Literacy Association of Nova Scotia

Financial Statements
March 31, 2018

July 3, 2018

Independent Auditor's Report

To the Members
of Literacy Association of Nova Scotia

We have audited the accompanying financial statements of Literacy Association of Nova Scotia, which comprise the statement of financial position as at March 31, 2018 and the statements of receipts, expenditures, changes in net assets and cash flows for the year then ended and the related notes, which comprise 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Literacy Association of Nova Scotia as at March 31, 2018 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.

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Literacy Association of Nova Scotia

Statement of Financial Position

As at March 31, 2018

	Operating fund $	Restricted funds $	2018 $	2017 $
Assets				
Current assets				
Cash and short-term deposits	34,822	34,147	68,969	313,009
Accounts receivable (note 3)	7,236	–	7,236	20,460
Prepaid expenses	575	–	575	575
	42,633	34,147	76,780	334,044
Non-current assets				
Property, plant and equipment (note 5)	7,092	–	7,092	6,925
Investments	95,239	250,000	345,239	292,903
	102,331	250,000	352,331	299,828
	144,964	284,147	429,111	633,872
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	10,127	–	10,127	7,228
Deferred revenue (note 6)	–	34,147	34,147	220,740
	10,127	34,147	44,274	227,968
Net assets				
Unrestricted				
Investment in property, plant and equipment	7,092	–	7,092	6,925
Operating	127,745	–	127,745	148,979
Internally restricted				
Contingency fund	–	250,000	250,000	250,000
	134,837	250,000	384,837	405,904
	144,964	284,147	429,111	633,872

Commitments (note 9)

Approved by the Board of Directors

_________________________ Director _________________________ Director

The accompanying notes are an integral part of these financial statements.

Literacy Association of Nova Scotia

Statement of Receipts, Expenditures and Changes in Net Assets

For the year ended March 31, 2018

	Unaudited Budget $	Operating fund $	Restricted funds $	2018 $	2017 $
Receipts					
PGI Golf Tournament	19,500	55,979	–	55,979	19,805
Special projects (note 7)	399,271	–	393,925	393,925	233,033
Donations	40,000	34,883	–	34,883	48,837
Interest	5,000	3,594	–	3,594	4,221
Memberships	5,000	2,175	–	2,175	2,180
Administrative fees (note 8)	26,760	32,626	–	32,626	70,210
Other	23,850	32,304	–	32,304	40,923
	519,381	161,561	393,925	555,486	419,209
Expenditures					
Administrative fees	–	–	1,966	1,966	–
Amortization	–	1,619	–	1,619	1,534
Dues and fees	–	289	–	289	209
Grants	221,476	–	221,476	221,476	62,534
Insurance	1,300	1,282	–	1,282	1,280
Meeting facilities and travel	32,822	10,954	16,980	27,934	18,504
Miscellaneous	7,000	1,196	–	1,196	–
Office and postage	5,430	3,721	712	4,433	4,119
PGI Golf Tournament	–	21,263	–	21,263	4,113
Professional fees	30,735	6,905	25,735	32,640	39,644
Program materials and project expenses	26,799	2,128	14,131	16,259	33,183
Salaries and benefits	232,585	124,288	108,667	232,955	237,413
Scholarships and bursaries	4,500	6,000	–	6,000	5,000
Telephone and other equipment rental	8,500	2,983	4,258	7,241	6,431
	571,147	182,628	393,925	576,553	413,964
Excess of receipts over expenditures (expenditures over receipts) for the year	(51,766)	(21,067)	–	(21,067)	5,245
Net assets – Beginning of year		155,904	250,000	405,904	400,659
Net assets – End of year		134,837	250,000	384,837	405,904

The accompanying notes are an integral part of these financial statements.

Literacy Association of Nova Scotia

Statement of Cash Flows

For the year ended March 31, 2018

	2018 $	2017 $
Cash provided by (used in)		
Operating activities		
Excess of receipts over expenditures (expenditures over receipts) for the year	(21,067)	5,245
Amortization, not affecting cash	1,619	1,534
	(19,488)	6,779
Net change in non-cash working capital items related to operations		
Decrease (increase) in accounts receivable	13,224	(6,416)
Decrease in accounts payable and accrued liabilities	2,899	(1,751)
Increase in deferred revenue	(186,593)	203,735
	(189,918)	202,347
Investing activities		
Purchase of investments	(52,336)	(292,903)
Purchase of property, plant and equipment	(1,786)	(1,581)
	(54,122)	(294,484)
Net change in cash and short-term deposits for the year	(244,040)	(92,137)
Cash and short-term deposits – Beginning of year	313,009	405,146
Cash and short-term deposits – End of year	68,969	313,009

The accompanying notes are an integral part of these financial statements.

1 Status and nature of activities

The mission of the Literacy Association of Nova Scotia (the "Association") is to strengthen the adult literacy movement in Nova Scotia. The Association is a not-for-profit organization and is a registered charity under the Income Tax Act.

2 Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with the Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

Financial instruments

The Association initially records its financial instruments at fair value. Subsequently, these financial instruments are measured at amortized cost, net of transaction costs, using the effective interest method.

Fair market value

The Association has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value. Financial instruments consist of accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities and deferred revenue, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

Fund accounting

The Association follows the deferred method of accounting for contributions. The Operating fund accounts for the Association's administrative activities. The fund reports unrestricted resources. The restricted funds account for the special projects carried out by the Association. These funds report only restricted resources that are to be used for specific literacy initiatives including a contingency fund established by the Board to provide for the sustainability of the organization.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be accurately estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund as earned.

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Amortization is provided on a declining balance basis, which for equipment and leasehold improvements is 20% per year. In the year of acquisition, net additions are amortized at one-half the stated annual rate.

Deferred revenue

The Association receives funding from the federal and provincial governments related to projects and initiatives which it is responsible for. Amounts received from government sources related to expenditures to be paid in subsequent periods are recorded as deferred revenue.

Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported.

Investments

Investments consist of high interest savings account. Fair market value approximates book value. Interest earned on the investments is recorded as income in the operating fund.

3 Accounts receivable

	2018 $	2017 $
Operating fund		
HST receivable	4,682	3,879
Rural Communities Foundation	–	7,235
Other	2,554	9,346
	7,236	20,460

4 Capital management

The Association defines capital as net assets.

The Association operates under a culture of a balanced budget with the goal of a modest surplus to build capital.

5 Property, plant and equipment

			2018	2017
	Cost $	Accumulated depreciation $	Net $	Net $
Leasehold improvements	15,603	14,578	1,025	1,281
Equipment	60,913	54,846	6,067	5,644
	76,516	69,424	7,092	6,925

6 Deferred revenue

	2018 $	2017 $
Restricted fund		
Province of Nova Scotia Department of LAE	34,147	218,265
Operating fund		
PGI Golf tournament	–	2,475
	34,147	220,740

7 Special projects

	2018 $	2017 $
Revenue		
Learner Services	–	6,727
Province of Nova Scotia Department of LAE	393,925	226,306
	393,925	233,033

8 Administrative fees

The Province of Nova Scotia Department of LAE Contracts include an allocation for administrative fees.

9 Commitments

The Association occupies space provided by the Nova Scotia Community College (“NSCC”) in exchange for a $1,500 scholarship to an NSCC student.

The Association entered into a three year operating lease for a photocopier which requires quarterly payments of $287, plus HST and expires November 2020.

10 Financial instruments and risk management

The Association's recognized financial assets consist of cash and short-term deposits, accounts receivable, investments, accounts payable and accrued liabilities and deferred revenue. The fair value of the financial instruments approximates fair value to their short-term nature.

Senior management of the Association is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

a) Concentration of credit risk

Management believes that the Association has no significant credit risk. No provision for uncollectible accounts has been made as none was considered recording at year end.

b) Interest rate risk

Management believes the Association has no significant interest rate risk as they have no current debt outstanding.

c) Liquidity and cash flow risk

Management believes the Association has no significant risk from liquidity or cash flow due to the Association having significant cash balance.