

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**

**Financial Statements**

**Year Ended January 31, 2019**

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**

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**Year Ended January 31, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Trustees of Nova Scotia Crown Share Land Legacy Trust

*Opinion*

We have audited the financial statements of Nova Scotia Crown Share Land Legacy Trust (the Trust), which comprise the statement of financial position as at January 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at January 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*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 are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*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 Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

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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 Trust'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 Trust'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 Trust 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.

Dartmouth, Nova Scotia  
July 24, 2019

*AC Hunter Tellier Belgrave Adamson*

AC HUNTER TELLIER BELGRAVE ADAMSON  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountant

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST****Statement of Revenues and Expenditures****Year Ended January 31, 2019**

	<b>2019</b>	2018
<b>REVENUE</b>		
Crown share payments	\$ 732,926	\$ 444,983
Interest income	222,476	208,937
Charitable donations	143	-
	<b>955,545</b>	653,920
<b>GRANTS AND RELATED EXPENDITURES</b>	<b>721,575</b>	432,137
<b>GROSS PROFIT</b>	<b>233,970</b>	221,783
<b>EXPENSES</b>		
Professional fees	8,664	9,175
Honorariums	1,350	2,250
Insurance	1,200	1,200
Interest and bank charges	83	139
Office	54	82
	<b>11,351</b>	12,846
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 222,619</b>	\$ 208,937

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**

**Statement of Changes in Net Assets**

**Year Ended January 31, 2019**

	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 2,249,402</b>	\$ 2,040,465
Excess of revenue over expenses	<b>222,619</b>	208,937
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,472,021</b>	\$ 2,249,402

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST**

**Statement of Financial Position**

**January 31, 2019**

	<b>2019</b>	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 61,402	\$ 5,636
Promissory notes receivable ( <i>Note 5</i> )	3,422,732	2,614,112
Interest receivable	510,843	414,659
Prepaid expenses	1,626	1,681
	<b>3,996,603</b>	3,036,088
LONG TERM PORTION OF PROMISSORY NOTES ( <i>Note 5</i> )	<b>10,368,653</b>	11,837,980
	<b>\$ 14,365,256</b>	\$ 14,874,068
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,807	\$ 4,312
Deferred income ( <i>Note 6</i> )	11,887,428	12,620,354
	<b>11,893,235</b>	12,624,666
<b>NET ASSETS</b>		
General fund	2,472,021	2,249,402
	<b>\$ 14,365,256</b>	\$ 14,874,068

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

See notes to financial statements  
**AC Hunter Tellier Belgrave Adamson**  
**Chartered Professional Accountants**

**NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST****Statement of Cash Flows****Year Ended January 31, 2019**

	<b>2019</b>	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 222,619	\$ 208,937
Changes in non-cash working capital:		
Interest receivable	(96,184)	73,286
Accounts payable and accrued liabilities	1,495	(21,792)
Deferred income	(732,926)	(444,983)
Prepaid expenses	55	82
	<b>(827,560)</b>	<b>(393,407)</b>
Cash flow used by operating activities	<b>(604,941)</b>	<b>(184,470)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from redemption of promissory notes; current	(808,620)	2,396,588
Proceeds from redemption of promissory notes; long term	1,469,327	(2,208,799)
Cash flow from investing activities	<b>660,707</b>	<b>187,789</b>
<b>INCREASE IN CASH FLOW</b>	<b>55,766</b>	<b>3,319</b>
Cash - beginning of year	<b>5,636</b>	<b>2,317</b>
<b>CASH - END OF YEAR</b>	<b>\$ 61,402</b>	<b>\$ 5,636</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 83	\$ 139



# NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

## Notes to Financial Statements

Year Ended January 31, 2019

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### 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.

# NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

## Notes to Financial Statements

Year Ended January 31, 2019

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### 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

	2019	2018
Current portion of Province of Nova Scotia promissory notes	\$ 3,422,732	\$ 2,614,112
Long term portion of Province of Nova Scotia promissory notes	10,368,653	11,837,980
	<b>\$ 13,791,385</b>	<b>\$ 14,452,092</b>

The Trust holds promissory notes issued by the Province of Nova Scotia, which bear interest at rates ranging from 1.34% to 1.89%. The notes have maturity dates ranging from February 2019 to March 2022. Those notes that mature within one year are carried as a current asset.

# NOVA SCOTIA CROWN SHARE LAND LEGACY TRUST

## Notes to Financial Statements

Year Ended January 31, 2019

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### 6. DEFERRED REVENUE

In compliance with the deferral method of accounting for contributions as disclosed in note 2, the Trust has recorded \$11,887,428 (2018 - \$12,620,354) 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 \$721,575 (2018 - \$432,137) 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, \$11,351 (2018 - \$12,846) was reported as unrestricted revenue for this purpose. A total of \$362,912 has been reported as unrestricted revenue since the Trust was created.