

Audited Financial Statements Fiscal Year Ending July 31, 2020

Please be advised that the Audited Financial Statements for the fiscal year ending on July 31, 2020 are provided for the information of members.

The Public School Administrators Association of Nova Scotia (PSAANS) engaged the chartered accounting firm of G & R Chartered Professional Accountants, a licensed public accounting firm, to perform an independent audit of our financial statements for the fiscal year August 1, 2019 to July 31, 2020. The audit was conducted in accordance with Canadian generally accepted auditing standards. The audit conducted by G & R Chartered Professional Accountants resulted in an unqualified audit opinion, which means that the auditors believe that the financial statements present fairly, in all material respects, PSAANS' financial position as of July 31, 2020.

Additional explanation of sections contained in the Audited Financial Statements is outlined below:

- **Statement of Financial Position** (Page 3) describes the Assets and Liabilities of the Association on the last day of the fiscal year and provides the previous year's numbers for comparison. Further explanation of several items is provided in the Notes that start on Page 10.
- **Statement of Operations** (Page 4) summarizes the financial activities that took place during the course of the entire fiscal year. It provides the previous year's results as well as the budget for comparison. Note 3 also provides further explanation. In addition, several schedules on pages 7-9 provide a detailed breakdown of expenses.
- **Statement of Accumulated Surplus** (Page 5) shows details of the surplus funds that have accumulated over the past two years.
- **Statement of Cash Flows** (Page 6) describes the ways that cash was used in various financial activities during the year and is included in compliance with Canadian generally accepted accounting standards.

For further explanation / questions related to the draft budget as presented, please contact Kathryn Burlton by email at kburlton@psaans.ca or by phone at (902) 476-7200.

Public School Administrators Association of Nova Scotia

Financial Statements

July 31, 2020

Public School Administrators Association of Nova Scotia

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Independent Audit Report

To the Board of Directors
Public School Administrators Association of Nova Scotia

Opinion

We have audited the financial statements of Public School Administrators Association of Nova Scotia (the "Association"), which comprise the statement of financial position as at July 31, 2020, and the statements of operations, accumulated surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public School Administrators Association of Nova Scotia as at July 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 Association 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 opinion.

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 the 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 these financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative to do so.

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

G&R Chartered Professional Accountants
Licensed Public Accountants

Dartmouth, NS
September 18, 2020

Public School Administrators Association of Nova Scotia

Statement of Financial Position

July 31, 2020

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash - unrestricted		428,627	176,269
Cash - internally restricted	3.	24,181	-
Term deposits - unrestricted	4.	202,029	-
Accounts receivable		52,613	59,853
Prepaid expenses		8,023	8,925
Total Current Assets		715,473	245,047
Furniture and equipment	5.	1,981	3,743
Total Assets		717,454	248,790
Liabilities and Accumulated Surplus			
Current Liabilities			
Accounts payable and accrued liabilities		30,733	9,161
Accumulated Surplus			
Unrestricted		660,559	235,886
Internally restricted	3.	24,181	-
Invested in capital assets		1,981	3,743
Total Accumulated Surplus		686,721	239,629
Total Liabilities and Accumulated Surplus		717,454	248,790

SIGNED ON BEHALF OF THE BOARD

_____, Director

_____, Director

Public School Administrators Association of Nova Scotia

Statement of Operations

For the Year Ended July 31, 2020

	Note	2020 \$	2019 \$	Budget \$
Revenue				
Membership dues		713,906	633,679	714,000
EECD grants		415,476	431,779	366,000
EI rebate	3.	60,181	-	60,000
Conference fees		47,222	-	60,000
Interest and other income		4,412	-	-
Total revenue		1,241,197	1,065,458	1,200,000
Expenses				
Administration (schedule 1)		592,375	306,509	580,000
Member engagement (schedule 2)		131,015	167,911	205,000
Student bursaries	3.	36,000	-	-
Governance - board and executive (schedule 3)		34,715	56,863	69,000
NSTU services		-	294,546	-
Total expenses		794,105	825,829	854,000
Excess of revenues over expenses for the year		447,092	239,629	346,000

Public School Administrators Association of Nova Scotia

Statement of Accumulated Surplus

For the Year Ended July 31, 2020

	Unrestricted	Invested in Capital Assets	Restricted (note 3)	Total 2020	Total 2019
	\$	\$	\$	\$	\$
Accumulated surplus - beginning of year	\$ 235,886	\$ 3,743	\$ -	\$ 239,629	\$ -
Excess (deficiency) of revenue over expenses for the year	424,673	(1,762)	24,181	447,092	239,629
Accumulated surplus - end of year	\$ 660,559	\$ 1,981	\$ 24,181	\$ 686,721	\$ 239,629

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Public School Administrators Association of Nova Scotia

Statement of Cash Flows

For the Year Ended July 31, 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses for the year	447,092	239,629
Adjustments to earnings not involving cash -		
Amortization	1,762	1,192
	448,854	240,821
Changes in non-cash working capital -		
Decrease (increase) in accounts receivable	7,240	(59,853)
Decrease (increase) in prepaid expenses	902	(8,925)
Increase in accounts payable and accrued expenses	21,572	9,161
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	478,568	181,204
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	-	(4,935)
Purchase of term deposits	(202,029)	-
NET CASH USED BY INVESTING ACTIVITIES	(202,029)	(4,935)
INCREASE IN CASH FOR THE YEAR	276,539	176,269
CASH - BEGINNING OF YEAR	176,269	-
CASH - END OF YEAR	452,808	176,269
Cash and cash equivalents consist of the following:		
Cash - unrestricted	428,627	176,269
Cash - internally restricted	24,181	-
Total cash	452,808	176,269

Public School Administrators Association of Nova Scotia

Schedule 1: Administration Expenses

For the Year Ended July 31, 2020

	2020	2019	Budget
	\$	\$	\$
Salaries and benefits	486,982	217,181	470,000
Legal fees	50,543	44,340	60,000
Rent	18,620	7,177	-
Office expense	14,114	15,523	28,000
Travel (staff)	9,696	5,409	7,000
Audit	4,600	4,600	5,000
Professional development (staff)	4,712	9,741	8,000
Amortization	1,762	1,192	-
Insurance	1,346	1,346	2,000
Total Administration Expenses	592,375	306,509	580,000

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Public School Administrators Association of Nova Scotia

Schedule 2: Member Engagement Expenses

For the Year Ended July 31, 2020

	2020	2019	Budget
	\$	\$	\$
Annual conference and AGM	77,770	131,466	150,000
Retirement banquet	16,321	-	15,000
Retirement seminars	14,237	-	10,000
Advertising and promotion	10,955	-	-
Website upgrades	6,992	21,678	20,000
Surveys and voting	3,920	9,815	10,000
Retirement events (NSTU locals, 2019)	820	4,952	-
Total Member Engagement Expenses	131,015	167,911	205,000

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Public School Administrators Association of Nova Scotia

Schedule 3: Governance - Board and Executive Expenses

For the Year Ended July 31, 2020

	2020	2019	Budget
	\$	\$	\$
Board meetings	27,558	50,284	45,000
Executive	4,252	3,412	12,000
Professional Development	2,905	3,167	12,000
Total Governance - Board and Executive Expenses	34,715	56,863	69,000

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Public School Administrators Association of Nova Scotia

Notes to the Financial Statements

For the Year Ended July 31, 2020

The Public School Administrators Association of Nova Scotia (the Association) was formed on August 1, 2018, by the Public School Administrators Employment Relations Act of the Province of Nova Scotia. The Association is incorporated as a body corporate and is deemed to be a society registered under the Societies Act. The objectives of the Association are to promote and encourage student and teaching excellence within the public school system of the Province of Nova Scotia and to promote the common interests of administrators, including their terms and conditions of employment.

1. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following policies:

Financial Instruments

The financial assets and liabilities are initially recorded at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at cost include cash, term deposits, and accounts receivable. Financial liabilities measured at cost include accounts payable and accrued liabilities.

Cash

The Association defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Term Deposits

The Association's investments, consisting entirely of non-redeemable term deposits, are initially and subsequently measured and recorded at their fair value, determined on the basis of cost plus accrued interest. Changes in fair value are recognized in income in the period incurred.

Furniture and Equipment

Furniture and equipment are recorded at cost. Amortization is calculated using the declining balance method at the annual rate of 20% for furniture and equipment and 55% for computer hardware. In the year of acquisition amortization is recorded at one-half of the annual rate.

Impairment of Long-lived Assets

Furniture and equipment subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the projected future net cash flows resulting from its use and eventual disposition. The impairment loss, if any is measured as the amount by which the carrying amount of the asset exceeds its fair value. To July 31, 2020, no impairment losses have been recorded.

Public School Administrators Association of Nova Scotia

Notes to the Financial Statements

For the Year Ended July 31, 2020

1. Significant Accounting Policies continued

Revenue Recognition

Revenue is recorded on the accrual basis. The main components of revenue are membership dues, EI rebates, conference fees, interest income, and grants and contributions from the Province of Nova Scotia. Revenue related to membership dues, EI rebates, conference fees, and interest income are recorded when earned and collection is reasonably certain. The Department of Education and Early Childhood Development has contributed certain services that have been measured at fair market value and recognized as contributions for expenses of the current period.

Expenditures

Expenditures are recorded on an accrual basis and include the cost of supplies inventory purchased during the year. Provisions are made for contingent liabilities when it is likely that a liability exists and the amounts can be reasonably determined. Certain services that were provided by the provincial government have been recorded at their fair market value.

Income Taxes Not-For-Profit

Public School Administrators Association of Nova Scotia is a not-for-profit organization under the Income Tax Act as described in Section(1)(i) and therefore is not subject to income taxes.

Statement of Cash Flows

The Association follows the indirect method of presenting its cash flows on a net cash basis from operating and financing activities. The Association presents this information under the indirect method, where the net cash flows from operating activities is determined by adjusting excess (deficiency) of revenues over expenses for the effects on non-cash items and changes in non-cash working capital accounts.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at July 31, 2020, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Financial Instruments

The significant financial risks to which the Association is exposed are credit risk and liquidity risk.

Public School Administrators Association of Nova Scotia

Notes to the Financial Statements

For the Year Ended July 31, 2020

2. Financial Instruments continued

Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash and accounts receivable. The Association has deposited cash with a reputable financial institution, from which management believes the risk of loss to be remote. The Association has accounts receivable from the Province of Nova Scotia and various Regional Centres for Education and the Association believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The company is exposed to liquidity risk arising primarily from accounts payable. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows and maintains certain credit facilities to fund its operations and to meet its operating obligations.

3. Internally Restricted Accumulated Surplus

The Association receives approximately \$60,000 annually from members' employers related to EI rebates. The Board has directed that these funds be used to provide bursaries to support the post-secondary education for children of active members of the Association who graduated or will graduate from high school between 2019 and 2025, to a maximum amount of \$500 per child. A survey of members indicated that about \$18,000 a year will be required to provide these bursaries. The remaining EI rebate funds will be made available for the potential benefit of all active members of the Association through a professional development fund.

4. Term Deposits

Term deposits consist of four non-redeemable term deposits held with Teachers Plus Credit Union. Each term deposit with a principal balance of \$50,000 bears interest at 2.3% per annum, matures on February 21, 2021, and includes accrued interest income of \$507.

Public School Administrators Association of Nova Scotia

Notes to the Financial Statements

For the Year Ended July 31, 2020

5. Furniture and Equipment

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer Hardware	3,993	2,690	1,303	2,895
Office Furniture & Equipment	942	264	678	848
Total	4,935	2,954	1,981	3,743

6. Budget Figures

The budget figures presented are for comparison purposes and are unaudited.