

# **The Union of Nova Scotia Municipalities**

Financial Statements  
**December 31, 2017**



October 4, 2018

## **Independent Auditor's Report**

### **To the Members of The Union of Nova Scotia Municipalities**

We have audited the accompanying financial statements of **The Union of Nova Scotia Municipalities** (the "Union"), which comprise the statement of financial position as at December 31, 2017 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Union as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

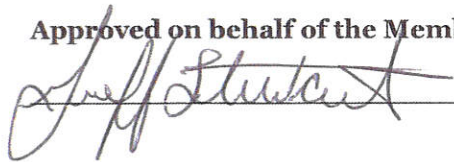
# The Union of Nova Scotia Municipalities

## Statement of Financial Position

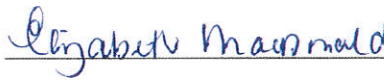
As at December 31, 2017

	2017 \$	2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	516,363	325,294
Short-term deposits	100,000	100,000
Amounts receivable	96,918	184,645
Prepaid expenses	4,848	4,538
	<u>718,129</u>	<u>614,477</u>
<b>Property, plant and equipment</b> (note 3)	10,667	11,689
<b>Roberts' Memorial Fund</b> (note 4)	15,577	15,438
	<u>744,373</u>	<u>641,604</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	184,506	25,311
Deferred revenue	107,641	104,683
	<u>292,147</u>	<u>129,994</u>
<b>Net assets</b>		
Investment in property, plant and equipment	10,667	11,689
Unrestricted	325,982	384,483
Restricted – General reserve	100,000	100,000
Roberts' Memorial Fund	15,577	15,438
	<u>452,226</u>	<u>511,610</u>
	<u>744,373</u>	<u>641,604</u>
<b>Commitments</b> (note 6)		

Approved on behalf of the Members



President



Executive Director

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

# The Union of Nova Scotia Municipalities

## Statement of Changes in Net Assets

For the year ended December 31, 2017

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	Investment in property, plant and equipment \$	Unrestricted \$	Restricted – General reserve \$	Roberts' Memorial Fund \$	2017 \$	2016 \$
<b>Net assets – Beginning of year</b>	11,689	384,483	100,000	15,438	511,610	468,471
Excess of revenue over expenditures (expenditures over revenue) for the year	(3,542)	(55,981)	–	139	(59,384)	43,139
Appropriation for the acquisition of property, plant and equipment	2,520	(2,520)	–	–	–	–
<b>Net assets – End of year</b>	<b>10,667</b>	<b>325,982</b>	<b>100,000</b>	<b>15,577</b>	<b>452,226</b>	<b>511,610</b>

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

# The Union of Nova Scotia Municipalities

## Statement of Revenue and Expenditures

For the year ended December 31, 2017

	Budget 2017 \$ (unaudited)	Actual 2017 \$	Actual 2016 \$
<b>Revenue</b>			
Conference			
Registration fees	112,760	126,530	116,845
Sponsorships	38,500	39,500	42,500
Exhibits	23,100	25,225	25,975
Group benefit association allowance	41,000	47,307	44,819
Insurance program	78,000	90,158	77,625
Investment income	1,900	2,066	1,943
Membership fees	330,700	330,700	330,700
Spring workshop	44,300	40,468	45,210
Seminars and projects	20,000	33,037	33,893
Ken Simpson Lecture Series and other	2,000	1,142	1,000
Women in Local Government (bursary)	-	-	862
Cannabis Symposium	-	30,500	-
Fire Services review	-	-	39,131
Gas Tax Administration	125,000	125,000	120,197
	<u>817,260</u>	<u>891,633</u>	<u>880,700</u>
<b>Expenditures</b>			
Amortization	4,000	3,542	4,556
Audit	5,000	4,725	4,770
Cannabis Symposium	-	29,000	-
Bank charges	1,200	635	888
Board of Directors	56,000	38,872	52,004
Communications	10,000	22,366	5,177
Conference	75,800	67,558	71,384
Grant to AMA	2,500	2,500	2,500
Ken Simpson Lecture Series	1,000	1,142	1,000
Liability and general insurance	3,700	3,920	3,636
Organization dues and meetings	18,500	22,129	15,765
Other committees	14,000	11,255	7,813
Professional fees	12,500	8,397	5,473
Rent and occupancy	55,000	51,817	45,313
Salaries, fees and benefits	471,500	581,998	465,058
Seminars	13,000	9,688	19,790
Special projects	5,840	6,500	18,681
Advocacy Days	6,000	3,620	4,769
Carbon Offset	-	2,250	2,500
Fire Services Review	-	4,348	39,131
Office Relocation	-	-	7,557
UNSM Rebranding	-	15,300	-
Special contributions	500	-	-
Other	2,000	1,500	1,500
Spring workshop	20,720	14,217	14,530
Sundry	2,500	2,875	3,059
Supplies and printing	15,000	21,513	15,664
Sustainability office	-	-	4,860
Telephone	10,000	6,983	9,658
Travel – Staff	11,000	11,506	9,854
Women in Local Government	-	1,000	-
Women in Local Government (bursary)	-	-	862
	<u>817,260</u>	<u>951,156</u>	<u>837,752</u>
<b>Excess of revenue over expenditures (expenditures over revenue) for the year</b>	<u>-</u>	<u>(59,523)</u>	<u>42,948</u>

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

# The Union of Nova Scotia Municipalities

## Statement of Cash Flows

For the year ended December 31, 2017

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	2017	2016
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures (expenditures over revenue) for the year	(59,523)	42,948
Amortization, not affecting cash	3,542	4,556
	<hr/>	<hr/>
	(55,981)	47,504
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	87,727	(35,846)
Decrease (increase) in prepaid expenses	(310)	2,610
Increase (decrease) in accounts payable and accrued liabilities	159,195	975
Increase (decrease) in deferred revenue	2,958	(44,510)
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	193,589	(29,267)
<b>Investing activities</b>		
Investment in property, plant and equipment	(2,520)	(8,405)
	<hr/>	<hr/>
<b>Net change in cash during the year</b>	191,069	(37,672)
<b>Cash – Beginning of year</b>	325,294	362,966
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<b>Cash – End of year</b>	516,363	325,294
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The accompanying notes are an integral part of these financial statements.

# The Union of Nova Scotia Municipalities

## Notes to Financial Statements

For the year ended December 31, 2017

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### 1 Status and nature of activities

The Union of Nova Scotia Municipalities (the “Union”), incorporated under the laws of Nova Scotia, is a not-for-profit organization formed to represent the interests 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”) as issued by the Canadian Accounting Standards Board and reflect the following significant accounting policies:

#### Cash

Cash includes cash on hand and balances with banks.

#### Internally restricted cash

The Union has internally restricted funds of \$100,000 (2016 - \$100,000) for future program delivery, which is invested in a short-term deposit at December 31, 2017 and 2016.

#### Property, plant and equipment

In accordance with ASNPO, the Union 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%

#### 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.

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 Union 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 Union, described in 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 Union 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.

# The Union of Nova Scotia Municipalities

## Notes to Financial Statements

For the year ended December 31, 2017

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### 2 Significant accounting policies (continued)

#### 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 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.

#### Financial instruments and risk management

##### a) 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 values of cash, short-term deposits, amounts receivable and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of those instruments.

##### b) Concentration of credit risk

Management believes the Union has no significant credit concentration.

##### c) 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 Union is not exposed to significant interest rate risk.

##### d) Liquidity risk

Liquidity risk is the risk that the Union will encounter problems in raising funds to meet its commitments at maturity. The Union 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 Union 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.

# The Union of Nova Scotia Municipalities

## Notes to Financial Statements

For the year ended December 31, 2017

### 3 Property, plant and equipment

			2017	2016
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment and fixtures	20,952	15,184	5,768	7,210
Computer equipment	30,465	25,566	4,899	4,479
	<u>51,417</u>	<u>40,750</u>	<u>10,667</u>	<u>11,689</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 Union. The decision as to the projects to be underwritten by the Fund is made by the Executive of the Union. The Fund is intended to assist in furthering the objectives of the Union. 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.

	2017 \$	2016 \$
<b>Revenue</b>		
Interest	139	191
<b>Fund balance – Beginning of year</b>	<u>15,438</u>	<u>15,247</u>
<b>Fund balance – End of year</b>	<u>15,577</u>	<u>15,438</u>
<b>Income available for projects</b>		
<b>Income available for projects – Beginning of year</b>	2,813	2,622
Net increase fund balance during the year	<u>139</u>	<u>191</u>
<b>Income available for projects – End of year</b>	2,952	2,813
Funds not available for projects	<u>12,625</u>	<u>12,625</u>
<b>Total fund balance</b>	<u>15,577</u>	<u>15,438</u>

At December 31, 2017, all of the Fund balance is invested in guaranteed investment certificates.

# The Union of Nova Scotia Municipalities

## Notes to Financial Statements

For the year ended December 31, 2017

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### 5 Government remittances

Government remittance 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, \$20,841 (2016 - \$10,893) is included within accounts payable and accrued liabilities.

### 6 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, 2018	24,892	3,840	28,732
2019	24,892	3,840	28,732
2020	24,892	3,840	28,732
2021	25,400	—	25,400
2022	25,400	—	25,400

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

The term of the equipment lease is from June 15, 2015 to December 15, 2020.

### 7 Capital management

The Union defines capital as net assets. Currently, the Union 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 Union.