

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION
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Year Ended March 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of DASC - Dartmouth Adult Service Centre Association

We have reviewed the accompanying financial statements of DASC - Dartmouth Adult Service Centre Association which comprise the statement of financial position as at March 31, 2021 and the statements of revenues and expenditures, 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 for the Financial Statements

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 these financial statements do not present fairly, in all material respects, the financial position of DASC - Dartmouth Adult Service Centre Association as at March 31, 2021, 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.

Halifax, Nova Scotia
August 31, 2021

Sutherland Watt CPAs Inc.
Chartered Professional Accountants

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION
Statement of Revenues and Expenditures for the Unrestricted Fund
Year ended March 31, 2021
(Unaudited)

	2021	2020
	\$	\$
Revenues		
Government revenue		
Province of Nova Scotia grant	2,040,350	2,022,930
Municipal per diems	171,220	171,220
Municipal property tax exemption	116,442	113,042
COVID funding subsidies <i>(Note 15)</i>	173,411	-
	<u>2,501,423</u>	<u>2,307,192</u>
Earned revenue		
Broadening Day Options grants	354,294	502,689
Business centers net profit <i>(Note 14)</i>	131,410	201,406
Employment programs	-	30,822
Fundraising and donations	4,967	12,954
Interest income	449	3,357
External revenue <i>(Note 7)</i>	54,467	101,968
Miscellaneous income	22,458	5,559
	<u>568,045</u>	<u>858,755</u>
Total revenue	<u>3,069,468</u>	<u>3,165,947</u>
Expenses		
Human resources		
Salaries - staff	1,886,551	2,059,257
Staff training	11,877	19,549
Benefits	313,358	330,795
Consulting and contract	7,161	14,807
Recruitment	16,054	5,428
Transportation	4,193	2,253
	<u>2,239,194</u>	<u>2,432,089</u>
Administration		
Accounting and legal	7,525	8,000
Association fees	5,515	5,027
Bad debts	57,852	676
Business development	1,043	2,435
Office supplies, telephone and postage	61,624	60,735
	<u>133,559</u>	<u>76,873</u>
Facility		
Building maintenance and repairs	114,404	109,293
Equipment rentals and repairs	27,288	28,729
Property taxes	127,523	123,830
Rent	8,876	12,199
Utilities	54,446	55,463
	<u>332,537</u>	<u>329,514</u>
Program		
Program materials	7,730	22,936
Program related transportation	907	2,496
Incentives - Participants	182,575	172,665
External revenue project expenses <i>(Note 7)</i>	70,561	83,295
Vehicle	30,125	26,234
	<u>291,898</u>	<u>307,626</u>
Total expenses	<u>2,997,188</u>	<u>3,146,102</u>
Excess of revenue over expenses for the year in the Unrestricted Fund	<u>72,280</u>	<u>19,845</u>

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Statement of Revenues and Expenditures - Restricted Capital Asset Fund (Note 2)

Year Ended March 31, 2021

(Unaudited)


	2021	2020
Government revenue		
Amortization of grants for capital asset purchases	\$ 8,756	\$ 12,698
Expenses		
Amortization of capital assets	<u>196,989</u>	<u>204,740</u>
(Deficiency) of revenue over expenses for the year	<u>\$ (188,233)</u>	<u>\$ (192,042)</u>


See notes to financial statements

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION
Statement of Financial Position
March 31, 2021
(Unaudited)

	Operating Funds			2021	2020
	Unrestricted Fund	Internally Restricted Fund (Note 2)	Restricted Capital Asset Fund		
	\$	\$	\$	\$	\$
ASSETS					
Current					
Cash - unrestricted	268,058	-	-	268,058	308,835
Accounts receivable (Note 3)	103,762	-	-	103,762	100,823
HST receivable	7,585	-	-	7,585	4,436
Inventories (Notes 2 and 4)	21,172	-	-	21,172	23,258
Prepaid expenses and deposits	23,589	-	-	23,589	21,079
	424,166	-	-	424,166	458,431
Property, plant and equipment (<i>net of accumulated amortization</i>) (Note 5)	-	-	2,763,434	2,763,434	2,942,221
Internally restricted cash	-	27,098	-	27,098	27,098
	424,166	27,098	2,763,434	3,214,698	3,427,750
LIABILITIES					
Current					
Accounts payable and accrued liabilities	77,365	-	-	77,365	157,888
Deferred revenue (Note 6)	25,359	-	19,243	44,602	61,180
	102,724	-	19,243	121,967	219,068
Net assets	321,442	27,098	2,744,191	3,092,731	3,208,682
	424,166	27,098	2,763,434	3,214,698	3,427,750

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted Fund	Internally Restricted Fund	Net Assets Invested in Restricted Capital Asset Fund (Note 2)	2021	2020
Net assets - beginning of year	\$ 267,363	\$ 27,098	\$ 2,914,222	\$ 3,208,683	\$ 3,380,881
Excess of revenues over expenses	72,280	-	-	72,280	19,845
Deficiency of revenues over expenses - Restricted Capital Asset Fund	-	-	(188,232)	(188,232)	(192,043)
Interfund transfers	(18,201)	-	18,201	-	-
Net assets - end of year	\$ 321,442	\$ 27,098	\$ 2,744,191	\$ 3,092,731	\$ 3,208,683

See notes to financial statements

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2021
(Unaudited)

	Unrestricted Fund 2021 \$	Internally Restricted Fund 2021 \$	Restricted Capital Asset Fund 2021 \$	Total 2021 \$	Total 2020 \$
Operating activities					
Cash received from customers	211,581	-	-	211,581	321,888
Receipts from government	2,715,102	-	-	2,715,102	2,921,647
Fundraising and donation receipts	4,967	-	-	4,967	12,954
COVID funding subsidies	173,411	-	-	173,411	-
Investment revenue	449	-	-	449	30,822
Other receipts	17,500	-	-	17,500	3,357
Cash paid to suppliers and employees	(3,080,220)	-	-	(3,080,220)	(3,171,490)
Payment for direct expenses	(65,366)	-	-	(65,366)	(94,648)
Cash flow from operating activities	(22,576)	-	-	(22,576)	24,530
Investing activities					
Purchase of capital assets	(18,201)	-	-	(18,201)	(55,352)
Proceeds on disposal of capital assets	-	-	-	-	-
Interfund transfers	-	-	-	-	-
Cash flow from (used by) investing activities	(18,201)	-	-	(18,201)	(55,352)
Financing activity					
Disposal (purchase) of short term investments	-	-	-	-	-
Cash flow from financing activity	-	-	-	-	-
Increase (decrease) in cash flow	(40,777)	-	-	(40,777)	(30,822)
Cash - beginning of year	308,835	27,098	-	335,933	366,755
Cash - end of year	268,058	27,098	-	295,156	335,933
Cash consists of:					
Cash - unrestricted	268,058	-	-	268,058	308,835
Internally restricted cash	-	27,098	-	27,098	27,098
	268,058	27,098	-	295,156	335,933

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

1. Purpose of the association

DASC - Dartmouth Adult Service Centre Association (the "association") is a not-for-profit organization incorporated provincially under the Societies Act of Nova Scotia. As a registered charity the association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Mission of DASC, in association with its community, is to provide opportunities for adults with an intellectual disability and support them in realizing individual potential. This is achieved by operating an employment program, a vocational day program, a school to work transition program, a recreational/leisure program, and a program for those with complex needs.

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 and internally restricted cash

Cash (both unrestricted and internally restricted) includes cash on hand and balances held with financial institutions.

Fund accounting

DASC - Dartmouth Adult Service Centre Association follows the restricted fund method of accounting for contributions.

The Unrestricted Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Restricted Capital Asset Fund reports only externally restricted resources that were used for the purpose of building the permanent premises on Dorey Avenue in Dartmouth, and ongoing upgrades and related equipment and fixtures. In 2013, all capital assets were transferred to this fund as instructed by the board. This fund holds all capital assets of DASC.

The Internally Restricted Fund consists of donation money received in 2016 that the Board has instructed be segregated in a separate fund, and restricted, to be used primarily for board approved client centered activities or at the board's discretion.

Inventory

The association's inventory of raw materials is recorded at the lower of cost and replacement cost. Work-in-process and finished goods are valued at the lower of cost (including overhead) and net realizable value. Cost is determined by the first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

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

Revenue recognition

Unrestricted funds

Revenue from sale of goods and services is recognized as the title is transferred or the service is provided.

Revenue from grants is recorded as the grant becomes due according to the contract.

Donation revenue is recorded as it is received or in the case of pledges if the amount can be determined and collectability can be reasonably assured then it will be recorded at that time.

Rental income is recorded for the period in which the rental occurs.

Interest revenue is recorded according to the time frame in which it is earned.

Restricted Capital Asset Fund

Government funding restricted for asset purchases, has been deferred and amortized as the same rate as the underlying assets that the funding was used to purchase.

Restricted donation revenue is recorded as it is received or in the case of pledges if the amount can be determined and collectability can be reasonably assured then it will be recorded at that time.

Contributed services and materials

Contributed services and materials are recorded in the financial statements when their fair market value can be reasonably determined, they are used in the normal course of operations and would otherwise have been purchased.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as amortization of capital assets, and deferral and recognition of related contributions used to purchase those assets.

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DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Building	25 years	straight-line method
Office equipment	20%	declining balance method
Computer equipment	30%	declining balance method
Computer software	100%	declining balance method
Production equipment	20%	declining balance method
Vehicles	30%	declining balance method
Leasehold improvements	4 years	straight-line method

The association regularly reviews its capital assets to eliminate obsolete items.

Financial instruments policy

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.

3. Accounts receivable

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 52,865	\$ 60,710
Province of Nova Scotia	50,999	28,273
Grants receivable	-	12,624
Less: allowance for doubtful accounts	(102)	(784)
	<u>\$ 103,762</u>	<u>\$ 100,823</u>

4. Inventories

	<u>2021</u>	<u>2020</u>
Button parts	\$ 18,187	\$ 19,792
Postage	2,880	3,361
Contract materials	105	105
	<u>\$ 21,172</u>	<u>\$ 23,258</u>

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

5. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 348,643	\$ -	\$ 348,643	\$ 348,642
Buildings	3,295,215	1,087,391	2,207,824	2,339,633
Office equipment	29,740	27,687	2,053	2,567
Production equipment	92,110	84,144	7,966	9,958
Program equipment	58,905	52,331	6,574	5,611
Computer equipment	100,255	82,070	18,185	14,543
Computer software	30,338	29,341	997	997
Vehicles	260,989	202,817	58,172	83,102
New building equipment and furniture	554,934	441,914	113,020	136,746
Leasehold improvements	-	-	-	422
	\$ 4,771,129	\$ 2,007,695	\$ 2,763,434	\$ 2,942,221

6. Deferred revenue

Unrestricted fund deferred revenue is funding received in advance for operational items to be spent in a later period. Unrestricted fund deferred revenue consists of \$25,359 (2020 - \$33,181) Broadening Day Options funding received and unspent in the year.

Restricted capital asset fund deferred revenue includes grants received in a prior year used to purchase capital assets. The grants are being recognized as revenue on the same basis as the amortization of the related assets. As of year end, \$19,243 (2020 - \$27,999) is unamortized and included in deferred revenue.

7. External revenue and direct expenses

	Youth project	Home Services NS	2021	2020
Project revenue	\$ 24,350	\$ 30,117	\$ 54,467	\$ 101,968
Direct project costs	(46,487)	(24,074)	(70,561)	(83,295)
	\$ (22,137)	\$ 6,043	\$ (16,094)	\$ 18,673

Project revenue in 2020 comparative column represents a Social Impact Grant and related spending.

8. Economic dependence

The association is dependent on funding from the Province of Nova Scotia to carry out its mandate. This funding is renewed annually and the service agreement for funding in places expires on March 31, 2022.

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

9. Contingent liability

The Association allows staff to carryforward sick days to be used in a future period, subject to a maximum amount. When staff is out on sick leave, they must be replaced with casual staffing, and therefore, if staff used all of the sick time that they are entitled to as of March 31, 2021, the cost to the Association would be \$115,255 (2020 - \$110,899).

10. Building leases

The association leases space for its Broadening Day Option program, and the lease for the space at 230 Pleasant Street in Dartmouth, NS, used to carry out its programs is an annual lease. Lease commitment is yearly, and the organization's lease cost will be \$5,684 for the coming year's lease.

The association leases space at Cole Harbour Place in Dartmouth, and the lease for the space used to carry out its programs. Lease commitment is yearly, and the organization's lease cost will be \$7,800 inclusive of HST for the coming year's lease.

11. Equipment leases

The Association leases various pieces of mailing and copying equipment which extend to 2026. The minimum annual lease payments for the next 5 years:

Contractual obligation repayment schedule:

2022	\$	13,814
2023		3,829
2024		3,829
2025		3,829
2026		2,234

12. Financial instruments

The association 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 association's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from customers. In order to reduce its credit risk, the association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The association has a significant number of customers which minimizes concentration of credit risk.

The association is also exposed to credit risk through its short term investments in Canadian financial institutions. The risk has been mitigated by only investing in any one institution at a maximum of \$100,000, which is the limit of Canadian Deposit Insurance for investments.

(continues)

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

12. Financial instruments *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its customers, government and other related sources, and accounts payable.

(c) 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. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities. The association is exposed to interest rate risk primarily through its credit facilities and short term investments. Exposure of interest rate risk on short term investments is mitigated by limiting the duration of the investments to a maximum of one year.

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

13. Employee future benefits

Defined Contribution Pension Plan

Employees of the Association participate in the Directions Council for Vocational Services Society Pension Plan, a multiemployer defined contribution pension plan administered by the Directions Council for Vocational Services Society. Total employer contributions for 2021 were \$91,829 (2020 \$89,215) and are recognized as an expense during the year.

Defined Benefit Pension Plan

There are four participants of the plan that were members when it existed as a defined benefit pension plan. The Association no longer participates in the defined benefit plan, and the four participants are not currently employees nor are they currently pensioners. Since this plan was a multiemployer defined benefit pension plan, there is limited information and the Association has accounted for the plan as a defined contribution plan in accordance with CICA 3461.149 (pending the next actuarial review).

14. Gross profit on sales and contracts

	Board Room Rental	Buttons	Contracts/Mail Room	2021
<u>2021</u>				
Sales	\$ 5,084	\$ 8,799	\$ 184,979	\$ 198,862
Less: direct costs	-	(3,512)	(63,940)	(67,452)
2021 Gross profit	\$ 5,084	\$ 5,287	\$ 121,039	\$ 131,410
<u>2020</u>				
Sales	\$ 57,510	\$ 36,358	\$ 197,843	\$ 291,711
Less: direct costs	(3,440)	(6,423)	(80,442)	(90,305)
2020 Gross profit	\$ 54,070	\$ 29,935	\$ 117,401	\$ 201,406

DASC - DARTMOUTH ADULT SERVICE CENTRE ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2021

(Unaudited)

15. Impact of COVID-19 pandemic

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at July 15, 2021, the association is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices for a period of time in 2020. The facility reopened gradually on a decreased capacity basis over the summer and fall of 2020.

The association received \$173,411 in COVID-19 funding subsidies during the year which are not expected to continue.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the association's operations as at the date of these financial statements.