

GEO NOVA SCOTIA
Financial Statements
Year Ended March 31, 2023

GEO NOVA SCOTIA
Index to Financial Statements
Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

INDEPENDENT AUDITOR'S REPORT

To the Directors of GEO Nova Scotia

Qualified Opinion

We have audited the financial statements of GEO Nova Scotia (the Organization), which comprise the statement of financial position as at March 31, 2023, 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 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 Organization as at March 31, 2023, 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 Organization derives revenue from grant income and cost recovery contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and net assets.

In addition, because we were appointed auditor of the organization after year end, we were not able to observe the counting of physical inventories at March 31, 2023 nor satisfy ourselves concerning those inventory quantities by alternative means. Since the ending inventory quantities enter into the determination of the operating results, we were unable to determine whether adjustments to inventory and program device expenses might be necessary.

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 Organization 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.

(continues)

Independent Auditor's Report to the Directors of GEO Nova Scotia (*continued*)

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

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

(*continues*)

Independent Auditor's Report to the Directors of GEO Nova Scotia *(continued)*

Miles J Sweeney Limited

Dartmouth, Nova Scotia
September 14, 2023

CHARTERED PROFESSIONAL
ACCOUNTANTS

GEO NOVA SCOTIA
Statement of Financial Position
March 31, 2023

	2023
ASSETS	
CURRENT	
Cash	\$ 2,863,724
Short term investments <i>(Note 6)</i>	5,000
Accounts receivable	34,118
Inventory <i>(Note 5)</i>	356,194
Harmonized sales tax recoverable	71,016
Prepaid expenses	17,068
	<u>\$ 3,347,120</u>
LIABILITIES AND NET ASSETS	
CURRENT	
Accounts payable and accrued liabilities	\$ 66,446
Deferred contributions <i>(Note 3)</i>	2,675,000
	<u>2,741,446</u>
NET ASSETS	<u>605,674</u>
	<u>\$ 3,347,120</u>

ON BEHALF OF THE BOARD

_____ *Director*

GEO NOVA SCOTIA
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2023

	2023
REVENUES	
Grant income <i>(Note 4)</i>	\$ 1,568,445
Cost recoveries from partner programs	<u>105,046</u>
	1,673,491
EXPENSES	
Advertising and promotion	1,683
Insurance	1,483
Interest and bank charges	907
Office	26,299
Computer expenses - applications	31,316
Professional fees	220,304
Program device expenses	295,097
Program internet expenses	162,553
Payroll and group insurance	25,345
Accounting and legal	41,430
Salaries and wages	250,903
Telephone	2,364
Travel	<u>8,133</u>
	1,067,817
NET EXCESS OF REVENUES OVER EXPENSES	605,674
NET ASSETS - BEGINNING OF YEAR	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 605,674</u>

See notes to the financial statements

GEO NOVA SCOTIA
Statement of Cash Flows
Year Ended March 31, 2023

	2023
OPERATING ACTIVITIES	
Excess of revenues over expenses	<u>\$ 605,674</u>
Changes in non-cash working capital:	
Accounts receivable	(34,118)
Inventory	(356,194)
Accounts payable and accrued liabilities	66,446
Deferred contributions	2,675,000
Prepaid expenses	(17,068)
Harmonized sales tax payable	<u>(71,016)</u>
	<u>2,263,050</u>
Cash flow from operating activities	<u>2,868,724</u>
INVESTING ACTIVITY	
Short term investments	<u>(5,000)</u>
INCREASE IN CASH FLOW	2,863,724
Cash - beginning of year	<u>-</u>
CASH - END OF YEAR	<u>\$ 2,863,724</u>

See notes to the financial statements

GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2023

1. PURPOSE OF THE ORGANIZATION

GEO Nova Scotia (the "Organization") is a not-for-profit organization incorporated provincially under the Societies Act of Province on March 22, 2022. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act. Fiscal 2022-23 was the Organization's first year of operations, consequently no comparative amounts are presented in these financial statements.

The Organization provides computers and/or high-speed internet service to Nova Scotians who can't otherwise afford it. Program participants are identified for support by registered Referral Partner organizations throughout the province. The Organization also provides free training, materials, and support to staff and volunteers of service organizations across Nova Scotia so they can be "Digital Champions", working with people who need help to get online.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

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

The Organization recognizes cost recovery revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to Referral Partners
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. 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.

(continues)

GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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.

3. DEFERRED CONTRIBUTIONS

On March 27, 2023, the Organization received a \$2,675,000 contribution from Department of Community Services ("DCS") to continue its programming in fiscal 2023-24. The contribution is unrestricted and will be recognized in revenue during fiscal 2023-24.

4. GRANT INCOME

Department of Community Services (DCS) funding for fiscal 2022-23	\$ 1,532,510
Digital Literacy Exchange Program (DLEP) funding for fiscal 2022-23	33,513
Other grants	<u>2,422</u>
	<u>\$ 1,568,445</u>

5. INVENTORY

Chromebooks	\$ 294,216
Lenovos	22,325
iPads	12,941
Microsoft office suites	12,675
Headsets	10,302
Other inventory	<u>3,735</u>
	<u>\$ 356,194</u>

6. SHORT TERM INVESTMENTS

Short term investments consists of a \$5,000 1-year redeemable GIC, earning 1.40% interest and maturing on June 12, 2023.

7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2023.

(continues)

GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2023

7. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from the organizations it enters into cost recovery agreements with. The Organization believes this risk is minimal as receivables are only recognized when there is persuasive evidence that amounts will be received.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis. The Organization mitigates this risk by preparing budgets in order to ensure that it has sufficient cash to fulfill its obligations.

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 rate risk, interest rate risk and other price risk. The Organization is mainly exposed to currency risk and interest rate risk.

Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization's cash, accounts receivable and accounts payable are held in Canadian dollars and therefore it's exposure to currency risk is remote.

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. The Organization is exposure to this risk is limited to it's credit card interest rate. The Organization believes it's exposure to interest rate risk is minimal since the likelihood of interest rates changes having a material adverse impact is remote.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

8. ECONOMIC DEPENDENCE

The Organization received \$1,532,510 from the Department of Community Services ("DCS") to funds it's programs during the year, which represents over 90% total revenues. The Organization also received an addition \$2,675,000 contribution from DCS to enable it to continue its programs through fiscal 2023-24.

The Organization's ability to finance its programs in subsequent fiscal years is largely dependent on grants from governments and government agencies.
