

**SOULS HARBOUR RESCUE MISSION**  
**Financial Statements**  
**Year Ended June 30, 2023**

# SOULS HARBOUR RESCUE MISSION

Index to Financial Statements

Year Ended June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Souls Harbour Rescue Mission

### *Qualified Opinion*

We have audited the financial statements of Souls Harbour Rescue Mission (the Mission), which comprise the statement of financial position as at June 30, 2023, 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, 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 June 30, 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

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Mission 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 Mission and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022 and net assets as at July 1 and June 30 for both the 2023 and 2022 fiscal years.

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 Mission 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.

### *Other Matter*

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 27, 2022.

### *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.

(continues)

Independent Auditor's Report to the Members of Souls Harbour Rescue Mission (*continued*)

In preparing the financial statements, management is responsible for assessing the Mission'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 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.

*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.

*Belliveau Veinotte Inc.*

Halifax, Nova Scotia  
May 31, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

# SOULS HARBOUR RESCUE MISSION

## Statement of Financial Position

June 30, 2023

	2023	2022
<b>ASSETS</b>		
Current		
Cash	\$ 1,714,066	\$ 4,016,420
Accounts receivable	7,098	-
HST recoverable	212,783	63,220
Prepaid expenses	13,636	8,766
	<b>1,947,583</b>	4,088,406
Capital assets (Note 5)	<b>8,662,929</b>	4,952,850
	<b>\$ 10,610,512</b>	<b>\$ 9,041,256</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 463,762	\$ 36,411
Current portion of long term debt (Note 6)	77,883	55,500
	<b>541,645</b>	91,911
Long term debt (Note 6)	<b>2,246,812</b>	2,141,051
Deferred capital contributions (Note 7)	<b>3,083,438</b>	2,995,185
	<b>5,871,895</b>	5,228,147
<b>NET ASSETS</b>		
Unrestricted	<b>4,738,617</b>	3,813,109
	<b>\$ 10,610,512</b>	<b>\$ 9,041,256</b>

CONTINGENT LIABILITY (Note 8)

LEASE COMMITMENTS (Note 9)

### ON BEHALF OF THE BOARD

  
Nevin Doncaster (May 31, 2024 18:05 ADT)

Director

  
Samuel Satish (May 31, 2024 20:15 ADT)

Director

# SOULS HARBOUR RESCUE MISSION

## Statement of Operations

Year Ended June 30, 2023

	2023	2022
<b>REVENUE</b>		
Mission Mart revenue	\$ 2,864,047	\$ 2,165,249
General donations	2,429,108	2,287,791
Grant revenue	241,700	226,868
Amortization of deferred capital contributions (Note 7)	62,545	-
Rental	48,693	16,018
Other revenue	11,504	-
	<b>5,657,597</b>	<b>4,695,926</b>
<b>EXPENDITURES</b>		
Advertising and promotion	419,629	374,036
Amortization	252,615	181,252
Insurance	45,677	16,042
Interest and bank charges	46,954	45,063
Interest on long term debt	106,289	100,251
Loss on foreign exchange	-	805
Ministry	262,662	219,543
Office	22,444	77,276
Professional fees	113,368	26,253
Property taxes	134,508	100,309
Rental	34,335	8,093
Repairs and maintenance	252,323	195,571
Salaries, wages and employee benefits	2,756,452	2,069,477
Staff development	40,481	43,366
Subscriptions, permits and licenses	22,525	19,540
Supplies	65,854	47,586
Telephone and internet	13,366	7,243
Travel and automotive	30,794	13,786
Utilities	111,813	79,434
	<b>4,732,089</b>	<b>3,624,926</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>\$ 925,508</b>	<b>\$ 1,071,000</b>

**SOULS HARBOUR RESCUE MISSION**

Statement of Changes in Net Assets

Year Ended June 30, 2023

	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 3,813,109</b>	\$ 2,742,109
Excess of revenue over expenditures for the year	<b>925,508</b>	1,071,000
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,738,617</b>	\$ 3,813,109

# SOULS HARBOUR RESCUE MISSION

## Statement of Cash Flows

Year Ended June 30, 2023

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	\$ 925,508	\$ 1,071,000
Items not affecting cash:		
Amortization of capital assets	252,615	181,252
Amortization of deferred capital contributions (Note 7)	(62,545)	-
	<b>1,115,578</b>	<b>1,252,252</b>
Changes in non-cash working capital:		
Accounts receivable	(7,098)	-
HST recoverable	(149,563)	(3,189)
Prepaid expenses	(4,870)	(7,148)
Accounts payable and accrued liabilities	427,352	26,946
	<b>265,821</b>	<b>16,609</b>
Cash flow from operating activities	<b>1,381,399</b>	<b>1,268,861</b>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(3,962,695)	(296,895)
Cash flow used by investing activity	<b>(3,962,695)</b>	<b>(296,895)</b>
<b>FINANCING ACTIVITIES</b>		
Receipt of deferred capital contributions	150,798	2,995,185
Proceeds from long term financing	399,999	-
Repayment of long term debt	(271,855)	(783,330)
Repayment of obligations under capital lease	-	(2,386)
Cash flow from financing activities	<b>278,942</b>	<b>2,209,469</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(2,302,354)</b>	<b>3,181,435</b>
Cash - beginning of year	4,016,420	834,985
<b>CASH - END OF YEAR</b>	<b>\$ 1,714,066</b>	<b>\$ 4,016,420</b>



# SOULS HARBOUR RESCUE MISSION

## Notes to Financial Statements

Year Ended June 30, 2023

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### 1. PURPOSE OF THE MISSION

Souls Harbour Rescue Mission (the "Mission") is a not-for-profit organization of Nova Scotia. The Mission operates to provide food, shelter, and basic hygiene necessities to homeless and low income senior citizens throughout Nova Scotia. Souls Harbour also rescues people from poverty, addiction and despair, by offering emergency help, such as food and clothing, life-changing programs, and the Gospel Message.

The Mission is a registered charity and therefore exempt from tax under the Canadian Income Tax Act

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### 2. BASIS OF PRESENTATION

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

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Accounting estimates

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.

Items subject to significant management estimates include useful lives of capital assets.

#### Revenue recognition

Souls Harbour Rescue Mission follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Externally restricted contributions for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue on the same basis as the related capital assets amortization.

Revenue from the sale of clothing and other goods is recognized when the goods are delivered, amounts become collectible, persuasive evidence of arrangement exists and collection is reasonably assured.

Rental revenue and other revenue is recognized as revenue when earned and collection is reasonably assured.

#### Contributed materials and services

The operations of the Mission depend on the contribution of time by volunteers. While their services benefit the Mission considerably, a reasonable estimate of the fair value of donated services cannot be determined and are therefore not recognized in these financial statements.

Contributed materials are recognized at the fair value when the materials are new or like new, and a receipt can be provided. A reasonable estimate of the fair value of other donated materials cannot be determined and are therefore are not recognized in these financial statements.

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# SOULS HARBOUR RESCUE MISSION

Notes to Financial Statements

Year Ended June 30, 2023

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

### HST

Under the provisions of the Excise Tax Act, the Centre is entitled to a reimbursement of 50% of the HST paid annually on expenditures. The non-refundable portion of HST is included as part of the applicable expense to which it relates.

### Cash

Cash consists of petty cash and balances with financial institutions.

### 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:

Buildings	4%
Equipment	20%
Signs	20%
Motor vehicles	30%
Computer equipment	50%
Computer software	50%

The Mission regularly reviews its capital assets to eliminate obsolete items.

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

### Impairment of long lived assets

The Mission tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, 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 which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and long term debt.

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## 4. COMPARATIVE FIGURES

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

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## SOULS HARBOUR RESCUE MISSION

Notes to Financial Statements

Year Ended June 30, 2023

### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,436,554	\$ -	\$ 1,436,554	\$ 838,950
Buildings	7,682,138	592,419	7,089,719	3,798,702
Buildings under construction	-	-	-	244,451
Equipment	134,911	63,330	71,581	38,274
Signs	44,735	25,737	18,998	18,440
Motor vehicles	45,000	6,750	38,250	-
Computer equipment	14,237	10,758	3,479	5,337
Computer software	36,599	32,251	4,348	8,696
	\$ 9,394,174	\$ 731,245	\$ 8,662,929	\$ 4,952,850

### 6. LONG TERM DEBT

	2023	2022
Inova Credit Union loan bearing interest at 3.7% per annum, repayable in monthly blended payments of \$816. The loan matures on July 26, 2027 and is secured by property at Ferry Street, Sydney, Nova Scotia with a net book value of \$215,077	\$ 156,812	\$ -
Inova Credit Union loan bearing interest at 5.49% per annum, repayable in monthly blended payments of \$1,464. The loan matures on March 31, 2028 and is secured by property at 15 Empire Street, Bridgewater, Nova Scotia with a net book value of \$295,199.	238,888	-
Atlantic Central Credit Union loan bearing interest at 4.2% per annum, repayable in monthly blended payments of \$12,225. The loan matures on November 1, 2025 and is secured as detailed below.	1,928,995	2,196,551
	2,324,695	2,196,551
Amounts payable within one year	(77,883)	(55,500)
	\$ 2,246,812	\$ 2,141,051

Principal repayment terms are approximately:

2024	\$ 77,883
2025	78,947
2026	1,799,662
2027	9,922
2028	358,281
	<u>\$ 2,324,695</u>

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## SOULS HARBOUR RESCUE MISSION

### Notes to Financial Statements

Year Ended June 30, 2023

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#### 6. LONG TERM DEBT (continued)

The Mission is required to meet a specified debt service coverage ratio of not less than 1.25:1 under its lending agreement with Atlantic Central Credit Union and the financial institution requires postponement of advances. The Mission is in compliance with these covenants as of the balance sheet date.

The Atlantic Central Credit Union loan is secured as follows;

- General security agreement to be registered under PPSA;
  - Collateral mortgage registered on property located at 5568 Cunard Street, Halifax, Nova Scotia with a net book value of \$601,082;
  - Collateral mortgage registered on property located at 136 Pleasant Street, Bridgewater, Nova Scotia with a net book value of \$98,812;
  - Collateral mortgage registered on property located at 130 King Street, Truro, Nova Scotia with a net book value of \$155,706;
  - Assignment of credit balances for \$59,450;
  - Conventional mortgage over property located at 265 Susie Lake Crescent, Halifax, Nova Scotia with a net book value of \$2,753,643; and
  - Collateral mortgage on property located at 7044 Highway 207, West Chezzetcook, Nova Scotia with a net book value of \$555,926.
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#### 7. DEFERRED CAPITAL CONTRIBUTIONS

The Mission received contributions in the current year that relate to the purchase of capital assets. These amounts are amortized in line with the assets they relate to. Changes in deferred capital contributions are as follows:

	2023	2022
Balance - beginning of year	\$ 2,995,185	\$ -
Plus: Amounts received related to capital asset purchases	150,798	2,995,185
Less: Amortization of deferred capital contributions	(62,545)	-
Balance - end of year	\$ 3,083,438	\$ 2,995,185

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#### 8. CONTINGENT LIABILITY

The Mission received \$2,995,185 in fiscal 2022 as part of the federal government's Rapid Housing Initiative. These funds are contingent on the Mission abiding by the terms of an agreement to operate a low income housing facility in West Chezzetcook, Nova Scotia for a twenty year period ending December 31, 2043. If the terms of the agreement are not met, the contingent liability related to the government assistance shall be recognized.

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#### 9. LEASE COMMITMENTS

The Mission has long term leases with respect to its premises. The leases contain renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at June 30, 2023, are as follows:

2024	\$ 90,407
2025	73,934

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## SOULS HARBOUR RESCUE MISSION

Notes to Financial Statements

Year Ended June 30, 2023

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### 9. LEASE COMMITMENTS *(continued)*

2026	67,275
2027	67,275
2028	67,275
Thereafter	<u>16,819</u>
	<u>\$ 382,985</u>

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### 10. 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 June 30, 2023.

#### 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 customers and funders, long term debt, and accounts payable and accrued liabilities.

#### 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 Mission is mainly exposed to interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Mission is exposed to interest rate risk on its fixed interest rate financial instruments, which subject the Mission to a fair value risk. In seeking to minimize the risks from interest rate fluctuations, the Mission manages exposure through its normal operating and financing activities.

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