

**Nova Scotia Federation of Municipalities**

**Halifax, Nova Scotia**

**Financial Statements**

**December 31, 2024**

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# **Morse Brewster Lake**

Chartered Professional Accountants

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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, 2024, 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, 2024, 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.

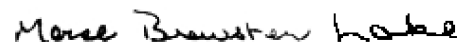
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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  
April 30, 2025



Chartered Professional Accountants

# Nova Scotia Federation of Municipalities

## Statement of Financial Position

December 31, 2024


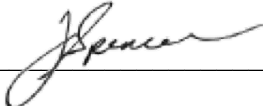
	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 3,129,296	\$ 1,340,703
Restricted Cash	16,840,010	7,253,563
Short-term deposits NSF (note 8)	-	983,914
Accounts receivable	394,630	192,659
Roberts' Memorial Fund (note 4)	18,326	17,412
Prepaid expenses	<u>25,987</u>	<u>21,785</u>
	20,408,249	9,810,036
 <b>Property and Equipment (note 3)</b>	 <u>12,833</u>	 <u>14,956</u>
	 <u>\$ 20,421,082</u>	 <u>\$ 9,824,992</u>

<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 3,186,410	\$ 2,007,683
Payroll deductions payable	-	34,622
HST Payable	22,112	19,096
Funds held in trust - SCCF	12,110,894	5,441,202
Deferred revenue (note 5)	<u>3,785,281</u>	<u>1,240,421</u>
	19,104,697	8,743,024

<b>Net Assets</b>		
<b>Roberts' Memorial Fund (note 4)</b>	18,326	17,412
<b>Unrestricted (page 6)</b>	341,391	477,660
<b>Restricted - General reserve (page 6)</b>	943,835	571,940
<b>Investment in property, plant and equip. (page 6)</b>	<u>12,833</u>	<u>14,956</u>
	<u>1,316,385</u>	<u>1,081,968</u>
	 <u>\$ 20,421,082</u>	 <u>\$ 9,824,992</u>

**Commitments (note 7)**

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, 2024**

	SCCF (Note 9)	NSFM	2024 Actual	2024 Budget	2023 Actual
<b>Revenue</b>					
<b>Membership Fees</b>	\$ -	\$ 524,690	\$ 524,690	\$ 524,690	\$ 514,402
<b>Events</b>					
Fall Conference					
Registration	-	176,705	176,705	162,050	173,425
Sponsorships	-	97,000	97,000	70,000	73,500
Exhibits	-	41,875	41,875	33,400	29,260
Spring Conference	-	78,808	78,808	76,750	62,850
Seminars & Projects	-	264,416	264,416	167,000	201,453
	<u>-</u>	<u>658,804</u>	<u>658,804</u>	<u>509,200</u>	<u>540,488</u>
<b>Programs</b>					
Insurance Program	-	212,026	212,026	175,000	183,161
Group Benefits & TD Ins.	-	130,225	130,225	125,000	75,815
	<u>-</u>	<u>342,251</u>	<u>342,251</u>	<u>300,000</u>	<u>258,976</u>
<b>Grants and Government Programs</b>					
Canada Community Building					
Fund Administration	-	36,250	36,250	145,000	145,000
Sustainable Communities					
Challenge Fund (note 9)	613,058	-	613,058	-	552,417
ECC - Coastal Protection	-	66,661	66,661	-	-
DMAH	-	58,420	58,420	-	-
Low Carbon Communities	-	44,000	44,000	-	-
Investment Income	-	61,805	61,805	25,000	48,697
Other Income	-	13,627	13,627	10,000	5,744
	<u>613,058</u>	<u>280,763</u>	<u>893,821</u>	<u>180,000</u>	<u>751,858</u>
	<u>613,058</u>	<u>1,806,508</u>	<u>2,419,566</u>	<u>1,513,890</u>	<u>2,065,724</u>
<b>Expenditures</b>					
<b>Administrative</b>					
Salaries, fees and benefits	459,303	1,005,465	1,464,768	1,052,760	1,351,022
Staff travel	-	13,929	13,929	23,000	11,742
	<u>459,303</u>	<u>1,019,394</u>	<u>1,478,697</u>	<u>1,075,760</u>	<u>1,362,764</u>
<b>Operational</b>					
Audit	5,000	10,000	15,000	6,500	11,000
Bank charges	754	3,112	3,866	3,000	3,741
Bad debts	-	3,945	3,945	-	-
Rent and occupancy	21,061	78,394	99,455	55,000	60,403
Organizational dues and meetings	19,374	15,494	34,868	30,000	41,700
Professional fees	4,431	20,051	24,482	26,400	83,613
Sundry	4,750	-	4,750	2,500	4,585
Supplies and printing	13,275	27,261	40,536	24,000	42,443
Communications	360	7,691	8,051	10,000	1,837
Telephone	-	5,018	5,018	8,000	5,951
Liability and general ins.	-	8,820	8,820	12,500	12,170
	<u>69,005</u>	<u>179,786</u>	<u>248,791</u>	<u>177,900</u>	<u>267,443</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, 2024

	SCCF	NSFM	2024 Actual	2024 Budget	2023 Actual
<b>Events</b>					
Fall Conference	-	123,853	123,853	133,800	107,059
Spring Conference	-	37,715	37,715	42,075	25,312
Seminars	-	1,253	1,253	2,000	250
	<u>-</u>	<u>162,821</u>	<u>162,821</u>	<u>177,875</u>	<u>132,621</u>
<b>Governance</b>					
Board of Directors	-	16,544	16,544	45,000	17,649
Committees	-	111	111	10,000	809
	<u>-</u>	<u>16,655</u>	<u>16,655</u>	<u>55,000</u>	<u>18,458</u>
<b>Special Projects</b>					
Mainstreeting	-	-	-	-	41,480
Software	21,715	-	21,715	-	17,633
Asset Management	-	-	-	-	1,150
ECC	-	66,661	66,661	-	-
DMAH	-	58,420	58,420	-	-
Low Carbon Communities	-	42,809	42,809	-	-
Restructuring	-	-	-	-	7,435
SERMGAR	-	-	-	-	2,070
Parity Project	-	-	-	-	3,488
Other	63,035	18,052	81,087	19,355	5,056
	<u>84,750</u>	<u>185,942</u>	<u>270,692</u>	<u>19,355</u>	<u>78,312</u>
Amortization	-	4,993	4,993	4,000	7,122
Grant to AMANS	-	2,500	2,500	2,500	2,500
Ken Simpson Memorial	-	-	-	1,500	-
	<u>-</u>	<u>7,493</u>	<u>7,493</u>	<u>8,000</u>	<u>9,622</u>
	<u>613,058</u>	<u>1,572,091</u>	<u>2,185,149</u>	<u>1,513,890</u>	<u>1,869,220</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$ -</u>	<u>\$ 234,417</u>	<u>\$ 234,417</u>	<u>\$ -</u>	<u>\$ 196,504</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, 2024**

	Restricted Reserve	Investment in Capital Assets	Unrestricted Net Assets	Roberts' Memorial Fund	2024 Net Assets	2023 Net Assets
<b>Balance, begin. of year</b>	571,940	\$ 14,956	\$ 477,660	17,412	\$ 1,081,968	\$ 885,464
Transfer to restricted reserve	371,895	-	(371,895)	-		-
Purchase of equipment	-	2,870	(2,870)	-		-
<b>Excess (deficiency) of Revenue over Expenditures</b>	-	(4,993)	238,496	914	234,417	196,504
<b>Balance, end of year</b>	\$ 943,835	\$ 12,833	\$ 341,391	\$ 18,326	\$ 1,316,385	\$ 1,081,968

**Restricted Reserve composition:**

Event cancellation	\$ 63,250
Operational expenses	486,330
Rental - occupancy costs	394,255
	\$ 943,835

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

# Nova Scotia Federation of Municipalities

## Statement of Cash Flow

Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
<b>Cash flow from operating activities:</b>		
Operating surplus for the year	\$ 234,417	\$ 196,504
Amortization	<u>4,993</u>	<u>7,122</u>
	239,410	203,626
Changes in		
Accounts receivable	(201,971)	226,649
Prepaid expense	(4,202)	(9,915)
Payables and accruals	1,147,121	1,867,287
Deferred revenue	2,544,860	(430,321)
Funds held in trust	<u>6,669,692</u>	<u>(7,228,290)</u>
	<u>10,155,500</u>	<u>(5,574,590)</u>
<b>Cash flow from investing activities:</b>		
Purchase of investments	(914)	(984,688)
Sale of investments	983,914	14,479,381
Investment in property, plant and equip.	<u>(2,870)</u>	<u>(1,458)</u>
	<u>980,130</u>	<u>13,493,235</u>
<b>Cash flow from financing activities:</b>		
Repayment of long term debt	<u>-</u>	<u>(40,000)</u>
<b>Cash Increase</b>	11,375,040	8,082,271
<b>Cash and Equivalencies, beginning of year</b>	<u>8,594,266</u>	<u>511,995</u>
<b>Cash and Equivalencies, end of year</b>	<u>\$ 19,969,306</u>	<u>\$ 8,594,266</u>
<b>Cash and Equivalencies</b>		
Cash	\$ 3,129,296	\$ 1,340,703
Restricted cash	<u>16,840,010</u>	<u>7,253,563</u>
	<u>\$ 19,969,306</u>	<u>\$ 8,594,266</u>

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

# Nova Scotia Federation of Municipalities

## Notes to Financial Statements

December 31, 2024

### 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.

#### Restricted cash

The Federation has internally restricted funds of \$943,835 (2023 - \$571,940) for event cancellation, rental occupancy costs and future operations, which is invested in a high interest savings account as of December 31, 2024 and in short term deposits as of December 31, 2023. Externally restricted cash consists of funds held in trust and deferred revenue.

#### 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, 2024

### 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, 2024

### 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

		2024			2023
	Rates	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equip.	30%	\$ 60,409	\$ 50,414	\$ 9,995	\$ 11,408
Office Equipment	20%	25,211	22,373	2,838	3,548
Leasehold Improv.	4 Yr	<u>6,050</u>	<u>6,050</u>	-	-
		<u>\$ 91,670</u>	<u>\$ 78,837</u>	<u>\$ 12,833</u>	<u>\$ 14,956</u>

# Nova Scotia Federation of Municipalities

## Notes to Financial Statements

December 31, 2024

### 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>2024</u>	<u>2023</u>
<b>Revenue</b>		
Interest	\$ <u>914</u>	\$ <u>774</u>
Fund balance- Beginning of year	<u>17,412</u>	<u>16,638</u>
Fund balance- End of year	\$ <u><u>18,326</u></u>	\$ <u><u>17,412</u></u>
<b>Income available for projects</b>		
Income available for projects - Beginning of the year	\$ 4,131	\$ 4,013
Net increase of fund balance in year	<u>914</u>	<u>118</u>
Income available for projects - End of Year	5,045	4,131
Funds not available for projects	<u>13,281</u>	<u>13,281</u>
<b>Total fund balance</b>	\$ <u><u>18,326</u></u>	\$ <u><u>17,412</u></u>

Invested in RBC GIC at 3.40% interest, matures December 16, 2025. (2023 - RBC GIC at 5.25%, due December 16, 2024)

# Nova Scotia Federation of Municipalities

## Notes to Financial Statements

December 31, 2024

### 5. Deferred Revenue

	<u>2024</u>	<u>2023</u>
Deferred revenue, opening balance	\$ 1,240,421	\$ 1,670,740
Funds received in the year	3,561,849	245,067
Funds earned in the year	<u>(1,016,989)</u>	<u>(675,386)</u>
Deferred revenue, ending balance	<u>\$ 3,785,281</u>	<u>\$ 1,240,421</u>

The following is a breakdown of deferred revenue by Project:

	<u>2024</u>	<u>2023</u>
Sustainable Communities Challenge Fund (SCCF)	\$ 2,545,081	\$ 960,140
DMAH - Flood Mapping	558,800	-
DMAH - Code of Conduct	105,255	-
ECC - Low Carbon Communities	-	39,600
ECC - Coastal Protection Support	423,321	-
Group Benefits	33,877	16,607
Fund Navigator	45,000	153,422
Ken Simpson Memorial	32,482	30,982
WILG Bursary fund	11,180	11,180
Other projects	<u>30,285</u>	<u>28,490</u>
	<u>\$ 3,785,281</u>	<u>\$ 1,240,421</u>

Deferred revenue other projects consists of revenue received for the Towns Task Force, Carbon Offset, Fire Services, AT Summit and FCM RFP projects.

### 6. Short Term Deposits

	<u>2024</u>	<u>2023</u>
RBC GIC at 4.45% due February 13, 2024	\$ -	\$ 733,914
RBC GIC at 5.30% due January 24, 2024	<u>-</u>	<u>250,000</u>
	<u>\$ -</u>	<u>\$ 983,914</u>

# Nova Scotia Federation of Municipalities

## Notes to Financial Statements

December 31, 2024

### 7. 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
2025	\$58,400	\$4,835	\$63,235
2026	59,200	4,236	63,436
2027	60,000	4,236	64,236
2028	60,800	4,236	65,036
2029	61,600		61,600

The term of the premises lease is from December 13, 2024 to December 31, 2029  
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.  
The Federation has committed to leasehold improvements to take place in 2025 for \$168,650 plus tax. They will be reimbursed by the landlord for the leasehold improvements once they take occupancy of the new space.

### 8. 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.

### 9. 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 \$73,455 (2023 - \$68,703) 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.

### 10. Comparative Figures

Certain of the comparative figures have been restated to conform to the current year financial statement presentation.