

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)
Financial Statements
Year Ended March 31, 2021

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(Formerly Dartmouth Family Centre)
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Year Ended March 31, 2021

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of The North Grove Society (formerly Dartmouth Family Centre).

Qualified Opinion

We have audited the financial statements of The North Grove Society (formerly Dartmouth Family Centre) (the "Society"), which comprise the statement of financial position as at March 31, 2021, 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, 2021, 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 charitable organizations, the Society derives revenue from donations and fundraising activities, the completeness of which is not susceptible of 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 fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at April 1 and March 31, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 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.

(continues)

Those charged with governance are responsible for overseeing the Society'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 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.



Halifax, Nova Scotia
September 14, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)
Statement of Financial Position
March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and short term investments (Note 3)	\$ 728,692	\$ 623,854
Accounts receivable	43,825	38,208
Harmonized sales tax receivable	14,271	43,143
Prepaid expenses	12,974	1,766
	<u>799,762</u>	706,971
CAPITAL ASSETS (Note 4)	<u>805,041</u>	725,413
	<u>\$ 1,604,803</u>	<u>\$ 1,432,384</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 152,732	\$ 330,582
Deferred revenue (Note 6)	315,142	370,835
	<u>467,874</u>	701,417
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>578,007</u>	448,499
	<u>1,045,881</u>	1,149,916
NET ASSETS		
Unrestricted net assets	132,792	5,555
Net assets invested in capital assets	226,130	276,913
Internally restricted net assets (Note 8)	200,000	-
	<u>558,922</u>	282,468
	<u>\$ 1,604,803</u>	<u>\$ 1,432,384</u>

LEASE COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Provincial Grants	\$ 686,940	\$ 803,614
Other Grants	535,234	485,781
Donations and fundraising revenue	432,939	499,349
Federal grants <i>(Note 10)</i>	233,964	224,084
Transfer to/from deferred revenue	114,431	(424,156)
Interest	2,177	1,154
Market sales	530	26,624
	<u>2,006,215</u>	<u>1,616,450</u>
EXPENDITURES		
Equipment and maintenance	22,859	12,839
Facilities costs	175,102	182,602
Fundraising and promotion	10,154	13,215
Information technology	9,972	9,739
Office	34,366	31,304
Personnel	1,126,967	1,187,007
Professional development	1,607	3,809
Professional fees	67,800	38,331
Program costs	224,547	120,151
Travel and meals	6,507	17,453
	<u>1,679,881</u>	<u>1,616,450</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>326,334</u>	-
OTHER INCOME (EXPENDITURES)		
Amortization of deferred capital contributions	59,180	1,528
Amortization	(109,060)	(52,242)
	<u>(49,880)</u>	<u>(50,714)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 276,454</u>	<u>\$ (50,714)</u>

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted Net Assets	Net Assets Invested in Capital Assets	Internally Restricted Net Assets	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 5,555	\$ 276,913	\$ -	\$ 282,468	\$ 333,182
Excess (deficiency) of revenues over expenditures	327,237	(50,783)	-	276,454	(50,714)
Capital contributions	188,688	(188,688)	-	-	-
Purchase of capital assets	(188,688)	188,688	-	-	-
Fund transfers (<i>Note 8</i>)	(200,000)	-	200,000	-	-
NET ASSETS - END OF YEAR	\$ 132,792	\$ 226,130	\$ 200,000	\$ 558,922	\$ 282,468

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)

Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 276,454	\$ (50,714)
Items not affecting cash:		
Amortization	109,060	52,242
Amortization of deferred capital contributions	(59,180)	(1,528)
	326,334	-
Changes in non-cash working capital:		
Accounts receivable	(5,617)	(38,110)
Harmonized sales tax receivable	28,872	(32,145)
Accounts payable and accrued liabilities	(177,850)	234,556
Deferred revenue	(55,693)	(77,419)
Prepaid expenses	(11,208)	1,353
Deferred capital contributions received	188,688	450,027
	(32,808)	538,262
Cash flow from operating activities	293,526	538,262
INVESTING ACTIVITY		
Additions to capital assets	(188,688)	(450,027)
INCREASE IN CASH FLOW	104,838	88,235
Cash - beginning of year	623,854	535,619
CASH - END OF YEAR	\$ 728,692	\$ 623,854
CASH CONSISTS OF:		
Cash	\$ 645,387	\$ 557,320
Short term investments (Note 3)	83,305	66,534
	\$ 728,692	\$ 623,854

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)

Notes to Financial Statements

Year Ended March 31, 2021

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.

The effective date of name change from Dartmouth Family Centre to The North Grove Society was March 23, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

(b) 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.

(c) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents consist of a Guaranteed Investment Certificate (GIC), as described in note 3 and are valued at cost plus accrued interest. The carrying amounts approximate fair value.

(d) Capital assets

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

Computer equipment	30%	declining balance method
Furniture and equipment	20%	declining balance method
Paving	8%	declining balance method
Leasehold improvements - Family Centre	5 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
(Formerly Dartmouth Family Centre)
Notes to Financial Statements
Year Ended March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year ended March 31, 2021, \$10,917 in capital assets were donated (2020 - \$NIL). Donated assets were recorded as a reduction to the assets for which they were contributed.

(j) 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 revenues.

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)

Notes to Financial Statements

Year Ended March 31, 2021

2. 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 consists of cash, short 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, 2021.

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.

3. CASH AND SHORT TERM INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cashable Guaranteed Investment Certificate (GIC) bearing interest at 2.00%, maturing in August 2021. At March 31, 2021, the GIC consists of a principal of \$67,086 and accrued interest of \$1,219.	\$ 68,305	\$ 66,535
Non redeemable Guaranteed Investment Certificate (GIC) bearing interest at 0.49%, maturing March 2022.	<u>15,000</u>	-
	83,305	66,535
Cash, net of outstanding cheques and deposits.	<u>645,387</u>	557,319
	\$ 728,692	\$ 623,854

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)

Notes to Financial Statements
Year Ended March 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Paving	\$ 22,016	\$ 13,569	\$ 8,447	\$ 9,181
Computer equipment	81,804	73,899	7,905	11,293
Furniture and equipment	128,267	76,979	51,288	21,159
Leasehold improvements - Family Centre	577,799	50,254	527,545	427,289
Leasehold improvements - Food Centre	466,347	256,491	209,856	256,491
	\$ 1,276,233	\$ 471,192	\$ 805,041	\$ 725,413

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables	\$ 106,123	\$ 285,928
Accrued liabilities	35,535	35,035
Source deductions payable	11,074	9,619
	\$ 152,732	\$ 330,582

6. DEFERRED REVENUE

Deferred revenue is comprised of the following items:

(a) \$115,422 (2020 - \$175,769) comprised of unspent funds from the current program year and funds generated over the past few years from miscellaneous other revenues are intended to be used towards the 2021-22 program year or will be repaid to the funders.

(b) \$144,034 (2020 - \$139,380) of funds generated from Community Food Centres Canada (CFCC) and miscellaneous other revenues generated from the operations of the CFCC, including grants and donations received during the year, are intended to be used towards the 2021-22 program year.

(c) \$55,686 (2020 - \$55,686) of funds generated from miscellaneous other revenues are intended to be used for future needs of the Society.

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)

Notes to Financial Statements

Year Ended March 31, 2021

7. 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	Amortized as revenue	2021
Smart board computer	\$ 8,657	\$ -	\$ 2,597	\$ 6,060
Primrose renovations - leaseholds	427,289	150,510	50,255	527,544
Primrose renovations - furniture	12,553	38,178	6,328	44,403
	<u>\$ 448,499</u>	<u>\$ 188,688</u>	<u>\$ 59,180</u>	<u>\$ 578,007</u>

8. INTERNALLY RESTRICTED NET ASSETS

During the year, the Society 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.

During the year, the Society transferred \$200,000 from the unrestricted fund balance to the reserve fund. The balance in the reserve fund at March 31, 2021 was \$200,000 (2020 - \$nil).

9. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises, expiring November 1, 2024. Future minimum lease payments as at March 31, 2021, are as follows:

	<u>2021</u>
2022	23,148
2023	23,148
2024	23,148
2025	15,432
	-
	<u>\$ 84,876</u>

THE NORTH GROVE SOCIETY
(Formerly Dartmouth Family Centre)
Notes to Financial Statements
Year Ended March 31, 2021

10. GOVERNMENT ASSISTANCE

During the year, the Society received the following government assistance, as a result of the events pertaining to COVID-19:

\$22,964 Temporary Wage Subsidy (TWS), included in Federal grants.

11. ECONOMIC DEPENDENCE

The Society receives 46% (2020 - 64%) of its revenue from the Provincial and Federal Government, and is therefore financially dependent on the Government.

12. COVID-19

Beginning in March 2020 the Governments of Canada and Nova Scotia, as well as foreign governments instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Society's financial position, its results of operations and its cash flows significantly. As these are on-going events, these financial statements do not reflect any potential future impact. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society as at the report date.