

THE BRUNSWICK STREET MISSION
Financial Statements
Year Ended December 31, 2020

THE BRUNSWICK STREET MISSION
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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Brunswick Street Mission

Qualified Opinion

We have audited the financial statements of The Brunswick Street Mission (the Mission), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of operations, changes in net assets and cash flows for the years 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 Mission as at December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Mission derives revenue from donations and fundraising, 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 Mission 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.

We conducted our audits 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 Mission in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 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 Mission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Mission or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Directors of The Brunswick Street Mission (continued)

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 Mission'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 Mission'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 Mission 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.

Dartmouth, Nova Scotia
April 12, 2021


SHUPE & COMPANY
Chartered Professional Accountants

THE BRUNSWICK STREET MISSION**Statement of Operations****Year Ended December 31, 2020**

	2020	(Restated) 2019
Receipts		
Donations	\$ 318,776	\$ 161,088
Grants and other	160,631	60,810
Building renovation grant	65,000	20,000
Fundraising	38,312	45,525
Community Services trusteeship fees	36,000	36,000
Division of Mission in Canada grants	35,000	30,000
Building rental and parking	6,305	7,260
Brunswick Street United Church	-	322,908
	660,024	683,591
Expenses		
Amortization	2,884	1,239
Office and administrative	22,116	21,128
Program	72,245	57,058
Fundraising	12,824	33,757
Building occupancy (Note 11)	44,771	40,118
Professional fees	5,385	5,342
Salaries and wages	261,771	234,177
Telephone	6,508	4,923
	428,504	397,742
Excess of receipts over expenditures from operations	231,520	285,849
Other income		
Dividends and interest	15,348	25,117
Realized and unrealized gains on unrestricted marketable securities	1,501	27,649
	16,849	52,766
Excess of receipts over expenses	\$ 248,369	\$ 338,615

See notes to financial statements

THE BRUNSWICK STREET MISSION
Statement of Financial Position
December 31, 2020

	2020	(Restated) 2019
ASSETS		
Current		
Cash	\$ 399,378	\$ 120,552
Marketable securities	159,901	353,987
Accounts receivable	941	9,450
HST recoverable	14,222	8,087
Prepaid expenses	1,045	1,045
	<u>575,487</u>	<u>493,121</u>
Capital assets (Net of accumulated amortization) (Note 5)	75,986	17,647
Restricted cash (Note 3)	10,402	10,399
Long term Investments	139,070	-
Cash held in trust (Note 9)	150	2,900
Inner City Mission investments (Note 13)	<u>404,737</u>	<u>394,923</u>
	<u>\$ 1,205,832</u>	<u>\$ 918,990</u>
LIABILITIES		
Current		
Accounts payable	\$ 43,941	\$ 20,032
Deferred receipts (Note 7)	16,500	9,000
	<u>60,441</u>	<u>29,032</u>
Mission trust liability (Note 9)	150	2,900
	<u>60,591</u>	<u>31,932</u>
NET ASSETS		
Unrestricted fund	639,518	449,488
Inner City Mission Endowment (Note 13)	404,737	394,923
Capital asset fund	75,986	17,647
Contingency fund	<u>25,000</u>	<u>25,000</u>
	<u>1,145,241</u>	<u>887,058</u>
	<u>\$ 1,205,832</u>	<u>\$ 918,990</u>

ON BEHALF OF THE BOARD

DocuSigned by:

Sandra Keefe

Director

DocuSigned by:

Wayne Marsh

Director

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See notes to financial statements

THE BRUNSWICK STREET MISSION
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted fund	Inner City Mission Endowment	Capital asset fund	Contingency fund	2020	2019 (Restated)
Net assets - beginning of year	\$ 449,488	\$ 394,923	\$ 17,647	\$ 25,000	\$ 887,058	\$ 512,873
Excess of receipts over expenses	251,253	-	(2,884)	-	248,369	338,615
Purchase of capital assets	(61,223)	-	61,223	-	-	-
Endowment contributions	-	10,000	-	-	10,000	-
Realized and unrealized gains (losses) on endowment assets	-	(186)	-	-	(186)	35,570
Net assets - end of year	\$ 639,518	\$ 404,737	\$ 75,986	\$ 25,000	\$ 1,145,241	\$ 887,058

See notes to financial statements

THE BRUNSWICK STREET MISSION
Statement of Cash Flows
Year Ended December 31, 2020

	2020	(Restated) 2019
Operating activities		
Cash receipts from contributions	\$ 676,031	\$ 368,026
Dividends and interest	15,348	25,117
Cash paid to suppliers and employees	(401,713)	(401,954)
Harmonized Sales Tax	(6,134)	(968)
	<u>283,532</u>	<u>(9,779)</u>
Investing activities		
Purchase of capital assets	(61,223)	(15,060)
Proceeds from sale of marketable securities and long term investments	56,517	-
	<u>(4,706)</u>	<u>(15,060)</u>
Increase (decrease) in cash flow	278,826	(24,839)
Cash - beginning of year	120,552	145,391
Cash - end of year	\$ 399,378	\$ 120,552

See notes to financial statements

THE BRUNSWICK STREET MISSION

Notes to Financial Statements

Year Ended December 31, 2020

1. NATURE OF ACTIVITIES

The Brunswick Street Mission is an incorporated mission ministry operating out of the Brunswick Street United Church. The ministry is an "Outreach Ministry" of Region 15 of the United Church of Canada.

The Mission is a registered charity under the Income Tax Act, as such is not subject to either federal or provincial income taxes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marketable securities and long term investments

Marketable securities consist primarily of equities, mutual funds and term deposits with maturity dates within one year of the balance sheet date or redeemable within the year. Because of the short term maturity of these investments, their carrying amount approximates fair value. Non-redeemable term deposits with maturity dates beyond one year are classified as long term investments.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment and furniture	5 years
Computer equipment	3 years
Leasehold improvements	10 years

The Mission regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

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THE BRUNSWICK STREET MISSION

Notes to Financial Statements

Year Ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

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.

Revenue recognition

The Brunswick Street Mission 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.

Restricted contributions are not recognized as revenue until the restriction is met.

Endowment contributions are recognized as direct increases in net assets.

Fund accounting

The Brunswick Street Mission follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund and are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Contingency Reserve fund reports the assets, liabilities, revenues, and expenses related to The Brunswick Street Mission's Contingency Reserve.

Endowment contributions are reported in the Endowment Fund as a direct increase in net assets. Realized and unrealized gains on endowment assets are recorded as direct increases in the Endowment Fund. Interest, dividends, and mutual fund distributions earned on endowment assets are reported as income to the Unrestricted Fund.

The capital assets fund reports the purchases, disposals, amortization, and gains or losses of capital assets of the Mission.

Donated Materials and Services

Donated materials and services are not recognized in these financial statements.

THE BRUNSWICK STREET MISSION**Notes to Financial Statements****Year Ended December 31, 2020****4. ACCOUNTING CHANGES**

Accounting standards for not-for-profit organizations requires that organizations must capitalize and amortize tangible capital assets unless annual revenues in the current and preceding period do not exceed \$500,000. In 2020, the Mission no longer meets this exemption and as such, in accordance with Section 4433 of the CPA Handbook, it has retroactively adjusted its financial statements to capitalize and amortize assets previously expensed in the year of acquisition. As a result of this change, prior period figures have been restated as follows:

Increase in assets and net assets, December 31, 2019	\$	17,647
Increase in excess receipts over expenditures for the year ended December 31, 2019		13,821
Increase in opening net assets, January 1, 2019		3,826

5. CAPITAL ASSETS

	Cost	Government Assistance	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment and furniture	\$ 11,232	\$ -	\$ 2,060	\$ 9,172	\$ 568
Computer equipment	1,404	-	774	630	-
Leasehold improvements	119,861	50,200	3,477	66,184	17,079
	<u>\$ 132,497</u>	<u>\$ 50,200</u>	<u>\$ 6,311</u>	<u>\$ 75,986</u>	<u>\$ 17,647</u>

In 2020, \$50,200 in government grants was received for renovations. The assistance was recorded as a reduction of the leasehold improvements cost and will be amortized with the asset over its useful life.

6. RESTRICTED CASH

A Scotiabank interest savings account is maintained as security for two Scotiabank credit cards bearing interest at 19.99% with a limit of \$10,000. The balance outstanding on the credit cards as at Thursday, December 31, 2020 was \$3,326 (2019 - \$7,981).

THE BRUNSWICK STREET MISSION**Notes to Financial Statements****Year Ended December 31, 2020****7. DEFERRED RECEIPTS**

	2020	2019
Trustee grant	\$ 9,000	\$ 9,000
Brunswick Street United Church	7,500	-
	\$ 16,500	\$ 9,000

8. FINANCIAL INSTRUMENTS

The Mission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Mission's risk exposure and concentration as of December 31, 2020.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Mission is exposed to credit risk from contributors. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Mission has a significant number of contributors which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Mission is exposed to this risk mainly in respect of its receipt of funds from its contributors and other related sources, payments for employee wages and government remittances, and other accounts payable.

(c) 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. The Mission is mainly exposed to market risk on shares of marketable securities and mutual funds.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Mission is exposed to interest rate risk primarily through fixed rate GIC's and interest bearing credit cards.

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THE BRUNSWICK STREET MISSION**Notes to Financial Statements****Year Ended December 31, 2020****8. FINANCIAL INSTRUMENTS (continued)****(e) 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 Mission is exposed to other price risk through its investment in quoted shares.

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

9. MISSION TRUST LIABILITY

The Mission acts as trustee of social assistance entitlements paid to persons in need in accordance with section 10 of the Employment Support and Income Assistance Act of Nova Scotia. Cash received in trust is held until disbursed to the entitled individuals and is not the property of the Mission. As such, the receipts and disbursements of the trust are not reflected in the statement of operations or statement of cash flows. During the year, the Mission disbursed approximately \$974,000 (2019 - \$1,011,000) of funds from the trust account.

10. CONTINGENCY RESERVE FUND

The contingency fund was established to help maintain services through difficult times or any unexpected event that negatively affects the finances of the Mission. The fund's cash will be maintained within the Mission's operating account.

11. BUILDING OCCUPANCY

	2020		2019
Utilities	\$ 22,696	\$	27,312
Repairs and maintenance	11,751		5,787
Waste removal	7,535		5,471
Snow Removal	2,789		1,548
	\$ 44,771	\$	40,118

THE BRUNSWICK STREET MISSION

Notes to Financial Statements

Year Ended December 31, 2020

12. CONTRACTUAL OBLIGATIONS

The Mission has entered into a lease agreement with the Brunswick Street United Church regarding the usage of building and property at 2701 Brunswick Street in Halifax, Nova Scotia. The agreement outlines the financial obligations of the Mission which includes rent, utilities, and regular maintenance of the facilities. The Brunswick Street United Church has waived rent payments for the remainder of the contract. The agreement also grants the Mission the right to certain building rental and parking revenues derived from the property. The agreement can be terminated with two years notice by either party, and it will continue without change unless changes are mutually agreed on.

13. INNER CITY MISSION ENDOWMENT

During 2016, the Mission received an endowment contribution from the Inner City Mission on its dissolution. The capital of the endowment fund must be maintained on a permanent basis. Income and proceeds from the endowment may be used to further the objectives of the Brunswick Street Mission and the Inner City Mission. Included in net income is \$11,210 (2019 - \$18,365) of unrestricted dividends and interest earned on endowment assets.

The assets of the endowment are invested in marketable securities, guaranteed investment certificates, and mutual funds. The Mission's board of directors has developed an investment policy to provide for the long term preservation of the fund, minimize risk through diversification, monitor and report performance regularly to the board, and provide a permanent consistent cash flow to the Mission to further its objectives.

14. SUBSEQUENT EVENT - PANDEMIC

Since December 31, 2020, the outbreak of a novel strain of coronavirus has resulted in the global declaration of a pandemic. Measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and condition of the Mission.