

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
FINANCIAL STATEMENTS
MARCH 31, 2018

**NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
INDEX
MARCH 31, 2018**

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MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Baker Tilly Nova Scotia Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Nova Scotia School Boards Association and meet when required. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements

On behalf of the Minister:

Minister

INDEPENDENT AUDITORS' REPORT

To the Minister of Education and Early Childhood Development:

We have audited the accompanying financial statements of **Nova Scotia School Boards Association**, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and accumulated surplus, change in net financial 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 public sector accounting standards excluding PS 4200, 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.

Auditors' 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 auditors' 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 of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Nova Scotia School Boards Association** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards excluding PS 4200.

Other Matter

The financial statements of **Nova Scotia School Boards Association** for the year ended March 31, 2017 were audited by another accounting firm who expressed an unmodified opinion on those statements on May 6, 2017.



Dartmouth, Nova Scotia
June 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

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	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	181,554	113,303
Investments	-	400,000
Accounts receivable	39,132	71,826
Interest receivable	-	1,173
HST recoverable (Note 3)	<u>109,586</u>	<u>111,972</u>
	<u>330,272</u>	<u>698,274</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	60,741	54,807
Inspiring Communities (Note 5)	<u>243,644</u>	<u>105,906</u>
	<u>304,385</u>	<u>160,713</u>
NET FINANCIAL ASSETS	<u>25,887</u>	<u>537,561</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	15,581	19,477
Prepays	<u>16,538</u>	<u>17,015</u>
	<u>32,119</u>	<u>36,492</u>
ACCUMULATED SURPLUS (Note 7)	<u>58,006</u>	<u>574,053</u>
COMMITMENT (Note 11)		
CONTINGENCY (Note 12)		
ECONOMIC DEPENDENCE (Note 13)		

Approved by the Minister

_____ Minister

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2018

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	Budget	2018	2017
	\$	\$	\$
REVENUES			
Member school board fees	492,906	492,907	537,500
Group insurance and administration	40,505	48,324	40,505
Conference and seminars	12,000	9,892	16,554
Pension plan administration	24,750	24,750	24,750
Sales tax rebate	15,000	-	26,793
Rent	13,032	13,032	13,032
Administration fees (Note 5)	31,000	31,639	43,873
Interest	<u>1,000</u>	<u>1,752</u>	<u>2,685</u>
	<u>630,193</u>	<u>622,296</u>	<u>705,692</u>
EXPENSES (See Schedule of Expenses)			
Administration	578,450	977,336	542,713
Governance	74,400	81,667	60,862
Committees	<u>34,100</u>	<u>15,089</u>	<u>28,615</u>
	<u>686,950</u>	<u>1,074,092</u>	<u>632,190</u>
OPERATING SURPLUS (DEFICIT)	(56,757)	(451,796)	73,502
ACCUMULATED SURPLUS - beginning of year	574,053	574,053	573,569
Received for funds			
Governance action plan	-	25,446	-
Disbursed from funds			
Governance action plan	<u>-</u>	<u>(89,697)</u>	<u>(73,018)</u>
ACCUMULATED SURPLUS - end of year	<u>517,296</u>	<u>58,006</u>	<u>574,053</u>

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
AS AT MARCH 31, 2018

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	Budget	2018	2017
	\$	\$	\$
Operating surplus (deficit)	(56,757)	(451,796)	73,502
Acquisition of tangible capital assets	-	-	(9,190)
Amortization of tangible capital assets	-	3,896	9,341
Acquisition of prepaids	-	(16,538)	(17,015)
Use of prepaids	17,015	17,015	1,313
Governance action plan	-	(64,251)	(73,018)
CHANGE IN NET FINANCIAL ASSETS	(39,742)	(511,674)	(15,067)
NET FINANCIAL ASSETS - beginning of year	<u>537,561</u>	<u>537,561</u>	<u>552,628</u>
NET FINANCIAL ASSETS - end of year	<u><u>497,819</u></u>	<u><u>25,887</u></u>	<u><u>537,561</u></u>

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

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	2018	2017
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Operating surplus (deficit)	(451,796)	73,502
Items not affecting cash		
Amortization	3,896	9,341
Accounts receivable	32,694	(21,835)
Recoverable expenses	-	36,134
Interest receivable	1,173	1,160
HST recoverable	2,386	(26,793)
Accounts payable and accrued liabilities	5,934	19,702
Inspiring Communities	137,738	60,971
Prepays	477	(15,702)
Governance action plan	(64,251)	(73,018)
	<u>(331,749)</u>	<u>63,462</u>
CAPITAL		
Acquisition of tangible capital assets	<u>-</u>	(9,190)
INVESTING		
Proceeds on disposal of investments	<u>400,000</u>	<u>-</u>
CHANGE IN CASH	68,251	54,272
CASH - beginning of year	<u>113,303</u>	<u>59,031</u>
CASH - end of year	<u>181,554</u>	<u>113,303</u>

1. OPERATIONS

Nova Scotia School Boards Association ("the Association") is incorporated under the Nova Scotia School Boards Association Act. The objectives of the Association are:

- (i) to provide a forum for the exchange of views and information on matters of mutual interest among the boards holding membership in the Association;
- (ii) to provide a common voice for the member boards in presentations to the provincial government, department of education, royal commissions and other authorities or organizations concerned with education; and
- (iii) to co-operate with the provincial and municipal governments and with other organizations in the furtherance of education.

On April 1, 2018, the Education Reform (2018) Act came into effect. The implementation of this Act dissolved the Nova Scotia School Boards Association effective April 1, 2018, with all assets, liabilities and commitments transferring to a successor entity, known as the Nova Scotia Education Common Services Bureau on the same date. The successor entity is a corporation sole, with the Minister of Education and Early Childhood Development as a sole director. The Education Reform (2018) Act was passed on March 9, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian public sector accounting standards excluding PS 4200 as required by the Minister of Finance for the Province of Nova Scotia and include the following significant accounting policies:

Cash

Cash consists of cash on hand and a bank balance held with a financial institution that fluctuates.

Financial assets

Measurement of financial assets

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts deferred for Inspiring Communities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in the statement of operations.

Non-financial assets

Non-financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities unless they are sold.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

Computer equipment	20%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the ability to provide services or that the value of future economic benefits associated with the asset are less than the book value. Any impairment is accounted for as an expense in the statement of operations.

Prepays

Prepaid expenses are cash disbursements for goods and services, other than tangible capital assets and inventories of supplies, that will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Association recognizes member school board fees when received. Revenue for Inspiring Communities, a restricted contribution, is recognized when the related expenses have been incurred. Revenue for the group insurance and administration, conferences and seminars, pension plan administration, rent and administration fees are recognized when they are earned and collection is reasonably assured.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for doubtful accounts, HST recoverable, useful lives of tangible capital assets and certain accrued liabilities. Actual results could differ from those estimates.

3. HST RECOVERABLE

A not-for-profit organization that receives government funding in excess of 40% of its total revenue is entitled to a 50% rebate for HST paid on purchases. Claims for the rebate period January 1, 2011 to March 31, 2017 are currently under review by the appeals division of the Canada Revenue Agency.

The Association received \$112,051 in HST rebates for the claim related to the period from January 1, 2011 to June 30, 2017.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade payables	42,676	19,396
Accrued liabilities	18,065	34,035
Government remittances	-	1,376
	60,741	54,807

5. INSPIRING COMMUNITIES

On January 13, 2016, the Association entered into an agreement with the Department of Education and Early Childhood Development (EECD) to manage the development of a provincial collective impact study. EECD funded the project with quarterly installments and the Association received an administration fee calculated as 15% of the project costs.

The Association received an administration fee of \$31,639 (2017 - \$43,873). The project was created to support collaborative efforts to address complex social issues in Nova Scotia's communities. They engage directly with local organizations and residents to understand the challenges they're facing and to identify innovative solutions for overcoming them.

Their work involves finding new ways of coming together to help facilitate action that will lead to positive social impact and to remove barriers that are preventing our communities from thriving. Their work is a priority of the following eight social policy Ministers and Deputy Ministers: Education and Early Childhood Development, Labour and Advanced Education, Communities, Culture and Heritage, Health and Wellness, Community Services, Seniors, Justice and Aboriginal Affairs. They recognize that working collaboratively both within government and in communities is needed to come up with new solutions to complex problems that cannot be addressed by one department or sector on its own.

The Association receives contributions from the Province of Nova Scotia that are restricted for the Inspiring Communities initiative.

On July 31, 2018, the Inspiring Communities initiative became its own entity and as a result, the Association was required to repay the remaining balance of the funding that was received for this initiative.

During the year, the Association incurred revenues and expenses for the Inspiring Communities initiative of \$287,081 (2017 - \$149,497) and \$287,081 (2017 - \$149,497) respectively.

Changes in Inspiring Communities are as follows:

	2018	2017
	\$	\$
Balance - beginning of year	105,906	44,935
Amounts received during the year	464,197	255,557
Amounts expensed during the year	(326,459)	(194,586)
	<u>243,644</u>	<u>105,906</u>

**NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2018	Net 2017
	\$	\$	\$	\$
Computer equipment	181,742	171,589	10,153	12,692
Furniture and fixtures	<u>134,350</u>	<u>128,922</u>	<u>5,428</u>	<u>6,785</u>
	<u>316,092</u>	<u>300,511</u>	<u>15,581</u>	<u>19,477</u>

7. ACCUMULATED SURPLUS

Externally restricted funds

Governance action plan

During a previous fiscal period, the Association received, on behalf of several litigants, a settlement in respect of a lengthy dispute with the Nova Scotia Teachers Union. The Association received authority from the Department of Education to disburse these funds over a three year period in support of the Governance Action Plan as recommended by the Auditor General.

Internally restricted reserves

Legal expense reserve

The Association has internally restricted \$20,000 from general funds to hold as a reserve for unexpected legal costs that may arise between budget period.

Dues stabilization reserve

The dues stabilization fund was established to control dues required to fund annual fluctuations in surpluses and deficits. The Association imposed a maximum of \$100,000 on this fund.

	2018	2017
	\$	\$
Governance action plan	222,084	287,403
Legal expense reserve	20,000	20,000
Dues stabilization reserve	100,000	100,000
Invested in tangible capital assets	15,581	19,477
General funds	<u>(299,659)</u>	<u>147,173</u>
	<u>58,006</u>	<u>574,053</u>

8. PENSION PLAN ADMINISTRATION

The Nova Scotia School Boards Association Pension Plan provides pension benefits for the non-teaching employees of participating Boards of the Nova Scotia School Boards Association including the Association's employees. A pension plan is a reporting entity separate from a sponsor and the plan participants.

As such, these financial statements do not reflect information about the pension plan, including net assets available for benefits and the pension obligations. The pension plan released independently audited financial statements.

The Association is not responsible for any material retirement, post-employment, compensated absences or termination benefits.

9. TERMINATION COSTS

Included in the salaries and benefits line item are severance payments in the amount of \$189,583 (2017 - \$NIL) for employees who have left the Association. Included in the Executive Director line item are contract termination costs in the amount of \$199,918 (2017 - \$NIL). The severance and contract termination costs were approved by Board motion.

10. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at March 31, 2018.

It is management's opinion that the Association is not exposed to significant market, currency, interest rate or price risk from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and accounts receivable. The Association deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from accounts receivable.

10. FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The Association believes this credit risk is minimized as the receivables are primarily due from government organizations and other well established, creditworthy organizations. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and amounts deferred for inspiring communities.

11. COMMITMENT

The Company leases its office premises, requiring annual rent payments and variable operating costs of \$62,963 per annum until February 28, 2021.

	\$
2019	62,963
2020	62,963
2021	62,963

12. CONTINGENCY

The Nova Scotia School Boards Association entered into an agreement with the Minister of Industry representing the Government of Canada for the financial support of the Computers for Schools program in Nova Scotia. Computers for Schools supports the collection and refurbishment of surplus federal and donated private sector computers and their delivery to schools, libraries and other not-for-profit organizations, federal departments, provincial and territorial governments, the private sector, school boards and the voluntary sector throughout Canada. While the Association has representation on the Computers for Schools Nova Scotia Board, the program is run independently from the Association. As a signatory to the agreements with the Minister of Industry, the Association has assumed all financial and other risks associated with the terms and conditions of the agreements.

13. ECONOMIC DEPENDENCE

The major source of funding for the Association is the Department of Education and Early Childhood Development of the Province of Nova Scotia through the School Boards of Nova Scotia.

14. BANK INDEBTEDNESS

The Association has an operating line of credit in the amount of \$75,000, secured by a general assignment of book debts and bears interest at the Bank's prime rate plus 2.3% per annum. At March 31, 2018 the balance on the operating line of credit was \$NIL (2017 - \$NIL).

The Association holds an operating line of credit for Computers for Schools in the amount of \$20,000, secured by a general assignment of book debts and bears interest at the Bank's prime rate plus 2.3% per annum.

15. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

NOVA SCOTIA SCHOOL BOARDS ASSOCIATION
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

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	Budget	2018	2017
	\$	\$	\$
ADMINISTRATION			
Amortization	-	3,896	9,341
Central purchasing	2,000	2,236	1,517
Consulting	-	656	11,138
Executive Director (Note 9)	117,025	316,943	109,089
Insurance	6,000	4,124	3,987
Legal	-	32,470	2,742
Memberships	1,265	1,644	1,265
Miscellaneous	6,000	3,789	9,021
Occupancy	78,000	78,034	78,708
Office	6,372	7,641	11,094
Planning and promotion	20,000	1,291	4,206
Postage and shipping	1,000	295	592
Professional fees	10,000	23,465	9,976
Repairs and maintenance	12,046	4,180	6,234
Research material	1,200	179	531
Salaries and benefits (Note 9)	294,542	477,267	261,981
Utilities	23,000	19,226	21,291
	<u>578,450</u>	<u>977,336</u>	<u>542,713</u>
GOVERNANCE			
Board of directors and executive committee	39,000	54,096	30,011
Canadian School Boards Association	35,400	27,571	30,851
	<u>74,400</u>	<u>81,667</u>	<u>60,862</u>
COMMITTEES			
External	10,000	2,100	5,275
Leaders advisory	3,000	6,621	1,844
Self-assessment and professional development	6,100	-	10,423
Standing	15,000	6,368	11,073
	<u>34,100</u>	<u>15,089</u>	<u>28,615</u>