

THE BRUNSWICK STREET MISSION
Financial Statements
Year Ended December 31, 2018

THE BRUNSWICK STREET MISSION
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Year Ended December 31, 2018

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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, 2018 and 2017, 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, 2018 and 2017, 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 8, 2019


SHUPE & COMPANY
Chartered Professional Accountants
Licensed Public Accountants

THE BRUNSWICK STREET MISSION
Statement of Operations
Year Ended December 31, 2018

	2018	2017
Receipts		
Donations	\$ 129,978	\$ 121,512
Grants and other	49,164	31,757
Fundraising	38,400	43,988
Community Services trusteeship fees	36,000	36,000
Division of Mission in Canada grants	30,000	30,000
Building rental and parking	27,460	20,385
	<u>311,002</u>	<u>283,642</u>
Expenditures		
Building occupancy (Note 9)	38,016	32,357
Fundraising	19,880	26,448
Office and administrative	15,975	14,015
Professional fees	5,313	5,513
Program	59,631	53,692
Salaries and wages	186,248	173,706
Telephone	3,256	2,937
	<u>328,319</u>	<u>308,668</u>
Excess (deficiency) of receipts over expenditures from operations	<u>(17,317)</u>	<u>(25,026)</u>
Other income		
Dividends and interest	16,549	15,523
Realized and unrealized gains on unrestricted marketable securities	-	574
	<u>16,549</u>	<u>16,097</u>
Excess (deficiency) of receipts over expenditures for the year	<u>\$ (768)</u>	<u>\$ (8,929)</u>

THE BRUNSWICK STREET MISSION
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 145,391	\$ 145,179
Accounts receivable	20,275	16,330
HST receivable	7,120	6,377
Prepaid expenses	1,081	1,081
	<u>173,867</u>	168,967
Cash held in trust (Note 7)	1,417	5,076
Term deposit (Note 4)	10,347	10,188
Inner City Mission investments (Note 11)	359,353	406,873
	<u>\$ 544,984</u>	<u>\$ 591,104</u>
LIABILITIES		
Current		
Accounts payable	\$ 25,520	\$ 19,693
Deferred receipts (Note 5)	9,000	9,000
	<u>34,520</u>	28,693
Mission trust liability (Note 7)	1,417	5,076
	<u>35,937</u>	33,769
NET ASSETS		
Unrestricted fund	124,694	125,462
Contingency fund (Note 8)	25,000	25,000
Inner City Mission Endowment (Note 11)	359,353	406,873
	<u>509,047</u>	557,335
	<u>\$ 544,984</u>	<u>\$ 591,104</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE BRUNSWICK STREET MISSION
Statement of Changes in Net Assets
Year Ended December 31, 2018

	Unrestricted Fund	Contingency Fund	Inner City Mission Endowment	2018	2017
Net assets - beginning of year	\$ 125,462	\$ 25,000	\$ 406,873	\$ 557,335	\$ 537,471
Deficiency of receipts over expenditures	(768)	-	-	(768)	(8,929)
Gift on dissolution of Inner City Mission	-	-	-	-	-
Unrealized gains (losses) on endowment assets	-	-	(47,520)	(47,520)	28,793
Net assets - end of year	\$ 124,694	\$ 25,000	\$ 359,353	\$ 509,047	\$ 557,335

THE BRUNSWICK STREET MISSION

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
Operating activities		
Cash receipts from contributions and receipts	\$ 306,898	\$ 278,252
Dividends and interest	16,549	15,523
Cash paid to suppliers and employees	(322,492)	(315,245)
Harmonized Sales Tax	(743)	(156)
	<u>212</u>	<u>(21,626)</u>
Investing activity		
Proceeds from sale of marketable securities	-	6,117
	<u>-</u>	<u>6,117</u>
Increase (decrease) in cash flow	212	(15,509)
Cash - beginning of year	145,179	160,688
Cash - end of year	\$ 145,391	\$ 145,179

THE BRUNSWICK STREET MISSION

Notes to Financial Statements

Year Ended December 31, 2018

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 the Halifax Presbytery 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 (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Capital assets

Organizations reporting under accounting standards for not-for-profits, and whose annual revenues are below \$500,000 can choose to expense capital items. As such, the organization chooses to expense capital items in the year which they are purchased.

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.

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Notes to Financial Statements
Year Ended December 31, 2018

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

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.

Donated Materials and Services

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

4. TERM DEPOSIT

The term deposit is a non-redeemable Bank of Nova Scotia GIC bearing interest at 0.25% and maturing on January 3, 2019. The term deposit is held as security for a Bank of Nova Scotia credit card bearing interest at 19.99% with a limit of \$10,000.

5. DEFERRED RECEIPTS

Trustee grant	\$ 9,000	\$ 9,000
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Notes to Financial Statements
Year Ended December 31, 2018

6. 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, 2018.

(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) 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 its fixed rate GIC and interest bearing credit cards.

(d) 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.

7. 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.

THE BRUNSWICK STREET MISSION

Notes to Financial Statements

Year Ended December 31, 2018

8. 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.

9. BUILDING OCCUPANCY

	<u>2018</u>	<u>2017</u>
Utilities	\$ 21,320	\$ 16,832
Repairs and maintenance	8,220	15,525
	<u>\$ 29,540</u>	<u>\$ 32,357</u>

Included in repairs and maintenance was \$0 (2017 - \$1,073) of tangible capital assets that have been expensed in accordance with the Mission's capital asset policy.

10. 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. Rent has been waived for the current year. 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. The Brunswick Street United Church has waived rent payments for the remainder of the contract.

11. 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.

The assets of the endowment are invested in marketable securities and mutual funds. The Mission's board of directors is developing 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.