

Financial Statements of

**FAMILY SERVICE OF EASTERN
NOVA SCOTIA**

Year ended March 31, 2019

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Financial Statements

Year ended March 31, 2019

Independent Auditors' Report

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Members of the Board of Family
Service of Eastern Nova Scotia

Opinion

We have audited the accompanying financial statements of Family Service of Eastern Nova Scotia which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Family Service of Eastern Nova Scotia as at March 31, 2019 and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Agency 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.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility 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 decision 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 Agency'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 Agency'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 Agency 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'M&M Associates'. The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

Sydney, Nova Scotia
May 30, 2019

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Financial Position

March 31, 2019, with comparative figures for 2018

	2019	2018
ASSETS		
Current assets		
Cash	\$ 252,349	\$ 67,776
Accounts receivable (note 2)	84,451	82,410
Prepaid expenses	14,154	9,707
HST receivable	13,987	11,133
	<u>364,941</u>	<u>171,026</u>
Capital assets (note 3)	130,051	99,210
Restricted cash and deposits	87,090	69,919
	<u>\$ 582,082</u>	<u>\$ 340,155</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 21,688	\$ 31,670
Accrued payroll expenses (note 4)	59,373	50,370
Deferred revenue (note 5)	264,030	88,986
Deferred contributions related to capital assets (note 6)	56,259	34,995
	<u>401,350</u>	<u>206,021</u>

NET ASSETS

Investment in capital assets	73,792	64,215
Unrestricted	19,850	-
Internally restricted	65,000	48,829
Externally restricted	22,090	21,090
	<u>180,732</u>	<u>134,134</u>
Commitments (note 11)		
	<u>\$ 582,082</u>	<u>\$ 340,155</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Operations

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
REVENUES		
Operating funding and fees (note 9)	\$ 2,102,840	\$ 1,944,653
Amortization of deferred contributions related to capital assets (note 6)	9,429	7,082
	<u>2,112,269</u>	<u>1,951,735</u>
EXPENSES		
Salaries	1,448,667	1,373,005
Benefits	208,454	188,733
Program materials	83,074	45,930
Rent	73,710	69,560
Vehicle operation and travel	59,318	56,392
Amortization of capital assets	33,704	18,276
Telecommunications	26,955	27,496
Office supplies	25,170	29,912
Data management	19,953	18,249
Utilities and maintenance	18,529	18,224
Contract expense	18,512	24,231
Professional fees	12,744	10,728
Memberships	9,336	13,327
Board expenses	8,243	9,989
Staff development	8,135	6,523
Advertising	4,183	3,549
Interest and bank charges	3,806	3,380
Insurance	3,178	2,751
	<u>2,065,671</u>	<u>1,920,255</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 46,598	\$ 31,480

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative figures for 2018

					2019	2018
	Investment in capital assets	Unrestricted	Internally restricted	Externally restricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 64,215	\$ -	\$ 48,829	\$ 21,090	\$ 134,134	\$ 102,654
Excess (deficiency) of revenues over expenses	(24,275)	70,873	-	-	46,598	31,480
Acquisition and financing of capital assets	33,852	(33,852)	-	-	-	-
Interfund transfers	-	(17,171)	16,171	1,000	-	-
BALANCE, END OF YEAR	\$ 73,792	\$ 19,850	\$ 65,000	\$ 22,090	\$ 180,732	\$ 134,134

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Cash Flows

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 46,598	\$ 31,480
Items not involving cash		
Amortization of capital assets	33,704	18,276
Amortization of deferred contributions related to capital assets	(9,429)	(7,082)
Change in non-cash operation working capital		
Increase in accounts receivable	(2,041)	(13,715)
Increase in prepaid expenses	(4,447)	(1,552)
Increase in HST receivable	(2,854)	(2,517)
Decrease in accounts payable and accrued liabilities	(9,982)	(16,403)
Increase in accrued payroll expenses	9,003	3,642
Increase (decrease) in deferred revenue	175,044	(33,594)
	235,596	(21,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received	30,693	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital assets	(64,545)	(36,356)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	201,744	(57,821)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	137,695	195,516
CASH AND CASH EQUIVALENTS, END OF YEAR		
	\$ 339,439	\$ 137,695
Cash and cash equivalents consists of		
Cash	\$ 252,349	\$ 67,776
Restricted cash and deposits	87,090	69,919
	\$ 339,439	\$ 137,695

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

COMPANY BIOGRAPHY

Family Service of Eastern Nova Scotia (the "Agency") is incorporated under the the Societies Act of the Province of Nova Scotia. The Agency is a non-profit organization which provides counselling and related family life program support throughout Eastern Nova Scotia. The Agency is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash in bank accounts net of outstanding cheques and deposits.

(c) Revenue recognition

The Agency 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 reasonable assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Revenue from administrative services are recognized when the services are provided.

(d) Capital assets

The purchase of capital assets are recorded at cost less accumulated amortization. Assets acquired under capital leases are recorded at cost and are amortized over the estimated life of the assets or over the lease term, as appropriate.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are amortized using the following annual rates:

Asset	Basis	Rate
Building	Declining balance	5%
Computer equipment	Straight-line	50%
Furniture and fixtures	Declining balance	20%
Computer software	Straight-line	33%
Library	Straight-line	20%
Leasehold improvements	Straight-line	10-20%

(e) Financial instruments

Measurement of financial instruments

The Agency initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and accrued payroll expenses.

Impairment

Financial assets measured at cost or amortized costs are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A 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 the reversal is recognized in income.

Unless otherwise noted, the Agency is not subject to significant credit, market or liquidity risks arising from these instruments.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items subject to estimates and assumptions include the valuation of accounts receivable and capital assets. Actual results could differ from those estimates.

2. ACCOUNTS RECEIVABLE

	2019	2018
Province of Nova Scotia	\$ 28,726	\$ -
Wagmatcook First Nation	18,827	18,303
Cape Breton University	16,638	16,198
Emergency Medical Care Inc.	7,676	26,937
United Way Cape Breton	7,429	6,053
Other	5,155	4,812
Dioceses	-	10,107
	<u>\$ 84,451</u>	<u>\$ 82,410</u>

The settlement of estimated receivables is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

3. CAPITAL ASSETS

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,300	\$ -	\$ 2,300	\$ 2,300
Building	110,639	73,929	36,710	28,050
Computer equipment	103,238	77,491	25,747	17,167
Furniture and fixtures	68,329	37,587	30,742	10,389
Computer software	18,242	18,242	-	-
Library	4,731	4,731	-	-
Leasehold improvements	56,871	22,319	34,552	41,304
	<u>\$ 364,350</u>	<u>\$ 234,299</u>	<u>\$ 130,051</u>	<u>\$ 99,210</u>

4. ACCRUED PAYROLL EXPENSES

Included in accrued payroll expenses are government remittances payable of \$21,386 (2018 - \$18,079).

5. DEFERRED REVENUE

	2019	2018
Province of Nova Scotia	\$ 243,339	\$ 53,934
Men's Health Centre	9,274	16,166
EAP Development	5,796	5,796
EAP Contracts	5,621	11,080
Other	-	2,010
	<u>\$ 264,030</u>	<u>\$ 88,986</u>

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	2019	2018
Balance, beginning of year	\$ 34,995	\$ 42,077
Capital contributions received	30,693	-
Less amounts amortized to revenue	(9,429)	(7,082)
Balance, end of year	\$ 56,259	\$ 34,995

7. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 130,051	\$ 99,210
Deferred contributions related to capital assets	(56,259)	(34,995)
	\$ 73,792	\$ 64,215

b) Change in net assets invested in capital assets is calculated as follows:

	2019	2018
Deficiency of revenues over expenses		
Amortization of capital assets	\$ (33,704)	\$ (18,276)
Amortization of deferred contributions related to capital assets	9,429	7,082
	(24,275)	(11,194)
Acquisition and financing of capital assets		
Acquisition of capital assets	64,545	36,356
Capital contributions received	(30,693)	-
	33,852	36,356
Net change in investment in capital assets	\$ 9,577	\$ 25,162

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

8. RESTRICTED FUNDS

Internally Restricted

The Agency has established an internally restricted fund of \$65,000 (2018 - \$48,829) as at March 31, 2019 to be used for future payroll related liabilities.

Externally Restricted

The Agency has established a restricted fund comprised of funds received from a specific donor. The restricted funds shall be spent in keeping with the vision of the original donor.

9. OPERATING FUNDING AND FEES

	2019	2018
Department of Community Services	\$ 1,240,561	\$ 1,221,483
Schools Plus	335,437	236,604
Youth Outreach	113,841	102,800
Gambling Support Network & Tobacco Free NS	89,723	95,181
Wagmatcook First Nation	52,231	33,279
Cape Breton University	50,559	52,883
Employee Assistance Programs	30,971	26,474
Department of Community Services - Child Welfare	30,500	30,500
Fee for service	28,898	19,993
United Way - Cape Breton	22,286	18,160
Resource development and donations	20,772	19,495
Sisters of St. Martha	15,000	15,000
Diocese of Antigonish	14,573	13,590
Parish contributions	13,376	14,779
Aberdeen Health Foundation	11,033	8,967
Summer grant	9,024	8,288
Men's Health Centre	6,892	1,192
United Way - Pictou	5,000	8,320
Congregation de Notre Dame	5,000	5,000
Grants and training	4,719	7,127
Other	1,444	538
Father Boutilier Project	1,000	-
Les Filles de Jesus	-	5,000
	\$ 2,102,840	\$ 1,944,653

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2019

10. FINANCIAL INSTRUMENTS

Credit risk

The Agency submits claims to the provincial government to receive funding for various project expenses. There is a collection risk of these receivables in the event that the government does not approve a claim and refuses funding to the Agency. This risk is mitigated by the project contracts in place, as well as monitoring by the Agency.

11. COMMITMENTS

The Agency's lease agreement with 3224267 Nova Scotia Limited to lease office space for the Antigonish office is \$1,600 per month plus HST and expires in May 2028.

The Agency's lease agreement with B&B Maxwell's Limited to lease office space for the Sydney office is \$2,563.33 per month plus HST and expires March 31, 2022.

The Agency's lease agreement with CanConnect to lease office space for the New Glasgow office is \$1,400 per month plus HST and expires in June 2028.