

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Financial Statements
Year Ended December 31, 2020

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Rural Communities Foundation of Nova Scotia

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, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, 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 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 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.

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:

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Independent Auditor's Report to the Directors of Rural Communities Foundation of Nova Scotia
(continued)

- 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 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2020

	2020	2019 <i>(Restated Note 3)</i>
ASSETS		
CURRENT		
Cash	\$ 102,176	\$ -
HST recoverable	1,274	1,511
Investments <i>(Note 4)</i>	5,350	19,947
	108,800	21,458
RESTRICTED INVESTMENTS <i>(Note 4)</i>	308,019	164,910
	\$ 416,819	\$ 186,368
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness	\$ -	\$ 551
Accounts payable and accrued liabilities	8,286	5,681
Deferred contributions <i>(Note 5)</i>	20,207	19,207
	28,493	25,439
NET ASSETS		
Unrestricted net assets	30,307	(3,981)
Internally Restricted Fund <i>(Note 6)</i>	50,000	-
Endowment Fund - internally restricted <i>(Note 6)</i>	308,019	164,910
	388,326	160,929
	\$ 416,819	\$ 186,368

SUBSEQUENT AND OTHER EVENTS *(Note 8)*

COMMITMENTS *(Note 9)*

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUE		
Emergency Community Support Fund Grant and admin fee	\$ 864,724	\$ -
Gender Equality Grant and admin fee	34,400	-
RBC Future Launch Community Challenge	-	90,000
Community Spark Grant and admin fee	-	18,793
Donations and sponsorships (Note 6)	1,288	598
	<u>900,412</u>	<u>109,391</u>
EXPENSES		
Advertising and promotion	460	322
Community Sparks grants and expenses (Note 7)	-	15,793
Emergency Community Support Fund grants (Note 7)	796,980	-
Gender Equality grants (Note 7)	33,000	-
Literacy N.S. service fee (Note 9)	32,000	28,400
Meetings and travel	794	12,912
Memberships	811	469
Office	1,562	1,252
Professional fees	9,138	6,988
Property expenses (Note 6)	4,846	6,964
RBC Future Launch Community Challenge grants (Note 7)	-	90,000
	<u>879,591</u>	<u>163,100</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>20,821</u>	<u>(53,709)</u>
OTHER INCOME		
Proceeds from sale of donated property (Note 6)	199,000	-
Investment income	6,578	4,135
Gain on sale of investments	2,938	3,751
Unrealized gain (loss) on investments	(1,940)	8,078
	<u>206,576</u>	<u>15,964</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 227,397</u>	<u>\$ (37,745)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2020

	General Fund	Internally Restricted Fund	Endowment Fund	2020	2019 <i>(Restated Note 3)</i>
NET ASSETS - BEGINNING OF YEAR <i>(Note 3)</i>	\$ (3,981)	\$ -	\$ 164,910	\$ 160,929	\$ 198,674
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	227,397	-	-	227,397	(37,745)
TRANSFER BETWEEN FUNDS <i>(Note 6)</i>	(193,109)	50,000	143,109	-	-
NET ASSETS - END OF YEAR	\$ 30,307	\$ 50,000	\$ 308,019	\$ 388,326	\$ 160,929

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash receipts from donors and funding agencies	\$ 901,649	\$ 128,836
Cash paid to suppliers and grant recipients	(876,987)	(156,969)
Cash received from income on investments	6,578	4,135
	<hr/>	<hr/>
Cash flow from (used by) operating activities	31,240	(23,998)
INVESTING ACTIVITIES		
Purchase of investments	(146,013)	(4,135)
Proceeds on sale of investments	18,500	25,000
Proceeds from sale of donated property	199,000	-
	<hr/>	<hr/>
Cash flow from investing activities	71,487	20,865
INCREASE (DECREASE) IN CASH FLOW	102,727	(3,133)
Cash (deficiency) - beginning of year	(551)	2,582
	<hr/>	<hr/>
CASH (DEFICIENCY) - END OF YEAR	\$ 102,176	\$ (551)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2020

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 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 unrestricted net assets and internally restricted as endowments. Donations to the Endowment Fund are recognized as an increase in net assets when received. Income earned on Endowment Fund investments is 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, 2020

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 2020, no donated properties were received (2019 - two properties were received with a combined assessed value of \$270,000).

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. CORRECTION OF ACCOUNTING ERROR

There has been a correction of an accounting error in the disclosure of net assets. It was determined in the current year that the previously disclosed Internally Restricted Fund balance is an Endowment Fund, established by the Board with a transfer of unrestricted net assets. The correction of this error has the effect of increasing the Endowment Fund Balance for 2019 by \$164,910 and decreasing the Internally Restricted Fund by the same amount.

4. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Select Income Managed Portfolio	\$ 155,609	\$ 125,492
Select 50I50E Managed Portfolio	87,632	59,228
Marret Alternative Absolute Return Bond Fund	35,012	-
Fidelity Canadian Short Term Bond Fund	34,979	-
Credit Union common shares	137	137
	<hr/>	<hr/>
Subtotal	313,369	184,857
Restricted investments (Note 6)	(308,019)	(164,910)
	<hr/>	<hr/>
	\$ 5,350	\$ 19,947

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Notes to Financial Statements
Year Ended December 31, 2020

5. DEFERRED CONTRIBUTIONS

	2019	Contributions received	Recognized as revenue	2020
RBC Future Launch Community Challenge	\$ 18,000	\$ -	\$ -	\$ 18,000
Community Sparks Fund	1,207	-	-	1,207
Vital Conversations Powered by Leith Wheeler	-	1,000	-	1,000
	\$ 19,207	\$ 1,000	\$ -	\$ 20,207

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.

In partnership with the Community Foundation of Canada, the Foundation received funding under the RBC Future Launch Community Challenge in 2019 to provide grants and perform vital conversations on projects. The vital conversations will be completed in 2021.

The Foundation received funding in 2019 for a granting program called the Community Sparks Fund. The remaining funds have been deferred until the project resumes in 2021.

The Foundation received funding from the Community Foundation of Canada in partnership with Leith Wheeler Investment Counsel for an In Person Vital Conversation project to be completed in 2021.

6. TRANSFER BETWEEN FUNDS

The Board approved the transfer of \$50,000 from the General Fund to the Internally Restricted Fund for the 2020 fiscal year.

The Board approved the transfer of memorial donations of \$338 (2019 - \$598) and \$142,771 (2019 - \$NIL) representing 75% of the net proceeds from the sale of donated real estate from unrestricted net assets to the Endowment Fund.

7. GRANTS

Grant income was received in the year from the Community Foundation of Canada through a fund called the Emergency Community Support Fund to support qualified donees and non-profit organizations working with vulnerable populations impacted by the Covid-19 crisis. Grant income was also received in the year from the Community Foundation of Canada in partnership with the Equality Fund to provide Gender Equality grants.

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2020

7. GRANTS *(continued)*

	2020	2019
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	-
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	-

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2020

7. GRANTS (continued)

	<u>2020</u>	<u>2019</u>
Emergency Community Support Fund grants		
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	-
	<u>\$ 796,980</u>	<u>\$ -</u>
Gender Equality Fund grants		
Town of Port Hawkesbury	\$ 25,000	\$ -
Coastal Action	8,000	-
	<u>\$ 33,000</u>	<u>\$ -</u>
RBC Future Launch Community Challenge		
Bluenose Coastal Action Foundation	\$ -	\$ 15,000
Calvary Temple	-	15,000
Navy League of Canada Cape Breton Division	-	15,000
Tatamagouche Centre	-	15,000
Ducks Unlimited Canada	-	13,500
Kings Volunteer Resource Centre	-	10,170
Pictou County Roots for Youth Society	-	6,330
	<u>\$ -</u>	<u>\$ 90,000</u>
Community Spark Fund		
Chapel Island Indian Band	\$ -	\$ 5,700
The Seagull Foundation (Centre for Local Prosperity)	-	2,000
Navy League of Canada Cape Breton Division	-	2,000
Clean Nova Scotia Foundation	-	2,000
Bridgewater Inter-church Food Bank	-	1,905
	<u>\$ -</u>	<u>\$ 13,605</u>

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2020

8. SUBSEQUENT AND OTHER EVENTS

1. The Foundation signed an agreement with the Community Foundation of Canada for the second round of the Gender Equality Fund grant program consisting of \$155,000 in grants and an administrative fee for \$7,000. Subsequent to year end the Foundation received \$81,000 of the grant funding and issued grants totaling \$77,500.
 2. The Foundation signed an agreement with Drake Jensen to administer the Soaring Eagle Fund from the donation of the profits from the sales of Drake Jensen's single, Rise Again and the album, "The Iconic Album" in exchange for a 15% administrative fee. The purpose of the fund is provide grants to ignite conversations on challenges facing the LGBTQ+ community.
 3. Subsequent to year end donated real estate was sold for \$70,000. The Foundation does not own any other donated real estate.
 4. 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.
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9. 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, 2021 for a fee of \$32,000 (2020 - \$32,000), to be paid quarterly.

10. 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, 2020.

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.
