



Financial Statements

Chisholm Services for Children

March 31, 2023

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## Independent auditor's report

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To the Board of Directors of  
**Chisholm Services for Children**

### Qualified Opinion

We have audited the financial statements of Chisholm Services for Children (the "Society"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, 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 Chisholm Services for Children as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1, 2022 and 2021 and March 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in 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 Society in accordance with the 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 opinion.

### Other matter - supplementary information

Our audit was conducted for the purposes of forming an opinion on the financial statements of Chisholm Services for Children taken as a whole. The Schedule of revenues and expenditures - LINKS program on page 11 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

### Responsibilities of Management and Those Charged with Governance 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.

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

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Halifax, Canada  
June 27, 2023

# Chisholm Services for Children

## Statement of Operations

Year ended March 31	2023	2022
<b>Revenues</b>		
Province of Nova Scotia – operating	\$ 1,978,404	1,968,293
LINKS program (Schedule 1)	63,601	88,363
Subsidies and expense recovery	24,953	18,271
Contributions	18,135	35,907
LINKS recovery	4,500	10,800
	<u>2,089,593</u>	<u>2,121,634</u>
<b>Expenditures</b>		
Amortization	883	883
Bad debts	2,097	48
Contributions to Chisholm Foundation for Children (Note 3)	18,135	35,907
Dues and memberships	2,464	2,464
Food	48,484	41,226
Household	27,995	20,043
Insurance	37,656	30,060
Interest and bank charges	1,611	1,668
Internet fees	4,926	3,099
LINKS program (Schedule 1)	79,545	102,888
Office	25,433	22,853
Professional fees	30,287	21,686
Recreation	16,781	12,471
Rent	68,800	64,500
Repairs and maintenance	38,942	42,085
Resident expense eligible for recoveries	20,860	18,307
Salaries and benefits	1,625,028	1,642,032
Staff development	15,692	15,947
Telephone	4,552	6,548
Travel	12,703	7,959
	<u>2,082,874</u>	<u>2,092,674</u>
Excess of revenues over expenditures	\$ <u>6,719</u>	\$ <u>28,960</u>

See accompanying notes to the financial statements.

# Chisholm Services for Children

## Statement of changes in Net Assets

Year ended March 31

	Unrestricted Fund	Contingency Reserve Fund	Contingency Benefit Fund	<b>2023 Total</b>	2022 Total
Net Assets, beginning of year	\$ 140,581	\$ 80,000	\$ 30,000	<b>\$ 250,581</b>	\$ 221,621
Excess of revenues over expenditures	<u>6,719</u>	<u>-</u>	<u>-</u>	<b><u>6,719</u></b>	<u>28,960</u>
Net Assets, end of year	<b><u>\$ 147,300</u></b>	<b><u>\$ 80,000</u></b>	<b><u>\$ 30,000</u></b>	<b><u>\$ 257,300</u></b>	<b><u>\$ 250,581</u></b>

See accompanying notes to the financial statements.

# Chisholm Services for Children Statement of Financial Position

Year ended March 31

2023

2022

**Assets**

## Current

Cash and cash equivalents	\$ 452,195	\$ 340,391
Receivables	122,184	176,886
Prepaid expenses	502	502
HST Receivable	9,382	15,668
Receivable from Chisholm Foundation for Children (Note 3)	<u>1,500</u>	<u>-</u>
	585,763	533,447
Computer equipment (Note 4)	<u>1,489</u>	<u>2,372</u>
	<u>\$ 587,252</u>	<u>\$ 535,819</u>

**Liabilities**

## Current

Payables and accruals	\$ 105,861	\$ 91,150
Payable to Chisholm Foundation for Children (Note 3)	-	97
Deferred contributions (Note 5)	184,091	153,991
Current portion Canada Emergency Business Account Loan ("CEBA") (Note 7)	<u>40,000</u>	<u>-</u>
	329,952	245,238
Canada Emergency Business Account Loan ("CEBA") (Note 7)	<u>-</u>	<u>40,000</u>
	<u>329,952</u>	<u>285,238</u>

**Net Assets**

Contingency Benefit Fund	30,000	30,000
Contingency Reserve Fund	80,000	80,000
Unrestricted Fund	<u>147,300</u>	<u>140,581</u>
	<u>257,300</u>	<u>250,581</u>
	<u>\$ 587,252</u>	<u>\$ 535,819</u>

On behalf of the Board

DocuSigned by:

*Elizabeth MacDonald*

Director

DocuSigned by:

*Trevor MacDonald*

Director

See accompanying notes to the financial statements.

# Chisholm Services for Children

## Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

### Operations

Excess of revenues over expenditures	\$ 6,719	\$ 28,960
Item not affecting cash and cash equivalents		
Amortization	<u>883</u>	<u>883</u>
	7,602	17,888

Changes in non-cash working capital

Receivables	54,702	(72,600)
HST Receivable	6,286	-
Prepaid expenses	-	306
Payables and accruals	14,711	(27,548)
Unearned revenue	<u>30,100</u>	<u>(31,923)</u>
	<u>113,401</u>	<u>(101,922)</u>

### Financing

(Repayments to) advances from Chisholm Services for Children	<u>(1,597)</u>	<u>170,787</u>
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Increase in cash and cash equivalents

111,804                      68,865

Cash and cash equivalents

Beginning of year	<u>340,391</u>	<u>271,526</u>
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    End of year

\$ 452,195                      \$ 340,391

See accompanying notes to the financial statements.



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# Chisholm Services for Children

## Notes to the financial statements

March 31, 2023

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### 1. Nature of operations

Chisholm Services for Children (the "Society") is a registered charity, incorporated on June 3, 2004 under the Nova Scotia Societies Act and established to provide treatment and accommodation for children in the community.

The Society is a registered charitable organization under the meaning assigned in Section 149 of the Income Tax Act and, as such, is exempt from income tax. Accordingly, no provision has been made in the accounts for income taxes.

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### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies used in the preparation of these statements are detailed as follows:

#### 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:

The Contingency Benefit Fund is internally restricted by the Board of Directors to fund unexpected benefit costs that could impact the Society in the future.

The Contingency Reserve Fund is internally restricted by the Board of Directors should there be an interruption in funding or unforeseen expenditures in the future.

The Unrestricted Fund accounts for revenues and expenses related to program delivery and administrative activities.

#### 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.

Government assistance revenue from the Province of Nova Scotia to fund current expenses is recognized as revenue in the current year. Assistance received relating to expenses that will be incurred in future periods are deferred and amortized into income as the related expenses are incurred.

LINKS program revenue is recognized as registration fees are collected and the related program has been provided. Unearned revenue relates to registration fees collected in advance of providing the related programs.

Subsidies and expense recoveries are recognized as revenue when the funds are received or receivable, and collection is reasonably assured.

#### Contributed services

The Society would not be able to carry out its activities without the service of the many volunteers who donate a considerable number of hours. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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# Chisholm Services for Children

## Notes to the financial statements

March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

#### Computer equipment

Computer equipment is initially measured at cost and subsequently measured at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Computer equipment is amortized on a straight-line basis using the following rates:

Computer equipment	5 years
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Whenever events or changes in circumstances indicate computer equipment no longer has long term service potential to the Society, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

#### Financial Instruments

The Society considers any contract creating a financial asset, liability or equity instrument a financial instrument, except in limited circumstances. The Society's financial instruments consist of cash and cash equivalents, receivables, HST receivable, payables and accruals, and receivable from Chisholm Foundation for Children, and Canada Emergency Business Account Loan.

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. Subsequently, all the financial instruments, except those with related parties, and investments are measured at cost or amortized cost.

Financial assets and financial liabilities obtained in related party transactions are initially measured at cost, except for certain instruments which are initially measured at fair value. The Society does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

The Society removes financial liabilities, or 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.

The Society has a comprehensive risk management framework to monitor, evaluate and manage principal risks assumed with financial instruments. It is management's opinion, that the Society is not subject to significant interest rate risk or market risk.

#### *Credit risk*

Credit risk is the risk of financial loss to the Society if a debtor fails to make payments when due. The Society is exposed to this risk relating to its receivables. Management closely evaluates the collectability of its receivables which are assessed on a regular basis. Receivables are substantially all due from the Province of Nova Scotia. The Province of Nova Scotia is a large entity with no nontrivial risk of failing to meet outstanding obligations as they come due. There was no significant change in exposure from the prior year.

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# Chisholm Services for Children

## Notes to the financial statements

March 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Financial Instruments (continued)

##### *Liquidity risk*

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its payables and accruals and CEBA loan. In the opinion of management, the liquidity risk to the Society is low and not material.

##### *Change in accounting policies*

The Canadian Accounting Standards Board recently issued amendments to Section 3856 *Financial Instruments*, which outline the accounting guidelines related to financial assets and financial liabilities in related party transactions. The Society applied the new accounting policy retrospectively subject to certain transitional provisions. The adoption of the amendments did not have a significant impact on the Foundation's financial statements.

#### 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. Some 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 the allowance for doubtful accounts, useful lives of capital assets, and fair value of the loan receivable. Actual results could differ from those estimates.

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### 3. Related party transactions

During the year, the Society entered into transactions with Chisholm Foundation for Children (the "Foundation") as follows:

- (a) The Society receives unrestricted donations and contributions throughout the year that it contributes to the Foundation. During the year, the Society collected contributions totalling \$18,135 (2022 - \$35,907) that were recognized as Contributions in the Statement of Operations and subsequently contributed to the Foundation. All contributions received by the Society on behalf of the Foundation have been transferred to the Foundation's accounts by March 31, 2023.

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# Chisholm Services for Children

## Notes to the financial statements

March 31, 2023

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#### 4. Related party transactions (continued)

- (b) The Society has entered into a one-year agreement to lease its premises from the Foundation. During the year, the Foundation charged rent income of \$68,800 (2022 - \$64,500) to the Society.

These transactions are measured at cost.

Receivable from and payable to Chisholm Services for Children are non-interest bearing, unsecured and have no fixed terms of repayment.

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#### 4. Computer equipment

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 4,419	\$ 2,930	\$ 1,489	\$ 2,372

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#### 5. Line of credit

The Society's credit facility includes an authorized line of credit of \$50,000 bearing interest at prime plus 2%. The utilization of the line of credit is \$Nil at March 31, 2023 (2022 - \$Nil).

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#### 6. Deferred contributions

	<u>2023</u>		<u>2022</u>	
Beginning balance	\$ 153,991	\$ 185,914		
Add: contributions received	87,831	42,199		
Less: recognized as revenue	<u>(57,731)</u>	<u>(74,122)</u>		
Ending balance	\$ <u>184,091</u>	\$ <u>153,991</u>		

Contributions recognized as revenue during the year are recognized as revenues on the statement of operations.

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#### 7. Canada Emergency Business Account Loan

The amount of \$40,000 represents the unforgivable balance of the \$60,000 interest-free loan received under the Government of Canada COVID response programs 33% of the loan will be eligible for loan forgiveness, up to \$20,000 has been included in Contributions and represents the maximum forgivable portion of the loan. Management plans to repay the loan before December 31, 2023. If the unforgiven balance of the loan is not fully repaid by December 31, 2023 the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025. As the Society intends to repay the principal balance during fiscal 2024 the full balance of \$40,000 is presented as a current liability.

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**Chisholm Services for Children**

Schedule 1

**Schedule of revenues and expenditures – LINKS program**

Year ended March 31

2023

2022

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## Revenues

LINKS program revenue	\$ 63,601	\$ 84,768
LINKS wage subsidy	-	3,595
	<u>63,601</u>	<u>88,363</u>

## Expenditures

Administration fees	2,500	6,000
Bad debt	-	685
Food	66	-
Office	3,137	3,450
Rent	2,000	4,800
Salaries and benefits	71,449	87,575
Telephone	393	378
	<u>79,545</u>	<u>102,888</u>

Deficiency of revenues over expenditures	<u>\$ (15,944)</u>	<u>\$ (14,525)</u>
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