

**FAMILY SERVICE OF EASTERN
NOVA SCOTIA**
Financial Statements
March 31, 2020

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Family Service of Eastern Nova Scotia (the "Agency"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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 Agency as at March 31, 2020, and the results of its operations 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 the 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.

Other Matter

The financial statements of the Agency for the year ended March 31, 2019 were audited by MGM & Associates, Chartered Professional Accountants of Sydney, Nova Scotia, Canada, prior to its merger with MNP LLP. MGM & Associates, Chartered Professional Accountants expressed an unmodified opinion on those statements on May 30, 2019.

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 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 the 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.

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 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.

Sydney, Nova Scotia

May 21, 2020

MNP LLP

Chartered Professional Accountants

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Financial Statements

Year ended March 31, 2020

Independent Auditors' Report

Financial Statements

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FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Financial Position

March 31, 2020, with comparative figures for 2019

	2020	2019
ASSETS		
Current assets		
Cash	\$ 438,189	\$ 252,349
Accounts receivable (note 2)	174,321	84,451
Prepaid expenses	25,692	14,154
HST receivable	10,179	13,987
	<u>648,381</u>	<u>364,941</u>
Capital assets (note 3)	111,296	130,051
Restricted cash and deposits	137,090	87,090
	<u>\$ 896,767</u>	<u>\$ 582,082</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 28,835	\$ 21,688
Accrued payroll expenses (note 4)	10,524	59,373
Deferred revenue (note 5)	551,204	264,030
Deferred contributions related to capital assets (note 6)	47,348	56,259
	<u>637,911</u>	<u>401,350</u>

NET ASSETS

Investment in capital assets	63,948	73,792
Unrestricted	57,818	19,850
Internally restricted	115,000	65,000
Externally restricted	22,090	22,090
	<u>258,856</u>	<u>180,732</u>
Commitments (note 11)		
	<u>\$ 896,767</u>	<u>\$ 582,082</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, 2020, with comparative figures for 2019

	2020	2019
REVENUE		
Operating funding and fees (note 9)	\$ 2,510,779	\$ 2,102,840
Amortization of deferred contributions related to capital assets (note 6)	15,791	9,429
	<u>2,526,570</u>	<u>2,112,269</u>
EXPENSES		
Salaries	1,726,293	1,448,667
Benefits	244,353	208,454
Program materials	93,893	83,074
Vehicle operation and travel	82,046	59,318
Rent	76,805	73,710
Telecommunications	35,075	26,955
Office supplies	34,772	25,170
Amortization of capital assets	31,697	33,704
Utilities and maintenance	25,174	18,529
Staff development	19,025	8,135
Contract expense	15,324	18,512
Data management	14,175	19,953
Professional fees	13,278	12,744
Board expenses	12,392	8,243
Advertising	9,220	4,183
Memberships	7,483	9,336
Interest and bank charges	4,007	3,806
Insurance	3,434	3,178
	<u>2,448,446</u>	<u>2,065,671</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 78,124</u>	<u>\$ 46,598</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative figures for 2019

					2020	2019
	Investment in capital assets	Unrestricted	Internally restricted	Externally restricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 73,792	\$ 19,850	\$ 65,000	\$ 22,090	\$ 180,732	\$ 134,134
Excess (deficiency) of revenues over expenses	(15,906)	94,030	-	-	78,124	46,598
Acquisition and financing of capital assets	6,062	(6,062)	-	-	-	-
Interfund transfers	-	(50,000)	50,000	-	-	-
BALANCE, END OF YEAR	\$ 63,948	\$ 57,818	\$ 115,000	\$ 22,090	\$ 258,856	\$ 180,732

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

	2020	2019
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 78,124	\$ 46,598
Items not involving cash		
Amortization of capital assets	31,697	33,704
Amortization of deferred contributions related to capital assets	(15,791)	(9,429)
Change in non-cash operation working capital		
Increase in accounts receivable	(89,870)	(2,041)
Increase in prepaid expenses	(11,538)	(4,447)
Decrease (increase) in HST receivable	3,808	(2,854)
Increase (decrease) in accounts payable and accrued liabilities	7,147	(9,982)
Increase (decrease) in accrued payroll expenses	(48,849)	9,003
Increase in deferred revenue	287,174	175,044
	241,902	235,596
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received	6,880	30,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital assets	(12,942)	(64,545)
INCREASE IN CASH AND CASH EQUIVALENTS	235,840	201,744
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	339,439	137,695
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 575,279	\$ 339,439
Cash and cash equivalents consists of		
Cash	\$ 438,189	\$ 252,349
Restricted cash and deposits	137,090	87,090
	\$ 575,279	\$ 339,439

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2020

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, 2020

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, 2020

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

	2020	2019
Province of Nova Scotia	\$ 113,528	\$ 28,726
Cape Breton University	22,605	16,638
Wagmatcook First Nation	15,429	18,827
Emergency Medical Care Inc.	7,453	7,676
United Way Cape Breton	6,181	7,429
Diocese of Antigonish	5,000	-
Other	4,125	5,155
	<hr/> \$ 174,321	<hr/> \$ 84,451

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, 2020

3. CAPITAL ASSETS

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,300	\$ -	\$ 2,300	\$ 2,300
Building	110,639	75,764	34,875	36,710
Computer equipment	109,299	93,765	15,534	25,747
Furniture and fixtures	75,209	44,423	30,786	30,742
Computer software	18,242	18,242	-	-
Library	4,731	4,731	-	-
Leasehold improvements	56,871	29,070	27,801	34,552
	\$ 377,291	\$ 265,995	\$ 111,296	\$ 130,051

4. ACCRUED PAYROLL EXPENSES

Included in accrued payroll expenses are government remittances payable of \$nil (2019 - \$21,386).

5. DEFERRED REVENUE

	2020	2019
Province of Nova Scotia	\$ 450,787	\$ 243,339
Sisters of St. Martha	60,000	-
Strait Area Healthy Relationships	24,226	-
EAP Development	5,796	5,796
Men's Health Centre	5,739	9,274
EAP Contracts	4,656	5,621
	\$ 551,204	\$ 264,030

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2020

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.

	2020	2019
Balance, beginning of year	\$ 56,259	\$ 34,995
Capital contributions received	6,880	30,693
Less amounts amortized to revenue	(15,791)	(9,429)
Balance, end of year	\$ 47,348	\$ 56,259

7. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 111,296	\$ 130,051
Deferred contributions related to capital assets	(47,348)	(56,259)
	\$ 63,948	\$ 73,792

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

	2020	2019
Deficiency of revenues over expenses		
Amortization of capital assets	\$ (31,697)	\$ (33,704)
Amortization of deferred contributions related to capital assets	15,791	9,429
	(15,906)	(24,275)
Acquisition and financing of capital assets		
Acquisition of capital assets	12,942	64,545
Capital contributions received	(6,880)	(30,693)
	6,062	33,852
Net change in investment in capital assets	\$ (9,844)	\$ 9,577

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2020

8. RESTRICTED FUNDS

Internally Restricted

The Agency has established two internally restricted funds as at March 31, 2020. The funds are to be used for future payroll related liabilities of \$65,000 (2019 - \$65,000) and future building and equipment expenditures of \$50,000 (2019 - \$nil).

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

	2020	2019
Department of Community Services	\$ 1,343,441	\$ 1,240,561
Schools Plus	499,247	335,437
Youth Outreach	120,085	113,841
Gambling Support Network & Tobacco Free NS	89,099	89,723
Wagmatcook First Nation	50,593	52,231
Cape Breton University	78,815	50,559
Sisters of St. Martha	65,000	15,000
Province of Nova Scotia	42,088	-
Resource development and donations	41,707	20,772
Department of Community Services - Child Welfare	30,500	30,500
Employee Assistance Programs	28,671	30,971
United Way - Cape Breton	24,725	22,286
Fee for service	17,188	28,898
Diocese of Antigonish	15,532	14,573
Research Nova Scotia Corporation	13,274	-
Parish contributions	11,846	13,376
Department of Justice Canada	9,000	-
Summer grant	8,961	9,024
United Way - Pictou	7,000	5,000
Men's Health Centre	5,036	6,892
Congregation de Notre Dame	5,000	5,000
Grants and training	3,268	4,719
Other	703	1,444
Aberdeen Health Foundation	-	11,033
Father Boutilier Project	-	1,000
	\$ 2,510,779	\$ 2,102,840

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2020

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 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.

12. SUBSEQUENT EVENTS:

Throughout March, 2020 and since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to business globally resulting in economic slowdown. The duration and impact of the COVID-19 outbreak, including the impact of government and central bank interventions aimed at stabilizing the economic decline, is not fully known at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on financial results of the Agency in future periods.