

**LOVE: Leave Out Violence
Nova Scotia Society**

ANNUAL FINANCIAL STATEMENTS

March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors of
LOVE: Leave Out Violence Nova Scotia Society

We have audited the accompanying financial statements of **LOVE: Leave Out Violence Nova Scotia Society**, which comprise the statement of financial position as at March 31, 2016 and the statement of operations, statement of changes in net assets and statement of 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenues from contributions and from fundraising events some of which, due to their nature, are not susceptible to satisfactory audit verification. We were unable to obtain sufficient appropriate audit evidence about the completeness of these revenues, limiting our audit procedures to the related amounts recorded in the books of the organization. Consequently, we were unable to determine whether any adjustments to these revenues, the result of operations, current assets, deferred contributions and net assets were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of LOVE: Leave Out Violence Nova Scotia Society as at March 31, 2016 and its financial results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants
July 20, 2016

**LOVE: Leave Out Violence
Nova Scotia Society**

STATEMENT OF FINANCIAL POSITION

March 31, 2016

Statement 1

	2016	2015
ASSETS		
Current		
Cash	\$156,435	\$157,185
Amounts receivable and accrued	30,241	27,543
Deposits and prepaid expenses	8,899	4,794
	195,575	189,522
Restricted cash <i>(note 2)</i>	150,000	150,000
Property and equipment <i>(note 3)</i>	81,730	95,466
	\$427,305	\$434,988
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$18,060	\$20,357
Payroll tax remittances payable	6,346	5,075
	24,406	25,432
Deferred contributions <i>(note 4)</i>	93,630	130,875
	118,036	156,307
NET ASSETS <i>(Statement 2)</i>		
Invested in property and equipment	2,101	3,026
Internally restricted for growth objectives and temporary contingencies	150,000	150,000
Unrestricted net assets	157,168	125,655
	309,269	278,681
	\$427,305	\$434,988

APPROVED ON BEHALF OF THE BOARD:

, DIRECTOR

, DIRECTOR

Refer to the accompanying notes.

**LOVE: Leave Out Violence
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STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2016

Statement 2

	2016				2015			
Net assets	Internally restricted	Invested in property and equipment	Unrestricted	Total	Internally restricted	Invested in property and equipment	Unrestricted	Total
Beginning of year	\$150,000	\$3,026	\$125,655	\$278,681	\$150,000	\$3,951	\$52,444	\$206,395
Excess revenues over expenses (expenses over revenues) <i>(Statement 3)</i>	-	(925)	31,513	30,588	-	(925)	73,211	72,286
End of year	\$150,000	\$2,101	\$157,168	\$309,269	\$150,000	\$3,026	\$125,655	\$278,681

Refer to the accompanying notes.

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STATEMENT OF OPERATIONS

Year ended March 31, 2016

Statement 3

	2016	2015
Revenues <i>(note 4)</i>		
Contributions		
Foundations and other charitable organizations	\$263,709	\$274,917
Business entities	58,293	95,100
Individuals	21,613	9,305
	343,615	379,322
Government contributions	135,982	200,142
Fundraising and other	12,552	20,146
	492,149	599,610
Expenses <i>(note 5)</i>		
Program, service and activity costs	314,652	371,266
Administration and funding development	80,357	87,075
Premises rent, utilities and insurance	52,815	51,935
Amortization of property and equipment	13,737	17,048
	461,561	527,324
Excess revenues over expenses (expenses over revenues) for the year	\$30,588	\$72,286

Refer to the accompanying notes.

**LOVE: Leave Out Violence
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STATEMENT OF CASH FLOWS

Year ended March 31, 2016

Statement 4

	2016	2015
Cash provided by (used for):		
Operating activities		
Operating revenue sources	\$452,205	\$581,263
Payments on account of expenses and sales taxes	(452,955)	(509,905)
Net increase (decrease) in cash for the year	(750)	71,358
Cash, beginning of year	157,185	85,827
Cash, end of year	\$156,435	\$157,185

Refer to the accompanying notes.

**LOVE: Leave Out Violence
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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

Description of Organization and Reporting Entity

LOVE: Leave Out Violence Nova Scotia Society ("the Society") is a not-for-profit organization incorporated under the Societies Act of Nova Scotia. It is registered as a charitable organization under provisions of the Income Tax Act of Canada.

The Society is an independent affiliate of LOVE: Leave Out Violence ("LOVE Canada") which is federally incorporated and has other regional affiliates (collectively "LOVE"). LOVE helps youth who have been challenged with violence to transform their lives, to become engaged in their communities and to become agents of change that can make the world a safer place.

1 / Significant Accounting Policies

These financial statements have been prepared based on the following accounting policies, in accordance with Canadian accounting standards for not-for-profit organizations.

a. Financial instruments

Investments quoted in an active market, if any, are stated at fair value. Unrealized changes in fair values of such investments are recognized as gains and losses in the Statement of Operations. All other financial instruments are measured at amortized cost less a reduction for any assessed impairment in value.

b. Property, Equipment and Amortization

Property and equipment are recorded at cost or, if contributed, at fair market value at the time of acquisition. The acquisition value is amortized as an expense to operations over the estimated useful life of each asset. Amortization expense is recorded using the straight-line method over the following periods:

Leasehold improvements	10 years (term of lease)
Vehicles	8 years
Office and general equipment	8 years
Computers	4 years

c. Revenue Recognition

The organization follows the deferral method of accounting for contributions, including government grants. Contributions for a specific purpose or having some other restriction attached to them are recognized as revenue in the year in which the related expenses are incurred or other restriction conditions are satisfied. Contributions for the purchase of property, equipment and other capital assets are amortized to revenue on the same basis as the corresponding amortization expense. Until recognized as revenue, such amounts are shown as deferred contributions, a liability on the balance sheet.

Unrestricted contributions and other revenues are recognized as revenue when received, or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured, except with respect to certain contributed goods, as noted below.

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March 31, 2016

1 / Significant Accounting Policies *(continued)*

d. Contributed Services and Goods

The organization benefits from the efforts of its volunteers, who have varied skills and experience. Since the monetary value of services contributed by volunteers is difficult to determine objectively, the value of these services has not been recognized in these financial statements. Donated goods used in the regular operations of the organization that would otherwise be purchased are recorded at fair value at the time they are acquired by the organization. Contributions of goods that are inventory to be sold for fundraising are not recognized as revenue until the time of sale. Consequently, inventory of such goods, if any, is not included on the balance sheet.

e. Use of Estimates

Generally accepted accounting principles require the use of reasonable estimates. Management is of the opinion that, where required, it has used reasonable estimates and assumptions to measure the future realization or utilization of various assets and the settlement of various liabilities. Estimates are reviewed at least annually and, when revisions are necessary, their effects are reflected in net income when they become known. Actual results could vary from those estimates.

2 / Restricted Cash

Restricted cash comprises an internally restricted amount of \$150,000 (2015 - \$150,000). This internal restriction was established by a resolution of the Board of Directors to facilitate long-term growth and to provide temporary funds for unforeseen contingencies. The internally restricted amount may only be used upon approval of the Board of Directors.

3 / Property and Equipment

			2016	2015
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements	\$107,366	\$27,736	\$79,630	\$90,367
Office and general equipment	6,000	3,900	2,100	2,847
Vehicle	29,097	29,097	-	909
Computers	5,948	5,948	-	1,343
	148,411	66,681	81,730	95,466

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**LOVE: Leave Out Violence
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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

4 / Revenues and Deferred Contributions

	2016	2015
Government grants		
Received and receivable		
Province of Nova Scotia	\$137,982	\$114,868
Province of Nova Scotia, Department of Labour and Advanced Education (Bridges employability program)	-	94,360
	137,982	209,228
Add deferred grant contributions, beginning of year	12,000	2,914
Less amounts recognized as revenue for the year	(135,982)	(200,142)
Deferred balance, end of year	14,000	12,000
Contributions related to property and equipment		
Deferred balance, beginning of year	91,275	105,649
Less amounts amortized to revenue	(11,645)	(14,374)
Deferred balance, end of year	79,630	91,275
Other contributions		
Deferred balance, beginning of year	27,600	31,600
Add received during the year	316,015	270,917
Less amounts recognized as revenue for the year	(343,615)	(274,917)
Deferred balance, end of year	-	27,600
	\$93,630	\$130,875

Government grant revenue is not provided under any recurring annual funding program and can potentially change significantly from year to year, as can most contributions received by the organization. The Bridges employability program, above, was a one-time, three month project completed during the year.

Contribution revenue from public foundations includes \$78,916 (2015 - \$77,876) from the United Way of Halifax Region and \$7,945 (2015 - \$8,837) from the Law Foundation of Nova Scotia.

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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

5 / Expenses

	2016	2015
Program, service and activity costs		
Remuneration of personnel	\$216,230	\$229,871
Payments to program participants	4,500	35,795
Materials, supplies, travel and other	93,922	105,600
	\$314,652	\$371,266
Administration and resource development		
Remuneration of personnel	\$34,233	\$39,209
Other	46,124	47,866
	\$80,357	\$87,075

Amounts above include agreed periodic contributions to Love Canada totalling \$29,130 for the year (2015 - \$33,816), 60% of which represents program, service and activity costs. The remainder is for administration and resource development.

6 / Financial Instruments Risks

The guaranteed investment certificate of \$150,000 is subject to interest rate risk, which refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. This asset and amounts receivable are subject to credit risk, being the possibility that parties could default on their financial obligations. Liquidity risk that financial obligations may not be met exists as it does for all entities.

7 / Commitments

The organization has entered into a lease for the premises from which it operates. The rent includes property taxes, heat, water and common area maintenance. Rent does not include electricity and cooling. The lease term expires in August 2023. Future payments required under this lease are: 2017-\$44,034; 2018-\$46,273; 2019-\$48,512; 2020-\$49,258. For the remaining period covering fiscal years 2021 through 2024, the rent is to be the market rent at that time.