

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Financial Statements
Year Ended December 31, 2021

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2021, 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 Foundation as at December 31, 2021, 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 (ASPNO).

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation 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 Foundation 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 Foundation 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.

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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.



Amherst, Nova Scotia
May 26, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 103,881	\$ 102,176
HST recoverable	1,023	1,274
Investments (Note 3)	19,974	5,350
	124,878	108,800
RESTRICTED INVESTMENTS (Note 3)	355,784	308,019
	\$ 480,662	\$ 416,819
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 32,344	\$ 8,286
Deferred contributions (Note 4)	10,203	20,207
	42,547	28,493
 NET ASSETS		
General Fund (Note 5)	32,331	30,307
Internally Restricted Fund	50,000	50,000
Endowment Fund - externally restricted	315	-
Endowment Fund - internally restricted (Note 5)	355,469	308,019
	438,115	388,326
	\$ 480,662	\$ 416,819

SUBSEQUENT AND OTHER EVENTS (Note 7)

COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD

Director

Director

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
REVENUES		
Gender Equality Grant	\$ 155,000	\$ 33,000
Joan Feynman Climate Change Fund <i>(Note 4)</i>	56,499	-
RBC Future Launch Community Challenge <i>(Note 4)</i>	19,000	-
Admin fees <i>(Note 4)</i>	17,226	69,144
Donations and sponsorships	3,100	1,288
Emergency Community Support Fund Grant	-	796,980
	<u>250,825</u>	<u>900,412</u>
EXPENSES		
Gender Equality grants <i>(Note 6)</i>	155,000	33,000
Joan Feynman Climate Change Fund grants <i>(Note 6)</i>	56,499	-
Literacy N.S. service fee <i>(Note 8)</i>	32,000	32,000
Meetings and travel	2,700	794
Memberships	1,150	811
Office	2,734	1,562
Professional fees	10,750	9,138
Promotion and website	22,482	460
Property expenses	2,974	4,846
Emergency Community Support Fund grants <i>(Note 6)</i>	-	796,980
	<u>286,289</u>	<u>879,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(35,464)</u>	<u>20,821</u>
OTHER INCOME (EXPENSES)		
Proceeds from sale of donated property <i>(Note 5)</i>	70,000	199,000
Unrealized gain (loss) on marketable securities	7,258	(1,940)
Investment income	4,869	6,578
Gain on sale of investments	2,811	2,938
	<u>84,938</u>	<u>206,576</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 49,474</u>	<u>\$ 227,397</u>

See accompanying notes to the financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2021

	<u>2020</u>		<u>Excess of</u>	<u>Transfers</u>	<u>Endowment</u>	<u>2021</u>
	<u>Balance</u>	<u>revenues over</u>	<u>expenses</u>	<u>between</u>	<u>donations</u>	<u>Balance</u>
		<u> </u>	<u> </u>	<u>Funds</u>		
General Fund	\$ 30,307	\$ 49,474	\$ (47,450)	\$ -	\$ -	\$ 32,331
Internally Restricted Fund	50,000	-	-	-	-	50,000
Endowment Fund - externally restricted	-	-	-	-	315	315
Endowment Fund - internally restricted	308,019	-	47,450	-	-	355,469
	<u>\$ 388,326</u>	<u>\$ 49,474</u>	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 438,115</u>

See accompanying notes to the financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA**Statement of Cash Flows****Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from donors and funding agencies	\$ 241,071	\$ 901,648
Cash paid to suppliers and grant recipients	(262,230)	(876,986)
Cash received from income on investments	4,869	6,578
Endowment contributions	315	-
	<hr/>	<hr/>
Cash flow from (used by) operating activities	(15,975)	31,240
INVESTING ACTIVITIES		
Purchase of investments	(181,681)	(146,013)
Proceeds on sale of investments	129,361	18,500
Proceeds from sale of donated property	70,000	199,000
	<hr/>	<hr/>
Cash flow from investing activities	17,680	71,487
INCREASE IN CASH FLOW	1,705	102,727
Cash (deficiency) - beginning of year	102,176	(551)
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 103,881	\$ 102,176

See accompanying notes to the financial statements

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2021

1. DESCRIPTION OF OPERATIONS

The Rural Communities Foundation of Nova Scotia is a non-profit organization that builds on the strengths and assets of Nova Scotia's coastal and rural communities by encouraging philanthropic giving, developing a permanent fund and managing the granting of funds. The Foundation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

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.

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 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.

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 the net proceeds from donated real estate are transferred annually from the general fund. Donations to the externally restricted endowment fund are recognized as an increase in net assets when received. Income earned on the endowment fund investments are unrestricted.

Investment income is recognized as revenue when earned.

Investments

Investments are recorded at fair value. In determining fair values, adjustments have not been made for commissions and fees on purchase and sale because these transaction costs are not considered to be material. The fair market value of investments is recorded based on the quoted market value.

Cash and cash equivalents

The Foundation considers cash on hand and balances with banks, 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.

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2021

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

Donated goods and services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Donated goods if used in the normal course of operations are recorded at their fair value at the time of the donation.

Donated properties are recorded when sold as they are not to be used in the normal course of operations. During 2021 and 2020, no donated properties were received.

Measurement uncertainty

The preparation of financial statements in conformity with the 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 include providing estimates of deferred contributions and accounts payable and accrued liabilities. Actual results could differ from these estimates.

3. INVESTMENTS

	<u>2021</u>	<u>2020</u>
Canadian Diversified Income	\$ 140,184	\$ 155,609
Global Balance & Asset Allocation	118,908	87,632
Alternative Strategies	55,329	35,012
Canadian Equity Balanced	34,312	-
Global Fixed Income	14,942	-
Canadian Short Term Fixed Income	11,946	34,979
Credit Union shares	137	137
	<hr/>	<hr/>
Subtotal	375,758	313,369
Restricted investments (Note 5)	(355,784)	(308,019)
	<hr/>	<hr/>
	\$ 19,974	\$ 5,350

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2021

4. DEFERRED CONTRIBUTIONS

	2020	Contributions received	Recognized as revenue	2021
RBC Future Launch Community Challenge	\$ 19,000	\$ -	\$ 19,000	\$ -
Joan Feynman Climate Change Fund	1,207	66,963	66,724	1,446
Soaring Eagle	-	6,557	-	6,557
Housing for Health	-	2,200	-	2,200
	\$ 20,207	\$ 75,720	\$ 85,724	\$ 10,203

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.

5. TRANSFER BETWEEN FUNDS

The Board approved the transfer of \$nil (2020 - \$50,000) from the General Fund to the Internally Restricted Fund.

The Board approved the transfer of memorial donations of \$nil (2020 - \$338) and \$47,450 (2020 - \$142,771) representing 75% of the net proceeds from the sale of donated real estate from the General Fund to the Endowment Fund - Internally Restricted.

6. GRANTS

Gender Equality Fund grants

Potlotek First Nation	\$ 40,000	\$ -
Tri-County Women's Centre	37,105	-
Town of Port Hawkesbury	36,872	25,000
Lunenburg County Historical Society	19,963	-
Hope Project Addiction Services Cooperative Ltd.	14,900	-
Creamery Square Association	6,160	-
Coastal Action	-	8,000
	\$ 155,000	\$ 33,000

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2021

6. GRANTS *(continued)*

Joan Feynman Climate Change Fund grants

Clean Annapolis River Project	\$ 5,000	\$ -
HeartWood Centre for Community Youth Development	5,000	-
Cape Breton Centre for Craft & Design	5,000	-
YMCA of Southwest Nova Scotia	5,000	-
Dalhousie University	5,000	-
Canadian Wildlife Foundation	5,000	-
CCRCE, Cobequid Consolidated Elementary School	5,000	-
CCRCE, Central Colchester Junior High School	5,000	-
CCRCE, Truro Middle School	5,000	-
CCRCE, West Colchester Consolidated School	4,999	-
Hope Project Addiction Recovery Services	3,500	-
Positive Action for Keppoch	3,000	-
	<hr/>	
	\$ 56,499	\$ -
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2021	2020
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Emergency Community Support Fund grants

Literacy Nova Scotia	\$ -	\$ 75,000
Northern Healthy Connections Society	-	63,500
Celtic Music Interpretive Centre	-	49,900
Mulgrave Road Theatre Foundation	-	45,500
Creamery Square Association	-	39,000
Festival Antigonish Summer Theatre	-	35,000
Sou'West Nova Transit Association	-	31,516
Atlantic Filmmakers Cooperative Limited	-	30,000
Hope Project Addiction Recovery Services Cooperative Limited	-	27,666
Eastern Shore Musquodoboit Valley Literacy Network	-	20,782
Town of Port Hawkesbury	-	20,000
Parents Place Yarmouth Family Resource Centre	-	20,000
Annapolis Valley Hants - Community Action Program for Children	-	19,113
Pictou County Prostate Cancer Support Association	-	15,000
Boys and Girls Club of Yarmouth	-	15,000
Pictou-Antigonish Regional Library	-	10,294
The Municipality of the County of Inverness Recreation & Community Wellness Department	-	10,000
Book Clubs for Inmates	-	10,000
Annapolis Valley Regional Centre for Education for West Hants Middle School	-	9,000
Havre Boucher CDRA	-	9,000
St Ann's Bay Community Health Group Society	-	9,000
East Hants Community Learning Association	-	9,000
Annapolis Valley Regional Centre for Education	-	9,000
Queens Learning Network	-	9,000
The Salvation Army, Community and Family Services of Pictou County.	-	9,000
Shelburne County Learning Network Society	-	9,000
Bear River First Nation	-	9,000
Town of Bridgewater	-	9,000

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2021

6. GRANTS (continued)

	2021	2020
Emergency Community Support Fund grants		
Digby Area Learning Association	-	9,000
Pictou County Roots for Youth Society	-	9,000
Nova Scotia Community Links	-	9,000
Dr. Kingston Memorial Community Health Centre	-	9,000
Guysborough County Adult Learning Association	-	9,000
Roots of Empathy	-	8,860
Hants Learning Network Association	-	8,000
Colchester East Hants Hospice Society	-	8,000
Canadian Coalition for Seniors' Mental Health	-	8,000
Yarmouth Life Skills for Disabled Adults	-	8,000
Parents Place Yarmouth Family Resource Centre	-	8,000
Town of Stewiacke	-	7,000
Colchester Adult Learning Association	-	7,000
Northern Healthy Connections Society	-	7,000
La Société Saint-Pierre	-	7,000
Sheet Harbour Sexual Health Care Association	-	6,194
Cumberland Regional Library Board	-	6,000
Maggie's Place - A Resource Centre for Families	-	6,000
North Shore Recreation Centre	-	5,700
Adult Learning Association of Cape Breton County	-	5,056
CACL - Clare Branch	-	4,812
Community Learning Association North of Smokey	-	4,347
Kings County Family Resource Centre	-	3,670
Cape Breton Regional Library	-	3,570
Region of Queens Municipality	-	2,500
	\$ -	\$ 796,980

7. SUBSEQUENT AND OTHER EVENTS

1. Subsequent to year-end, the Foundation signed an employment contract for an Executive Director for \$50,000 per year plus benefits, beginning February 2022.
2. The outbreak of a novel strain of coronavirus continues to have a significant impact on the global economy as of the date of these financial statements. The duration and impact of the pandemic are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures not their impact on the future financial results and condition of the Foundation. To date, no adjustments have been made to the carrying value of assets or liabilities as a result of the pandemic. Management and those charged with governance are of the opinion no such adjustments will be required.

8. COMMITMENTS

The Foundation has a service agreement with Literacy Nova Scotia for the provision of administrative and communications services to the Foundation from January 1 to December 31, 2022 for a fee of \$32,000 (2021 - \$32,000), to be paid quarterly.

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2021

9. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's significant risk exposure and concentration as of December 31, 2021.

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 Foundation 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 Foundation is exposed to other price risk through its investment in mutual funds.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
