

**Nova Scotia Federation of
Municipalities**

Financial Statements
December 31, 2020

DRAFT

Nova Scotia Federation of Municipalities

Statement of Financial Position

As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	295,413	379,475
Short-term deposits	374,627	100,000
Amounts receivable (note 6)	45,381	92,010
Prepaid expenses	5,828	16,618
	721,249	588,103
Property, plant and equipment (note 3)	12,442	9,548
Roberts' Memorial Fund (note 4)	16,433	16,110
	750,124	613,761
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	94,117	71,256
Deferred revenue	97,566	70,755
	191,683	142,011
Net assets		
Investment in property, plant and equipment	12,442	9,548
Unrestricted	429,566	346,092
Restricted – General reserve	100,000	100,000
Roberts' Memorial Fund (note 4)	16,433	16,110
	558,441	471,750
	750,124	613,761
Commitments (note 7)		

Approved on behalf of the Members

_____ President _____ Chief Executive Officer

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 ended December 31, 2020

	Investment in property, plant and equipment \$	Unrestricted \$	Restricted – General reserve \$	Roberts' Memorial Fund \$	2020 \$	2019 \$
Net assets – Beginning of year	9,548	346,092	100,000	16,110	471,750	489,325
Excess of revenue over expenditures (expenditures over revenue) for the year	(3,156)	89,524	-	323	86,691	(17,575)
Appropriation for the acquisition of property, plant and equipment	6,050	(6,050)	-	-	-	-
Net assets – End of year	12,442	429,566	100,000	16,433	558,441	471,750

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Statement of Revenue and Expenditures

For the year ended December 31, 2020

	Budget 2020 \$ (unaudited)	Actual 2020 \$	Actual 2019 \$
Revenue			
Conference			
Registration fees	122,185	-	115,121
Sponsorships	40,000	-	50,500
Exhibits	24,000	-	25,872
Group benefit association allowance	35,000	41,622	38,598
Insurance program	82,000	95,594	83,902
Investment income	6,000	4,394	7,525
Membership fees	414,485	414,485	359,520
Spring workshop	48,000	-	45,275
Seminars and projects	3,500	9,330	14,745
Ken Simpson Lecture Series and other	1,500	-	934
Safe Restart Funding	-	52,266	-
Other income	1,500	8,409	1,621
Government of Canada – CEWS (note 6)	-	34,429	-
Mainstreeting Project – FCM	-	45,999	-
Gas Tax Administration	125,000	125,000	125,000
	<u>903,170</u>	<u>831,528</u>	<u>868,613</u>
Expenditures			
Amortization	4,000	3,156	3,413
Audit	9,500	11,529	15,280
Bank charges	600	1,752	1,280
Board of Directors	56,500	24,575	47,202
Communications	10,000	984	4,339
Conference	79,800	-	71,086
Grant to AMA	2,500	2,500	2,500
Ken Simpson Lecture Series	1,500	-	934
Liability and general insurance	4,100	4,250	4,092
Organization dues and meetings	21,000	6,738	19,401
Other committees	7,000	725	3,524
Professional fees	18,760	6,154	27,142
Rent and occupancy	66,500	56,958	54,916
Salaries, fees and benefits	541,500	531,013	553,731
Seminars	1,000	-	-
Special projects	8,000	-	1,125
Mainstreeting Project – FCM	-	45,999	-
Advocacy Days	2,000	-	-
Asset Management	-	4,975	11,066
Carbon Offset	-	-	2,400
CEO Roadshow	-	-	7,227
Focus Session	-	4,000	-
CAP	-	8,085	1,500
Parity Project	-	4,769	-
Other	1,500	1,500	1,500
Spring workshop	19,910	-	11,500
Sundry	2,500	1,910	2,655
Supplies and printing	18,000	13,044	18,839
Telephone	9,000	7,830	7,731
Travel – staff	18,000	2,714	12,198
	<u>903,170</u>	<u>745,160</u>	<u>886,581</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>-</u>	<u>86,368</u>	<u>(17,968)</u>

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

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Statement of Cash Flows

For the year ended December 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue (revenue over expenditures) for the year	86,368	(17,968)
Amortization, not affecting cash	3,156	3,413
	<u>89,524</u>	<u>(14,555)</u>
Net change in non-cash working capital balances related to operations		
Amounts receivable	46,629	16,034
Prepaid expenses	10,790	4,862
Accounts payable and accrued liabilities	22,861	(16,195)
Deferred revenue	26,811	(12,280)
	<u>196,615</u>	<u>(22,134)</u>
Investing activities		
Investment in property, plant and equipment	(6,050)	(3,677)
Purchase of short-term deposits	(274,627)	-
	<u>(280,677)</u>	<u>(3,677)</u>
Net change in cash during the year	(84,062)	(25,811)
Cash – Beginning of year	379,475	405,286
Cash – End of year	295,413	379,475

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

Nova Scotia Federation of Municipalities

Notes to Financial Statements

December 31, 2020

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 interests of local governments in Nova Scotia.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are expected to be far reaching. Various sectors are expected to be impacted significantly as many local and regional governments have issued public health orders in response to COVID-19, which in some cases include closure of spaces that the public congregates. This will impact the services the Federation provides in the near term, including the spring and fall conferences which were cancelled for 2020. The impact to the Federation is not fully determinable at the date of these financial statements, however they could be material and include reductions in revenue and expenditures. The Federation's liquidity and ability to continue as a going concern may also be impacted.

2 Summary of 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

Cash includes cash on hand and balances with banks.

Internally restricted cash

The Federation has internally restricted funds of \$100,000 (2019 – \$100,000) for future program delivery, which is invested in a short-term deposit as at December 31, 2020 and 2019.

Property, plant 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 the declining balance method at the following annual rates:

Office equipment and fixtures	20%
Computer equipment	30%
Leasehold improvements	2020 – 2023

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of the 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.

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The following provides 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 future program delivery;
- The investment in capital assets is the balance in capital assets less associated amortization; and
- The Roberts' Memorial Fund (the Fund) is internally restricted for projects of the Federation (note 4).

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 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.

Management estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Actual results could differ from these 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.

Financial instruments and risk management**• Fair market value**

Fair value 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 matters 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.

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- **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 obligations as they arise.

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.

3 Property, plant and equipment

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment and fixtures	21,492	18,447	3,045	3,806
Computer equipment	36,609	32,590	4,019	5,742
Leasehold improvements	6,050	672	5,378	-
	<u>64,151</u>	<u>51,709</u>	<u>12,442</u>	<u>9,548</u>

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 the 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.

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Notes to Financial Statements

December 31, 2020

	2020 \$	2019 \$
Revenue		
Interest	323	393
Fund balance – Beginning of year	16,110	15,717
Fund balance – End of year	16,433	16,110
Income available for projects		
Income available for projects – Beginning of year	3,485	3,092
Net increase fund balance during the year	323	393
Income available for projects – End of year	3,808	3,485
Funds not available for projects	12,625	12,625
Total fund balance	16,433	16,110

As at December 31, 2020, all of the Fund balance is invested in guaranteed investment certificates.

5 Government remittances

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$15,874 (2019 – \$24,682) is included within accounts payable and accrued liabilities.

6 Government assistance

During the year, the Federation was eligible for the Canada Emergency Wages Subsidy (CEWS). The program was implemented during the year by the Government of Canada to support businesses and employees through the COVID-19 pandemic by minimizing job losses. The Federation recorded \$34,429 related to the CEWS as other revenue during the year and has received the subsidies subsequent to the year end.

7 Commitments

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

	Premises \$	Equipment \$	Total \$
Year ending December 31, 2021	25,400	3,840	29,240
2022	25,400	3,840	29,240
2023	16,933	3,840	20,773
2024	-	3,840	3,840
2025	-	2,560	2,560

The term of the premises lease is from October 3, 2016 to August 31, 2023.

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

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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.