

Nova Scotia Federation of Municipalities

Halifax, Nova Scotia

Financial Statements

December 31, 2023

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Independent Auditor's Report

To the **President and Members** of

Nova Scotia Federation of Municipalities

Our Opinion

We have audited the financial statements of **Nova Scotia Federation of Municipalities**, which comprise the statement of financial position as at December 31, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the **Nova Scotia Federation of Municipalities** as at December 31, 2023, and its results of 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 Federation 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.

Independent Auditor's Report (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 Entity's internal control.

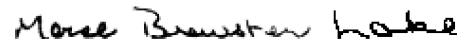
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Entity'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 Entity 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.

Berwick, Nova Scotia
June 24, 2024



Chartered Professional Accountants

Nova Scotia Federation of Municipalities


Statement of Financial Position

December 31, 2023

	<u>2023</u>	<u>2022</u>
Assets		
Current		
Cash	\$ 8,594,266	\$ 511,995
Short-term deposits NSF (note 8)	983,914	14,479,381
Accounts receivable	192,659	359,075
HST receivable	-	60,233
Roberts' Memorial Fund (note 4)	17,412	16,639
Prepaid expenses	<u>21,785</u>	<u>11,870</u>
	9,810,036	15,439,193
 Property and Equipment (note 3)	 <u>14,956</u>	 <u>20,620</u>
	<u>\$ 9,824,992</u>	<u>\$ 15,459,813</u>
Liabilities		
Current		
Payables and accruals	\$ 2,007,683	\$ 147,791
Payroll deductions payable	34,622	46,324
HST Payable	19,096	-
Funds held in trust - SCCF	5,441,202	12,669,492
Deferred revenue (note 6)	1,240,421	1,670,742
Current portion of long term debt (note 7)	<u>-</u>	<u>40,000</u>
	8,743,024	14,574,349
	<u>8,743,024</u>	<u>14,574,349</u>
Net Assets		
Roberts' Memorial Fund (note 4)	17,412	16,638
Unrestricted (page 6)	477,660	447,906
Restricted - General reserve (page 6)	571,940	400,300
Investment in property, plant and equip. (page 6)	<u>14,956</u>	<u>20,620</u>
	<u>1,081,968</u>	<u>885,464</u>
	<u>\$ 9,824,992</u>	<u>\$ 15,459,813</u>

Commitments (note 9)

On Behalf of the Board


_____, President


_____, Chief Executive Officer

The accompanying notes are an integral part of these financial statements.

Nova Scotia Federation of Municipalities

Statement of Operations

Year Ended December 31, 2023

	SCCF (Note 11)	NSFM	2023 Actual	2023 Budget	2022 Actual
Revenue					
Membership Fees	\$ <u>-</u>	\$ <u>514,402</u>	\$ <u>514,402</u>	\$ <u>514,402</u>	\$ <u>489,907</u>
Events					
Fall Conference					
Registration	-	173,425	173,425	156,375	130,240
Sponsorships	-	73,500	73,500	50,000	62,500
Exhibits	-	29,260	29,260	27,400	22,046
Spring Conference	-	62,850	62,850	69,500	45,800
Seminars & Projects	-	<u>201,453</u>	<u>201,453</u>	<u>77,000</u>	<u>148,818</u>
	<u>-</u>	<u>540,488</u>	<u>540,488</u>	<u>380,275</u>	<u>409,404</u>
Programs					
Insurance Program	-	183,161	183,161	140,000	148,857
Group Benefits & TD Ins.	-	<u>75,815</u>	<u>75,815</u>	<u>36,000</u>	<u>45,805</u>
	<u>-</u>	<u>258,976</u>	<u>258,976</u>	<u>176,000</u>	<u>194,662</u>
Grants and Government Programs					
Canada Community Building					
Fund Administration	-	145,000	145,000	145,000	140,000
Sustainable Communities					
Challenge Fund (note 12)	552,417	-	552,417	-	988,943
Investment Income	-	48,697	48,697	10,000	10,190
Other Income	-	<u>5,744</u>	<u>5,744</u>	<u>2,000</u>	<u>4,585</u>
	<u>552,417</u>	<u>199,441</u>	<u>751,858</u>	<u>157,000</u>	<u>1,143,718</u>
Transfer from surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,023</u>	<u>-</u>
	<u>552,417</u>	<u>1,513,307</u>	<u>2,065,724</u>	<u>1,289,700</u>	<u>2,237,691</u>
Expenditures					
Administrative					
Salaries, fees and benefits	400,402	950,620	1,351,022	883,000	1,014,762
Staff travel	-	<u>11,742</u>	<u>11,742</u>	<u>20,000</u>	<u>9,598</u>
	<u>400,402</u>	<u>962,362</u>	<u>1,362,764</u>	<u>903,000</u>	<u>1,024,360</u>
Operational					
Audit	5,000	6,000	11,000	6,500	9,000
Bank charges	949	2,792	3,741	2,880	3,016
Rent and occupancy	16,310	44,093	60,403	61,000	71,866
Organizational dues and meetings	21,248	20,452	41,700	25,000	16,635
Professional fees	70,727	12,886	83,613	14,600	583,331
Sundry	3,195	1,390	4,585	2,500	2,321
Supplies and printing	16,953	25,490	42,443	23,000	27,564
Communications	-	1,837	1,837	10,000	69,893
Telephone	-	5,951	5,951	8,000	6,375
Liability and general ins.	-	<u>12,170</u>	<u>12,170</u>	<u>10,000</u>	<u>6,964</u>
	<u>134,382</u>	<u>133,061</u>	<u>267,443</u>	<u>163,480</u>	<u>796,965</u>

The accompanying notes are an integral part of these financial statements.

Nova Scotia Federation of Municipalities

Statement of Operations Continued

Year Ended December 31, 2023

	SCCF	NSFM	2023 Actual	2023 Budget	2022 Actual
Events					
Fall Conference	-	107,059	107,059	116,820	99,937
Spring Conference	-	25,312	25,312	34,900	19,285
Seminars	-	250	250	2,000	776
	<u>-</u>	<u>132,621</u>	<u>132,621</u>	<u>153,720</u>	<u>119,998</u>
Governance					
Board of Directors	-	17,649	17,649	30,000	13,875
Committees	-	809	809	12,000	-
	<u>-</u>	<u>18,458</u>	<u>18,458</u>	<u>42,000</u>	<u>13,875</u>
Special Projects					
Mainstreaming	-	41,480	41,480	-	6,150
Software	17,633	-	17,633	-	8,627
Asset Management	-	1,150	1,150	-	1,050
FOCUS Sessions	-	-	-	-	3,744
Restructuring	-	7,435	7,435	8,000	21,777
SERMGAR	-	2,070	2,070	10,000	20,666
Parity Project	-	3,488	3,488	-	1,500
Other	-	5,056	5,056	1,500	5,493
	<u>17,633</u>	<u>60,679</u>	<u>78,312</u>	<u>19,500</u>	<u>69,007</u>
Amortization	-	7,122	7,122	4,000	9,485
Grant to AMANS	-	2,500	2,500	2,500	2,500
Ken Simpson Memorial	-	-	-	1,500	-
	<u>-</u>	<u>9,622</u>	<u>9,622</u>	<u>8,000</u>	<u>11,985</u>
	<u>552,417</u>	<u>1,316,803</u>	<u>1,869,220</u>	<u>1,289,700</u>	<u>2,036,190</u>
Excess of Revenue over Expenditures	<u>\$ -</u>	<u>\$ 196,504</u>	<u>\$ 196,504</u>	<u>\$ -</u>	<u>\$ 201,501</u>

The accompanying notes are an integral part of these financial statements.

Nova Scotia Federation of Municipalities

Statement of Changes in Net Assets

For the Year Ending December 31, 2023

	Restricted Reserve	Investment in Capital Assets	Unrestricted Net Assets	Roberts' Memorial Fund	2023 Net Assets	2022 Net Assets
Balance, begin. of year	400,300	\$ 20,620	\$ 447,906	16,638	\$ 885,464	\$ 683,963
Transfer to restricted reserve	171,640	-	(171,640)	-		-
Purchase of equipment	-	1,458	(1,458)	-		-
Excess (deficiency) of Revenue over Expenditures	-	(7,122)	202,852	774	196,504	201,501
Balance, end of year	\$ 571,940	\$ 14,956	\$ 477,660	\$ 17,412	\$ 1,081,968	\$ 885,464

The accompanying notes are an integral part of these financial statements.

Nova Scotia Federation of Municipalities

Statement of Cash Flow

Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Operating surplus for the year	\$ 196,504	\$ 201,501
Amortization	<u>7,122</u>	<u>9,485</u>
	203,626	210,986
Changes in		
Accounts receivable	226,649	(341,459)
Inventory	-	-
Prepaid expense	(9,915)	(6,120)
Payables and accruals	1,867,287	141,052
Deferred revenue	(430,321)	1,592,922
Funds held in trust	<u>(7,228,290)</u>	<u>12,669,492</u>
	<u>(5,574,590)</u>	<u>14,055,887</u>
Cash flow from investing activities:		
Purchase of investments	(984,688)	(14,479,499)
Sale of investments	14,479,381	575,000
Investment in property, plant and equip.	<u>(1,458)</u>	<u>(16,518)</u>
	<u>13,493,235</u>	<u>(13,921,017)</u>
Cash flow from financing activities:		
Repayment of long term debt	<u>(40,000)</u>	<u>-</u>
Cash Decrease	8,082,271	345,856
Cash and Equivalencies, beginning of year	<u>511,995</u>	<u>166,139</u>
Cash and Equivalencies, end of year	<u>\$ 8,594,266</u>	<u>\$ 511,995</u>

The accompanying notes are an integral part of these financial statements.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

1. Status and nature of activities

Nova Scotia Federation of Municipalities (formerly The Union of Nova Scotia Municipalities) (the Federation), incorporated under the laws of Nova Scotia, is a not-for-profit organization formed to represent the interest of local governments in Nova Scotia .

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (Part III of the CPA Handbook) (ASNPO) and reflect the following significant accounting policies:.

Cash and cash equivalents

Cash and cash equivalents represent cash and cash equivalents that mature with three months and those that can be readily converted to cash as well as cash in banks.

Internally restricted cash

The Federation has internally restricted funds of \$571,940 (2022 - \$400,300) for event cancellation and future operations, which is invested in a short-term deposits as of December 31, 2023 and 2022.

Property and Equipment

In accordance with ASNPO, the Federation continues capitalizing its property, plant and equipment additions. Amortization of property, plant and equipment is provided on a declining balance method at rate specified in note 3.

Fund Accounting

The accounts are maintained in accordance with principles of fund accounting. This method ensures observance of restrictions, if any, on the use of resources by maintaining separate accounts for each fund. Funds that have limitations placed on their use by internal or external parties are classified as restricted.

The following provide a brief description of each fund group:

- The unrestricted fund is for general operating funds
- The internally restricted fund holds those funds that have been internally restricted by the Federation for a Operation Stabilization reserve (six months of operating costs) and to have an Event Cancellation reserve.
- The investment in capital assets is the balance in capital assets less associated amortization
- The Robert's Memorial Fund (the Fund) is internally restricted for projects of the Federation (note 4)

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

2. Significant Accounting Policies (continued)

Revenue Recognition

Recognition of revenue related to services provided occurs when the amount can be reliably measured, ultimate collection is reasonably assured and performance is complete.

The Federation follows the deferral method of accounting for contributions. Restricted contributions 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.

Management estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

Government Grants

The Federation recognizes government grants when there is reasonable assurance that the grant will be received and that the conditions of the grant will be met. Government grants are recorded within accounts receivable when the grant becomes receivable. The Federation has elected to record the grants, where appropriate, as other revenue. Any grants that become receivable in a period that succeeds when the expenses are incurred are accrued in the period in which they become receivable.

Income taxes

The Federation is a not-for-profit organization under paragraph 149(1)(l) of the Income Tax Act and, accordingly, is not required to pay income taxes.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

2. Significant Accounting Policies (continued)

Financial Instruments and risk management

Fair Market Value

Fair values estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, short-term deposits, amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of those instruments.

Concentration of credit risk

Management believes the Federation has no significant credit concentration.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Federation is not exposed to significant interest rate risk

Liquidity risk

Liquidity risk is the risk that the Federation will encounter problems in raising funds to meet its commitments at maturity. The Federation is exposed to liquidity risk through its accounts payable and accrued liabilities. Management believes it has ample working capital to meet those obligation as they arise.

3. Property and Equipment

		2023		2022	
	Rates	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equip.	30%	\$ 57,538	\$ 46,130	\$ 11,408	\$ 14,839
Office Equipment	20%	25,211	21,663	3,548	4,435
Leasehold Improv.	4 Yr	<u>6,050</u>	<u>6,050</u>	-	<u>1,346</u>
		<u>\$ 88,799</u>	<u>\$ 73,843</u>	<u>\$ 14,956</u>	<u>\$ 20,620</u>

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

4. Roberts' Memorial Fund

The Fund was established in memory of the late Judge Arthur Roberts, Catherine Rogers and other deceased municipal leaders. It is not registered as a charitable organization for income tax purposes.

The trustees of the Fund are the president, the legal advisor and the financial advisor of the Federation. The decision as to the projects to be underwritten by the Fund is made by the Executive of the Federation. The Fund is intended to assist in furthering the objectives of the Federation. Projects may include municipal research, education, speakers for the conference, etc. Only the income earned by the Fund is available to fund projects. The income available for projects is comprised of the income earned by the Fund since inception, less expenditures made by the Fund on projects.

	<u>2023</u>	<u>2022</u>
Revenue		
Interest	\$ <u>774</u>	\$ <u>118</u>
Fund balance- Beginning of year	<u>16,638</u>	<u>16,520</u>
Fund balance- End of year	\$ <u><u>17,412</u></u>	\$ <u><u>16,638</u></u>
Income available for projects		
Income available for projects - Beginning of the year	\$ 4,013	\$ 3,895
Net increase of fund balance in year	<u>118</u>	<u>118</u>
Income available for projects - End of Year	4,131	4,013
Funds not available for projects	<u>13,281</u>	<u>12,625</u>
Total fund balance	\$ <u><u>17,412</u></u>	\$ <u><u>16,638</u></u>

5. Government Assistance

In 2021, the Federation received a Canada Emergency Business Account (CEBA) loan. The CEBA loan is for \$60,000 and if repaid by December 31, 2023, \$20,000 of the loan is forgiven by the Government of Canada. \$20,000 of loan forgiveness is included in the 2021 other income. The loan was paid of in the current year.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

6. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Deferred revenue, opening balance	\$ 1,670,740	\$ 77,820
Funds received in the year	245,067	2,633,756
Funds earned in the year	<u>(675,386)</u>	<u>(1,040,836)</u>
Deferred revenue, ending balance	<u>\$ 1,240,421</u>	<u>\$ 1,670,740</u>

Deferred revenue consists of revenue received for the WILG Bursary, Ken Simpson Memorial, Towns Task Force, Carbon Offset, Fire Services, AT Summit, FCM RFP and Sustainable Communities Challenge Fund (SCCF) projects that will be used in future years. The SCCF accounts for \$960,140 (\$1,512,557 - 2022) of the deferred revenue.

7. Long Term Debt

	<u>2023</u>	<u>2022</u>
Royal Bank unsecured Covid loan, 0% interest, repayable by December 31, 2023	\$ -	\$ 40,000
Less Current portion	<u>-</u>	<u>(40,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

8. Short Term Deposits

	<u>2023</u>	<u>2022</u>
CIBC GIC at 5.25% due September 28, 2023	\$ -	\$ 13,800,000
CIBC GIC at 5.25% due September 28, 2023	-	100,000
RBC GIC at 4.20% due December 7, 2023	-	579,381
RBC GIC at 4.45% due February 13, 2024	733,914	-
RBC GIC at 5.30% due January 24, 2024	<u>250,000</u>	<u>-</u>
	<u>\$ 983,914</u>	<u>\$ 14,479,381</u>

9. Commitments

The minimum annual lease payments under long-term agreement for premises, including common area costs and equipment are as follows:

Year ending	Premises	Equipment	Total
2024	\$42,387	\$5,035	\$47,422
2025		4,835	4,835
2026		4,236	4,236
2027		4,236	4,236
2028		4,236	4,236

The term of the premises lease is from September 1, 2023 to August 31, 2024

The term of the equipment lease is from September 23, 2019 to August 23, 2025.

The term of the 2nd equipment lease is from September 27, 2023 to March 27, 2029.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2023

10. Capital Management

The Federation defines capital as net assets. Currently, the Federation has no defined target for net assets and operates under the culture of a balanced budget. There are currently no external restrictions on capital for the Federation.

11. Sustainable Communities Challenge Fund

In 2022 the Federation was awarded the contract with the Province of Nova Scotia to administer the Sustainable Communities Challenge Fund (SCCF). The Fund was established as a goal in the Environmental Goals and Climate Change Reduction Act. The Federation is required to develop a strategic plan, provide organization and management, develop a communications and engagement plan and develop the application process. The Federation will provide ongoing administration of the \$27 million dollar fund, including the approval and disbursement of funds for applicants. During the year the Federation received \$68,703 (2022 - \$99,672) from the SCCF for rent, insurance and administration of the SCCF. The SCCF project has been shown separately on the statement of operations due to the size of the project.