

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Financial Statements

Year Ended March 31, 2023

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Member of AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Opinion

We have audited the financial statements of AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE (the cooperative), which comprise the statement of financial position as at March 31, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the cooperative as at March 31, 2023, 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 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 cooperative 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 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 cooperative'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 cooperative or to cease operations, or has no realistic alternative but to do so.

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

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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 cooperative'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 cooperative'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 cooperative 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.

Fredericton, New Brunswick
October 30, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Statement of Operations

Year Ended March 31, 2023

REVENUES

Programs (<i>Note 5</i>)	\$ 8,477,374
Administration (<i>Note 7</i>)	175,393
Memberships (<i>Note 6</i>)	6,600
	<u>8,659,367</u>

EXPENDITURES

Programs

Employment services	2,817,751
Specialized services	2,163,657
Transition to employment	1,967,623
Counselling services	730,096
Job coaches	413,486
Consulting services	320,460
Employer services	49,429
Website expenses	14,872
	<u>8,477,374</u>

Administration

Salaries and benefits	116,966
Professional fees	16,499
Equipment and supplies	13,310
IT	6,933
Interpretation and translation	6,012
Education and training	4,417
Marketing and communication	3,797
Travel	3,079
Insurance	2,693
Meetings and conventions	1,186
Interest and bank charges	386
Membership fees	115
	<u>175,393</u>

8,652,767

EXCESS OF REVENUES OVER EXPENDITURES

\$ 6,600

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE
Statement of Changes in Net Assets
Year Ended March 31, 2023

	2023
NET ASSETS (DEBT) - BEGINNING OF YEAR	\$ -
EXCESS OF REVENUES OVER EXPENDITURES	6,600
NET ASSETS (DEBT) - END OF YEAR	\$ 6,600

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE
Statement of Financial Position
March 31, 2023

ASSETS

CURRENT

Cash	\$ 4,289,515
Prepaid insurance	<u>907</u>
	<hr/> \$ 4,290,422

LIABILITIES

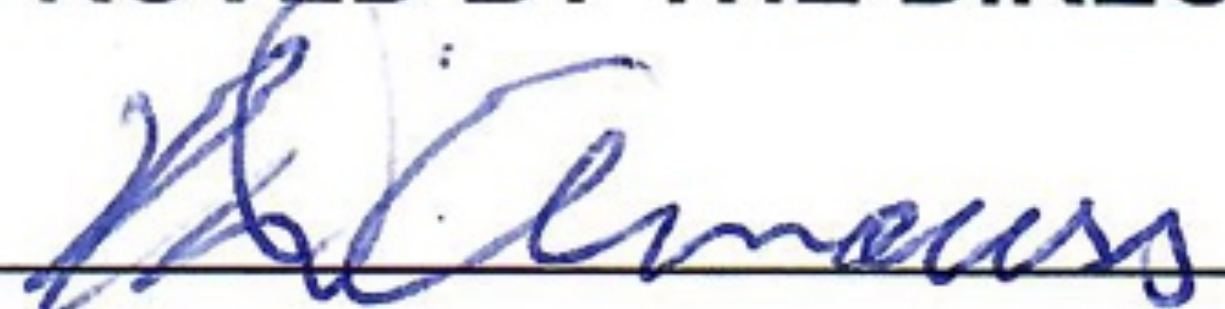
CURRENT

Accounts payable and accruals (Note 3)	\$ 843,513
Employee deductions payable	3,205
Deferred funding (Note 7)	<u>3,437,104</u>
	4,283,822

NET ASSETS

<u>6,600</u>
<hr/> \$ 4,290,422

APPROVED BY THE DIRECTOR

 Director

See notes to financial statements

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Statement of Cash Flows

Year Ended March 31, 2023

OPERATING ACTIVITIES

Cash receipts from customers	\$ 12,096,471
Cash paid to suppliers and employees	<u>(7,806,956)</u>

INCREASE IN CASH FLOW

4,289,515

Cash - beginning of year

-

CASH - END OF YEAR

\$ 4,289,515

CASH CONSISTS OF:

Cash	<u>\$ 4,289,515</u>
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AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE COOPERATIVE

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE (the "cooperative") is a not-for-profit organization of New Brunswick. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The cooperative operates to provide a collaborative approach to connect persons with a disability to the labour market through person-centered programs, transition planning, and increased employer engagement to create positive employment pathways throughout New-Brunswick. Avenue NB Cooperative Ltd. has core support from its Members and from the Government of Canada and the Province of New Brunswick through the Canada-New Brunswick Labour Market Agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are amounts held in accounts on behalf of the organization of which there are no arrangements at this time.

Financial instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Tangible capital assets

Tangible 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:

Equipment	30%
Computer equipment	55%

Revenue recognition

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE 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.

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AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Notes to Financial Statements

Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants and funding

Government grants and funding are recorded when there is a reasonable assurance that the cooperative had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

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.

3. ACCOUNTS PAYABLE AND ACCRUALS

Member claims payable	\$ 820,079
Trade accounts payable	15,435
Accrued expenses	8,000
	<hr/>
	\$ 843,514

4. CONTINGENT LIABILITIES

The cooperative is potentially subject to claims by third parties arising out of the normal course and conduct of its business including, but not limited to, labour and employment (including unused vacation entitlement), and bid and performance related claims associated with various contracts. Although such matters cannot be predicted with certainty, management currently considers exposure to such claims, to the extent not covered by insurance policies, not to be material to these financial statements.

5. ECONOMIC DEPENDENCE

Avenue NB Cooperative is funded in part by PETL through the Canada-New Brunswick Labour Market Agreements and in part by contributions of the Cooperative Members. The cooperative has entered into an agreement with PETL and its Members that will provide a five year funding and operational plan expiring March 31, 2027. The total project amount is \$60,000,000 with PETL contributing \$12,000,000 per year over the five year period. The agreement was signed April 26, 2022.

6. MEMBERSHIPS

The cooperative offers membership to New Brunswick based third-party specialized organizations who can help to manage the delivery of employment services for persons with a disability in the province. The cost of membership is \$300 for the year. For the fiscal period ended March 31, 2023, the cooperative had 22 members and collected a total of \$6,600 in membership fees (2022 - \$Nil). During the fiscal period, the cooperative paid out a total of \$8,477,374 through various programs to members, as funded by the agreement referenced in note (Note 5).

AVENUE NB COOPERATIVE LTD. / COOPÉRATIVE AVENUE NB LTÉE

Notes to Financial Statements

Year Ended March 31, 2023

7. RECONCILIATION OF FUNDING AND AMOUNTS DEFERRED

Deferred funding components

Direct program funding	\$ 2,891,897
Administration funding	544,607
Membership fees	600
	<u>\$ 3,437,104</u>

The current funding agreement that the cooperative has with the Department of Post-Secondary, Training, and Labour is for the period of April 4, 2022 to March 31, 2027. The agreement states that any unapplied funds at the end of the fiscal period may be deferred. Membership fees are paid and reflect the fiscal period of April 1, 2022 to March 31, 2023, the amount above reflects membership fees received in advance of the next fiscal period.

For the fiscal year ending March 31, 2023, the cooperative received \$12,000,000 in primary funding from the Department of Post-Secondary, Training, and Labour for funding approved member programs and administration. The funding agreement was broken down as \$11,280,000 for direct program expenses and \$720,000 for administration.

Reconciliation of program funding

Revenue recognized in Statement of Operations

Direct program funding	\$ 8,388,103
Administration funding	175,393
	<u>8,563,496</u>

Revenue deferred on the Statement of Financial Position

Direct program funding	2,891,897
Administration funding	544,607
	<u>3,436,504</u>

\$ 12,000,000

An additional one time grant was paid to the cooperative this year by the Department of Post-Secondary, Training, and Labour in the amount of \$89,271 which is classified in programs for the purposes of these financial statements as the expenses incurred related to direct program expenses.