

The Union of Nova Scotia Municipalities

Financial Statements
December 31, 2016



June 29, 2017

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, 2016 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, 2016 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

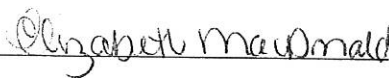
As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	325,294	362,966
Short-term deposits	100,000	100,000
Amounts receivable	184,645	148,799
Prepaid expenses	4,538	7,148
	<u>614,477</u>	<u>618,913</u>
Property, plant and equipment (note 3)	11,689	7,840
Roberts' Memorial Fund (note 4)	<u>15,438</u>	<u>15,247</u>
	<u>641,604</u>	<u>642,000</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	25,311	24,336
Deferred revenue	104,683	149,193
	<u>129,994</u>	<u>173,529</u>
Net assets		
Investment in property, plant and equipment	11,689	7,840
Unrestricted	384,483	345,384
Restricted – General reserve	100,000	100,000
Roberts' Memorial Fund	15,438	15,247
	<u>511,610</u>	<u>468,471</u>
	<u>641,604</u>	<u>642,000</u>
Commitments (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, 2016

	Investment in property, plant and equipment \$	Unrestricted \$	Restricted – General reserve \$	Roberts' Memorial Fund \$	2016 \$	2015 \$
Net assets – Beginning of year	7,840	345,384	100,000	15,247	468,471	374,704
Excess of revenue over expenditures (expenditures over revenue) for the year	(4,556)	47,504	–	191	43,139	93,767
Appropriation for the acquisition of property, plant and equipment	8,405	(8,405)	–	–	–	–
Net assets – End of year	11,689	384,483	100,000	15,438	511,610	468,471

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, 2016

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
Revenue			
Conference			
Registration fees	107,100	116,845	118,240
Sponsorships	36,000	42,500	35,850
Exhibits	21,000	25,975	27,140
Group benefit association allowance	43,000	44,819	48,727
Insurance program	74,000	77,625	80,645
Investment income	2,000	1,943	1,795
Membership fees	330,700	330,700	326,628
Spring workshop	43,000	45,210	42,400
Seminars and projects	20,000	33,893	38,306
Ken Simpson Lecture Series and other	2,000	1,000	449
Women in Local Government (bursary)	-	862	650
Standard Life reimbursement	-	-	41,825
Sustainability office	-	-	53,727
Fire Services review	-	39,131	-
Gas Tax Administration	125,000	120,197	98,553
	<u>803,800</u>	<u>880,700</u>	<u>914,935</u>
Expenditures			
Amortization	4,000	4,556	4,028
Audit	4,000	4,770	4,291
Bad debt	-	-	590
Bank charges	1,200	888	1,028
Board of Directors	55,000	52,004	52,780
Communications	10,000	5,177	-
Conference	71,400	71,384	71,369
Grant to AMA	2,500	2,500	2,500
Ken Simpson Lecture Series	2,000	1,000	449
Liability and general insurance	3,700	3,636	3,636
Organization dues and meetings	18,500	15,765	19,777
Other committees	15,000	7,813	9,300
Professional fees	12,500	5,473	5,387
Rent and occupancy	43,000	45,313	41,100
Salaries and benefits	459,500	465,058	438,527
Seminars	10,000	19,790	18,032
Special projects	20,500	18,681	36,205
Advocacy Days	6,000	4,769	6,240
Carbon Offset	-	2,500	3,000
Fire Services Review	-	39,131	-
Office Relocation	-	7,557	-
Special contributions	500	-	500
Municipal Education	-	-	5,000
Other	2,000	1,500	1,500
Spring workshop	19,000	14,530	14,325
Sundry	2,500	3,059	2,572
Supplies and printing	15,000	15,664	15,048
Sustainability office	-	4,860	41,744
Telephone	11,500	9,658	9,548
Travel – Staff	11,000	9,854	9,283
Women in Local Government	3,500	-	2,991
Women in Local Government (bursary)	-	862	650
	<u>803,800</u>	<u>837,752</u>	<u>821,400</u>
Excess of revenue over expenditures for the year	<u>-</u>	<u>42,948</u>	<u>93,535</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, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	42,948	93,535
Amortization, not affecting cash	4,556	4,028
	<u>47,504</u>	<u>97,563</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	(35,846)	(95,755)
Decrease (increase) in prepaid expenses	2,610	(3,663)
Increase (decrease) in accounts payable and accrued liabilities	975	(17,857)
Increase (decrease) in deferred revenue – Sustainability practices	–	(43,433)
Increase (decrease) in deferred revenue	(44,510)	56,224
	<u>(29,267)</u>	<u>(6,921)</u>
Investing activities		
Investment in property, plant and equipment	(8,405)	(2,623)
	<u>(37,672)</u>	<u>(9,544)</u>
Net change in cash during the year	(37,672)	(9,544)
Cash – Beginning of year	362,966	372,510
Cash – End of year	<u>325,294</u>	<u>362,966</u>

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, 2016

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 (2015 - \$100,000) for future program delivery, which is invested in a short-term deposit at December 31, 2016 and 2015.

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%

Amortization of leasehold improvements provided on the straight-line basis over the term of the lease.

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, 2016

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 years. 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, 2016

3 Property, plant and equipment

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment and fixtures	20,952	13,742	7,210	3,583
Computer equipment	27,945	23,466	4,479	3,423
Leasehold improvements	11,125	11,125	-	834
	<u>60,022</u>	<u>48,333</u>	<u>11,689</u>	<u>7,840</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.

	2016 \$	2015 \$
Revenue		
Interest	191	232
Fund balance – Beginning of year	15,247	15,015
Fund balance – End of year	<u>15,438</u>	<u>15,247</u>
Income available for projects		
Income available for projects – Beginning of year	2,622	2,390
Net decrease fund balance during the year	191	232
Income available for projects – End of year	2,813	2,622
Funds not available for projects	12,625	12,625
Total fund balance	<u>15,438</u>	<u>15,247</u>

At December 31, 2016, 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, 2016

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, \$10,893 (2015 - \$18,119) 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, 2017	24,384	3,840	28,224
2018	24,553	3,840	28,393
2019	24,892	3,840	28,732
2020	24,892	3,840	28,732
2021	25,061	—	25,061

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.