

NOVA KNOWLEDGE ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2007

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AUDITORS' REPORT

To the Directors of NovaKnowledge Association

We have audited the balance sheet of NovaKnowledge Association as at June 30, 2007 and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Association derives revenue from certain fundraising projects, donations, membership fees and other sources, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of revenue from these sources 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 (deficiency) of revenues over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material aspects, the financial position of the Association as at June 30, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Dartmouth, Nova Scotia
September 25, 2007

Chartered Accountants

NOVAKNOWLEDGE ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

			2007	2006
	Computers for Schools Fund	General Fund	Total	Total
REVENUE				
Government grants	\$ 204,028	\$ 65,750	\$ 269,778	\$ 265,574
Registrations and sponsorships	-	67,433	67,433	145,315
Contract revenue	1,728	39,000	40,728	104,796
Membership fees	-	141,829	141,829	63,246
Other	-	7,335	7,335	4,037
	205,756	321,347	527,103	582,968
EXPENDITURES				
Projects and events	-	81,869	81,869	66,163
Operations				
Salaries, wages and benefits	120,921	197,439	318,360	363,886
Computer	44,658	5,743	50,401	36,662
Rent and taxes	20,840	28,015	48,855	45,975
Other	5,187	4,320	9,507	10,439
Office	2,340	8,389	10,729	11,212
Insurance	4,004	4,559	8,563	7,011
Accounting and audit	2,449	3,300	5,749	5,900
Supplies, freight and delivery	566	-	566	4,621
Printing and copying	-	10,156	10,156	7,476
Telecommunications	-	4,127	4,127	5,405
Advertising and promotion	2,266	28,404	30,670	6,504
Travel and conferences	117	4,879	4,996	1,271
Meetings	-	8,052	8,052	8,402
	203,348	389,252	592,600	580,927
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	2,408	(67,905)	(65,497)	2,041
NET ASSETS, BEGINNING OF YEAR	33,037	(16,250)	16,787	14,746
TRANSFER FOR ADMINISTRATIVE OVERHEAD	(6,750)	6,750	-	-
NET ASSETS, END OF YEAR	\$ 28,695	\$ (77,405)	\$ (48,710)	\$ 16,787

NOVAKNOWLEDGE ASSOCIATION
BALANCE SHEET
JUNE 30, 2007

			2007	2006
	Computers for Schools Fund	General Fund	Total	Total
ASSETS				
CURRENT				
Cash	\$ 7,334	\$ 532	\$ 7,866	\$ 85,148
Accounts receivable (Note 4)	26,163	11,615	37,778	44,099
Due from General Fund	3,035	-	3,035	4,309
Prepaid expenses	4,223	1,150	5,373	10,804
	<u>\$ 40,755</u>	<u>\$ 13,297</u>	<u>\$ 54,052</u>	<u>\$ 144,360</u>
LIABILITIES				
Accounts payable	\$ 5,030	\$ 70,648	\$ 75,678	\$ 62,028
Loan from NS Department of Education	-	-	-	24,000
Bank line of credit	-	17,019	17,019	-
Due to Computers for Schools Fund	-	3,035	3,035	4,309
Deferred revenue (Note 5)	7,030	-	7,030	37,236
	<u>12,060</u>	<u>90,702</u>	<u>102,762</u>	<u>127,573</u>
COMMITMENTS (Note 3)				
NET ASSETS	<u>28,695</u>	<u>(77,405)</u>	<u>(48,710)</u>	<u>16,787</u>
	<u>\$ 40,755</u>	<u>\$ 13,297</u>	<u>\$ 54,052</u>	<u>\$ 144,360</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

NOVAKNOWLEDGE ASSOCIATION)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

	Computers for Schools Fund		General Fund		2007 Total	2006 Total
OPERATING ACTIVITIES						
Receipts from						
Government	\$ 193,060	\$ 55,750	\$ 248,810	\$ 294,815		
Registrations and sponsorships	-	71,352	71,352	159,163		
Contracts	-	40,728	40,728	97,529		
Membership fees	-	136,947	136,947	62,137		
Other	-	4,300	4,300	25,133		
Payments for						
Projects and events	-	(59,800)	(59,800)	(413,537)		
Operations	(207,546)	(305,092)	(512,638)	(206,178)		
	(14,486)	(55,815)	(70,301)	19,062		
FINANCING ACTIVITIES						
Advances from NS Department of Education	(24,000)	-	(24,000)	24,000		
Advance on line of credit	-	17,019	17,019	-		
	(24,000)	17,019	(6,981)	24,000		
CASH INFLOW (OUTFLOW) for the year	(38,486)	(38,796)	(77,282)	43,062		
CASH, beginning of year	45,820	39,328	85,148	42,086		
CASH, end of year	\$ 7,334	\$ 532	\$ 7,866	\$ 85,148		

NOVAKNOWLEDGE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

1. DESCRIPTION OF ORGANIZATION

NovaKnowledge Association is member-based non-profit organization incorporated under the Societies Act of Nova Scotia dedicated to the development of a flourishing, sustainable knowledge economy in Nova Scotia. It operates on revenues from partnerships with government and companies, fundraising and membership fees. The organization is not taxable under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Fund accounting

The organization follows the deferral method of accounting for contributions.

The Computers for Schools Fund records transactions related to locating and refurbishing used computers, from the private sector and government, and recycling them to schools and not for profit organizations.

The General Fund includes all other transactions related to the operations of the Association.

Equipment

Equipment is expensed in the year in which it is purchased.

Use of estimates

Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management does not anticipate that actual results will differ materially from those estimates.

Financial instruments

The Association's financial instruments consist of cash, accounts receivable, bank line of credit and accounts payable. Unless otherwise noted, it is management's opinion that the fund is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**NOVAKNOWLEDGE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair values

The carrying value of cash, accounts receivable, bank line of credit and accounts payable approximate their fair value due to the immediate or short-term maturity of these financial instruments.

Revenue recognition

Revenue is received in the year, for projects or event which will take place after the year end is deferred to the next fiscal year.

Donated materials and services are disclosed at fair market value when that value can be reasonably estimated.

Revenue from corporate sponsorship is recorded when collection is assured.

3. COMMITMENTS

Office space is rented under a lease agreement expiring March, 2008. The lease may be terminated by either party with 90 days notice. The minimum annual payments are as follows:

2008 \$ **15,720**

4. ACCOUNTS RECEIVABLE

			2007	2006
	Computers for Schools Fund	General Fund	Total	Total
Government	\$ 26,163	\$ -	\$ 26,163	\$ 13,900
Registration and sponsorships	-	11,828	11,828	29,058
HST receivable (payable)	-	(307)	(307)	1,141
	\$ 26,163	\$ 11,521	\$ 37,684	\$ 44,099

**NOVAKNOWLEDGE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

5. DEFERRED REVENUE

			2007		2006	
	Computers for Schools Fund	General Fund	Total	Total	Total	Total
Government	\$ -	\$ -	\$ -	\$ -	\$ 7,500	
Registration and sponsorships	-	-	-	-	21,000	
African Canadian Studies	7,030	-	7,030		8,736	
	\$ 7,030	\$ -	\$ 7,030	\$ -	\$ 37,236	

6. DONATED GOODS AND SERVICES

Volunteers and "in kind" contributions amounted to approximately \$474,200 (2006 - \$217,500) in the General Fund and approximately \$646,925 (2006 - \$655,000) in the Computers for Schools Fund.

Office, workshop and storage space, furnishings and equipment, as well as the salary of the Coordinator are provided by the Nova Scotia Department of Education. The value of this contribution is estimated at \$277,985 (2006 - \$280,000). Aliant Pioneer Volunteers (formally MTT Pioneers) supply a van with an estimated value of \$10,000 (2006 - \$10,000). The Nova Scotia Department of federal Transportation and Public Works, the Department of National Defence and the School Boards provide freight services at an estimated value of \$15,440 (2006 - \$20,000).

Companies and government also donate equipment to the Computers for Schools Fund, but due to the difficulty of determining the fair value, these items are not reflected in the financial statements.

7. CREDIT FACILITIES

The Association has a line of credit with a limit of \$20,000 with Bank of Montreal, bearing interest at prime plus 2%. At June 30, 2007 this line of credit had a balance of \$17,019.

8. COMPARATIVE AMOUNTS

Comparative amounts presented in these financial statements were prepared by another auditor, certain amounts have be reclassified to conform with current year's basis of presentation.