

**FAMILY SERVICE OF EASTERN
NOVA SCOTIA**
Financial Statements
March 31, 2021

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Financial Statements

Year ended March 31, 2021

Independent Auditors' Report

Financial Statements

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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, 2021, 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, 2021, 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.

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 27, 2021

MNP LLP

Chartered Professional Accountants

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Financial Position

March 31, 2021, with comparative figures for 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 778,637	\$ 438,189
Accounts receivable (note 2)	63,785	174,321
Prepaid expenses	46,626	25,692
HST receivable	17,084	10,179
	<u>906,132</u>	<u>648,381</u>
Capital assets (note 3)	125,891	111,296
Restricted cash and deposits	137,090	137,090
	<u>\$ 1,169,113</u>	<u>\$ 896,767</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,914	\$ 28,835
Accrued payroll expenses	19,941	10,524
Deferred revenue (note 4)	682,775	551,204
Deferred contributions related to capital assets (note 5)	42,918	47,348
	<u>770,548</u>	<u>637,911</u>
NET ASSETS		
Investment in capital assets	82,973	63,948
Unrestricted	178,502	57,818
Internally restricted	115,000	115,000
Externally restricted	22,090	22,090
	<u>398,565</u>	<u>258,856</u>
Commitments (note 10)		
	<u>\$ 1,169,113</u>	<u>\$ 896,767</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, 2021, with comparative figures for 2020

	2021	2020
REVENUE		
Operating funding and fees (note 8)	\$ 2,777,418	\$ 2,510,779
Amortization of deferred contributions related to capital assets (note 5)	19,430	15,791
	<u>2,796,848</u>	<u>2,526,570</u>
EXPENSES		
Salaries	1,905,162	1,726,293
Benefits	255,662	244,353
Program materials	99,475	93,893
Rent	78,518	76,805
Office supplies	63,241	34,772
Telecommunications	54,726	35,075
Amortization of capital assets	36,752	31,697
Vehicle operation and travel	30,183	82,046
Utilities and maintenance	27,010	25,174
Data management	26,965	14,175
Government assistance administered	23,648	-
Professional fees	15,173	13,278
Memberships	13,387	7,483
Staff development	8,089	19,025
Contract expense	5,200	15,324
Board expenses	3,938	12,392
Interest and bank charges	3,792	4,007
Advertising	3,747	9,220
Insurance	2,471	3,434
	<u>2,657,139</u>	<u>2,448,446</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 139,709</u>	<u>\$ 78,124</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative figures for 2020

					2021	2020
	Investment in capital assets	Unrestricted	Internally restricted	Externally restricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 63,948	\$ 57,818	\$ 115,000	\$ 22,090	\$ 258,856	\$ 180,732
Excess (deficiency) of revenues over expenses	(17,322)	157,031	-	-	139,709	78,124
Acquisition and financing of capital assets	36,347	(36,347)	-	-	-	-
BALANCE, END OF YEAR	\$ 82,973	\$ 178,502	\$ 115,000	\$ 22,090	\$ 398,565	\$ 258,856

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Statement of Cash Flows

Year ended March 31, 2021, with comparative figures for 2020

	2021	2020
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 139,709	\$ 78,124
Items not involving cash		
Amortization of capital assets	36,752	31,697
Amortization of deferred contributions related to capital assets	(19,430)	(15,791)
Change in non-cash operation working capital		
Decrease (increase) in accounts receivable	110,536	(89,870)
Increase in prepaid expenses	(20,934)	(11,538)
Decrease (increase) in HST receivable	(6,905)	3,808
Increase (decrease) in accounts payable and accrued liabilities	(3,921)	7,147
Increase (decrease) in accrued payroll expenses	9,417	(48,849)
Increase in deferred revenue	131,571	287,174
	<u>376,795</u>	<u>241,902</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions received	15,000	6,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to capital assets	(51,347)	(12,942)
INCREASE IN CASH AND CASH EQUIVALENTS	<u>340,448</u>	<u>235,840</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>575,279</u>	<u>339,439</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 915,727</u>	<u>\$ 575,279</u>
Cash and cash equivalents consists of		
Cash	\$ 778,637	\$ 438,189
Restricted cash and deposits	137,090	137,090
	<u>\$ 915,727</u>	<u>\$ 575,279</u>

See accompanying notes to financial statements.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

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) 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.

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%

(d) 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.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

(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.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

2. ACCOUNTS RECEIVABLE

	2021	2020
Cape Breton University	\$ 29,865	\$ 22,605
Emergency Medical Care Inc.	15,725	7,453
Wagmatcook First Nation	9,065	15,429
United Way Cape Breton	6,666	6,181
Other	1,404	4,125
Province of Nova Scotia	1,060	113,528
Diocese of Antigonish	-	5,000
	\$ 63,785	\$ 174,321

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.

3. CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,300	\$ -	\$ 2,300	\$ 2,300
Building	110,639	77,508	33,131	34,875
Computer equipment	160,647	115,865	44,782	15,534
Furniture and fixtures	75,209	50,580	24,629	30,786
Computer software	18,242	18,242	-	-
Library	4,731	4,731	-	-
Leasehold improvements	56,871	35,822	21,049	27,801
	\$ 428,639	\$ 302,748	\$ 125,891	\$ 111,296

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

4. DEFERRED REVENUE

	2021	2020
Province of Nova Scotia	\$ 612,715	\$ 450,787
Sisters of St. Martha	45,000	60,000
Family Service Atlantic	7,272	-
EAP Contracts	6,059	4,656
Men's Health Centre	5,932	5,739
EAP Development	5,797	5,796
Strait Area Healthy Relationships	-	24,226
	<u>\$ 682,775</u>	<u>\$ 551,204</u>

5. 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.

	2021	2020
Balance, beginning of year	\$ 47,348	\$ 56,259
Capital contributions received	15,000	6,880
Less amounts amortized to revenue	(19,430)	(15,791)
Balance, end of year	<u>\$ 42,918</u>	<u>\$ 47,348</u>

6. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 125,891	\$ 111,296
Deferred contributions related to capital assets	(42,918)	(47,348)
	<u>\$ 82,973</u>	<u>\$ 63,948</u>

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

6. INVESTMENT IN CAPITAL ASSETS (continued)

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

	2021	2020
Deficiency of revenues over expenses		
Amortization of capital assets	\$ (36,752)	\$ (31,697)
Amortization of deferred contributions related to capital assets	19,430	15,791
	(17,322)	(15,906)
Acquisition and financing of capital assets		
Acquisition of capital assets	51,347	12,942
Capital contributions received	(15,000)	(6,880)
	36,347	6,062
Net change in investment in capital assets	\$ 19,025	\$ (9,844)

7. RESTRICTED FUNDS

Internally Restricted

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

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.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

8. OPERATING FUNDING AND FEES

	2021	2020
Department of Community Services	\$ 1,637,358	\$ 1,343,441
Schools Plus	541,035	499,247
Youth Outreach	119,813	120,085
Cape Breton University	101,200	78,815
Gambling Support Network & Tobacco Free NS	90,056	89,099
Wagmatcook First Nation	73,629	50,593
Research Nova Scotia Corporation	61,726	13,274
Department of Community Services - Child Welfare	30,500	30,500
Province of Nova Scotia	23,881	42,088
Employee Assistance Programs	21,897	28,671
United Way - Cape Breton	20,664	24,725
Sisters of St. Martha	15,000	65,000
Summer grant	7,662	8,961
United Way - Pictou	7,094	7,000
Fee for service	7,030	17,188
Diocese of Antigonish	6,651	15,532
Resource development and donations	4,977	41,707
Congregation de Notre Dame	3,000	5,000
Other	1,875	703
Parish contributions	1,870	11,846
Grants and training	500	3,268
Department of Justice Canada	-	9,000
Men's Health Centre	-	5,036
	<u>\$ 2,777,418</u>	<u>\$ 2,510,779</u>

9. 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.

FAMILY SERVICE OF EASTERN NOVA SCOTIA

Notes to Financial Statements

Year ended March 31, 2021

10. 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.

11. IMPACT ON OPERATIONS OF COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Organization's operations were impacted by COVID-19 due to the inability to provide counseling and other therapeutic services in person for most of the year.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause disruptions in the Organization's ability to offer services to the public.