

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Financial Statements

Year Ended January 31, 2018

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

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Year Ended January 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Nova Scotia Crown Share Land Legacy Trust

We have audited the accompanying financial statements of Nova Scotia Crown Share Land Legacy Trust, which comprise the statement of financial position as at January 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and 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 Nova Scotia Crown Share Land Legacy Trust as at January 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.

Ac Hunter Tellier Belgrave Adamson

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Independent Auditor's Report to the Trustees of Nova Scotia Crown Share Land Legacy Trust *(continued)*

Dartmouth, Nova Scotia
July 23, 2018

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**Statement of Revenues and Expenditures****Year Ended January 31, 2018**

	2018	2017
REVENUE		
Crown share payments	\$ 444,983	\$ 433,930
Interest income	208,937	212,850
	653,920	646,780
GRANTS AND RELATED EXPENDITURES	432,137	396,524
GROSS PROFIT	221,783	250,256
EXPENSES		
Professional fees	9,175	6,780
Honorariums	2,250	3,300
Insurance	1,200	1,200
Interest and bank charges	139	74
Office	82	152
Botanical fieldwork	-	26,500
	12,846	38,006
EXCESS OF REVENUE OVER EXPENSES	\$ 208,937	\$ 212,250

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Statement of Changes in Net Assets

Year Ended January 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 2,040,466	\$ 1,828,215
Excess of revenue over expenses	208,937	212,250
NET ASSETS - END OF YEAR	\$ 2,249,403	\$ 2,040,465

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Statement of Financial Position

January 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 5,636	\$ 2,317
Promissory notes receivable (<i>Note 5</i>)	2,614,112	5,010,700
Interest receivable	414,659	487,945
Prepaid expenses	1,681	1,763
	3,036,088	5,502,725
LONG TERM PORTION OF PROMISSORY NOTES (<i>Note 5</i>)	11,837,980	9,629,181
	\$ 14,874,068	\$ 15,131,906
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,311	\$ 26,103
Deferred income (<i>Note 6</i>)	12,620,354	13,065,337
	12,624,665	13,091,440
NET ASSETS		
General fund	2,249,403	2,040,466
	\$ 14,874,068	\$ 15,131,906

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**Statement of Cash Flows****Year Ended January 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 208,937	\$ 212,250
Changes in non-cash working capital:		
Interest receivable	73,286	106,141
Accounts payable and accrued liabilities	(21,792)	(11,116)
Deferred income	(444,983)	(433,930)
Prepaid expenses	82	152
	(393,407)	(338,753)
Cash flow used by operating activities	(184,470)	(126,503)
INVESTING ACTIVITIES		
Proceeds from redemption of promissory notes; current	2,396,588	388,291
Proceeds from redemption of promissory notes; long term	(2,208,799)	(262,281)
Cash flow from investing activities	187,789	126,010
INCREASE (DECREASE) IN CASH FLOW	3,319	(493)
Cash - beginning of year	2,317	2,810
CASH - END OF YEAR	\$ 5,636	\$ 2,317
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 139	\$ 74

NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

Notes to Financial Statements

Year Ended January 31, 2018

1. DESCRIPTION OF BUSINESS

The Nova Scotia Crown Share Land Legacy Trust is a not-for-profit entity established in accordance with Section 19 of the Environment Act. The Nova Scotia Crown Share Land Legacy Trust was established to hold, invest, and distribute by March 31, 2023, the Trust property to approved beneficiaries. Approved beneficiaries are defined as the Nature Conservancy of Canada, the Nova Scotia Nature Trust and those charitable, non-governmental, nature conservation land trusts that are designated as eligible bodies pursuant to the Conservation Easement Act, SNS, 2001, c.28.

As a not-for-profit entity, the Trust is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Financial instruments

The Trust's financial instruments consist of cash, accounts receivable, promissory notes, and accounts payable. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Trust does not enter into hedging activities and does not engage in derivative transactions.

The promissory notes bear interest at current market rates, and are carried at the face value plus accrued interest. As such, the carrying value approximates fair market value.

Revenue Recognition

The Trust does not use fund accounting as a method of financial statement presentation due to the single nature and purpose of the entity. In accordance with CICA Handbook section 4410, the Trust recognizes contributions using the deferral method of accounting. Restricted and unrestricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Investment income consists of interest income. There is no restricted investment income and unrestricted investment income is recognized as revenue when earned.

Accounting estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include the estimated value of promissory notes receivable. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

Cash

Cash includes cash less outstanding cheques plus outstanding deposits.

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Notes to Financial Statements

Year Ended January 31, 2018

3. FINANCIAL INSTRUMENTS

Substantially all of the Company's bank accounts are with one financial institution.

Fair Value

The trust's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the trust for debt with similar terms.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the trust manages exposure through its normal operating and financing activities. The trust is exposed to interest rate risk primarily through its floating interest rate investments.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Consistent with similar not-for-profit organizations, the Nova Scotia Crown Share Land Legacy Trust's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Trust's exposure.

5. PROMISSORY NOTES RECEIVABLE

	2018	2017
Current portion of Province of Nova Scotia promissory notes	\$ 2,614,112	\$ 5,010,700
Long term portion of Province of Nova Scotia promissory notes	11,837,980	9,629,181
	\$ 14,452,092	\$ 14,639,881

The Trust holds promissory notes issued by the Province of Nova Scotia, which bear interest at rates ranging from 0.56% to 1.58%. The notes have maturity dates ranging from February 2016 to March 2020. Those notes that mature within one year are carried as a current asset.

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Notes to Financial Statements

Year Ended January 31, 2018

6. DEFERRED REVENUE

In compliance with the deferral method of accounting for contributions as disclosed in note 2, the Trust has recorded \$12,620,354 (2017 - \$13,065,337) in deferred revenues as detailed below:

The Trust received a total of \$23,440,005 from the Province of Nova Scotia in the form of Crown Share Payments during the January 31, 2009 fiscal year. In the current year, the Trustees have recognized \$432,137 (2017 - \$396,524) as revenue relating to grants awarded in the year. The remaining balance is being carried as deferred revenue.

As stated in the trust indenture, a maximum of 3% of the funds received can be allocated as unrestricted funds over the life of the trust to cover the costs of administration of the fund. In the current year, \$12,846 (2017 - \$38,006) was reported as unrestricted revenue for this purpose. A total of \$351,561 has been reported as unrestricted revenue since the Trust was created.