

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
FINANCIAL STATEMENTS
MARCH 31, 2023

**ADSUM ASSOCIATION FOR WOMEN & CHILDREN
INDEX
MARCH 31, 2023**

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 18



Baker Tilly Nova Scotia Inc.
Suite 201, 130 Eileen Stubbs Ave
Dartmouth, NS
Canada B3B 2C4

D: +1 902.404.4000
F: +1 902.404.3099

halifax@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Adsum Association For Women & Children

Qualified Opinion

We have audited the financial statements of **Adsum Association for Women & Children** ("the Association"), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and 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, 2023, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenues from various sources including fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the 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.

Other Matter

The financial statements of **Adsum Association for Women & Children** for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion for fundraising and donation revenues on those statements on June 27, 2022.

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 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 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.

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

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Dartmouth, Nova Scotia
June 30, 2023

Baker Tilly Nova Scotia Inc

Chartered Professional Accountants

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023

4

	2023	2022
	\$	\$
REVENUE		
Donations	1,303,723	1,033,545
Amortization of deferred contributions (Note 8)	228,604	97,397
Investment income (Note 12)	27,761	24,195
Fundraising events	50,111	49,441
Government fees for services	2,645,029	2,021,839
Rental operations	376,390	368,611
Per diems from authorities	11,496	16,395
Reimbursement for hotel costs (Note 13)	<u>3,156,884</u>	<u>658,731</u>
	<u>7,799,998</u>	<u>4,270,154</u>
EXPENSES		
Administrative costs	229,859	96,112
Amortization	255,797	117,500
Bad debt	5,546	953
Interest on long-term debt	6,229	6,587
Hotel costs (Note 13)	3,156,916	668,706
Operations	1,645,468	1,017,954
Promotion and fundraising	77,601	74,681
Property expenses	523,555	506,128
Salaries and benefits	<u>1,681,055</u>	<u>1,378,072</u>
	<u>7,582,026</u>	<u>3,866,693</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	217,972	403,461
UNREALIZED GAIN (LOSS) ON INVESTMENTS (Note 12)	<u>(18,858)</u>	<u>78,145</u>
EXCESS OF REVENUES OVER EXPENSES	<u>199,114</u>	<u>481,606</u>

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
STATEMENT OF CHANGES IN NET ASSETS
AS AT MARCH 31, 2023

	Investment in Capital Assets \$	Externally Restricted (Note 10) \$	Unrestricted \$	2023 \$	2022 \$
BALANCE - beginning of year	(481,915)	114,428	2,240,892	1,873,405	1,391,799
Excess (deficiency) of revenues over expenses	(27,193)	2,515	223,792	199,114	481,606
Purchases of capital assets	3,225,464	-	(3,225,464)	-	-
Repayment of long-term debt	9,427	-	(9,427)	-	-
Receipt of deferred contributions - capital assets	(1,419,913)	-	1,419,913	-	-
Interfund transfer (Note 14, Note 10)	<u>131,141</u>	(1,430)	(129,711)	-	-
BALANCE - end of year	<u>1,437,011</u>	<u>115,513</u>	<u>519,995</u>	<u>2,072,519</u>	<u>1,873,405</u>

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

6

	2023	2022
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	320,279	307,182
Accounts receivable (Note 4)	603,714	526,874
Guaranteed investment certificates	-	1,001,573
Prepays	<u>50,669</u>	<u>49,103</u>
	974,662	1,884,732
INVESTMENTS - UNRESTRICTED (Note 6)	1,851,810	1,895,720
INVESTMENTS - RESTRICTED (Note 6)	115,513	114,427
CAPITAL ASSETS (Note 5)	<u>9,013,739</u>	<u>6,044,072</u>
	<u>11,955,724</u>	<u>9,938,951</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	480,409	590,241
Deferred revenue	16,450	6,531
Tenants' damage deposits	13,829	8,994
Current portion of long-term debt	<u>8,491</u>	<u>9,763</u>
	519,179	615,529
LONG-TERM DEBT (Note 7)	154,702	162,857
DEFERRED CONTRIBUTIONS - CAPITAL ASSETS (Note 8)	8,295,376	7,104,067
DEFERRED CONTRIBUTIONS - FUTURE EXPENDITURES (Note 9)	<u>913,948</u>	<u>183,093</u>
	<u>9,883,205</u>	<u>8,065,546</u>
NET ASSETS		
INVESTMENT IN CAPITAL ASSETS EXTERNALLY RESTRICTED (Note 10)	1,437,011	(481,915)
UNRESTRICTED	<u>519,995</u>	<u>2,240,892</u>
	<u>2,072,519</u>	<u>1,873,405</u>
	<u>11,955,724</u>	<u>9,938,951</u>

COMMITMENTS AND CONTINGENCIES (Note 11)

Approved by the Board

Flora MacLeod

Director

Raelene Kennedy

Director

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

7

	2023	2022
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Excess of revenue over expenses	199,114	182,326
Items not affecting cash		
Amortization	255,797	117,500
Restricted for future use in Project Sunflower	-	299,280
Amortization of deferred contributions - capital assets	(228,604)	(97,397)
Unrealized gain on investments	18,858	(78,145)
In-kind donations to investment account	(278,713)	(42,703)
	(33,548)	380,861
Changes in non-cash working capital items		
Accounts receivable	(76,840)	(354,024)
Deferred revenue	9,919	(1,531)
Prepays	(1,566)	(21,837)
Accounts payable and accrued liabilities	(109,832)	192,426
Tenants' damage deposits	4,835	(2,222)
	(207,032)	193,673
FINANCING		
Repayment of long-term debt	(9,427)	(15,291)
Increase in deferred contributions	2,150,768	298,996
	2,141,341	283,705
INVESTING		
Additions to capital assets	(3,225,464)	(3,209,126)
Proceeds from disposal of guaranteed investment certificates	1,001,573	2,500,000
Proceeds from disposal of investments	329,756	-
Acquisition of investments	(27,077)	(11,031)
	(1,921,212)	(720,157)
CHANGE IN CASH AND CASH EQUIVALENTS	13,097	(242,779)
CASH AND CASH EQUIVALENTS - beginning of year	307,182	549,961
CASH AND CASH EQUIVALENTS - end of year	320,279	307,182

1. NATURE OF OPERATIONS

Adsum Association for Women & Children "the Association" is a charitable 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(1) of the Income Tax Act.

The Association provides housing and other support services to women, families and gender diverse persons in an effort to end homelessness and support independent living. The Association operates the following facilities with Halifax Regional Municipality:

- Adsum House, an emergency shelter for women and gender diverse persons experiencing homelessness.
- Adsum Court, supportive housing that is permanent and affordable.
- The Alders, supportive housing that is permanent and affordable.
- Three condos, family housing that is permanent and affordable.
- The Sunflower, permanent affordable housing with supports onsite for individuals and families.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Fund accounting

Unrestricted Fund

The Unrestricted Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Investment in Capital Asset Fund

The Investment in Capital Asset Fund is used to account for capital assets, including their acquisition, financing, amortization and disposal. Operating costs of the capital assets area accounted for in the Unrestricted Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (Continued)

Endowment Fund

The Endowment Fund reports resources contributed for endowment. The Endowment Fund was established with the goal of generating income to provide a long-term source of funding to assist with operations of the Association. Investment income earned on resources of the Endowment Fund is reported in the General Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank balances and both donated and purchased gift cards to use to support the mission of the Association.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

Buildings	20 - 35 years	Straight line
Equipment	5 years	Straight line
Computer equipment	3 years	Straight line

One half year's amortization is taken in the year of acquisition.

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

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Income taxes

The Association is a registered charity under section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bank indebtedness

Bank indebtedness consist of a line of credit with a limit of \$200,000 and floating interest rate of prime plus 1.4% and a credit card facility in the amount of \$10,000 at the Card Agreement stated interest rates. The Company had a balance outstanding of \$NIL and \$7,608 respectively at March 31, 2023 (2022 - \$NIL and \$8,755).

Revenue recognition

The Association follows the deferral method of accounting for restricted contributions.

Restricted contributions, other than endowments, 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 received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as a direct increase in endowment net asset.

Contributions of non-depreciable capital assets and contributions for purposes of acquiring such assets are recognized as direct increase in investment in capital assets in the period in which the capital assets are acquired.

All other revenue sources are recognized at the time that the services are rendered.

Contributed services

Volunteers contribute a significant amount of their time and services. Due to of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Gifts in kind

Donated food and clothing are recorded at their fair market value at the time of the donation. During the year, \$181,703 in goods were donated (2022 - \$146,121).

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, useful lives of capital assets, certain accrued liabilities and contingencies. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivables.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, tenant's damage deposits and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in revenue and expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in the statement of operations.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include in-kind gift cards with a value of \$87,332 (2022 - \$25,151) and purchased gift cards on hand with a value of \$5,320 (2022 - \$79,030). These gift cards are used to support the mission of the Association.

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

12

4. ACCOUNTS RECEIVABLE		2023	2022
		\$	\$
Due from provincial/municipal governments		190,262	261,334
HST receivable		143,051	260,039
Other		<u>270,401</u>	<u>5,501</u>
		<u>603,714</u>	<u>526,874</u>
5. CAPITAL ASSETS		Net	Net
	Cost	Amortization	2023
	\$	\$	\$
Land	495,428	-	495,428
Buildings	9,778,275	1,306,708	8,471,567
Equipment	251,303	233,406	17,897
Computer equipment	106,390	77,543	28,847
Buildings under construction	-	-	-
	<u>10,631,396</u>	<u>1,617,657</u>	<u>9,013,739</u>
			<u>6,044,072</u>
6. INVESTMENTS		2023	2022
		\$	\$
Investments held in unrestricted fund, at cost		1,685,919	1,741,380
Investments held in endowment fund, at cost		<u>100,000</u>	<u>100,000</u>
Total investments, at cost		<u>1,785,919</u>	<u>1,841,380</u>
Market value as per financial statements		<u>1,967,323</u>	<u>2,010,147</u>
7. LONG-TERM DEBT		2023	2022
		\$	\$
RBC Bank term loan bearing interest at 6.03% per annum, repayable in monthly blended payments of \$1,497. The loan matures on May 18, 2027 and is secured by land and building with a book value of \$861,538.		163,193	172,620
Less current portion		<u>8,491</u>	<u>9,763</u>
		<u>154,702</u>	<u>162,857</u>

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

13

7. LONG-TERM DEBT (Continued)

Principal due within each of the next 5 years on long-term debt is as follows:

	\$
2024	8,491
2025	8,883
2026	9,434
2027	10,019
2028	10,640
Subsequent	115,726

8. DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2023	2022
	\$	\$
Opening balance	7,104,067	7,201,464
Contributions received	1,419,913	-
Recognized in revenue for the year	<u>(228,604)</u>	<u>(97,397)</u>
	<u>8,295,376</u>	<u>7,104,067</u>

9. DEFERRED CONTRIBUTIONS - FUTURE EXPENDITURES

	Opening Balance	Receipts	Revenue	2023	2022
	\$	\$	\$	\$	\$
Shelter Diversion Support	23,171	441,148	(399,319)	65,000	23,171
Journey Home	20,983	404,000	(138,770)	286,213	20,983
Peer Works	6,212	39,646	(31,541)	14,317	6,212
Association	29,167	980,011	(547,069)	462,109	29,167
Diverting Families	<u>103,560</u>	<u>478,301</u>	<u>(495,552)</u>	<u>86,309</u>	<u>103,560</u>
	<u>183,093</u>	<u>2,343,106</u>	<u>(1,612,251)</u>	<u>913,948</u>	<u>183,093</u>

9. DEFERRED CONTRIBUTIONS - FUTURE EXPENDITURES (Continued)

Shelter Division Support - Provincial funding received from the Department of Community Services to assist in accommodating those in need with shelter.

Journey Home - Provincial Funding received from the Department of Community Services to assist in safe emergency housing for longer-term housing in specified locations.

Peer Works - Funding provided from various contributors to assist in providing opportunities within the community to facilitate work.

Association - Funding received from the Canadian Women's Foundation, Halifax Regional Municipality and TD Bank to assist in supporting marginalized women, youth, gender diverse and families with long-term safe housing.

Diverting Families - Primarily funded by the Department of Community Services and other various donations, the diverting family funds are reserved to assist in diverting families from shelters to homes.

10. ENDOWMENT FUND

The Endowment Fund is subject to externally imposed restrictions stipulating that the capital be maintained for a period of at least ten years and the investment income (including capital gains) be used towards operating expenses of the general fund. During the year, the Association received an endowment contribution of \$NIL (2022 - \$NIL) and had an overall investment income of \$1,430 (2022 - \$628) which has been reported as income in the endowment fund and then a transfer to the unrestricted fund. These funds are originally recorded at cost with annual adjustments to reflect fair value and are comprised of Canadian and Foreign equities with a cost of \$100,000 (2022 - \$100,000) and market value of \$115,513 (2022 - \$114,428).

11. COMMITMENTS AND CONTINGENCIES

- i. In 2014, the Association entered into a Contribution Agreement with Her Majesty the Queen in Right of Canada ("HMQ"), in which HMQ contributed 50% interest in the property located at 2421 Brunswick Street. The agreement is subject to a restrictive covenant whereby for a period of 15 years the Association would be required to pay HMQ a sum equivalent to 50% of the fair market value if they breach the covenants. The Association also entered into an agreement with the Halifax Regional Municipality (HRM) which gives HRM the a right to repurchase the property upon the occurrence of certain events or if the Association fails to operate the Property for shelter or affordable housing. The buy-back agreement expires at the end of a 15 year period, at which Adsum would own the property with no commitments to usage.
- ii. In 2012, the Association entered into funding agreements with the Government of Canada and the Province of Nova Scotia whereby the Association designed and built a 10 unit housing complex that is affordable and supportive in the Halifax Regional Municipality. The Association has undertaken a commitment to both the Government of Canada and the Province of Nova Scotia to operate this facility for its intended use for a period of not less than 15 years. If the Association does not meet the terms and conditions of the funding agreement, certain amounts may be repayable to the Province of Nova Scotia.
- iii. In 2021, the Association entered into a funding agreement with Halifax Regional Municipality (HRM) to construct and operate affordable multi-residential housing units. The Association has undertaken a commitment to HRM to ensure the units meet the Affordability Criteria and are for People and Populations Who are Vulnerable for a minimum period of 20 years. If the Association does not meet the terms and conditions of the funding agreement, certain amounts may be payable to HRM.
- iv. The Association leases several residential units to be used as affordable housing expiring between April 2023 and February 2024. The rental due for the next year is \$49,873.

ADSUM ASSOCIATION FOR WOMEN & CHILDREN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

16

12. INVESTMENT INCOME	2023	2022
	\$	\$
<u>Realized investment income</u>		
Interest and dividend income	28,439	38,585
Loss on sale of investments	(678)	(14,390)
	<u>27,761</u>	<u>24,195</u>
<u>Unrealized investment income</u>		
Unrealized gain (loss) on investments	(18,858)	<u>78,145</u>

13. HOTEL REIMBURSEMENTS

Given the emergency housing crisis in Halifax, the municipal government agreed to cover expenses associated with sheltering people in hotels.

The Association administered the funds for this work on behalf of non-profit organizations in the community and were reimbursed for the cost of the hotel accommodation.

Since January 2022, the Association started the Shelter Division Supports program at the request of the provincial government. This program also makes significant use of hotels when alternate shelter or housing is not available. Under Shelter Diversion, Adsum is covering expenses associated with renting 55-65 hotel rooms that shelter almost 100 people and invoices associated with the hotels are reimbursed by the provincial Department of Community Services.

14. INTERFUND TRANSFER

The Board of Directors for the Association unanimously voted to internally restrict any realized excess of revenues over expenses for the Sunflower Project Build, excluding the gift cards on hand at year end reserved for operational use.

15. ENDOWMENT INVESTMENT INCOME	2023	2022
	\$	\$
<u>Realized investment income</u>		
Interest and dividend income	1,469	1,534
Gain (loss) on sale of investments	(39)	(906)
	<u>(1,430)</u>	<u>(628)</u>
<u>Unrealized investment income</u>		
Unrealized gain on investments	<u>1,085</u>	<u>1,645</u>

16. PUBLIC SECTOR COMPENSATION DISCLOSURE

The Public Sector Compensation Act (the "Act") of the Province of Nova Scotia requires a public sector body to disclose to the public the amount of compensation it pays to any employee under certain defined circumstances.

Adsum Association for Women & Children is a public sector body as defined by Section 2(f) of the Act. Under the Act, disclosure of the compensation of the Executive Director, Sheri Lecker, is required. Ms. Lecker's compensation and benefits for the year ended March 31, 2023 was \$206,859 (2022 - \$120,000). This includes a one-time payment related to the project management of Adsum's latest housing project, The Sunflower.

17. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at March 31, 2023.

It is management's opinion that the Association is not exposed to significant interest rate, or price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents, investments and accounts receivable. The Association deposits its cash and holds its investments in reputable financial institutions and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from customer accounts receivable. The Association believes this credit risk is minimized as the Association has a large and diverse customer base and a significant portion of the Association's accounts receivable are due from government organizations. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

17. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The Association has sufficient working capital to fulfill obligations as they come due. Additional financing facilities are in place should cash requirements exceed cash generated from operations.

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 currency risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 45% (2022 - 43%) of the Association's investment portfolio is held in foreign currency. Consequently, these investments are exposed to foreign exchange fluctuations. As at March 31, 2023, investments of \$876,037 (2022 - \$869,969) are held in US dollars and converted into Canadian dollars. The Association has not entered into foreign exchange contracts to hedge this risk.

18. ECONOMIC DEPENDENCE

The Association derives approximately 74% (2022 - 63%) of its revenues from various government funding.

19. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.