

**PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**  
**Financial Statements**  
**March 31, 2022**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Pictou County Regional Enterprise Network have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Pictou County Regional Enterprise Network's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the directors' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the directors by MacDonald & Murphy Inc., in accordance with Canadian public sector accounting standards.

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CEO

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Board chairperson

New Glasgow, Nova Scotia  
June 21, 2022



MacDonald &  
Murphy Inc.

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Pictou County Regional Enterprise Network

### *Opinion*

We have audited the financial statements of Pictou County Regional Enterprise Network (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenses, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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:





Independent Auditor's Report to the Directors of Pictou County Regional Enterprise Network *(continued)*

- 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 Organization'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 Organization'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 Organization 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.

New Glasgow, Nova Scotia  
June 21, 2022

*MacDonald & Murphy Inc.*  
Chartered Professional Accountants



**PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**

**Statement of Financial Position**

**March 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash	\$ 359,817	\$ 260,682
Accounts receivable from government sources	16,600	75,803
Harmonized sales tax receivable	19,888	18,985
Prepaid expenses	3,576	9,360
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (Note 3)	<u>1,706</u>	<u>3,037</u>
	<u><b>\$ 401,587</b></u>	<u><b>\$ 367,867</b></u>
<b>LIABILITIES</b>		
Accounts payable and accruals (Note 4)	<u><b>\$ 29,051</b></u>	<u><b>\$ 50,540</b></u>
<b>NET ASSETS</b>	<u><b>372,536</b></u>	<u><b>317,327</b></u>
	<u><b>372,536</b></u>	<u><b>317,327</b></u>
	<u><b>\$ 401,587</b></u>	<u><b>\$ 367,867</b></u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

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Director

**PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**

**Statement of Revenues and Expenses**

**Year Ended March 31, 2022**

	2022	2021
<b>Revenue</b>		
Municipal contributions (Note 5)	\$ 166,000	\$ 166,000
Province of Nova Scotia	166,000	166,000
Program funding (Note 6)	282,331	259,663
	<u>614,331</u>	<u>591,663</u>
<b>Expenses</b>		
Advertising and promotion	34,825	9,722
Amortization	1,332	1,792
Board and meeting expense	8,416	1,323
Dues, fees and subscriptions	4,186	3,195
HST expense	8,869	8,578
Insurance	2,357	1,872
Interest and bank charges	526	998
Office	927	9,965
Professional development	9,083	7,492
Professional fees	26,723	27,316
Program delivery expenses (Note 7)	259,971	226,956
Regional strategy expenses (Note 8)	59,394	71,484
Rental	10,617	19,200
Repairs and maintenance	2,066	1,863
Salaries and wages	126,096	227,132
Travel	2,417	356
Utilities	1,317	1,769
	<u>559,122</u>	<u>621,013</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ 55,209</u>	<u>\$ (29,350)</u>

**PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Net assets - beginning of year</b>	<b>\$ 317,327</b>	<b>\$ 346,677</b>
<b>Excess of revenue over expenses</b>	<b>55,209</b>	<b>(29,350)</b>
<b>Net assets - end of year</b>	<b>\$ 372,536</b>	<b>\$ 317,327</b>



**PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**

**Statement of Cash Flows  
Year Ended March 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 55,209	\$ (29,350)
Item not affecting cash:		
Amortization of capital assets	<u>1,332</u>	<u>1,792</u>
	<u><b>56,541</b></u>	<u><b>(27,558)</b></u>
Changes in non-cash working capital:		
Accounts receivable from government sources	<b>59,203</b>	13,945
Accounts payable and accruals	<b>(21,490)</b>	29,764
Deferred income		(10,190)
Prepaid expenses	<b>5,784</b>	(9,360)
HST AR	<b>(903)</b>	(14,166)
	<u><b>42,594</b></u>	<u><b>9,993</b></u>
	<u><b>99,135</b></u>	<u><b>(17,565)</b></u>
<b>Investing activity</b>		
Additions to capital assets		<u>(1,601)</u>
<b>Increase (decrease) in cash flow</b>	<b>99,135</b>	<b>(19,166)</b>
<b>Cash - beginning of year</b>	<u><b>260,682</b></u>	<u><b>279,848</b></u>
<b>Cash - end of year</b>	<u><b>\$ 359,817</b></u>	<u><b>\$ 260,682</b></u>

**1. Purpose of the Organization**

Pictou County Regional Enterprise Network (the "Organization") was incorporated under the Municipal Government Act and became operational on August 2, 2018. The Organization is exempt from income tax under section 149(1)(l) of the Income Tax Act.

The Organization's purpose is to drive the economic development in Pictou County by working with the other Regional Enterprise Networks to share information and ideas to enhance the economic prosperity for Nova Scotia. They will develop, implement and monitor a regional strategy reflective of the provincial and regional partners economic development priorities.

**2. Summary of significant accounting policies**

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

**Cash**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

**Capital assets**

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

Computer equipment	55%
Furniture and fixtures	20%

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all 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.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

*(continues)*

**2. Summary of significant accounting policies (continued)**

**Revenue recognition**

Pictou County Regional Enterprise Network follows the deferral 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue is recognized as services performed and collection is reasonably assured.

**3. Capital assets**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Computer equipment	\$ 4,385	\$ 3,454	\$ 931	\$ 2,069
Furniture and fixtures	1,345	570	<b>775</b>	968
	<b>\$ 5,730</b>	<b>\$ 4,024</b>	<b>\$ 1,706</b>	<b>\$ 3,037</b>

**4. Accounts payable and accruals**

	<b>2022</b>	2021
Trade payables	\$ 356	\$ 9,317
Visa payable	<b>998</b>	151
Accruals	<b>17,175</b>	31,600
Source deduction payable	<b>10,522</b>	9,472
	<b>\$ 29,051</b>	<b>\$ 50,540</b>

# **PICTOU COUNTY REGIONAL ENTERPRISE NETWORK**

## **Notes to Financial Statements**

**Year Ended March 31, 2022**

### **5. Municipal contributions**

An Inter-Municipal Agreement between Pictou Landing First Nation, Municipality of the County of Pictou, Town of New Glasgow, Town of Pictou, Town of Stellarton, Town of Trenton and Town of Westville is effective from August 2, 2018 and the Municipalities agree to commit to a five-year term of funding the Organization. The funding provided in the current year is as follows:

	<b>2022</b>		<b>2021</b>
Municipality of the County of Pictou	\$ 52,757	\$	51,059
Town of New Glasgow	30,717		29,019
Town of Stellarton	21,484		19,785
Town of Westville	20,383		18,685
Town of Pictou	19,545		17,846
Town of Trenton	18,194		16,496
Pictou Landing First Nation	2,920		2,920
Pictou Regional Development Agency (remaining surplus)			10,190
	<b>\$ 166,000</b>	\$	<b>166,000</b>

### **6. Program funding**

	<b>2022</b>		<b>2021</b>
Immigration, Refugees and Citizenship Canada	\$ 187,028	\$	139,266
Province of Nova Scotia	42,500		42,180
Atlantic Canada Opportunities Agency	17,563		74,217
Other	35,240		4,000
	<b>\$ 282,331</b>	\$	<b>259,663</b>

### **7. Program delivery expenses**

	<b>2022</b>		<b>2021</b>
Advertising and promotion	\$ 5,367	\$	
Dues, fees and subscriptions			2,352
HST expense	4,130		
Office and printing	13,689		9,133
Professional fees	94,944		300
Rent	5,276		
Salaries and wages	132,886		109,775
Seminars and events			2,833
Technology expenditures			101,483
Telephone	3,080		
Travel	599		1,080
	<b>\$ 259,971</b>	\$	<b>226,956</b>



**8. Regional strategy expenses**

	<b>2022</b>	2021
School Plus Food Box Project	\$	\$ 14,484
REAP Team Contribution		30,000
Virtual Reality Project	<b>59,394</b>	2,000
Summer Street Industries Society, wage agreement		25,000
	<b>\$ 59,394</b>	\$ 71,484

**9. Financial instruments**

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2022.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. The Organization's funding derives from local, provincial and federal government sources that provide funding based on contractual agreements which mitigates the risk of non payment.

**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 rate risk, interest rate risk and other price risk. The Organization is not exposed to significant risks as all funds are transacted in Canadian funds and there is no external debt or investments that would be impacted by interest rate risk.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.