

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Financial Statements

Year Ended December 31, 2022

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
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Year Ended December 31, 2022

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Member of The AC Group of Independent Accounting Firms

INDEPENDENT AUDITOR'S REPORT

To the Members of RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Qualified Opinion

We have audited the financial statements of RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA (the Foundation), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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 organization as at December 31, 2022, 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 Qualified Opinion

In common with many charitable organizations the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current 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 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 qualified audit opinion.

Other Matter

The financial statements, which comprise the statement of financial position as at December 31, 2021, the statement of revenues and expenditures, statement of changes in equity, and statement of cash flows for the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies, were audited by another auditor who expressed a qualified opinion on May 26, 2022. The basis of the qualified opinion was on the completeness of revenue from donations as not being susceptible of satisfactory audit verification.

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.

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Independent Auditor's Report to the Members of RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA (continued)

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:

- 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.

MacDonald Murphy & Timmons Inc.

Chartered Professional Accountants

Cheticamp, Nova Scotia
April 21, 2023

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA**Statement of Revenues and Expenditures****Year Ended December 31, 2022**

	2022	2021
REVENUES		
Admin fees	\$ 55,924	\$ 17,226
Ukrainian Nova Scotia resettlement program	19,000	-
Joan Feynman climate change fund	13,250	56,499
Pictou County Benefit for Ukraine program	8,771	-
Soaring Eagle program	3,000	-
Donations and sponsorships	1,920	3,100
Gender Equality grant	-	155,000
RBC Future Launch community challenge	-	19,000
	<u>101,865</u>	<u>250,825</u>
EXPENDITURES		
Joan Feynman climate change grants (Note 6)	13,250	56,499
Pictou County Benefit for Ukraine grants (Note 6)	8,771	-
Soaring Eagle grants (Note 6)	3,000	-
Ukrainian Nova Scotia resettlement grants (Note 6)	19,000	-
Gender Equality grants	-	155,000
Literacy Nova Scotia service fee	12,000	32,000
Meetings and travel	3,666	2,700
Memberships	697	1,150
Office	5,434	2,701
Professional fees	10,650	10,750
Promotion and website	24,736	22,515
Property expenses	-	2,974
Salaries and wages	45,956	-
Training	120	-
	<u>147,280</u>	<u>286,289</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(45,415)</u>	<u>(35,464)</u>
OTHER INCOME (EXPENSES)		
Proceeds from sale of donated property	-	70,000
Investment income	6,930	4,869
Gain (loss) on sale of marketable securities	(2,711)	2,811
Unrealized gain (loss) on marketable securities	(46,182)	7,258
	<u>(41,963)</u>	<u>84,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (87,378)</u>	<u>\$ 49,474</u>

The accompanying notes are an integral part of these financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA**Statement of Changes in Net Assets****Year Ended December 31, 2022**

	2021	Deficiency of			2022
	Balance	revenues over	Donations	Transfers	Balance
		expenditures			
General fund	\$ 32,331	\$ (87,378)	\$ -	\$ -	\$ (55,047)
Internally restricted fund	50,000	-	-	-	50,000
Externally restricted endowment fund	315	-	496	-	811
Internally restricted endowment fund	355,469	-	-	-	355,469
	<u>\$ 438,115</u>	<u>\$ (87,378)</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ 351,233</u>

The accompanying notes are an integral part of these financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA**Statement of Financial Position****December 31, 2022**

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,107,251	\$ 103,881
Investments (Note 4)	13,952	19,974
Accounts receivable	540	-
Harmonized sales tax recoverable	1,804	1,023
	1,123,547	124,878
RESTRICTED INVESTMENTS (Note 4)	333,796	355,784
APPROPRIATED CASH, ENDOWMENT FUND	22,484	-
	\$ 1,479,827	\$ 480,662
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,964	\$ 32,344
Deferred contributions (Note 5)	1,126,630	10,203
	1,128,594	42,547
NET ASSETS		
General fund	(55,047)	32,331
Internally restricted fund	50,000	50,000
Externally restricted endowment fund	811	315
Internally restricted endowment fund	355,469	355,469
	351,233	438,115
	\$ 1,479,827	\$ 480,662

ON BEHALF OF THE BOARD_____
*Director*_____
Director

The accompanying notes are an integral part of these financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA**Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (87,378)	\$ 49,474
Items not affecting cash:		
Loss (gain) on disposal of investments	2,711	(2,811)
Unrealized gains (losses) on marketable securities	46,182	(7,258)
Endowment contributions	496	315
	<u>(37,989)</u>	<u>39,720</u>
Changes in non-cash working capital:		
Accounts receivable	(540)	-
Accounts payable and accrued liabilities	(30,380)	24,058
Deferred contributions	1,116,427	(10,004)
Harmonized sales tax payable	(781)	251
	<u>1,084,726</u>	<u>14,305</u>
Cash flow from operating activities	<u>1,046,737</u>	<u>54,025</u>
INVESTING ACTIVITIES		
Purchase of investments	(20,883)	(52,320)
Cash appropriated for endowment fund	(22,484)	-
	<u>(43,367)</u>	<u>(52,320)</u>
Cash flow used by investing activities	<u>(43,367)</u>	<u>(52,320)</u>
INCREASE IN CASH FLOW	1,003,370	1,705
Cash - beginning of year	<u>103,881</u>	<u>102,176</u>
CASH - END OF YEAR	\$ 1,107,251	\$ 103,881

The accompanying notes are an integral part of these financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2022

1. Purpose of the organization

The Rural Communities Foundation of Nova Scotia is a non-profit organization that builds on the strengths and assets of rural Nova Scotia by convening, stimulating generosity, establishing giving, growing an endowment, and granting funds to create diverse, equitable, inclusive, and sustainable communities. As a registered charity the foundation is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. Summary of significant accounting policies

Cash

The Foundation considers cash on hand and balances with bank, net of overdrafts as cash and cash equivalents. Cash held temporarily in investment accounts or in high-yield savings accounts is considered to be investments.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Donated goods and services

Donated goods are recorded at their fair market value at the time of the sale of the donation, as they are not used in the normal course of operations. During the year marketable securities having a fair market value of \$66,837 were donated (2021 - \$0).

Donated services by volunteers are not recognized in the financial statements due to the difficulty in determining their fair value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other 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.

Fund accounting and revenue recognition

The Foundation follows the deferral method of accounting for contributions.

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.

The internally restricted fund was established by the Board to maintain funds for future projects of the Foundation. Amounts transferred to and from this fund require the approval of the Board.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized or the restrictions are otherwise met.

The internally restricted endowment fund was established by the Board with an initial internal transfer of unrestricted net assets of \$150,000. Memorial donations and a portion of net proceeds on the sale of donated goods are transferred from the general fund on a case-by-case basis. No transfer was made in the current year.

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2022

3. Summary of significant accounting policies (continued)

The externally restricted endowment fund donations are recognized as an increase in net assets when received.

Administrative fees and honoraria are added to program funding agreements as part of the services provided by the Foundation with respect to the program requirements. Honorarium is recognized as revenue when program grants are awarded.

Investment income is recognized as revenue when earned.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

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.

4. Investments

	<u>2022</u>	<u>2021</u>
Canadian Diversified Income	\$ 125,204	\$ 140,184
Global Balance & Asset Allocation	69,919	118,908
Alternative Strategies	50,265	55,329
Canadian Equity Balanced	28,604	34,312
Global Fixed Income	12,905	14,942
Canadian Short Term Fixed Income	11,386	11,946
Apple Inc shares	34,492	-
Home Depot shares	14,973	-
Credit Union shares	-	137
	<u>347,748</u>	<u>375,758</u>
Restricted investments	<u>(333,796)</u>	<u>(355,784)</u>
	<u>\$ 13,952</u>	<u>\$ 19,974</u>

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2022

5. Deferred contributions

Deferred contributions consist of contributions received for specific purposes, for which the related expenses have not been incurred or the restrictions otherwise not met as of year end.

	2021	Contributions received	Recognized as revenue	2022
Soaring Eagle fund	\$ 5,862	\$ -	\$ 3,000	\$ 2,862
Livia Properties Women in Trades	-	2,000	-	2,000
Zero Hunger fund	-	4,413	-	4,413
Community Impact conference fund	-	4,158	-	4,158
Other fund (NSAR)	-	5,312	-	5,312
Pictou County Benefit for Ukraine	-	11,918	8,771	3,147
Ukrainian NS resettlement fund	-	25,380	19,000	6,380
Joan Feynman Climate Action Change fund	4,341	54,267	13,250	45,358
Community Service Recovery fund	-	963,000	-	963,000
Honorarium on CSR fund	-	90,000	-	90,000
	\$ 10,203	\$ 1,160,448	\$ 44,021	\$ 1,126,630

6. Grants expenditures

	2022	2021
<u>Joan Feynman climate change grants</u>		
Mersey Tobeatic Reserve	\$ 5,000	\$ -
Potlotek First Nation	5,000	-
Barrington Museum	3,250	-
CRCE, Central Colchester Junior High	-	5,000
CRCE, Truro Middle School	-	5,000
CRCE, Cobequid Consolidated Elementary School	-	5,000
Canadian Wildlife Foundation	-	5,000
Cape Breton Centre for Craft & Design	-	5,000
Clean Annapolis River Project	-	5,000
CRCE, West Colchester Consolidated School	-	4,999
Dalhousie University	-	5,000
HeartWood Centre for Community Youth Development	-	5,000
Hope Project Addiction Recovery Services	-	3,500
Positive Action for Keppoch	-	3,000
YMCA of Southwest Nova Scotia	-	5,000
	13,250	56,499
<u>Pictou County Benefit for Ukraine grants</u>		
Chris Lewis	2,000	-
First Kids	2,000	-
Rhonda Rafuse	2,468	-
Ruslana Zhurakhova	303	-
Yana Ihnatenko	2,000	-
	8,771	-

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2022

6. Grants expenditures (continued)

Soaring Eagle grants

Antigonish Culture Alive	1,000	-
MacPhee Centre	1,000	-
Pictou County Roots for Youth Society	1,000	-
	<u>3,000</u>	<u>-</u>

Ukrainian Nova Scotia resettlement fund

Sobeys gift cards	19,000	-
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Gender Equality fund grants

Creamery Square Association	-	6,160
Hope Project Addiction Services Cooperative Ltd.	-	14,900
Lunenburg County Historical Society	-	19,963
Potlotek First Nation	-	40,000
Town of Port Hawkesbury	-	36,872
Tri-County Women's Centre	-	37,105
	<u>-</u>	<u>155,000</u>

Grand total \$ 44,021 \$ 211,499

7. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration as of December 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.

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 mainly exposed to other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in mutual funds.

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2022

8. Comparative figures

The prior year comparative figures were audited by another firm of Chartered Professional Accountants.