

GEO NOVA SCOTIA
Financial Statements
Year Ended March 31, 2025

GEO NOVA SCOTIA
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Year Ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2025, 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, 2025, 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. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

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.

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.

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

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.

MSweeney Limited

Dartmouth, Nova Scotia
June 16, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

GEO NOVA SCOTIA
Statement of Financial Position
March 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 4,123,381	\$ 4,383,037
Short term investments	-	5,070
Accounts receivable	31,874	33,333
Inventory (Note 5)	692,200	274,422
Harmonized sales tax recoverable	264,568	136,751
Prepaid expenses	104,573	61,920
	5,216,596	4,894,533
PROPERTY, PLANT AND EQUIPMENT (Note 6)	10,537	-
	\$ 5,227,133	\$ 4,894,533
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 476,212	\$ 252,654
Deferred contributions (Note 3)	4,108,000	4,000,000
	4,584,212	4,252,654
NET ASSETS	642,921	641,879
	\$ 5,227,133	\$ 4,894,533

LEASE COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

GEO NOVA SCOTIA
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2025

	2025	%	2024	%
REVENUES				
Grant income (<i>Note 4</i>)	\$ 4,120,989	97.34	\$ 2,809,694	99.24
Cost recoveries from partner programs	55,650	1.31	21,500	0.76
Event sponsorships	47,500	1.12	-	-
Devices revenue	4,650	0.11	-	-
Interest income	4,664	0.11	70	-
Miscellaneous revenue	430	0.01	-	-
	4,233,883	100.00	2,831,264	100.00
DIRECT COSTS				
Devices	1,303,071	30.78	966,762	34.15
Internet	1,235,372	29.18	604,136	21.34
Direct wages and contractors	535,317	12.64	421,331	14.88
Mobile	212,145	5.01	10,918	0.39
Applications	13,695	0.32	4,008	0.14
Mifi expenses	8,053	0.19	-	-
	3,307,653	78.12	2,007,155	70.90
	926,230	21.88	824,109	29.10
GROSS MARGIN				
OPERATING EXPENSES				
Contractors	246,751	5.83	247,188	8.73
Salaries and wages	169,172	4.00	176,095	6.22
Professional fees	125,114	2.96	121,750	4.30
Computer expenses - applications	71,697	1.69	47,811	1.69
Payroll and group insurance	68,242	1.61	56,358	1.99
Conferences	66,879	1.58	2,918	0.10
Accounting and legal	60,652	1.43	51,482	1.82
Rent	39,511	0.93	18,624	0.66
Office	26,354	0.62	30,294	1.07
Travel	21,593	0.51	13,249	0.47
Advertising and promotion	8,424	0.20	7,000	0.25
Board expenses	7,619	0.18	-	-
Telephone	5,650	0.13	3,940	0.14
Insurance	5,316	0.13	9,186	0.32
Interest and bank charges	1,123	0.03	1,247	0.04
Dues and memberships	728	0.02	762	0.03
Amortization	363	0.01	-	-
	925,188	21.86	787,904	27.83
NET EXCESS OF REVENUES OVER OPERATING EXPENSES	1,042	0.02	36,205	1.27
NET ASSETS - BEGINNING OF YEAR	641,879		605,674	
NET ASSETS - END OF YEAR	\$ 642,921		\$ 641,879	

See notes to financial statements

GEO NOVA SCOTIA
Statement of Cash Flows
Year Ended March 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over operating expenses	\$ 1,042	\$ 36,205
Item not affecting cash:		
Amortization of property, plant and equipment	<u>363</u>	<u>-</u>
	<u>1,405</u>	<u>36,205</u>
Changes in non-cash working capital:		
Accounts receivable	1,459	785
Inventory	(417,778)	81,772
Accounts payable and accrued liabilities	223,558	186,208
Deferred contributions	108,000	1,325,000
Prepaid expenses	(42,653)	(44,852)
Harmonized sales tax payable	<u>(127,817)</u>	<u>(65,735)</u>
	<u>(255,231)</u>	<u>1,483,178</u>
Cash flow from (used by) operating activities	<u>(253,826)</u>	<u>1,519,383</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,900)	-
Short term investments	<u>5,070</u>	<u>(70)</u>
Cash flow used by investing activities	<u>(5,830)</u>	<u>(70)</u>
INCREASE (DECREASE) IN CASH FLOW	(259,656)	1,519,313
Cash - beginning of year	<u>4,383,037</u>	<u>2,863,724</u>
CASH - END OF YEAR	\$ 4,123,381	\$ 4,383,037
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest and bank charges paid	<u>\$ 1,122</u>	<u>\$ 1,247</u>

See notes to financial statements

GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2025

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.

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 (ASNFPPO).

Cash

Cash consists of bank balances held with a financial institution.

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 revenues from cost recoveries, event sponsorships and devices 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.

Interest income is recognized when earned and collection 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.

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GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2025

4. GRANT INCOME

	<u>2025</u>	<u>2024</u>
Department of Opportunities and Social Development funding	\$ 3,900,000	\$ 2,675,000
Digital Literacy Exchange Program funding	119,939	134,694
The Status of Women funding	100,000	-
Mental Health Foundation of Nova Scotia funding	1,050	-
	<u>\$ 4,120,989</u>	<u>\$ 2,809,694</u>

5. INVENTORY

	<u>2025</u>	<u>2024</u>
Chromebooks	\$ 491,019	\$ 145,921
Laptops	116,214	88,922
MiFi data	27,135	-
Microsoft Office suites	23,932	23,837
Headsets and headphones	21,631	15,013
Cell phones	6,834	-
iPads	5,435	429
Other inventory	-	300
	<u>\$ 692,200</u>	<u>\$ 274,422</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
MiFi devices	\$ 10,900	\$ 363	<u>\$ 10,537</u>	\$ -

7. LEASE COMMITMENTS

The Organization has a long term lease with respect to its premises. Future minimum lease payments as at March 31, 2025, are as follows:

2026	\$ 42,300
2027	42,300
2028	42,300
2029	42,300
2030	14,100
	<u>\$ 183,300</u>

GEO NOVA SCOTIA
Notes to Financial Statements
Year Ended March 31, 2025

8. ECONOMIC DEPENDENCE

The Organization received \$3,900,000 from the Department of Opportunities and Social Development ("OSD") to fund its programs during the year (2024 - \$2,675,000), which represents over 90% total revenues. The Organization also received an additional \$3,900,000 contribution from OSD to enable it to continue its programs through fiscal 2025-26.

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

9. 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, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is primarily 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 its 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's exposure to this risk is limited to its credit card interest rate. The Organization believes its 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.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
