



Financial Statements

The Green Fund

March 31, 2021

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Management statement on financial reporting

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To the Members of the Green Fund

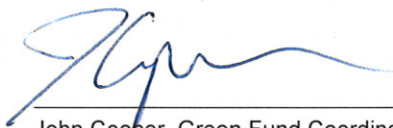
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Minister is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through the Green Fund. The Green Fund reviews external audited financial statements yearly.

The external auditors, Grant Thornton LLP, 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 the financial management of Green Fund and meet when required.

On behalf of the Green Fund:



John Cooper, Green Fund Coordinator
Department of Environment and Climate Change
June 25, 2021

Independent auditor's report

Grant Thornton LLP
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Suite 1000, 1675 Grafton Street
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To the Minister of the Department of Environment and Climate Change

Opinion

We have audited the financial statements of the Green Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2021, and the statement of operations, 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 Fund as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Fund 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 Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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 Fund'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 Fund'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 Fund 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Halifax, Canada
June 25, 2021

Chartered Professional Accountants

The Green Fund

Statement of operations

Year ended March 31, 2021

	<u>2021</u>
Revenues	
Auction proceeds (Note 3)	\$ 28,747,400
Interest income	<u>11,908</u>
	<u>28,759,308</u>
Expenses	
Grants (Note 4)	\$ 27,348,799
Operational expenses (Note 5)	1,086,788
Salaries and benefits	<u>323,721</u>
	<u>28,759,308</u>
Net income	\$ <u>-</u>

See accompanying notes to the financial statements

The Green Fund
Statement of financial position

Year ended March 31, 2021

2021

Financial assets

Cash and cash equivalents	\$ 25,200,000
Accrued interest receivable	<u>11,908</u>
	25,211,908

Liabilities

Accounts payable	<u>25,211,908</u>
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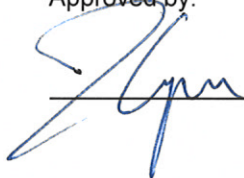
Net Debt

-

Fund balance

\$ -

Approved by:

 John Cooper

See accompanying notes to the financial statements

The Green Fund
Statement of cash flows

Year ended March 31, 2021

2021

Increase (decrease) in cash and cash equivalents

Operating

Net income

\$ -

Change in non-cash operating working capital

Accrued interest receivable

(11,908)

Accounts payable

25,211,908

Net increase in cash and cash equivalents

25,200,000

Cash and cash equivalents

Beginning of year

-

End of year

\$ 25,200,000

See accompanying notes to the financial statement

The Green Fund

Notes to the financial statements

Year ended March 31, 2021

1. Nature of operations

The Green Fund (the "Fund") is a special purpose fund as designated by the Environment Act, and is overseen by the Nova Scotia Department of Environment and Climate Change. The Fund receives proceeds from the sale of emission allowances under Nova Scotia's cap-and-trade program. The proceeds are used to finance climate change related measures as defined in section 112(o) of the Environment Act.

The Fund is exempt from income tax under section 149 of the Income Tax Act.

2. Summary of significant accounting policies

Basis of accounting

The Statement has been prepared by management in accordance with the Canadian public sector accounting standards for other government organizations.

Cash and cash equivalents

Cash and cash equivalents consist of amounts held on account at financial institutions and short term investments readily convertible to cash.

Revenue recognition

Proceeds from the sale of emission allowances are recognized after the transaction with the purchaser has been settled, and amounts are reasonably assured to be collected.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, accrued interest receivable and accounts payable.

Subsequent measurement

At each reporting date, the Fund measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, accrued interest receivable and accounts payable.

For financial assets measured at cost or amortized cost, the Fund regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Fund determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs. Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant credit, liquidity or market risk.

Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action and are reviewed annually to reflect new information as it becomes available with adjustments made to the annual surplus or deficit as appropriate. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount. Items subject to measurement uncertainty include accounts payable.

The Green Fund

Notes to the financial statements

Year ended March 31, 2021

3. Cap and trade auctions

	<u>2021</u>
Auction held in June	\$ 15,360,000
Auction held in December	<u>13,387,400</u>
	<u>\$ 28,747,400</u>

4. Grants

	<u>Estimated # of Participants</u>	<u>2021 Amount</u>
Small Business Energy Solutions	690	\$ 3,500,000
Affordable Multi-Family Housing	130	11,450,000
SolarHomes	860	5,500,000
HomeWarming	640	4,750,000
Clean Leadership program	-	2,000,000
Other small grant	-	<u>148,799</u>
	<u>2,320</u>	<u>\$ 27,348,799</u>

5. Operational expenses

	<u>2021</u>
Travel	\$ 502
Professional services	1,049,430
Consulting services	17,047
Administration fees	327
Telecommunications	1,641
Creative Serv CNS	<u>17,841</u>
	<u>\$ 1,086,788</u>

Professional services includes the expenses incurred relating to obtaining the platform to facilitate the cap-and-trade auctions.

6. Impact of COVID-19

On March 11, 2020, the World Health Organization officially declared COVID-19 a pandemic, and since then, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The COVID-19 pandemic has not had any significant impact on the Fund's financial position and results of operations as of and for the year-ended March 31, 2021.