

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Financial Statements
Year Ended March 31, 2024

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(Second Stage Housing Association of Dartmouth)
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Year Ended March 31, 2024

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LYLE TILLEY DAVIDSON
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Alice House Second Stage Housing Association of Dartmouth

Qualified Opinion

We have audited the financial statements of Alice House, Second Stage Housing Association of Dartmouth, (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations, fundraising and rental activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets and net assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Alice House *(continued)*

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.



Halifax, Nova Scotia
June 26, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 278,187	\$ 281,301
HST rebate receivable	13,845	22,354
Prepaid expenses	1,528	-
	<u>293,560</u>	<u>303,655</u>
CASH & INVESTMENTS - RESTRICTED		
Capital reserve (Note 4)	211,307	205,455
Operating reserve (Notes 4, 5)	507,177	478,159
Security deposits	5,142	5,599
	<u>1,017,186</u>	<u>992,868</u>
CAPITAL ASSETS (Note 7)	601,361	506,625
INVESTMENT FUND (Notes 5, 6)	39,096	37,801
COPYRIGHT & TRADEMARK (Note 8)	4,926	4,926
	<u>\$ 1,662,569</u>	<u>\$ 1,542,220</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 24,414	\$ 39,924
Security deposits	6,820	5,549
Deferred revenue (Note 9)	76,917	44,719
	<u>108,151</u>	<u>90,192</u>
LONG TERM DEFERRED GOVERNMENT GRANTS (Note 10)	164,307	173,074
	<u>272,458</u>	<u>263,266</u>
NET ASSETS		
Unrestricted	63,838	129,053
Capital Reserve (Note 4)	361,307	305,455
Operating Reserve (Note 4)	507,177	490,159
Investment in Capital Assets	457,789	354,287
	<u>1,390,111</u>	<u>1,278,954</u>
	<u>\$ 1,662,569</u>	<u>\$ 1,542,220</u>

LEASE COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Revenues and Expenditures
Year Ended March 31, 2024

	2024	2023
REVENUE (Schedule 1)	\$ 237,599	\$ 173,371
EXPENDITURES (Schedule 1)	265,062	186,530
	(27,463)	(13,159)
OTHER REVENUE		
Province of Nova Scotia	381,756	397,270
United Way	30,000	32,528
Donations and fundraising	614,133	668,509
Investment income (Note 5)	24,657	(934)
Criminal Injuries Justice Fund	-	7,740
	1,050,546	1,105,113
OTHER EXPENDITURES		
Administration	41,097	33,881
Fundraising expenses	5,433	4,224
Professional fees (Note 11)	78,598	68,917
Program	35,241	28,378
Property management	5,111	-
Public relations	3,809	552
Rental	31,935	34,268
Repairs and maintenance	8,631	20,279
Salaries and wages	667,821	623,332
Telephone and technology	21,215	21,413
Travel	2,120	4,609
Utilities	10,915	10,209
	911,926	850,062
EXCESS OF REVENUE OVER OTHER EXPENDITURES	\$ 111,157	\$ 241,892

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Unrestricted	Capital Reserve	Operating Reserve	Investment in Capital Assets	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 129,053	\$ 305,455	\$ 490,159	\$ 354,287	\$ 1,278,954	\$ 1,037,062
Excess of revenue over other expenditures	105,305	5,852	-	-	111,157	241,892
Purchase of capital assets	(120,863)	-	-	120,863	-	-
Amortization	26,128	-	-	(26,128)	-	-
Amortization of deferred government grants	(8,767)	-	-	8,767	-	-
Changes in investments <i>(Note 5)</i>	(17,018)	-	17,018	-	-	-
Transfers to reserves	(50,000)	50,000	-	-	-	-
NET ASSETS - END OF YEAR	\$ 63,838	\$ 361,307	\$ 507,177	\$ 457,789	\$ 1,390,111	\$ 1,278,954

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Statement of Unrestricted Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over other expenditures	\$ 111,157	\$ 241,892
Items not affecting cash:		
Amortization of capital assets	26,128	25,356
Amortization of deferred government grants	(8,767)	(9,493)
Unrealized gain on investments	368	16,588
Reinvested income	(814)	(271)
Gain on sale of investments	-	(9,121)
Foreign exchange loss	(22)	591
	<u>128,050</u>	<u>265,542</u>
Changes in non-cash working capital:		
HST rebate receivable	8,509	11,040
Accounts payable and accrued liabilities	(15,508)	(8,881)
Deferred revenue	32,198	(58,936)
Security deposits - net	1,271	841
Prepaid expenses	(1,528)	-
	<u>24,942</u>	<u>(55,936)</u>
Cash flow from operating activities	<u>152,992</u>	<u>209,606</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(120,863)	(26,773)
Increase in investments - net	(36,538)	(11,700)
Increase in investment fund	1,295	113
	<u>(156,106)</u>	<u>(38,360)</u>
Cash flow used by investing activities	<u>(156,106)</u>	<u>(38,360)</u>
FINANCING ACTIVITY		
Long term deferred government grants	-	21,160
	<u>-</u>	<u>21,160</u>
INCREASE (DECREASE) IN CASH FLOW	(3,114)	192,406
Cash - beginning of year	<u>281,301</u>	<u>88,895</u>
CASH - END OF YEAR	\$ 278,187	\$ 281,301

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2024

1. PURPOSE OF THE ASSOCIATION

Alice House (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 Association operates to provide second stage housing and support counselling for women and children leaving domestic abuse.

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 (ASNPO).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. 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.

Cash

Cash includes cash held in Canadian financial institutions, net of any outstanding transactions.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	4%
Equipment	20%
Computer equipment	30%

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant accounting estimates in these financial statements include allowance for doubtful accounts, the estimated useful lives of capital assets and accrued liabilities.

Long-term deferred government grant

The long-term deferred government grants include the cost of the Drop-in Centre/Office, building and equipment, which were fully funded by an Human Resources Development Canada grant and a forgivable loan received through Housing Nova Scotia's Shelter Improvement Program for various capital improvements to the Association's properties. The grants are capitalized and amortized at a rate equal to amortization of the related capital assets.

Government assistance

The Association receives shelter enhancement funding to cover the cost of the repairs on the rental properties. This funding is recorded in the year it is received and is included in grants revenue.

Contributed services and materials

Volunteers contribute many hours per year to assist the Association in carrying out its activities. As well, the Association accepts various household items, clothes and food as donations that the women are able to take. Due to the difficulty in determining their fair value, contributed services and materials are not recognized in the financial statements.

Revenue recognition

Alice House follows the deferral method of accounting for contributions.

Restricted contributions and government assistance are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

3. 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 Association's financial instruments consist of cash, accounts receivable, operating reserve investments, investment fund and accounts payable. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2024.

(continues)

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Notes to Financial Statements
Year Ended March 31, 2024

3. FINANCIAL INSTRUMENTS (continued)

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 tenants. Accounts receivable is minimal which reduces credit risk.

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 donors and other related sources, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investment in quoted shares.

4. RESERVE FUNDS

Capital Reserve (Formerly Replacement Reserve)

As part of its 5 year strategic plan, finalized in March 2020, Alice House established a Capital Reserve to ensure the growth and expansion of the Association is supported. The objectives of the reserve are to enable the Association to renovate or maintain current Alice House properties and to purchase or lease third stage housing opportunities, expand second stage housing stock or acquire additional program or administration space to meet growth demands. The reserve is composed of available unrestricted net assets that the board has designated for the Capital Reserve. The target amount to be attained and maintained for the Capital Reserve balance is \$500,000. As at March 31, 2024 the balance is \$361,307 (2023 - \$305,455).

Operating Reserve

The Operating Reserve was established in March 2009 and is to be used to ensure the long-term financial stability of the Association and position it to respond to varying economic conditions and changes affecting financial position and the ability of the Association to continuously carry out its mission. The target amount to be attained and maintained for the Operating Reserve is approximately 50% of annual operating expenses, or about 6 months of expenses on average. The Executive Director may access up to \$45,000 of the reserve fund for purposes as outlined in the objectives of the Operating Reserve policy. As at March 31, 2024 the balance is \$507,177 (2023 - \$490,159).

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2024

5. INVESTMENTS

	2024	2023
<u>Income (loss)</u>		
Interest Income	\$ 19,729	\$ 3,315
Other investment income	3,979	3,696
Increase in endowment fund value	1,295	113
Unrealized loss	(368)	(16,588)
Realized gain on sale of investments	-	9,121
Foreign exchange gain (loss)	22	(591)
	\$ 24,657	\$ (934)

Holdings at market value

<u>Operating reserve</u>		
Cash and short-term investments	\$ 3,261	\$ 5,760
Mutual funds	30,055	1,050
Equities and fixed income	473,861	471,349
	507,177	478,159
 Investment fund	 39,096	 37,801
	\$ 546,273	\$ 515,960

Change in investment value

<u>Operating reserve</u>		
Beginning value	\$ 478,159	\$ 478,226
Purchases	12,000	-
Interest income	13,385	3,315
Other investment income	3,979	3,696
Unrealized loss on investments	(368)	(16,588)
Donated shares	-	980
Realized gain on sale of investments	-	9,121
Foreign exchange gain (loss)	22	(591)
	\$ 507,177	\$ 478,159

6. INVESTMENT FUND (ALICE HOUSING FUND)

In 2011, Alice House entered into an agreement with The Community Foundations of Canada (Foundation) to establish the The Alice House Fund (the "Fund") with an initial gift of \$25,000. Per their agreement, the Foundation will provide administrative, fund development, and grant making expertise and promotion of The Alice House Fund.

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ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2024

6. INVESTMENT FUND (ALICE HOUSING FUND) (continued)

The Fund is invested by the Foundation and any investment income or donations received shall be disbursed on an annual basis to Alice House. At Alice House's discretion, the income may be paid to Alice Housing or reinvested in the Fund.

The Fund will be held permanently by the Foundation until the agreement is amended, or Alice House ceases to exist. In the event Alice House ceases to exist, the contribution will remain with the Foundation to support other charities or charitable causes as determined by Alice House. Should the Foundation cease to exist, Alice House would receive their proportionate share of the market value of the investments in the Foundation represented by the Fund.

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Unit A	\$ 441,179	\$ 231,106	\$ 210,073	\$ 97,255
Unit B	131,834	106,363	25,471	27,334
Duplex 1	75,471	46,453	29,018	31,067
Duplex 2	55,308	40,308	15,000	16,298
Unit E 1	157,235	53,892	103,343	106,399
Unit E 2	175,828	67,023	108,805	113,348
Drop-in centre/office	245,764	136,113	109,651	114,924
	\$ 1,282,619	\$ 681,258	\$ 601,361	\$ 506,625

8. COPYRIGHT AND TRADEMARK

The Association obtained the copyright and trademark of their Healing the Bruises Program. This is an internally developed children's program used to assist youth in their rehabilitation and recovery from abusive relationships. It is the intention of the Association to lend or licence the use of this program to other similar organizations.

9. DEFERRED REVENUE

	2024	2023
Deferred rent revenue	\$ 793	\$ 12,219
Deferred grants	76,124	32,500
	\$ 76,917	\$ 44,719

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)

Notes to Financial Statements

Year Ended March 31, 2024

10. LONG TERM DEFERRED GOVERNMENT GRANTS

The Association has received three government grants to cover the office building and equipment capital cost, and improvements at rental properties. The Human Resources Development Canada grant was received in the 2005 year end, the Housing Nova Scotia forgivable loan was received in the 2018 year end, and the Halifax Regional Municipality grant was received in the 2023 year end. These grants are recognized into income at the same rate that related assets are amortized each year.

	2024	2023
Human Resources Development Canada grant	\$ 99,909	\$ 105,183
Housing Nova Scotia's Shelter Improvement Program	44,076	47,154
Halifax Regional Municipality	20,322	20,737
	\$ 164,307	\$ 173,074

11. PROFESSIONAL FEES

	2024	2023
Audit	\$ 9,222	\$ 5,292
Bookkeeping	4,753	4,890
HR consulting	7,886	21,686
Legal	12,367	3,225
Program development	44,370	33,824
	\$ 78,598	\$ 68,917

12. LEASE COMMITMENTS

The Association has a long term lease with respect to certain equipment and premises. The premises lease includes payments for property taxes, property management and other operating expenses. Future minimum lease payments as at March 31, 2024, are as follows:

	Premises	Equipment	Total
2025	\$ 18,563	\$ 1,542	\$ 20,105
2026	17,016	1,542	18,558
	\$ 35,579	\$ 3,084	\$ 38,663

ALICE HOUSE
(Second Stage Housing Association of Dartmouth)
Schedule of Earnings from Operations
Year Ended March 31, 2024

(Schedule 1)

	Unit E	Unit A	Unit B	Duplex 1 & 2	Total 2024	Total 2023
REVENUE						
Rental revenue	\$ 26,290	\$ 54,373	\$ 45,740	\$ 29,795	\$ 156,198	\$ 172,521
Washers and dryers	-	40	182	160	382	850
Insurance proceeds	-	81,019	-	-	81,019	-
	26,290	135,432	45,922	29,955	237,599	173,371
EXPENDITURES						
Amortization	6,636	6,879	1,440	2,406	17,361	15,863
Heat	-	10,951	4,900	7,303	23,154	26,379
Insurance	1,670	3,070	1,651	2,430	8,821	8,709
Power	5,756	3,142	746	1,140	10,784	8,311
Program	-	-	22	-	22	-
Property management	4,115	11,732	4,230	5,923	26,000	-
Property taxes	1,416	1,288	1,272	2,135	6,111	5,265
Repairs	4,125	98,524	5,297	18,458	126,404	97,266
Security	7,970	10,322	8,773	9,952	37,017	15,678
Water	2,098	2,504	1,800	2,986	9,388	9,059
	33,786	148,412	30,131	52,733	265,062	186,530
EARNINGS (LOSS) FROM OPERATIONS	\$ (7,496)	\$ (12,980)	\$ 15,791	\$ (22,778)	\$ (27,463)	\$ (13,159)