

**NOVA SCOTIA EDUCATION COMMON SERVICES
BUREAU**

FINANCIAL STATEMENTS

MARCH 31, 2022

**NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
INDEX
MARCH 31, 2022**

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MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The external auditors, Baker Tilly Nova Scotia Inc., conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Nova Scotia Education Common Services Bureau and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Minister:



INDEPENDENT AUDITORS' REPORT

To the Minister of Education and Early Childhood Development:

Opinion

We have audited the financial statements of **Nova Scotia Education Common Services Bureau** ("the Corporation"), which comprise the statement of financial position as at March 31, 2022 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and supplementary schedule.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards excluding PS 4200.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 Canadian public sector accounting standards excluding PS 4200, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' 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 auditors' 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
July 11, 2022

Chartered Professional Accountants

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

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| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 523,741 | 304,168 |
| Investment | - | 604,129 |
| Accounts receivable | 118,210 | 30,757 |
| HST recoverable | <u>163,229</u> | <u>7,130</u> |
| | <u>805,180</u> | <u>946,184</u> |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 3) | 75,996 | 16,566 |
| Deferred revenue (Note 4) | <u>135,228</u> | <u>600,000</u> |
| | <u>211,224</u> | <u>616,566</u> |
| NET FINANCIAL ASSETS | <u>593,956</u> | <u>329,618</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 5) | 15,610 | 16,723 |
| Prepays | <u>1,609</u> | <u>2,241</u> |
| | <u>17,219</u> | <u>18,964</u> |
| ACCUMULATED SURPLUS (Note 6) | <u>611,175</u> | <u>348,582</u> |
| COMMITMENT (Note 7), CONTINGENCY (Note 8) | | |
| ECONOMIC DEPENDENCE (Note 9) | | |

On behalf of the Minister

Jeremy Brown

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2022

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| | 2022 | 2021 |
|--|-------------------------|-----------------------|
| | \$ | \$ |
| REVENUES | | |
| Strategic procurement (Note 11) | 2,300,000 | |
| Special projects (Note 11) | 604,772 | - |
| Operating grant (Note 11) | 372,900 | 515,000 |
| School Sport Nova Scotia (Note 11) | 59,279 | - |
| Rental income | 24,594 | 13,032 |
| Insurance administration | 20,705 | 19,869 |
| Interest | <u>671</u> | <u>4,129</u> |
| | <u>3,382,921</u> | <u>552,030</u> |
| EXPENSES | | |
| Administration (Schedule) | 337,702 | 219,128 |
| Programs and Committees (Schedule) | <u>2,782,626</u> | <u>44,527</u> |
| | <u>3,120,328</u> | <u>263,655</u> |
| OPERATING SURPLUS | 262,593 | 288,375 |
| ACCUMULATED SURPLUS - beginning of year | <u>348,582</u> | <u>60,207</u> |
| ACCUMULATED SURPLUS - end of year | <u><u>611,175</u></u> | <u><u>348,582</u></u> |

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
AS AT MARCH 31, 2022

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| | 2022 | 2021 |
|---|-----------------------|----------------|
| | \$ | \$ |
| Operating surplus | 262,593 | 288,375 |
| Acquisition of tangible capital assets | (2,479) | - |
| Acquisition of prepaids | - | (2,241) |
| Amortization | 3,592 | 9,109 |
| Use of prepaids | <u>632</u> | <u>-</u> |
| CHANGE IN NET FINANCIAL ASSETS | 264,338 | 295,243 |
| NET FINANCIAL ASSETS - beginning of year | <u>329,618</u> | <u>34,375</u> |
| NET FINANCIAL ASSETS - end of year | <u>593,956</u> | <u>329,618</u> |

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

8

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED FOR): | | |
| OPERATING | | |
| Operating surplus | 262,593 | 288,375 |
| Items not affecting cash | | |
| Accrued interest | - | (4,129) |
| Amortization | <u>3,592</u> | <u>9,109</u> |
| | 266,185 | 293,355 |
| Changes in non-cash working capital items | | |
| Accounts receivable | (87,453) | (5,723) |
| HST recoverable | (156,099) | (2,127) |
| Accounts payable and accrued liabilities | 59,430 | (24,832) |
| Deferred revenue | (464,772) | (500,000) |
| Prepays | <u>632</u> | <u>(2,241)</u> |
| | <u>(382,077)</u> | <u>(241,568)</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | <u>(2,479)</u> | <u>-</u> |
| INVESTING | | |
| Acquisition of investment | - | (600,000) |
| Proceeds on disposal of investment | <u>604,129</u> | <u>-</u> |
| | <u>604,129</u> | <u>(600,000)</u> |
| CHANGE IN CASH | 219,573 | (841,568) |
| CASH - beginning of year | <u>304,168</u> | <u>1,145,736</u> |
| CASH - end of year | <u><u>523,741</u></u> | <u><u>304,168</u></u> |

1. OPERATIONS

Nova Scotia Education Common Services Bureau ("the Corporation") is incorporated under the Education Act (Schedule A to the Education Reform (2018) Act). The objectives of the Corporation are:

- (i) to provide services to support the efficient administration and operation of the education system;
- (ii) to provide and administer services for the benefit of individuals or groups related to the education system, including the administration of pensions and benefits to designated individuals employed by education entities; and
- (iii) such other things as in the Minister's discretion may be desirable.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian public sector accounting standards excluding PS 4200 as required by the Minister of Finance for the Province of Nova Scotia and include the following significant accounting policies:

Cash

Cash consists of a bank balance held with a financial institution that fluctuates.

Financial assets

Measurement of financial assets

The Corporation initially measures its financial assets and financial liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-financial assets

Non-financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities unless they are sold.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for using the following rate and method over their estimated useful lives as follows:

| | | |
|------------------------|-----|---------------------|
| Computer equipment | 20% | Diminishing balance |
| Furniture and fixtures | 20% | Diminishing balance |

One half year's amortization is taken in the year of acquisition.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the ability to provide services or that the value of future economic benefits associated with the asset are less than the book value. Any impairment is accounted for as an expense in the statement of operations.

Revenue recognition

Revenues are recorded using the accrual basis of accounting when they are earned, measurable, and collection is reasonably assured.

Government assistance

Government grants for general operations are recorded as revenue when received. Government grants for specific projects are deferred when received and recorded as revenue when related expenditures are incurred.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards excluding PS 4200 requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as allowance for uncollectible accounts, useful lives of tangible capital assets and certain accrued liabilities. Actual results could differ from those estimates.

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2022 | 2021 |
|---------------------|---------------|---------------|
| | \$ | \$ |
| Trade payables | 63,120 | 3,359 |
| Accrued liabilities | <u>12,876</u> | <u>13,207</u> |
| | <u>75,996</u> | <u>16,566</u> |

4. DEFERRED REVENUE

| | 2022 | 2021 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Deferred revenue consists of: | | |
| Assistive Technologies grant | 76,641 | 600,000 |
| Before and After Study grant | <u>58,587</u> | <u>-</u> |
| | <u>135,228</u> | <u>600,000</u> |

Changes in deferred revenue are as follows:

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| Balance - beginning of year | 600,000 | 1,100,000 |
| Amount recognized as revenue | (604,772) | (500,000) |
| Amounts received related to future periods | <u>140,000</u> | <u>-</u> |
| | <u>135,228</u> | <u>600,000</u> |

5. TANGIBLE CAPITAL ASSETS

| | Computer equipment \$ | Furniture and fixtures \$ | Total \$ |
|---|-----------------------------|------------------------------------|---------------|
| Cost - April 1, 2021 | 6,966 | 16,820 | 23,786 |
| Additions | <u>2,479</u> | <u>-</u> | <u>2,479</u> |
| Cost - March 31, 2022 | <u>9,445</u> | <u>16,820</u> | <u>26,265</u> |
| Accumulated depreciation - April 1, 2021 | 2,353 | 4,710 | 7,063 |
| Depreciation | <u>1,170</u> | <u>2,422</u> | <u>3,592</u> |
| Accumulated depreciation - March 31, 2022 | <u>3,523</u> | <u>7,132</u> | <u>10,655</u> |
| Net book value - March 31, 2022 | <u>5,922</u> | <u>9,688</u> | <u>15,610</u> |
| Net book value - March 31, 2021 | <u>4,613</u> | <u>12,110</u> | <u>16,723</u> |

6. ACCUMULATED SURPLUS

| | 2022 | 2021 |
|-------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Invested in prepaids | 1,609 | 2,241 |
| Invested in tangible capital assets | 15,610 | 16,723 |
| General funds | <u>593,956</u> | <u>329,618</u> |
| | <u>611,175</u> | <u>348,582</u> |

7. COMMITMENT

The Corporation leases its office premises, requiring annual rent payments and variable operating costs until February 28, 2026, as follows:

| | \$ |
|------|--------|
| 2023 | 66,255 |
| 2024 | 66,255 |
| 2025 | 66,255 |
| 2026 | 60,733 |

8. CONTINGENCY

The Corporation entered into an agreement with the Minister of Industry representing the Government of Canada for the financial support of the Computers for Schools program in Nova Scotia. Computers for Schools supports the collection and refurbishment of surplus federal and donated private sector computers and their delivery to schools, libraries and other not-for-profit organizations, federal departments, provincial and territorial governments.

9. ECONOMIC DEPENDENCE

The major source of funding for the Corporation comes from the Department of Education and Early Childhood Development of the Province of Nova Scotia.

10. PENSION PLAN ADMINISTRATION

The Nova Scotia Education Common Services Bureau Pension Plan provides pension benefits for the non-teaching employees of participating entities of the Nova Scotia Education Common Services Bureau including the Corporation's employees. A pension plan is a reporting entity separate from a sponsor and the plan participants.

10. PENSION PLAN ADMINISTRATION (Continued)

As such, these financial statements do not reflect information about the pension plan, including net assets available for benefits and the pension obligations. The pension plan releases independently audited financial statements.

The Corporation is not responsible for any material retirement, post-employment, compensated absences or termination benefits.

11. GOVERNMENT ASSISTANCE

| | 2022 | 2021 |
|---|------------------|----------------|
| | \$ | \$ |
| Province of Nova Scotia - Department of Education and Early Childhood Development: | | |
| Strategic procurement | 2,300,000 | - |
| Before and After School | 81,413 | - |
| Assistive Technologies | 523,359 | - |
| General operations | <u>372,900</u> | <u>515,000</u> |
| | 3,277,672 | 515,000 |
| Province of Nova Scotia - Department of Communities, Culture, Tourism and Heritage: | | |
| School Sport Nova Scotia | <u>15,000</u> | <u>-</u> |
| | <u>3,292,672</u> | <u>515,000</u> |

12. FINANCIAL INSTRUMENTS

Risks and concentrations

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at March 31, 2022.

It is management's opinion that the Corporation is not exposed to significant market, currency, interest rate or other price risk from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of cash and accounts receivable. The Corporation deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote.

12. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The Corporation is exposed to credit risk from accounts receivable. The Corporation believes this credit risk is minimized as the receivables are primarily due from government organizations and other well established, creditworthy organizations. A provision for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Sufficient financing facilities are in place should cash requirements exceed cash generated from operations.

13. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

NOVA SCOTIA EDUCATION COMMON SERVICES BUREAU
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

15

| | 2022 | 2021 |
|--------------------------------|------------------|----------------|
| | \$ | \$ |
| ADMINISTRATION | | |
| Amortization | 3,592 | 9,109 |
| Bad debt | - | 3,954 |
| Consulting | 3,926 | 3,066 |
| Insurance | 3,837 | 2,952 |
| Miscellaneous | 47 | - |
| Occupancy | 74,963 | 70,190 |
| Office | 12,162 | 4,747 |
| Postage and shipping | 58 | 70 |
| Professional fees | 18,464 | 16,233 |
| Repairs and maintenance | 3,440 | 3,208 |
| Salaries and benefits | 211,823 | 98,408 |
| Utilities | <u>5,390</u> | <u>7,191</u> |
| | <u>337,702</u> | <u>219,128</u> |
| PROGRAMS AND COMMITTEES | | |
| Assistive technologies | 520,707 | 40,536 |
| External | - | 3,991 |
| Recruitment | 35 | - |
| School sport | 35,780 | - |
| Special projects | 76,104 | - |
| Strategic procurement | <u>2,150,000</u> | <u>-</u> |
| | <u>2,782,626</u> | <u>44,527</u> |