



Financial Statements

Prescott Group Society

March 31, 2020

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Independent Practitioner's Review Engagement Report

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To the Members of
Prescott Group Society

We have reviewed the accompanying financial statements of the Prescott Group Society that comprise the statement of financial position as at March 31, 2020, and the statements of revenues, expenditures and operating surplus 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 the Prescott Group 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.



Chartered Professional Accountants

Halifax, Canada
September 21, 2020

Prescott Group Society
Statements of Revenues, Expenditures and Operating
Surplus and Changes in Net Assets

Year ended March 31	2020	2019
Revenues		
Department of Community Services grant	\$ 2,499,815	\$ 2,490,446
Sales and contracts	261,819	301,546
Donations, fund-raising and memorials	96,266	111,892
Other	21,298	30,011
Postage sales	64,984	60,605
	<u>2,944,182</u>	<u>2,994,500</u>
Expenditures		
Amortization	10,676	4,647
Cost of sales and contracts	112,379	117,737
Equipment and small tools	5,369	13,997
Insurance	22,873	19,065
Interest and bank charges	17,389	17,196
Job coach expense	1,571	40,655
Maintenance and repairs	93,284	82,810
Miscellaneous	41,675	58,215
Other program expenses	16,901	15,840
Postage and courier	1,261	892
Postage cost	65,154	60,843
Professional fees and dues	38,200	15,594
Rent	198,385	197,672
Stipends	158,146	164,167
Supplies	18,344	24,855
Taxes	45,375	50,454
Telephone	8,457	8,963
Travel	3,806	7,920
Utilities	50,238	58,693
Wages and benefits	2,018,922	2,099,957
	<u>2,928,405</u>	<u>3,060,172</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 15,777</u>	<u>\$ (65,672)</u>
<hr/>		
Surplus, beginning of year	\$ 704,789	\$ 765,814
Excess (deficiency) of revenues over expenditures	15,777	(65,672)
Transfer from investment in capital assets (Note 4)	<u>(42,072)</u>	<u>4,647</u>
Surplus, end of year	<u>\$ 678,494</u>	<u>\$ 704,789</u>

Prescott Group Society

Statement of Financial Position

March 31

2020

2019

Assets

Current

Cash and cash equivalents	\$ 853,219	\$ 896,609
Receivables and advances	15,556	28,452
Inventory (Note 2)	16,952	30,809
Prepays	70,210	55,960
Harmonized sales tax receivable	<u>10,824</u>	<u>9,040</u>
	966,761	1,020,870

Capital assets (Note 3)

<u>44,565</u>	<u>2,493</u>
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<u>\$ 1,011,326</u>	<u>\$ 1,023,363</u>
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Liabilities

Current

Payables and accruals	\$ 160,394	\$ 170,915
Deferred revenue	<u>127,873</u>	<u>145,166</u>
	<u>288,267</u>	<u>316,081</u>

Fund balances

Investment in capital assets (Note 4)	44,565	2,493
Surplus	<u>678,494</u>	<u>704,789</u>
	<u>723,059</u>	<u>707,282</u>

<u>\$ 1,011,326</u>	<u>\$ 1,023,363</u>
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Commitments (Note 5)

Economic dependence (Note 7)

On behalf of the Board

_____ Member

_____ Member

Prescott Group Society Statement of Cash Flows

Year ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenues over expenditures	\$ 15,777	\$ (65,672)
Amorization	<u>10,676</u>	<u>4,647</u>
	26,453	(61,025)

Change in non-cash working capital items

Receivables and advances	12,896	51,504
Inventory	13,857	(10,854)
Prepays	(14,250)	(23,943)
Harmonized sales tax	(1,784)	2,097
Payables and accruals	(10,521)	35,913
Deferred revenue	<u>(17,293)</u>	<u>62,084</u>
	9,358	55,776

Investing

Purchase of capital assets	<u>(52,748)</u>	<u>-</u>
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(Decrease) increase in cash and cash equivalents (43,390) 55,776

Cash and cash equivalents

Beginning of year	<u>896,609</u>	<u>840,833</u>
End of year	<u>\$ 853,219</u>	<u>\$ 896,609</u>

Prescott Group Society

Notes to the Financial Statements

March 31, 2020

1. Nature of operations

Prescott Group Society (the "Society") operates as a not-for-profit organization in Halifax, Nova Scotia and its primary purpose is to provide services for people with intellectual disabilities. The Society is incorporated under the Canadian Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Cash and cash equivalents

The Society's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of 12 months or less at the date of acquisition.

Revenue recognition

The 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.

Revenue from sales and service transactions is recognized at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation, by the Society, of all involvement in those goods.

Program revenue is recognized as services are rendered. Amounts received from customers in advance of services being rendered are recorded in the bank and credited in receivables.

Deferred revenue represents revenues that are received in advance for which the related service has not been provided.

Donated material and services

Donated materials and services are not recorded because the fair market value could not reasonably be estimated.

Prescott Group Society

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

Inventory

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include direct materials only and do not include labour or overhead.

Inventories are measured at the lower of cost and net realizable value. Inventory recognized as an expense during fiscal 2020 was \$112,379 (2019 - \$117,737).

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. The cost of inventories may not be recoverable if those inventories have been damaged, become obsolete, selling prices have declined or their estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The amount of any write-downs of inventories to net realizable value and all losses of inventories are recognized as an expense, and included in cost of sales, in the period the write-down or loss occurs.

When the circumstances that previously caused the inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in net realizable value because of a changed economic circumstance, the amount of write-down is reversed in the period of change.

The amount of any reversal of write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

Capital assets

The Society's policy is to capitalize assets having a cost of \$1,500 or greater and a useful life in excess of one year.

Purchased capital assets are recorded at cost and subsequently at cost less accumulated amortization. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives.

Computer hardware and software	3 years	straight-line
Equipment	5 years	straight-line
Furniture	10 years	straight-line
Leaseholds	10 years	straight-line
Vehicle	5 years	straight-line

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Prescott Group Society

Notes to the Financial Statements

March 31, 2020

2. Significant accounting policies (continued)

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.

Items subject to significant management estimates include useful lives of capital assets and inventory obsolescence.

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 and advances
- payables and accruals

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

The Society initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

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.

It is management's opinion that the Society is not exposed to significant interest, market or credit risk.

Prescott Group Society

Notes to the Financial Statements

March 31, 2020

3. Capital assets			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 138,594	\$ 138,236	\$ 358	\$ 1,203
Vehicles	52,748	9,670	43,078	-
Furniture	29,438	28,309	1,129	1,290
Leaseholds	<u>67,796</u>	<u>67,796</u>	<u>-</u>	<u>-</u>
	<u>\$ 288,576</u>	<u>\$ 244,011</u>	<u>\$ 44,565</u>	<u>\$ 2,493</u>

4. Investment in capital assets	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,493	\$ 7,140
Additions	52,748	-
Amortization expenses	<u>(10,676)</u>	<u>(4,647)</u>
	<u>\$ 44,565</u>	<u>\$ 2,493</u>

5. Commitments

The Society currently has an eight-year lease for office space at 3440 Prescott Street, Halifax, Nova Scotia. The term commenced June 1, 2015 and ends May 31, 2023. The total rent is \$12,332 per month plus HST.

Commencing April 1, 2018 the Society entered into a 26 month lease to rent property at 7071 Bayers Road, Halifax, Nova Scotia. The total rent is \$3,333 per month.

6. Impact of COVID - 19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses 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 or 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.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the 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 for future periods.

The Society has no reason to believe that it will not receive the agreed upon funding from the Department of Community Services and therefore it anticipates that there will be no significant changes to its operations.

Prescott Group Society

Notes to the Financial Statements

March 31, 2020

7. Economic dependence

The Society's operations are dependent on funding from the Department of Community Services.