

CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS

MARCH 31, 2024

**CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION
INDEX
MARCH 31, 2024**

| | Page |
|--|--------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS | 4 |
| STATEMENT OF FINANCIAL POSITION | 5 |
| STATEMENT OF CASH FLOWS | 6 |
| NOTES TO THE FINANCIAL STATEMENTS | 7 - 12 |



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INDEPENDENT AUDITORS' REPORT

To the Members of:
Chebucto Community Development Association

Qualified Opinion

We have audited the financial statements of **Chebucto Community Development Association** ("the Association"), which comprise the statement of financial position as at March 31, 2024 and the statements of operations and 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 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 Association as at March 31, 2024, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, the Association derives revenues from various sources including donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, and cash flow from operations for the years ended March 31, 2024 and March 31, 2023, and net assets as at March 31, 2024 and March 31, 2023. 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 in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the 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 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
September 4, 2024

Chartered Professional Accountants

CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

| | Pathways Fund \$ | ECHO/ Community Outreach Fund \$ | General Fund \$ | 2024 \$ | 2023 \$ |
|--|------------------------|--|-----------------------|-------------------------|------------------|
| REVENUES | | | | | |
| Grants | 609,834 | 132,077 | 16,450 | 758,361 | 747,690 |
| Fundraising and donations | - | - | 163,053 | 163,053 | 59,631 |
| Government assistance | 100,000 | - | 40,405 | 140,405 | 410,113 |
| Other | - | - | 7,878 | 7,878 | 5,812 |
| | <u>709,834</u> | <u>132,077</u> | <u>227,786</u> | <u>1,069,697</u> | <u>1,223,246</u> |
| OPERATING EXPENSES | | | | | |
| Grants and other support | 32,764 | - | 68,187 | 100,951 | 65,849 |
| Miscellaneous | - | 387 | 3,212 | 3,599 | 9,044 |
| Office supplies and equipment | 13,512 | - | 50,368 | 63,880 | 51,930 |
| Program funding | - | - | 41,062 | 41,062 | 26,034 |
| Project material | 41,594 | 37,298 | - | 78,892 | 96,870 |
| Rent | 63,935 | 21,992 | 16,776 | 102,703 | 107,516 |
| Salaries and benefits | 556,555 | 72,400 | 81,886 | 710,841 | 880,748 |
| | <u>708,360</u> | <u>132,077</u> | <u>261,491</u> | <u>1,101,928</u> | <u>1,237,991</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 1,474 | - | (33,705) | (32,231) | (14,745) |
| NET ASSETS - beginning of year | - | - | 79,542 | 79,542 | 94,287 |
| NET ASSETS - end of year | <u>1,474</u> | <u>-</u> | <u>45,837</u> | <u>47,311</u> | <u>79,542</u> |

CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 349,644 | 205,848 |
| Accounts receivable | 12,107 | 2,235 |
| HST recoverable | 6,246 | 6,306 |
| Prepays | <u>1,085</u> | <u>3,080</u> |
| | 369,082 | 217,469 |
| CAPITAL ASSETS (Note 3) | <u>15,671</u> | <u>-</u> |
| | <u>384,753</u> | <u>217,469</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | 37,930 | 40,857 |
| Deferred revenue (Note 4) | <u>299,512</u> | <u>97,070</u> |
| | <u>337,442</u> | <u>137,927</u> |
| NET ASSETS | | |
| UNRESTRICTED | <u>47,311</u> | <u>79,542</u> |
| | <u>384,753</u> | <u>217,469</u> |

COMMITMENT (Note 5)

Approved by the Board



Director

CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

6

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED FOR): | | |
| OPERATING | | |
| Deficiency of revenues over expenses | (32,231) | (14,745) |
| Item not affecting cash | | |
| Amortization | <u>3,204</u> | <u>-</u> |
| | (29,027) | (14,745) |
| Changes in non-cash working capital items | | |
| Accounts receivable | (9,752) | (37) |
| HST recoverable | (60) | (241) |
| Prepays | 1,995 | (1,974) |
| Accounts payable and accrued liabilities | (2,927) | (18,229) |
| Deferred revenue | <u>202,442</u> | <u>(175,160)</u> |
| | <u>162,671</u> | <u>(210,386)</u> |
| INVESTING | | |
| Acquisition of capital assets | <u>(18,875)</u> | <u>-</u> |
| CHANGE IN CASH | 143,796 | (210,386) |
| CASH - beginning of year | <u>205,848</u> | <u>416,234</u> |
| CASH - end of year | <u><u>349,644</u></u> | <u><u>205,848</u></u> |

1. OPERATIONS

Chebucto Community Development Association ("the Association") is a registered charity whose mandate is to engage residents in community life. Resources are identified and obtained to increase opportunities for improvement of quality of life for the residents of Spryfield and District.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Fund accounting

The Association follows the deferral method of accounting for contributions and has the following funds:

Pathways Fund

The Pathways Fund reports revenue and expenses associated with providing academic, leadership, financial and advocacy support to students in Spryfield.

ECHO/Community Outreach Fund

The ECHO/Community Outreach Fund reports revenue and expenses associated with inter-agency collaboration to enhance services sustainability, resiliency and capacity to better serve the community.

General Fund

The General Fund is used to account for the general activities of the Association. This fund reports various community events and collaborations that are not reported in the other funds.

Cash

Cash consists of cash on hand and bank balances held with a financial institution.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

| | | |
|------------------------|------------|---------------|
| Leasehold improvements | Lease term | Straight-line |
| Equipment | 2 years | Straight-line |

Amortization is prorated on a monthly basis in the year of acquisition.

Revenue recognition

Government assistance and grants

The Association follows the deferral method of accounting for its contributions. The Association receives most of its revenue through grants from government and other parties. Restricted grants are deferred and recognized as revenue when expenditures are incurred for the specific project. Unrestricted grants are recognized as revenue when received or receivable if the amount is fixed and determinable and collection is reasonably assured. Restricted grants received for capital assets purchase are deferred and recognized as revenue at the same rate of amortization as the related capital assets.

Fundraising and donations

Fundraising and donation revenue recognized by the Association consists of unrestricted and externally restricted contributions. Externally restricted contributions are recognized as related expenditures are incurred. Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount is fixed or determinable and collection is reasonably assured.

Other

All other revenues are recognized when the risk and rewards of ownership transfer to the Association, the amount is fixed or determinable and collection is reasonably assured.

Contributed services

The Association benefits from donated services in the form of volunteer time for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Association is a non-profit organization under Section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

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

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

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in the excess (deficiency) of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in the excess (deficiency) of revenues over expenses.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

CHEBUCTO COMMUNITY DEVELOPMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

10

3. CAPITAL ASSETS

| | Cost \$ | Accumulated Amortization \$ | Net 2024 \$ | Net 2023 \$ |
|------------------------|----------------|-----------------------------------|----------------------|-------------------|
| Leasehold improvements | 140,288 | 131,989 | 8,299 | - |
| Equipment | <u>9,738</u> | <u>2,366</u> | <u>7,372</u> | <u>-</u> |
| | <u>150,026</u> | <u>134,355</u> | <u>15,671</u> | <u>-</u> |

Amortization expense of \$3,204 (2023 - \$NIL) is included as office supplies and equipment under the General Fund in the statement of operations and changes in net assets.

4. DEFERRED REVENUE

| | |
|-------------|-------------|
| 2024 | 2023 |
| \$ | \$ |

Deferred revenue consists of:

| | | |
|--|-----------------------|---------------|
| ECHO/Community Outreach | 12,985 | 26,327 |
| General | | |
| Diversion Fund | 6,324 | 25,000 |
| Collaborative Food Network (fiscal year: 2025) | 215,000 | - |
| Food Grants | 33,871 | 5,000 |
| Halifax Youth Foundation | 14,757 | - |
| Other | 16,575 | 840 |
| Pathways | <u>-</u> | <u>39,903</u> |
| | <u>299,512</u> | <u>97,070</u> |

Changes in deferred revenue are as follows:

| | |
|-------------|-------------|
| 2024 | 2023 |
| \$ | \$ |

| | | |
|--|-------------------------|-------------------|
| Balance - beginning of year | 97,070 | 272,230 |
| Amount recognized as revenue | (912,705) | (271,390) |
| Amounts received related to future periods | <u>1,115,147</u> | <u>96,230</u> |
| | <u>299,512</u> | <u>97,070</u> |

During the year, the Association received capital grants of \$19,775 (2023 - \$NIL) for the acquisition of leasehold improvements and equipment. During the year, \$3,204 (2023 - \$NIL) has been recorded as revenue and amortization. The deferred grant balance outstanding as at March 31, 2024 was \$16,571 (2023 - \$NIL).

5. COMMITMENT

The Association leases office space under a lease agreement expiring in August 2028. The minimum lease payments for the next 4 years are as follows:

| | \$ |
|------|--------|
| 2025 | 54,556 |
| 2026 | 54,556 |
| 2027 | 54,556 |
| 2028 | 22,732 |

6. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at March 31, 2024.

It is management's opinion that the Association is not exposed to significant market, currency, interest rate or price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

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. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and accounts receivable. The Association deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from accounts receivable. The Association believes this credit risk is minimized as the balance is due under an approved funding agreement. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association has sufficient cash on hand to fund operations and fulfil obligations as they become due in the short-term and will rely on continued funding to fulfil obligations as they become due in the long-term.

7. ECONOMIC DEPENDENCE

During the year, the Association received \$709,834, or 66%, (2023 - \$692,401 or 56%) of its revenue from Pathways to Education Canada ("Pathways"). The funding agreement with Pathways has been in effect since December 2012 and is renewable annually each August 31. The current agreement covers the period up to March 31, 2024. An agreement for next fiscal year (April 1, 2024 - March 31, 2025) was signed on February 1, 2024.

8. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.