

GAELIC COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2024

GAELIC COLLEGE FOUNDATION

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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, 2024, 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 donations and 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 CASs, 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
June 12, 2024



Chartered Professional Accountants

GAELIC COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT		
Accounts receivable (Note 3)	\$ 241,483	\$ 7,691
Inventory	67,637	71,002
Prepaid expenses	<u>16,497</u>	<u>14,426</u>
	325,617	93,119
EXTERNALLY RESTRICTED - ENDOWMENT FUND (NOTE 4)	12,305	10,848
CAPITAL ASSETS (NOTE 5)	<u>7,783,287</u>	<u>7,166,660</u>
	<u>\$ 8,121,209</u>	<u>\$ 7,270,627</u>

LIABILITIES

CURRENT		
Bank indebtedness (Note 7)	\$ 260,976	\$ 197,897
Bank loan (Note 8)	569,631	-
Accounts payable and accrued liabilities (Note 9)	160,003	335,282
Deferred revenue (Note 10)	132,445	115,098
Current portion of long term debt (Note 11)	-	40,000
Current portion of obligations under capital lease (Note 12)	<u>28,981</u>	<u>-</u>
	1,152,036	688,277
OBLIGATIONS UNDER CAPITAL LEASE (NOTE 12)	102,692	-
DEFERRED CONTRIBUTIONS (NOTE 13)	<u>5,998,162</u>	<u>5,665,465</u>
	<u>7,252,890</u>	<u>6,353,742</u>

NET ASSETS

EXTERNALLY RESTRICTED - ENDOWMENT FUND	12,305	10,848
INVESTMENT IN LONG TERM ASSETS (NOTE 14)	1,083,820	1,501,195
UNRESTRICTED	<u>(227,806)</u>	<u>(595,158)</u>
	<u>868,319</u>	<u>916,885</u>
	<u>\$ 8,121,209</u>	<u>\$ 7,270,627</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Board Member

_____ Board Member

GAELIC COLLEGE FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
REVENUES		
Admissions	\$ 44,625	\$ 39,793
Concerts and special events	29,909	21,563
Craft shop (Schedule 1)	270,703	230,116
Facility rental	185,346	151,071
General (Note 15)	490,446	292,674
Kitchen	213,420	179,427
KitchenFest!	306,751	290,290
Provincial grant	230,000	230,000
School	357,433	280,222
Beinn Mhàbu	<u>209,709</u>	<u>-</u>
	<u>2,338,342</u>	<u>1,715,156</u>
EXPENDITURES		
Administrative	184,131	221,456
Concerts and special events	18,508	14,359
Craft shop (Schedule 1)	220,171	179,858
Facility rental	168,752	153,821
General	205,743	189,560
Kitchen	191,098	184,293
KitchenFest!	288,506	251,891
Maintenance	120,394	94,961
Marketing and hall operations	77,209	65,950
School	310,612	255,883
Beinn Mhàbu	<u>439,681</u>	<u>-</u>
	<u>2,224,805</u>	<u>1,612,032</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS	<u>113,537</u>	<u>103,124</u>
OTHER ITEMS		
Amortization of capital assets	198,413	139,324
Amortization of intangible assets	-	15,597
Interest on capital lease	7,896	-
Interest on bank loans	19,468	-
Amortization of deferred contributions	<u>(63,674)</u>	<u>(62,367)</u>
	<u>162,103</u>	<u>92,554</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	<u>\$(48,566)</u>	<u>\$ 10,570</u>

GAELIC COLLEGE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>Endowment</u>	<u>Investment</u>			
	<u>Fund</u>	<u>in Long</u>	<u>Unrestricted</u>	<u>2024</u>	<u>2023</u>
		<u>Term Assets</u>			
Balance, beginning of year	\$ 10,848	\$1,501,195	\$ (595,158)	\$ 916,885	\$ 906,315
(Deficiency) excess of revenues over expenditures	-	-	(48,566)	(48,566)	10,570
Net investment income	1,457	-	(1,457)	-	-
Net change in investment in long term assets (note 14)	<u>-</u>	<u>(417,375)</u>	<u>417,375</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>12,305</u>	\$ <u>1,083,820</u>	\$ <u>(227,806)</u>	\$ <u>868,319</u>	\$ <u>916,885</u>

GAELIC COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Cash provided by operations		
(Deficiency) excess of revenues over expenditures	\$(48,566)	\$ 10,570
Add: charges to income not involving cash		
Amortization of capital assets	198,413	139,324
Amortization of intangible assets	-	15,597
Amortization of deferred contributions	(63,674)	(62,367)
	86,173	103,124
Net change in non-cash working capital		
Accounts receivable	(233,791)	403,346
Inventory	3,365	5,952
Prepaid expenses	(2,072)	(1,558)
Accounts payable and accrued liabilities	(175,281)	(413,244)
Deferred revenue	17,347	40,643
	(304,259)	138,263
FINANCING ACTIVITIES		
Repayment of long term debt	(40,000)	(12,500)
Proceeds from bank loans	587,310	-
Repayment of bank loans	(17,679)	-
Repayment of obligations under capital lease	(10,227)	-
	519,404	(12,500)
INVESTING ACTIVITIES		
Purchase of capital assets	(673,137)	(403,626)
Government contributions for long term assets	396,371	300,000
(Increase) decrease in endowment fund	(1,458)	1,385
	(278,224)	(102,241)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(63,079)	23,522
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(197,897)	(221,419)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$(260,976)	\$(197,897)
NON-CASH TRANSACTIONS:		
Acquisition of property, plant and equipment from capital lease	\$ 141,900	\$ -

Gaelic College Foundation

Notes to the Financial Statements

MARCH 31, 2024

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 operates facilities located in St. Ann's and Mabou, Nova Scotia. 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
Generators	20 years straight line
Equipment and furnishings	20% declining balance
Vehicles	20 - 30% declining balance
Signage	30% declining balance

(d) 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 admissions, school, facility rentals, kitchen, concerts and special events as services are provided. Craft shop revenues are recognized at the point of sale.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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

(f) 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.

(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>2024</u>	<u>2023</u>
Trade	\$ 49,862	\$ 11,191
Province of Nova Scotia - capital grant	75,000	-
Atlantic Canada Opportunities Agency - capital grant	121,371	-
Allowance for doubtful accounts	<u>(4,750)</u>	<u>(3,500)</u>
	<u>\$ 241,483</u>	<u>\$ 7,691</u>

4. ENDOWMENT FUND

On March 31, 2021, the Foundation entered into a charitable endowment fund agreement with The Community Foundation of Nova Scotia Society (the "Society") to establish the Gaelic College Fund. Under the terms of the agreement, the Foundation initially invested \$11,600 with the Society to be used for the disbursement of scholarships for students' tuition at the Foundation. Investment income is earned on the fund net of management and administration fees.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2024</u>	<u>Net 2023</u>
Land and improvements	\$ 110,688	\$ -	\$ 110,688	\$ 110,688
Buildings				
Administration complex	1,429,951	370,607	1,059,344	1,075,860
Amphitheatre	169,086	158,810	10,276	-
Clachan	253,775	143,299	110,476	114,705
Classroom and student residence buildings	1,107,508	692,502	415,006	380,621
Exercise pad	11,350	1,492	9,858	10,047
Hall of Clans	1,518,026	844,043	673,983	692,158
Beinn Mhàbu	3,575,160	29,796	3,545,364	3,204,551
Mackenzie Hall	1,513,191	808,682	704,509	607,110
Main	298,064	196,151	101,913	106,880
Pavilion	61,075	6,617	54,458	55,476
Sheds	22,219	21,227	992	-
Steele building	147,048	19,119	127,929	130,380
Washrooms building	74,362	4,338	70,024	71,264
Sewage treatment facility	465,646	177,153	288,493	288,473
Paving	56,670	53,001	3,669	9,336
Generators	183,078	4,577	178,501	-
Equipment and furnishings	822,886	523,239	299,647	293,802
Vehicles	85,010	79,862	5,148	7,354
Signage	95,393	82,384	13,009	7,955
	<u>\$12,000,186</u>	<u>\$ 4,216,899</u>	<u>\$ 7,783,287</u>	<u>\$ 7,166,660</u>

6. INTANGIBLE ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2024</u>	<u>Net 2023</u>
Website	\$ 10,750	\$ 10,750	\$ -	\$ -
Atlantic Gaelic Academy	<u>67,236</u>	<u>67,236</u>	<u>-</u>	<u>-</u>
	<u>\$ 77,986</u>	<u>\$ 77,986</u>	<u>\$ -</u>	<u>\$ -</u>

7. BANK INDEBTEDNESS

The Foundation has an established line of credit of \$400,00 that bears interest at a rate of prime plus 2.00%. At March 31, 2024, the balance outstanding was \$338,385 (2023 - \$363,221). Security is a first charge on land and buildings that have a net book value of \$6,994,819 and a general security agreement over all present and after acquired assets including equipment, inventory and receivables.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

8. BANK LOAN

	<u>2024</u>	<u>2023</u>
<u>East Coast Credit Union Limited</u>		
Mortgage at 7.00% interest, due on demand, repayable in blended monthly installments of \$5,806, being amortized until September 2038 with a term ending September 2028.	\$ <u>569,631</u>	\$ <u>-</u>

Security for this loan is a first charge on land and buildings that have a net book value of \$6,994,819 and a general security agreement over all present and after acquired assets including equipment, inventory and receivables.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade payables	\$ 127,440	\$ 285,732
Government remittance payable	315	-
Accrued wages and benefits	26,524	30,471
HST payable	<u>5,724</u>	<u>19,079</u>
	<u>\$ 160,003</u>	<u>\$ 335,282</u>

10. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 115,098	\$ 74,455
Less: amount recognized as revenue in the year	(115,098)	(74,455)
Plus: amount received related to the following year	<u>132,445</u>	<u>115,098</u>
Balance, end of year	<u>\$ 132,445</u>	<u>\$ 115,098</u>

11. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
<u>East Coast Credit Union Limited - Canada Emergency Business Account</u>		
Federal government \$60,000 interest free loan, of which \$20,000 was forgiven. Repaid during the year.	\$ -	\$ 40,000
Less - current portion	<u>-</u>	<u>40,000</u>
	<u>\$ -</u>	<u>\$ -</u>

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

12. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2024</u>	<u>2023</u>
Generator lease, 8.95% interest, maturing May 2028	\$ 131,673	\$ -
Current portion	<u>28,981</u>	<u>-</u>
	\$ <u>102,692</u>	\$ <u>-</u>

Minimum lease payments required in the next five years under capital leases are as follows:

2025	37,363
2026	37,363
2027	37,363
2028	37,363
2029	<u>6,227</u>
	155,679
Interest included in minimum payments	<u>24,006</u>
	\$ <u>131,673</u>

13. DEFERRED CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 5,665,465	\$ 5,427,832
Add - contributions received	396,371	300,000
Less - amortized amounts	<u>(63,674)</u>	<u>(62,367)</u>
Balance, end of year	\$ <u>5,998,162</u>	\$ <u>5,665,465</u>

Deferred contributions are contributions received for the purchase of long term assets. The contributions are recognized as revenue on the statement of operations on the same basis as the related assets are amortized.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

14. INVESTMENT IN LONG TERM ASSETS

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ <u>1,501,195</u>	\$ <u>1,477,623</u>
Add - purchase of capital assets	673,138	403,626
- repayment of obligations under capital lease	10,227	-
- principal repayment of bank loans	17,679	-
- principal repayment of long term debt	-	12,500
- amortization of deferred contributions	63,674	62,367
Less - amortization of capital assets	(198,413)	(139,324)
- amortization of intangible assets	-	(15,597)
- Proceeds from bank loans	(587,310)	-
- Government contributions for capital assets	<u>(396,371)</u>	<u>(300,000)</u>
	<u>(417,376)</u>	<u>23,572</u>
Balance, end of year	\$ <u>1,083,819</u>	\$ <u>1,501,195</u>

15. GENERAL REVENUE

	<u>2024</u>	<u>2023</u>
Employment grants	\$ 14,315	\$ 15,647
Department of Communities, Culture and Heritage - Covid 19	-	150,000
Department of Communities, Culture and Heritage - lump sum	80,000	-
Celtic Colours	12,052	13,633
Donations	373,130	37,717
Insurance recovery	-	79,095
Investment income (loss)	5,299	(1,385)
Other	<u>5,650</u>	<u>(2,033)</u>
	\$ <u>490,446</u>	\$ <u>292,674</u>

During the year, the Foundation received \$32,950 (2023 - \$66,925) in contributions from The Community Foundation of Nova Scotia Society (the "Society") that the Foundation donated to organizations chosen by the Society. These transactions were recorded on a net basis.

GAELIC COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

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 indebtedness, bank loan and accounts payable & 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 OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
SALES	\$ 270,703	\$ 230,116
COST OF GOODS SOLD	<u>136,685</u>	<u>112,359</u>
GROSS PROFIT	<u>134,018</u>	<u>117,757</u>
EXPENDITURES		
Office	4,489	4,341
Travel	660	-
Utilities	5,833	5,089
Wages and benefits	<u>72,504</u>	<u>58,069</u>
	<u>83,486</u>	<u>67,499</u>
INCOME FROM OPERATIONS	\$ <u>50,532</u>	\$ <u>50,258</u>