

Nova Scotia Federation of Municipalities

Halifax, Nova Scotia

Financial Statements

March 31, 2025

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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 March 31, 2025, and the statements of operations, changes in net assets and cash flows for the period 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 March 31, 2025, and its results of operations and its cash flows for the period 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.

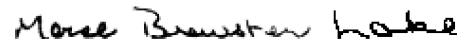
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

March 31, 2025

	<u>2025</u>	<u>December 31, 2024</u>
Assets		
Current		
Cash	\$ 1,408,077	\$ 3,129,296
Restricted Cash	18,579,632	16,840,010
Accounts receivable	1,708,707	394,630
Roberts' Memorial Fund (note 4)	18,482	18,326
Prepaid expenses	<u>35,095</u>	<u>25,987</u>
	21,749,993	20,408,249
 Property and Equipment (note 3)	 <u>13,538</u>	 <u>12,833</u>
	\$ <u>21,763,531</u>	\$ <u>20,421,082</u>
Liabilities		
Current		
Payables and accruals	\$ 2,666,613	\$ 3,186,410
Payroll deductions payable	39,118	-
HST Payable	162,420	22,112
Funds held in trust - SCCF	11,987,419	12,110,894
Deferred revenue (note 5)	<u>5,648,378</u>	<u>3,785,281</u>
	20,503,948	19,104,697
Net Assets		
Roberts' Memorial Fund (note 4)	18,482	18,326
Unrestricted (page 6)	283,728	341,391
Restricted - General reserve (page 6)	943,835	943,835
Investment in property, plant and equip. (page 6)	<u>13,538</u>	<u>12,833</u>
	<u>1,259,583</u>	<u>1,316,385</u>
	\$ <u>21,763,531</u>	\$ <u>20,421,082</u>

Commitments (note 6)

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

For the Three Months Ending March 31, 2025

	SCCF (Note 8)	NSFM	For the Three Months Ending March 31, 2025 Actual	2025 Budget	Year Ended 2024 Actual
Revenue					
Membership Fees	\$ -	\$ 141,997	\$ 141,997	\$ 141,997	\$ 524,690
Events					
Fall Conference					
Registration	-	-	-	-	176,705
Sponsorships	-	-	-	-	97,000
Exhibits	-	-	-	-	41,875
Spring Conference	-	-	-	-	78,808
Seminars & Projects	<u>-</u>	<u>69,748</u>	<u>69,748</u>	<u>79,283</u>	<u>264,416</u>
	<u>-</u>	<u>69,748</u>	<u>69,748</u>	<u>79,283</u>	<u>658,804</u>
Programs					
Insurance Program	-	1,869	1,869	10,000	212,026
Group Benefits & TD Ins.	<u>-</u>	<u>37,802</u>	<u>37,802</u>	<u>2,000</u>	<u>130,225</u>
	<u>-</u>	<u>39,671</u>	<u>39,671</u>	<u>12,000</u>	<u>342,251</u>
Grants and Government Programs					
Canada Community Building					
Fund Administration	-	-	-	-	36,250
Sustainable Communities					
Challenge Fund (note 12)	146,365	-	146,365	237,958	613,058
ECC - Coastal Protection	-	35,580	35,580	93,528	66,661
DMAH	-	11,152	11,152	113,854	58,420
Low Carbon Communities	-	-	-	-	44,000
Investment Income	-	9,570	9,570	6,250	61,805
Other Income	<u>-</u>	<u>20,281</u>	<u>20,281</u>	<u>1,250</u>	<u>13,627</u>
	<u>146,365</u>	<u>76,583</u>	<u>222,948</u>	<u>452,840</u>	<u>893,821</u>
Transfer from surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,252</u>	<u>-</u>
	<u>146,365</u>	<u>327,999</u>	<u>474,364</u>	<u>690,372</u>	<u>2,419,566</u>
Expenditures					
Administrative					
Salaries, fees and benefits	122,730	263,938	386,668	513,332	1,464,768
Staff travel	<u>-</u>	<u>780</u>	<u>780</u>	<u>3,500</u>	<u>13,929</u>
	<u>122,730</u>	<u>264,718</u>	<u>387,448</u>	<u>516,832</u>	<u>1,478,697</u>
Operational					
Audit	5,000	5,000	10,000	3,500	15,000
Bank charges	140	694	834	750	3,867
Bad debts	-	-	-	-	3,945
Rent and occupancy	5,139	16,152	21,291	26,076	99,455
Organizational dues and meetings	2,637	7,113	9,750	12,000	34,867
Professional fees	2,348	2,243	4,591	4,650	24,482
Sundry	1,021	-	1,021	-	4,750
Supplies and printing	3,075	7,453	10,528	5,500	40,536
Communications	-	483	483	1,250	8,051
Telephone	-	1,040	1,040	2,000	5,018
Liability and general ins.	<u>-</u>	<u>3,807</u>	<u>3,807</u>	<u>4,125</u>	<u>8,820</u>
	<u>19,360</u>	<u>43,985</u>	<u>63,345</u>	<u>59,851</u>	<u>248,791</u>

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

Nova Scotia Federation of Municipalities

Statement of Operations Continued

For the Three Months Ending March 31, 2025

			For the Three Months Ending March 31, 2025	Budget	Year Ended 2024 Actual
	SCCF	NSFM	Actual		
Events					
Fall Conference	-	594	594	4,000	123,853
Spring Conference	-	2,151	2,151	-	37,715
Seminars	-	-	-	-	1,253
	<u>-</u>	<u>2,745</u>	<u>2,745</u>	<u>4,000</u>	<u>162,821</u>
Governance					
Board of Directors	-	4,185	4,185	6,000	16,544
Committees	-	-	-	-	111
	<u>-</u>	<u>4,185</u>	<u>4,185</u>	<u>6,000</u>	<u>16,655</u>
Special Projects					
Software	4,275	-	4,275	-	21,715
ECC -Coastal protection	-	35,580	35,580	93,528	66,661
DMAH - Flood mapping	-	11,152	11,152	113,854	58,420
Low Carbon Communities	-	-	-	-	42,809
Code of Conduct	-	18,020	18,020	-	4,627
Other	-	850	850	10,000	76,460
	<u>4,275</u>	<u>65,602</u>	<u>69,877</u>	<u>217,382</u>	<u>270,692</u>
Amortization	-	3,566	3,566	3,000	4,993
Grant to AMANS	-	-	-	-	2,500
	<u>-</u>	<u>3,566</u>	<u>3,566</u>	<u>3,000</u>	<u>7,493</u>
	<u>146,365</u>	<u>384,801</u>	<u>531,166</u>	<u>807,065</u>	<u>2,185,149</u>
Excess of Revenue over Expenditures	<u>\$ -</u>	<u>\$ (56,802)</u>	<u>\$ (56,802)</u>	<u>\$ (116,693)</u>	<u>\$ 234,417</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 Three Months Ending March 31, 2025

	Restricted Reserve	Investment in Capital Assets	Unrestricted Net Assets	Roberts' Memorial Fund	March 31, 2025 Net Assets	December 31, 2024 Net Assets
Balance, begin. of period	943,835	\$ 12,833	\$ 341,391	18,326	\$ 1,316,385	\$ 1,081,968
Transfer to restricted reserve	-	-	-	-		-
Purchase of capital assets	-	4,271	(4,271)	-		-
Excess (deficiency) of Revenue over Expenditures	<u>-</u>	<u>(3,566)</u>	<u>(53,392)</u>	<u>156</u>	<u>(56,802)</u>	<u>234,417</u>
Balance, end of period	<u>\$ 943,835</u>	<u>\$ 13,538</u>	<u>\$ 283,728</u>	<u>\$ 18,482</u>	<u>\$ 1,259,583</u>	<u>\$ 1,316,385</u>

Restricted Reserve composition:

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

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

Nova Scotia Federation of Municipalities

Statement of Cash Flow

For the Three Months Ending March 31, 2025

	<u>2025</u>	December 31, <u>2024</u>
Cash flow from operating activities:		
Operating surplus for the period	\$ (56,802)	\$ 234,417
Amortization	<u>3,566</u>	<u>4,993</u>
	(53,236)	239,410
Changes in		
Accounts receivable	(1,314,077)	(201,971)
Prepaid expense	(9,108)	(4,202)
Payables and accruals	(340,371)	1,147,121
Deferred revenue	1,863,097	2,544,860
Funds held in trust	<u>(123,475)</u>	<u>6,669,692</u>
	<u>76,066</u>	<u>10,155,500</u>
Cash flow from investing activities:		
Purchase of investments	(156)	(914)
Sale of investments	-	983,914
Investment in property, plant and equip.	<u>(4,271)</u>	<u>(2,870)</u>
	<u>(4,427)</u>	<u>980,130</u>
Cash Increase	18,403	11,375,040
Cash and Equivalencies, beginning of period	<u>19,969,306</u>	<u>8,594,266</u>
Cash and Equivalencies, end of period	<u>\$ 19,987,709</u>	<u>\$ 19,969,306</u>
Cash and Equivalencies		
Cash	\$ 1,408,077	\$ 3,129,296
Restricted cash	<u>18,579,632</u>	<u>16,840,010</u>
	<u>\$ 19,987,709</u>	<u>\$ 19,969,306</u>

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

Nova Scotia Federation of Municipalities

Notes to Financial Statements

March 31, 2025

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. The Federation changed its year end from the calendar year to fiscal April 1 to March 31.

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 (2024 - \$943,835) for event cancellation, rental occupancy costs and future operations, which is invested in a high interest savings account as of March 31, 2024 and in short term deposits as of December 31, 2024. 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

March 31, 2025

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

March 31, 2025

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

		2025			December 31, 2024
	Rates	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equip.	30%	\$ 60,409	\$ 53,412	\$ 6,997	\$ 9,995
Office Equipment	20%	<u>29,482</u>	<u>22,941</u>	<u>6,541</u>	<u>2,838</u>
		<u>\$ 89,891</u>	<u>\$ 76,353</u>	<u>\$ 13,538</u>	<u>\$ 12,833</u>

Included in capital is \$4,271 of work in progress that was not available for use by March 31, 2025 therefore no amortization was deducted.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

March 31, 2025

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.

	Three Months Ending	
	March 31, <u>2025</u>	December 31, <u>2024</u>
Revenue		
Interest	\$ <u>156</u>	\$ <u>914</u>
Fund balance- Beginning of period	<u>18,326</u>	<u>17,412</u>
Fund balance- End of period	\$ <u><u>18,482</u></u>	\$ <u><u>18,326</u></u>
Income available for projects		
Income available for projects - Beginning of the period \$	5,045	\$ 4,131
Net increase of fund balance in period	<u>156</u>	<u>914</u>
Income available for projects - End of period	5,201	5,045
Funds not available for projects	<u>13,281</u>	<u>13,281</u>
Total fund balance	\$ <u><u>18,482</u></u>	\$ <u><u>18,326</u></u>

Invested in RBC GIC at 3.40% interest, matures December 16, 2025 for December 31, 2024 and March 31, 2025.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

March 31, 2025

5. Deferred Revenue

	<u>2025</u>	December 31, <u>2024</u>
Deferred revenue, opening balance	\$ 3,785,281	\$ 1,240,421
Funds received in the period	2,131,574	3,561,849
Funds earned in the period	<u>(268,477)</u>	<u>(1,016,989)</u>
Deferred revenue, ending balance	<u>\$ 5,648,378</u>	<u>\$ 3,785,281</u>

The following is a breakdown of deferred revenue by Project:

	<u>2025</u>	December 31, <u>2024</u>
Sustainable Communities Challenge Fund (SCCF)	2,398,716	2,545,081
DMAH - Flood Mapping	765,369	558,800
DMAH - Code of Conduct	87,235	105,255
DMAH - Policy Analyst	334,100	-
ECC - Coastal Protection Support	390,173	423,321
ECC - Policy Analyst	344,106	-
ECC - By Law	1,000,000	-
Online Modules	53,200	-
Group Benefits	-	33,877
Fund Navigator	202,500	45,000
Ken Simpson Memorial	32,482	32,482
WILG Bursary fund	11,180	11,180
Other projects	<u>29,317</u>	<u>30,285</u>
	<u>\$ 5,648,378</u>	<u>\$ 3,785,281</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. 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 for \$33,730 plus tax. They will be reimbursed by the landlord for the leasehold improvements once they take occupancy of the new space.

Nova Scotia Federation of Municipalities

Notes to Financial Statements

March 31, 2025

7. 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.

8. 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 period the Federation received \$17,609 (year ending December 31, 2024 - \$73,455) 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.