

# **The Union of Nova Scotia Municipalities**

Financial Statements  
**December 31, 2018**



## *Independent auditor's report*

To the Members of The Union of Nova Scotia Municipalities

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Union of Nova Scotia Municipalities (the Entity) as at December 31, 2018 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.

#### **What we have audited**

The Entity's financial statements comprise:

- the statement of financial position as at December 31, 2018;
  - the statement of changes in net assets for the year then ended;
  - the statement of revenue and expenditures for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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*PricewaterhouseCoopers LLP*  
*Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1*  
*T: +1 902 491 7400, F: +1 902 422 1166*

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



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## *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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Halifax, Nova Scotia  
September 6, 2019

# The Union of Nova Scotia Municipalities

## Statement of Financial Position

As at December 31, 2018


	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	405,286	516,363
Short-term deposits	100,000	100,000
Amounts receivable	108,044	96,918
Prepaid expenses	21,480	4,848
	<u>634,810</u>	<u>718,129</u>
<b>Property, plant and equipment</b> (note 3)	9,284	10,667
<b>Roberts' Memorial Fund</b> (note 4)	<u>15,717</u>	<u>15,577</u>
	<u>659,811</u>	<u>744,373</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	87,451	184,506
Deferred revenue	83,035	107,641
	<u>170,486</u>	<u>292,147</u>
<b>Net assets</b>		
Investment in property, plant and equipment	9,284	10,667
Unrestricted	364,324	325,982
Restricted – General reserve	100,000	100,000
Roberts' Memorial Fund	<u>15,717</u>	<u>15,577</u>
	<u>489,325</u>	<u>452,226</u>
	<u>659,811</u>	<u>744,373</u>

**Commitments** (note 6)

**Approved on behalf of the Members**



\_\_\_\_\_  
President



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Chief Executive Officer

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, 2018

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	Investment in property, plant and equipment \$	Unrestricted \$	Restricted – General reserve \$	Roberts' Memorial Fund \$	2018 \$	2017 \$
<b>Net assets – Beginning of year</b>	10,667	325,982	100,000	15,577	452,226	511,610
Excess of revenue over expenditures (expenditures over revenue) for the year	(4,390)	41,349	-	140	37,099	(59,384)
Appropriation for the acquisition of property, plant and equipment	3,007	(3,007)	-	-	-	-
<b>Net assets – End of year</b>	<b>9,284</b>	<b>364,324</b>	<b>100,000</b>	<b>15,717</b>	<b>489,325</b>	<b>452,226</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, 2018

	Budget 2018 \$ (unaudited)	Actual 2018 \$	Actual 2017 \$
<b>Revenue</b>			
Conference			
Registration fees	123,580	115,335	126,530
Sponsorships	35,000	50,000	39,500
Exhibits	23,100	27,305	25,225
Group benefit association allowance	40,000	41,965	47,307
Insurance program	82,000	85,649	90,158
Investment income	2,000	5,895	2,066
Membership fees	344,570	334,570	330,700
Spring workshop	45,000	42,240	40,468
Seminars and projects	15,000	58,934	28,537
Ken Simpson Lecture Series and other	3,000	1,598	1,142
Women in Local Government (bursary)	-	17,971	-
Cannabis Symposium	-	-	30,500
Towns Task Force	-	13,963	4,500
Gas Tax Administration	125,000	125,000	125,000
	<u>838,250</u>	<u>920,425</u>	<u>891,633</u>
<b>Expenditures</b>			
Amortization	4,000	4,390	3,542
Audit	5,000	6,360	4,725
Cannabis Symposium	-	-	29,000
Bad debt	-	625	-
Bank charges	1,000	274	635
Board of Directors	58,000	59,622	38,872
Communications	15,000	8,945	22,366
Conference	79,840	74,447	67,558
Grant to AMA	2,500	2,500	2,500
Ken Simpson Lecture Series	1,500	-	1,142
Liability and general insurance	4,000	3,973	3,920
Organization dues and meetings	21,000	16,408	22,129
Other committees	14,000	6,911	11,255
Professional fees	34,000	36,678	8,397
Rent and occupancy	53,000	60,963	51,817
Salaries, fees and benefits	462,000	444,475	581,998
Seminars	10,000	12,531	9,688
Special projects	2,500	3,983	2,000
Active Transportation Summit	-	17,971	-
Advocacy Days	5,000	2,461	3,620
Asset Management	-	31,893	-
Carbon Offset	-	3,100	2,250
Fire Services Review	-	-	4,348
Towns Task Force	-	13,963	4,500
UNSM Rebranding	4,000	8,481	15,300
Special contributions	-	-	-
Other	1,000	1,500	1,500
Spring workshop	21,410	12,602	14,217
Sundry	2,500	3,764	2,875
Supplies and printing	15,000	19,202	21,513
Telephone	10,000	9,226	6,983
Travel – Staff	11,000	15,218	11,506
Women in Local Government (bursary)	1,000	1,000	1,000
	<u>838,250</u>	<u>883,466</u>	<u>951,156</u>
<b>Excess of revenue over expenditures (expenditures over revenue) for the year</b>	<u>-</u>	<u>36,959</u>	<u>(59,523)</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, 2018

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures (expenditures over revenue) for the year	36,959	(59,523)
Amortization, not affecting cash	4,390	3,542
	<hr/> 41,349	<hr/> (55,981)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in amounts receivable	(11,126)	87,727
Decrease (increase) in prepaid expenses	(16,632)	(310)
Increase (decrease) in accounts payable and accrued liabilities	(97,055)	159,195
Increase (decrease) in deferred revenue	(24,606)	2,958
	<hr/> (108,070)	<hr/> 193,589
<b>Investing activities</b>		
Investment in property, plant and equipment	<hr/> (3,007)	<hr/> (2,520)
<b>Net change in cash during the year</b>	(111,077)	191,069
<b>Cash – Beginning of year</b>	<hr/> 516,363	<hr/> 325,294
<b>Cash – End of year</b>	<hr/> <hr/> 405,286	<hr/> <hr/> 516,363

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, 2018

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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 (2017 - \$100,000) for future program delivery, which is invested in a short-term deposit at December 31, 2018 and 2017.

#### 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, 2018

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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, 2018

### 3 Property, plant and equipment

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office equipment and fixtures	21,492	16,734	4,758	5,768
Computer equipment	32,932	28,406	4,526	4,899
	54,424	45,140	9,284	10,667

### 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.

	2018 \$	2017 \$
<b>Revenue</b>		
Interest	140	139
<b>Fund balance – Beginning of year</b>	15,577	15,438
<b>Fund balance – End of year</b>	15,717	15,577
<b>Income available for projects</b>		
<b>Income available for projects – Beginning of year</b>	2,952	2,813
Net increase fund balance during the year	140	139
<b>Income available for projects – End of year</b>	3,092	2,952
Funds not available for projects	12,625	12,625
<b>Total fund balance</b>	15,717	15,577

At December 31, 2018, 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, 2018

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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, \$21,512 (2017 - \$20,841) 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, 2019	24,892	3,840	28,732
2020	24,892	3,840	28,732
2021	25,400	-	25,400
2022	25,400	-	25,400
2023	16,933	-	16,933

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.