

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Financial Statements

December 31, 2023

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rural Communities Foundation of Nova Scotia

Qualified Opinion

We have audited the financial statements of Rural Communities Foundation of Nova Scotia (the organization), which comprise the statement of financial position as at December 31, 2023, 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 organization as at December 31, 2023, 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 Qualified Opinion

In common with many charitable organizations, the organization 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 organization 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. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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

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

Antigonish, Nova Scotia
April 19, 2024

MacDonald & Murphy Inc
Chartered Professional Accountants

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Statement of Revenues and Expenditures

Year Ended December 31, 2023

	2023	2022
Revenues		
Gender Equality grant	\$ 200,000	\$
Admin fees	104,982	55,924
Donations and sponsorships	97,140	1,919
CSRF Recovery Fund	62,267	
Joan Feynman climate change fund	37,000	13,250
Ukrainian Nova Scotia resettlement program	6,380	19,000
Other grants	4,158	
Women in Trades fund	2,000	
Soaring Eagle program		3,000
Pictou County Benefit for Ukraine program		8,771
	<u>513,927</u>	<u>101,864</u>
Expenses		
Gender Equality grants	200,000	
CSRF Recovery Fund grants	62,267	
Joan Feynman climate change grants	37,000	13,250
Ukrainian Nova Scotia resettlement grants	6,380	19,000
Women in Trades grants	2,000	
Pictou County Benefit for Ukraine grants		8,771
Soaring Eagle grants		3,000
Literacy Nova Scotia service fee		12,000
Meetings and travel	20,964	3,666
Memberships	750	697
Office	4,821	5,433
Professional fees	10,300	10,650
Promotion and website	25,708	24,736
Salaries and wages	55,369	45,956
Consultants	15,500	
Training	350	120
	<u>441,409</u>	<u>147,279</u>
Excess (deficiency) of revenues over expenses from operations	<u>72,518</u>	<u>(45,415)</u>
Other income		
Loss on sale of marketable securities		(2,711)
Unrealized gain (loss) on marketable securities	31,142	(46,182)
Investment income	7,687	6,930
	<u>38,829</u>	<u>(41,963)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 111,347</u>	<u>\$ (87,378)</u>

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Changes in Net Assets
Year Ended December 31, 2023

	2022 Balance	Excess of revenues over expenses	Donations	Transfers	2023 Balance
General fund	\$ (55,047)	\$ 111,347	\$	\$ (38,829)	\$ 17,471
Internally restricted fund	50,000				50,000
Externally restricted endowment fund	811				811
Internally restricted endowment fund	355,469			38,829	394,298
	<u>\$ 351,233</u>	<u>\$ 111,347</u>	<u>\$</u>	<u>\$</u>	<u>\$ 462,580</u>

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 170,852	\$ 1,107,251
Investments (Cost \$295,071) (Note 4)	312,702	347,748
Accounts receivable	4,960	2,344
	488,514	1,457,343
Appropriated cash, Endowment Fund		22,484
	\$ 488,514	\$ 1,479,827
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,842	\$ 1,964
Employee deductions payable	24,092	1,126,630
Deferred contributions (Note 5)	25,934	1,128,594
	17,471	(55,047)
General fund	50,000	50,000
Internally restricted fund	811	811
Externally restricted endowment fund	394,298	355,469
Internally restricted endowment fund	462,580	351,233
	\$ 488,514	\$ 1,479,827

ON BEHALF OF THE BOARD

_____ Director

_____ Director

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

**Statement of Cash Flows
Year Ended December 31, 2023**

	2023	2022
Operating activities		
Cash receipts from donors and funding agencies	\$ (591,227)	\$ 1,216,971
Cash paid to suppliers, grant recipients and employees	(441,530)	(177,660)
Investment income received	274	6,930
Endowment contributions		496
	(1,032,483)	1,046,737
Investing activities		
Purchase of investments	(41,556)	(20,883)
Cash appropriated for endowment fund	22,484	(22,484)
Transfers from investments	115,156	
	96,084	(43,367)
Increase (decrease) in cash flow	(936,399)	1,003,370
Cash - beginning of year	1,107,251	103,881
Cash - end of year	\$ 170,852	\$ 1,107,251

1. Purpose of the organization

The Rural Communities Foundation of Nova Scotia is a not-for-profit organization that builds on the strengths and assets of rural Nova Scotia by convening, stimulating generosity, establishing giving, growing an endowment, and granting funds to create diverse, equitable, inclusive, and sustainable communities. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. Summary of significant accounting policies

Revenue recognition

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Cash

The organization considers cash on hand and balances with bank, net of overdrafts as cash and cash equivalents. Cash in high-yield savings accounts is considered to be cash.

Donated goods and services

Donated goods are recorded at their fair market value at the time of the sale of the donation, as they are not used in the normal course of operations. During the year marketable securities having a fair market value of \$41,556 were donated (2022 - \$66,837).

Donated services by volunteers are not recognized in the financial statements due to the difficulty in determining their fair value.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Fund accounting and revenue recognition

The organization follows the deferral method of accounting for contributions.

Unrestricted contributions and donations 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 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 net proceeds on the sale of donated goods are transferred from the general fund on a case-by-case basis. No transfer was made in the current year.

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3. Summary of significant accounting policies (continued)

Administrative fees and honoraria are added to program funding agreements as part of the services provided by the Foundation with respect to the program requirements. These amounts are recognized as revenue when received.

Investment income is recognized as revenue when earned.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian 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 are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. Investments

	<u>2023</u>	<u>2022</u>
Cash	\$ 155	\$
Canadian Fixed Income	34,966	
Global Equity	106,593	
Canadian Diversified Income		125,204
Global Balance & Asset Allocation		69,919
Alternative Strategies		50,265
Canadian Equity Balanced		28,604
Global Fixed Income	170,988	12,905
Canadian Short Term Fixed Income		11,386
Apple Inc Shares		34,492
Home Depot Shares		14,973
	<u>312,702</u>	<u>347,748</u>
Total	-	-
	<u>\$ 312,702</u>	<u>\$ 347,748</u>

RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2023

5. Deferred Contributions

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.

	2022	Contributions received	Recognized as revenue	2023
Soaring Eagle Fund	\$ 2,862	\$	\$	\$ 2,862
Livia Properties Women in Trades	2,000		2,000	
Zero Hunger Fund	4,413			4,413
Community Impact Conference Fund	4,158		4,158	
Other fund (NSAR)	5,312			5,312
Pictou County Benefit for Ukraine	3,147			3,147
Ukrainian NS Resettlement Fund	6,380		6,380	
Joan Feynman Climate Change Fund	45,358		37,000	8,358
Community Service Recovery Fund	963,000		963,000	
Honorarium on CSR Fund	90,000		90,000	
	<u>\$ 1,126,630</u>	<u>\$ -</u>	<u>\$ 1,102,538</u>	<u>\$ 24,092</u>

The amount received in prior year from Community Service Recovery Fund was returned to the funder.

6. Grants expenditures

	<u>2023</u>	<u>2022</u>
<u>Joan Feynman Climate Change Grants</u>		
Yarmouth County Historical Society	\$ 5,000	\$
Cumberland Geological Society	5,000	
Metroworks Employment Association	5,000	
Farm to Feast Cafe Association	5,000	
Dr. Kingston Memorial Community Health Centre	5,000	
Blomidon Naturalists Society	2,000	
Halifax Brewery Farmers Market	5,000	
Canadian Wildlife Federation	5,000	
Mersey Tobeatic Reserve		5,000
Potlotek First Nation		5,000
Barrington Museum		3,250
	<u>37,000</u>	<u>13,250</u>
<u>Pictou County Benefit for Ukraine Grants</u>		
Chris Lewis	\$	\$ 2,000
First Kids		2,000
Rhonda Rafuse		2,468
Ruslana Zhurakhova		303
Yana Ihnatenko		2,000
	<u>-</u>	<u>8,771</u>
<u>Soaring Eagle Grants</u>		
Antigonish Culture Alive	\$	\$ 1,000
MacPhee Centre		1,000
Pictou County Roots for Youth Society		1,000

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RURAL COMMUNITIES FOUNDATION OF NOVA SCOTIA

Notes to Financial Statements

Year Ended December 31, 2023

6. Grants expenditures (continued)

	2023	2022
<u>Soaring Eagle Grants</u>		3,000
<u>Ukrainian Nova Scotia Resettlement Fund</u>		
Sobey's gift cards	\$ 6,380	\$ 19,000
<u>Gender Equality Fund Grants</u>		
The Lotus Centre - Women's Research Centre	\$ 35,000	\$
Pictou County Roots for Youth Society	10,000	
Cape Breton Centre for Craft & Design	40,000	
South Shore Sexual Health	20,000	
Cape Breton Centre for Sexual Health	20,000	
Halifax Refugee Clinic Association	15,000	
SuperNOVA at Dalhousie University	15,000	
Kings Theatre Society	15,000	
Bluenose Coastal Action Foundation	15,000	
Potlotek First Nation	15,000	
	<u>200,000</u>	
<u>Community Services Recovery Fund</u>		
Upper Hammonds Plains Community Development Association	\$ 16,290	\$
Adult Learning Association of Cape Breton	45,977	
	<u>62,267</u>	
<u>Livia Properties Women in Trades</u>		
Livia Properties Women in Trades Grant	\$ 2,000	\$
Grand total	<u>\$ 307,647</u>	<u>\$ 44,021</u>

7. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2023.

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

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7. Financial instruments (continued)

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

8. Comparative figures

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