

GAELIC COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2021

GAELIC COLLEGE FOUNDATION

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13
Schedule of Craft Shop	14



**63 Charlotte Street
P.O. Box 298
Sydney, NS B1P 6H1**

**Tel: 902-539-1870
Fax: 902-539-9719
rpa@rpacpa.ca**

INDEPENDENT AUDITORS' REPORT

To the Board Members of:
Gaelic College Foundation

Qualified Opinion

We have audited the financial statements of Gaelic College Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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 of the Foundation are prepared, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditures, assets and net assets.

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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 CASSs, 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 Foundation'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 Foundation'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 Foundation 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.

Sydney, Nova Scotia
September 22, 2021



Chartered Professional Accountants

GAELIC COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT		
Accounts receivable (Note 3)	\$ 19,874	\$ 34,661
Inventory	84,008	76,749
Prepaid expenses	<u>11,323</u>	<u>10,111</u>
	115,205	121,521
CAPITAL ASSETS (NOTE 4)	4,929,552	4,867,688
INTANGIBLE ASSETS (NOTE 5)	<u>31,195</u>	<u>46,792</u>
	<u>\$ 5,075,952</u>	<u>\$ 5,036,001</u>


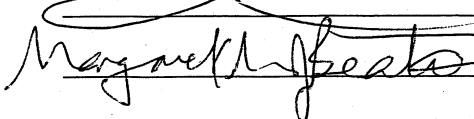
LIABILITIES

CURRENT		
Bank indebtedness (Note 6)	\$ 231,455	\$ 191,401
Bank loans (Note 7)	996,562	996,562
Accounts payable and accrued liabilities (Note 8)	134,456	240,425
Deferred revenue (Note 9)	33,487	31,776
Current portion of long term debt	<u>12,500</u>	<u>12,500</u>
	1,408,460	1,472,664
LONG TERM DEBT (NOTE 10)	52,500	25,000
DEFERRED CONTRIBUTIONS (NOTE 11)	<u>2,607,712</u>	<u>2,605,158</u>
	<u>4,068,672</u>	<u>4,102,822</u>

NET ASSETS

INVESTMENT IN LONG TERM ASSETS (NOTE 14)	1,331,474	1,275,260
UNRESTRICTED	(324,194)	(342,081)
	<u>1,007,280</u>	<u>933,179</u>
	<u>\$ 5,075,952</u>	<u>\$ 5,036,001</u>

APPROVED ON BEHALF OF THE BOARD:

 Board Member
 Board Member

Gaelic College Foundation

Statement of Operations

For the Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Admissions	\$ -	\$ 48,334
Concerts and special events	8,227	26,468
Craft shop (Schedule 1)	62,124	357,410
Facility rental	15,975	189,472
General (Note 15)	504,780	182,003
Kitchen	28,997	253,876
KitchenFest!	258,897	314,507
Provincial grant	230,000	230,000
School	<u>125,005</u>	<u>267,658</u>
	<u>1,234,005</u>	<u>1,869,728</u>
EXPENDITURES		
Administrative	176,847	208,849
Concerts and special events	5,755	13,983
Craft shop (Schedule 1)	96,439	287,083
Facility rental	76,720	175,071
General	130,477	181,125
Kitchen	57,316	227,899
KitchenFest!	195,182	237,370
Maintenance	76,208	86,435
Marketing and hall operations	40,348	96,040
School	<u>167,766</u>	<u>237,247</u>
	<u>1,023,058</u>	<u>1,751,102</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS	<u>210,947</u>	<u>118,626</u>
OTHER ITEMS		
Amortization of capital assets	151,092	149,549
Amortization of intangible assets	15,597	15,597
Interest on bank loans	41,966	37,161
Amortization of deferred contributions	<u>(71,809)</u>	<u>(72,667)</u>
	<u>136,846</u>	<u>129,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ <u>74,101</u>	\$ <u>(11,014)</u>

GAELIC COLLEGE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>Investment in Long Term Assets</u>	<u>Unrestricted</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,275,260	\$ (342,081)	\$ 933,179	\$ 944,193
Excess (deficiency) of revenues over expenditures	-	74,101	74,101	(11,014)
Net change in investment in long term assets (note 14)	<u>56,214</u>	<u>(56,214)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,331,474</u>	<u>\$ (324,194)</u>	<u>\$ 1,007,280</u>	<u>\$ 933,179</u>

Gaelic College Foundation

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Cash provided by operations		
Excess (deficiency) of revenues over expenditures	\$ 74,101	\$(11,014)
Add: charges to income not involving cash		
Amortization of capital assets	151,092	149,549
Amortization of intangible assets	15,597	15,597
Amortization of deferred contributions	(71,809)	(72,667)
Forgiveness of long term debt	(20,000)	-
	148,981	81,465
Net change in non-cash working capital		
Accounts receivable	14,787	17,001
Inventory	(7,259)	7,855
Prepaid expenses	(1,212)	(1,841)
Accounts payable and accrued liabilities	(105,969)	51,798
Deferred revenue	<u>1,712</u>	<u>(49,395)</u>
	<u>51,040</u>	<u>106,883</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	60,000	-
Repayment of long term debt	(12,500)	(12,500)
Proceeds from bank loans	-	203,313
Repayment of bank loans	<u>-</u>	<u>(6,751)</u>
	<u>47,500</u>	<u>184,062</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(212,956)	(187,233)
Government contributions for long term assets	<u>74,362</u>	<u>-</u>
	<u>(138,594)</u>	<u>(187,233)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(40,054)	103,712
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(191,401)	(295,113)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$(231,455)</u>	<u>\$(191,401)</u>

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

1. DESCRIPTION OF ORGANIZATION

The Gaelic College Foundation (the "Foundation") is a not-for-profit organization incorporated under an Act of the Nova Scotia Legislature. The objectives of the Foundation are to promote the language, music, dance and craft that came from the Highlands of Scotland. The Foundation is a registered charity under the Income Tax Act and is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and Cash Equivalents

Cash is defined as cash on hand, balances with banks and bank overdrafts, net of cheques issued and outstanding at the reporting date.

(b) Inventory

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of inventories include raw materials and direct labour costs.

(c) Capital Assets

Capital assets are recorded at cost and amortized on the basis of their useful life using the following methods and rates:

Buildings	5 - 60 years straight-line
Sewage treatment facility	40 years straight-line
Paving	10 years straight-line
Equipment and furnishings	20% declining balance
Vehicles	20 - 30% declining balance
Signage	30% declining balance

(d) Intangible Assets

Intangible assets are recognized at cost and amortized on the basis of their useful life using the straight-line method at the following rates:

Website	5 years straight-line
Atlantic Gaelic Academy	5 years straight-line

(e) Contributed Materials and Services

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Gaelic College Foundation

Notes to the Financial Statements

March 31, 2021

2. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition

The Foundation follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation recognizes revenues for school, facility rentals, kitchen, concerts and special events as services are provided. Craft shop revenues are recognized at the point of sale.

(g) Financial Instruments

The Society initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost. Financial instruments measured at amortized cost include accounts receivable, bank indebtedness, bank loans, accounts payable and accrued liabilities and long term debt.

(h) Use of Estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that may affect the reported amount of assets, liabilities, revenues and expenses. These estimates are reviewed periodically with any required adjustments made in the year in which they become known.

3. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Trade	\$ 7,800	\$ 26,608
Wage subsidy	12,074	18,053
Allowance for doubtful accounts	<u>-</u>	<u>(10,000)</u>
	<u>\$ 19,874</u>	<u>\$ 34,661</u>

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2021</u>	<u>Net 2020</u>
Land and improvements	\$ 110,688	\$ -	\$ 110,688	\$ 110,688
Buildings				
Administration complex	1,422,695	299,413	1,123,282	1,146,996
Amphitheatre	158,724	158,724	-	-
Clachan	253,775	130,610	123,165	127,394
Classroom and student residence buildings	1,044,041	639,403	404,638	422,039
Exercise pad	11,350	924	10,426	10,615
Hall of Clans	1,510,960	768,436	742,524	767,706
Mabou campus	937,609	-	937,609	808,509
Mackenzie Hall	1,391,586	738,090	653,496	676,689
Main	298,064	181,248	116,816	121,784
Pavilion	61,075	3,563	57,512	58,530
Sheds	21,219	21,219	-	-
Steele building	147,048	11,766	135,282	137,732
Washrooms building	74,362	620	73,742	-
Sewage treatment facility	454,129	142,949	311,180	322,533
Paving	56,670	36,000	20,670	26,337
Equipment and furnishings	807,047	732,198	74,849	93,561
Vehicles	86,710	69,273	17,437	13,381
Signage	<u>86,640</u>	<u>70,404</u>	<u>16,236</u>	<u>23,194</u>
	<u>\$ 8,934,392</u>	<u>\$ 4,004,840</u>	<u>\$ 4,929,552</u>	<u>\$ 4,867,688</u>

During the year, the Foundation invested \$129,099 (2020 - \$7,631) in additions to the Mabou campus building that are still in progress. Accordingly, no amortization was taken on this amount.

5. INTANGIBLE ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2021</u>	<u>Net 2020</u>
Website	\$ 10,750	\$ 6,450	\$ 4,300	\$ 6,450
Atlantic Gaelic Academy	<u>67,236</u>	<u>40,341</u>	<u>26,895</u>	<u>40,342</u>
	<u>\$ 77,986</u>	<u>\$ 46,791</u>	<u>\$ 31,195</u>	<u>\$ 46,792</u>

6. BANK INDEBTEDNESS

The Foundation has an established line of credit of \$250,000 that bears interest at a rate of prime plus 1.00%. At March 31, 2021, the balance outstanding was \$255,883 (2020 - \$246,450). Security on the line of credit is described in Note 7.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

7. BANK LOANS

	<u>2021</u>	<u>2020</u>
<u>East Coast Credit Union Limited</u>		
Mortgage at 4.44% interest, due on demand, repayable in blended monthly installments of \$4,091, maturing in November 2039.	\$ 643,249	\$ 643,249
Loan at prime plus 1% interest, due on demand, repayable in blended monthly installments of \$4,725, maturing in June 2039.	353,313	353,313
Security for these loans and the line of credit is a first charge on land and buildings that have a net book value of \$4,489,181 and a general security agreement over all present and after acquired assets including equipment, inventory and receivables.		
	<u>\$ 996,562</u>	<u>\$ 996,562</u>

During the year, the Foundation amended its credit agreement with East Coast Credit Union Limited for payment relief. Under the amended terms, payments on each of the above loans, as well as interest on the line of credit, are deferred for six months. During this period, interest will continue to accrue.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 120,444	\$ 194,904
Accrued wages and benefits	19,614	24,685
HST (receivable) payable	<u>(5,602)</u>	<u>20,836</u>
	<u>\$ 134,456</u>	<u>\$ 240,425</u>

9. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 31,776	\$ 81,170
Less: amount recognized as revenue in the year	(15,152)	(81,170)
Plus: amount received related to the following year	<u>16,863</u>	<u>31,776</u>
Balance, end of year	<u>\$ 33,487</u>	<u>\$ 31,776</u>

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

10. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
<u>Atlantic Gaelic Academy Inc.</u>		
Non-interest bearing loan with semi-annual payments of \$6,250 due on May 15th and November 15th each year, maturing in November 2022.	\$ 25,000	\$ 37,500
<u>East Coast Credit Union Limited - Canada Emergency Business Account</u>		
Federal government \$60,000 interest free loan. Loan forgiveness of 25% of the first \$40,000 and 50% of the remaining \$20,000 is recognized as revenue in the year received under the assumption that the non-forgiveable portion will be paid back on or before December 31, 2022. If the balance is not paid by December 31, 2022, the loan forgiveness will be reversed and the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2023. The full balance must be repaid no later than December 31, 2025.	<u>40,000</u>	<u>-</u>
	65,000	37,500
Less - current portion	<u>12,500</u>	<u>12,500</u>
	<u>\$ 52,500</u>	<u>\$ 25,000</u>

Estimated principal payments for the next two years are as follows:

2022	\$ 12,500
2023	52,500

11. DEFERRED CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 2,605,158	\$ 2,823,596
Add - contributions received	<u>74,363</u>	<u>-</u>
	2,679,521	2,823,596
Less - amortized amounts	(71,809)	(72,667)
- transferred to capital assets	<u>-</u>	<u>(145,771)</u>
Balance, end of year	<u>\$ 2,607,712</u>	<u>\$ 2,605,158</u>

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

12.COVID-19

In March 2020, the COVID-19 global pandemic spread to Nova Scotia and has significantly impacted the economy by reducing the operations of the majority of non-essential businesses and organizations. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report and management is continually monitoring the situation. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity and future results of operations.

13.SUBSEQUENT EVENTS

MABOU CAMPUS

In March 2021, the Province announced that it would contribute \$1.92 million to assist in the renovation of the Foundation's Mabou campus. The Foundation received the funds in April 2021 and used part of the proceeds to retire its bank loans described in Note 7.

In May 2021, the Foundation entered into an agreement with Atlantic Opportunities Agency for a non-repayable contribution of up to \$958,257 to assist in the renovation of the Foundation's Mabou campus. Completion of the project is to occur on or before December 31, 2021.

14.INVESTMENT IN LONG TERM ASSETS

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ <u>1,275,260</u>	\$ <u>1,364,568</u>
Add - purchase of capital assets	212,956	187,233
- purchase of intangible assets	-	-
- principal repayment of bank loans	-	6,751
- principal repayment of long term debt	12,500	12,500
- amortization of deferred contributions	71,809	72,667
Less - amortization of capital assets	(151,092)	(149,549)
- amortization of intangible assets	(15,597)	(15,597)
- issuance of bank loans	-	(203,313)
- Government contributions for capital assets	<u>(74,362)</u>	<u>-</u>
	<u>56,214</u>	<u>(89,308)</u>
Balance, end of year	\$ <u>1,331,474</u>	\$ <u>1,275,260</u>

Gaelic College Foundation

Notes to the Financial Statements

March 31, 2021

15. General Revenue

	<u>2021</u>	<u>2020</u>
Employment grants	\$ 2,913	\$ 58,486
Department of Communities, Culture and Heritage - Covid 19	75,000	-
Department of Heritage grant	14,620	-
Canada Emergency Wage Subsidy	335,225	-
Canada Emergency Business Account loan forgiveness	20,000	-
Celtic Colours	-	20,119
Donations	56,710	70,551
Fundraising and other	<u>312</u>	<u>32,847</u>
	<u>\$ 504,780</u>	<u>\$ 182,003</u>

16. Financial Instruments

The financial risks to which the Foundation is exposed through its financial instruments are credit risk, liquidity risk and interest rate risk.

a) Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Foundation by failing to discharge an obligation. The Foundation is exposed to credit risk from its accounts receivable. The Foundation provides credit to its customers in the normal course of its operations.

b) Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk arising primarily from its obligations associated with its bank loans and accounts payable and accrued liabilities.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the Foundation to changes in related future cash flows.

GAELIC COLLEGE FOUNDATION

SCHEDULE 1

SCHEDULE OF CRAFT SHOP

FOR THE YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
SALES	\$ 62,124	\$ 357,410
COST OF GOODS SOLD	<u>33,040</u>	<u>180,204</u>
GROSS PROFIT	<u>29,084</u>	<u>177,206</u>
EXPENDITURES		
Office	2,612	8,840
Repairs & maintenance	-	538
Travel	-	227
Utilities	4,293	6,515
Wages and benefits	<u>56,494</u>	<u>90,759</u>
	<u>63,399</u>	<u>106,879</u>
(LOSS) EARNINGS FROM OPERATIONS	\$ <u>(34,315)</u>	\$ <u>70,327</u>