



Financial Statements

Prescott Group Society

March 31, 2021

Contents

	Page
Independent Practitioner's Review report	1
Statement of Revenues over Expenditures	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9

Prescott Group Society

Statement of Revenues Over Expenditures

Year ended March 31	2021	2020
Revenues		
Department of Community Services grant	\$ 2,522,525	\$ 2,499,815
Sales and contracts	96,173	261,819
Donations, fund-raising and memorials	90,622	96,266
Other	17,548	21,298
Postage sales	42,034	64,984
	<u>2,768,902</u>	<u>2,944,182</u>
Expenditures		
Amortization	12,079	10,676
Cost of sales and contracts	27,645	112,379
Equipment and small tools	49,370	5,369
Insurance	25,510	22,873
Interest and bank charges	18,084	17,389
Maintenance and repairs	64,376	93,284
Miscellaneous	50,134	41,070
Office expense	17,898	18,345
Postage and courier	898	1,261
Postage	42,197	65,154
Professional fees and dues	38,127	38,200
Program expense	35,250	19,076
Rent	171,337	198,385
Stipends	156,098	158,146
Taxes	61,062	45,375
Telephone	6,333	8,457
Travel	637	3,806
Utilities	37,062	50,238
Wages and benefits	1,890,118	2,018,922
	<u>2,704,215</u>	<u>2,928,405</u>
Excess of revenues over expenditures (see page 3 – Operating Reserve Fund)	\$ <u>64,687</u>	\$ <u>15,777</u>

Prescott Group Society

Statement of Changes in Net Assets

Year ended March 31

	Unrestricted Fund	Investment in Capital Assets Fund	Operating Reserve Fund	2021 Total	2020 Total
Surplus, beginning of year	\$ 678,494	\$ 44,565	\$ -	\$ 723,059	\$ 707,282
Excess of revenues over expenditures	76,766	(12,079)	-	64,687	15,777
Inter-fund transfers (Note 4)	<u>(113,607)</u>	<u>63,607</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Surplus, end of year	<u>\$ 641,653</u>	<u>\$ 96,093</u>	<u>\$ 50,000</u>	<u>\$ 787,746</u>	<u>\$ 723,059</u>

Operating Reserve Fund

It is anticipated that the funds contained within the Operating Reserve Fund at the end of the current fiscal year of March 31, 2021 will be used for specific planned expenditures in fiscal 2022. The balance in the fund is a direct result of the overall 2021 fiscal surplus of \$64,687.

If the fiscal 2022 budget is achieved, this will cause a planned excess of expenditures over revenues (deficit) of approximately the amount spent within the Operating Reserve Fund for the Society on an overall results basis.

Prescott Group Society

Statement of Financial Position

March 31

2021

2020

Assets

Current

Cash and cash equivalents	\$ 1,204,136	\$ 853,219
Receivables and advances	16,180	15,556
Inventory (Note 2)	16,480	16,952
Prepays	115,509	70,210
Harmonized sales tax receivable	<u>16,233</u>	<u>10,824</u>
	1,368,538	966,761

Capital assets (Note 3)

<u>96,092</u>	<u>44,565</u>
<u>\$ 1,464,630</u>	<u>\$ 1,011,326</u>

Liabilities

Current

Payables and accruals	\$ 226,644	\$ 160,394
Deferred revenue	<u>450,240</u>	<u>127,873</u>
	<u>676,884</u>	<u>288,267</u>

Net assets

Operating Reserve Fund	50,000	-
Investment in Capital Assets Fund	96,093	44,565
Unrestricted Fund	<u>641,653</u>	<u>678,494</u>
	<u>787,746</u>	<u>723,059</u>
	<u>\$ 1,464,630</u>	<u>\$ 1,011,326</u>

Commitments (Note 5)

Economic dependence (Note 6)

On behalf of the Board

_____ President _____ Treasurer

Prescott Group Society

Statement of Cash Flows

Year ended March 31

2021

2020

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenditures	\$ 64,687	15,777
Amortization	<u>12,079</u>	<u>10,676</u>
	76,766	26,453

Change in non-cash working capital items

Receivables and advances	(624)	12,896
Inventory	472	13,857
Prepays	(45,299)	(14,250)
Harmonized sales tax	(5,409)	(1,784)
Payables	66,252	(10,521)
Deferred revenue	<u>322,367</u>	<u>(17,293)</u>
	414,525	9,358

Investing

Purchase of capital assets	<u>(63,607)</u>	<u>(52,748)</u>
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Increase (decrease) in cash and cash equivalents 350,918 (43,390)

Cash and cash equivalents

Beginning of year	<u>853,219</u>	<u>896,609</u>
End of year	<u>\$ 1,204,137</u>	<u>\$ 853,219</u>

Prescott Group Society

Notes to the Financial Statements

March 31, 2021

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. Basis of accounting and significant accounting policies

The Society applies the Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Society uses fund accounting and accordingly, resources are classified for accounting purposes into funds based on specific activities or objectives. The following funds are being used:

Unrestricted Fund

The Unrestricted Fund accounts for the Society's excess of revenue over expenditures from program delivery, development and Society services.

Investment in Capital Assets Fund

The Investment in Capital Assets Fund is the balance in capital assets less associated amortization.

Operating Reserve Fund

The Internally restricted Fund has been established by the Board of Directors to provide a reserve for the Society's operations

Cash and cash equivalents

Cash and cash equivalents include 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.

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

Prescott Group Society

Notes to the Financial Statements

March 31, 2021

2. Basis of accounting and significant accounting policies (continued)

Donated material and services

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

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 2021 was \$27,645 (2020 - \$112,379).

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, 2021

2. Basis of accounting and 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
- harmonized sales tax receivable
- payables and accruals
- deferred revenue

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 liquidity, credit or market risk.

Prescott Group Society

Notes to the Financial Statements

March 31, 2021

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book value</u>
Equipment	\$ 147,512	\$ 138,858	\$ 8,654	\$ 358
Vehicles	52,748	20,220	32,528	43,078
Furniture	29,438	28,470	968	1,129
Leaseholds	<u>122,485</u>	<u>68,543</u>	<u>53,942</u>	-
	<u>\$ 352,183</u>	<u>\$ 256,091</u>	<u>\$ 96,092</u>	<u>\$ 44,565</u>

4. Interfund transfer

During the year, the Board authorized the transfer of \$63,607 and \$50,000 from the Unrestricted Fund to the Investment in Capital Assets Fund and the Operating Reserve Fund, respectively.

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. Economic dependence

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

7. Impacts 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 world wide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

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.

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.