, 2020

3. Significant accounting policies (continued)

Contributed services

The Society receives donated services in the form of rent, seconded employees and capital assets. These in-kind contributions are recognized in the financial statements at their fair value, less any amortized costs.

In-kind rent and secondments revenues are fully offset by corresponding expenses. In-kind equipment revenue will be offset by amortization expense over the useful life of the equipment.

Refer to Note 3.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables

A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Engage Nova Scotia Civic Engagement Society

Notes to the Financial Statements

March 31, 2020

4. In-kind revenue and expenses

| | <u>2020</u> | <u>2019</u> |
|-------------------------|-------------------|-------------------|
| Rent | \$ 28,380 | \$ 28,380 |
| Secondments | 102,278 | 125,242 |
| Furniture and equipment | <u>1,050</u> | <u>-</u> |
| | <u>\$ 131,708</u> | <u>\$ 153,622</u> |

5. Projects

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|------------------|------------------|
| QoL initiative | \$ 90,600 | \$ 17,539 |
| Conferences | - | 8,299 |
| Support for municipal initiatives | - | 1,558 |
| Share Thanksgiving | - | 647 |
| Learning events | - | 2,252 |
| Community Visioning event | - | 71 |
| Wellbeing survey | <u>-</u> | <u>17,539</u> |
| | <u>\$ 90,600</u> | <u>\$ 47,905</u> |

6. Furniture and equipment

| | | | <u>2020</u> | <u>2019</u> |
|--------------------------------|------------------|---------------------------------|-----------------------|-----------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Computer equipment | \$ 18,377 | \$ 13,741 | \$ 4,636 | \$ 2,565 |
| Office furniture and equipment | <u>6,067</u> | <u>3,009</u> | <u>3,058</u> | <u>2,128</u> |
| | <u>\$ 24,444</u> | <u>\$ 16,750</u> | <u>\$ 7,694</u> | <u>\$ 4,693</u> |

7. Payables and accruals

Government remittances (other than income taxes) total \$15,242 (2018 - \$nil) and are included in trade payables.

8. Economic dependence

The Society relies on provincial funding to support its operations. Government continues to restrict funding in many areas. The board and staff work continuously to lobby for available funding.

Engage Nova Scotia Civic Engagement Society

Notes to the Financial Statements

March 31, 2020

9. Subsequent events

Since early 2020, the spread of COVID-19 has severely impacted many local economies around the globe. On March 11, 2020, the World Health Organization characterized the virus as a pandemic. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Since March 31, 2020, the spread of COVID-19 has continued to impact local and global economies. The Society has determined that the pandemic will not have an impact on the Society to continue as a going-concern as funding from the provincial government has been secured through fiscal 2023.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Society future periods.

10. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposures and concentrations at March 31, 2020.

(a) 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 Society's main credit risks relate to its receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its payables.

11. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.