LOVE: Leave Out Violence
Nova Scotia Society

ANNUAL FINANCIAL STATEMENTS

March 31, 2018

Refer to the accompanying notes.

1 Eva Road, Suite 300
Toronto, Ontario M9C 4Z5
Tel 416.695.9500
Fax 416.695.3837
www.c-s.ca

CHOLKAN STEPCZUK LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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, 2018 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, 2018 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.

Cholkan + Stepczuk LLP

Chartered Professional Accountants
Licensed Public Accountants
August 13, 2018

LOVE: Leave Out Violence
Nova Scotia Society

STATEMENT OF FINANCIAL POSITION

March 31, 2018 Statement 1

	2018	2017
ASSETS		
Current		
Cash	**$307,713**	$216,666
Sales tax rebates and sundry receivables	**13,098**	22,485
Deposits and prepaid expenses	**21,716**	5,185
	342,527	244,336
Restricted cash *(note 2)*	**120,000**	150,000
Property and equipment *(note 3)*	**90,774**	70,243
	$553,301	$464,579
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$12,647**	$24,060
Payroll tax remittances payable	**6,919**	7,232
Deferred contributions for expenses of the next year *(note 4)*	**154,000**	74,500
	173,566	105,792
Unamortized deferred contributions for leasehold improvements *(note 4)*	**58,156**	68,893
	231,722	174,685
NET ASSETS *(Statement 2)*		
Internally restricted for growth objectives and temporary contingencies	**120,000**	150,000
Unrestricted net assets	**201,579**	139,894
	321,579	289,894
	$553,301	$464,579

APPROVED ON BEHALF OF THE BOARD:

_______________, DIRECTOR

_______________, DIRECTOR

Refer to the accompanying notes.

LOVE: Leave Out Violence
Nova Scotia Society

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2018 | Statement 2

			2018			2017
Net assets	Internally restricted	Unrestricted	**Total**	Internally restricted	Unrestricted	Total
Beginning of year	$150,000	$139,894	**$289,894**	$150,000	$159,269	$309,269
Excess revenues over expenses (expenses over revenues) *(Statement 3)*	-	31,685	**31,685**	-	(19,375)	(19,375)
Restricted amounts released by resolution of the Board	(30,000)	30,000	**-**	-	-	-
End of year	$120,000	$201,579	**$321,579**	$150,000	$139,894	$289,894

Refer to the accompanying notes.

LOVE: Leave Out Violence
Nova Scotia Society

STATEMENT OF OPERATIONS

Year ended March 31, 2018 Statement 3

	2018	2017
Revenues *(note 5)*		
Contributions		
Foundations and other charitable organizations	**$302,282**	$272,283
Individuals	**33,645**	23,716
Business entities	**23,535**	26,446
	359,462	322,445
Government contributions	**153,100**	145,035
Fundraising and other	**28,745**	29,658
	541,307	497,138
Expenses		
Program, service and activity costs *(note 6)*	**377,290**	367,634
Administration and funding development *(note 6)*	**62,854**	53,380
Premises rent and utilities	**54,729**	54,011
Contributions to LOVE Canada	**-**	30,000
Amortization of property and equipment	**14,749**	11,488
	509,622	516,513
Excess revenues over expenses (expenses over revenues) for the year	**$31,685**	($19,375)

Refer to the accompanying notes.

LOVE: Leave Out Violence
Nova Scotia Society

STATEMENT OF CASH FLOWS

Year ended March 31, 2018 Statement 4

	2018	2017
Cash provided by (used for):		
Operating activities		
Operating revenue sources	**$610,070**	$541,035
Payments on account of expenses and sales taxes	**(513,743)**	(480,804)
	96,327	60,231
Investment activities		
Purchase of equipment	**(35,280)**	-
Financing activities		
Internally restricted net assets released for operating use	**30,000**	-
Net increase in cash for the year	**91,047**	60,231
Cash, beginning of year	**216,666**	156,435
Cash, end of year	**$307,713**	$216,666

Refer to the accompanying notes.

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

All financial instruments are measured at amortized cost less a reduction for an assessed impairment in value, if any.

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 explained in note 1(d) below.

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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.

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 $120,000 (2017 - $150,000) maintained as a guaranteed investment certificate with its bank, redeemable on short notice. 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. During the year, the Board passed a resolution to release $30,000 from restricted net assets and this restricted cash amount for replacement of a vehicle. The internally restricted amount may only be used upon approval of the Board of Directors.

3 / Property and Equipment

			2018	2017
	Cost	Accumulated Amortization	**Net**	Net
Leasehold improvements	$107,366	$49,209	**$58,157**	$68,893
Vehicle	35,281	3,675	**31,606**	-
Office and general equipment	6,000	4,989	**1,011**	1,350
	$148,647	$57,873	**$90,774**	$70,243

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4 / Deferred Contributions

	2018	2017
Deferred contributions for expenses of the next year		
Balance, beginning of year	**$74,500**	$14,000
Less amounts recognized as revenue for the year	**(74,500)**	(14,000)
Add amounts received related to the following year	**154,000**	74,500
Balance, end of year	**$154,000**	$74,500
Unamortized deferred contributions for leasehold improvements		
Balance, beginning of year	**$68,893**	$79,630
Less amount amortized to revenue for the year	**(10,737)**	(10,737)
Balance, end of year	**$58,156**	$68,893

5 / Revenues

Government contributions are all from the Province of Nova Scotia, except that in 2017, they also included a grant of $5,866 from the Government of Canada.

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.

Contribution revenue includes $76,867 from the United Way of Halifax Region (2017 - $77,898). This is noted at the request of the donor.

6 / Expenses

	2018	2017
Program, service and activity costs		
Remuneration of personnel	**$253,442**	$243,225
Payments to program participants	**10,901**	6,940
Materials, supplies, travel and other	**112,947**	117,469
	$377,290	$367,634
Administration and funding development		
Remuneration of personnel	**$35,963**	$31,287
Other	**26,891**	22,093
	$62,854	$53,380

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7 / Financial Instruments Risks

The guaranteed investment certificate of $120,000 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.

8 / Commitments

The organization has entered into a lease for the premises from which it operates. The rent includes property taxes, heat, cooling, water and common area maintenance. Rent does not include electricity for lighting and the tenant's equipment. The lease term expires in August 2023. Future payments required under this lease are: 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.

9 / Comparative Figures

Certain 2017 figures presented for comparative purposes have been reclassified to conform with a financial statement presentation policy change. Net assets invested in property and equipment are no longer disclosed as a separate category or net assets, rather they are considered a component of unrestricted net assets. Certain other figures for 2017 have also been reclassified to conform with the current year's presentation.