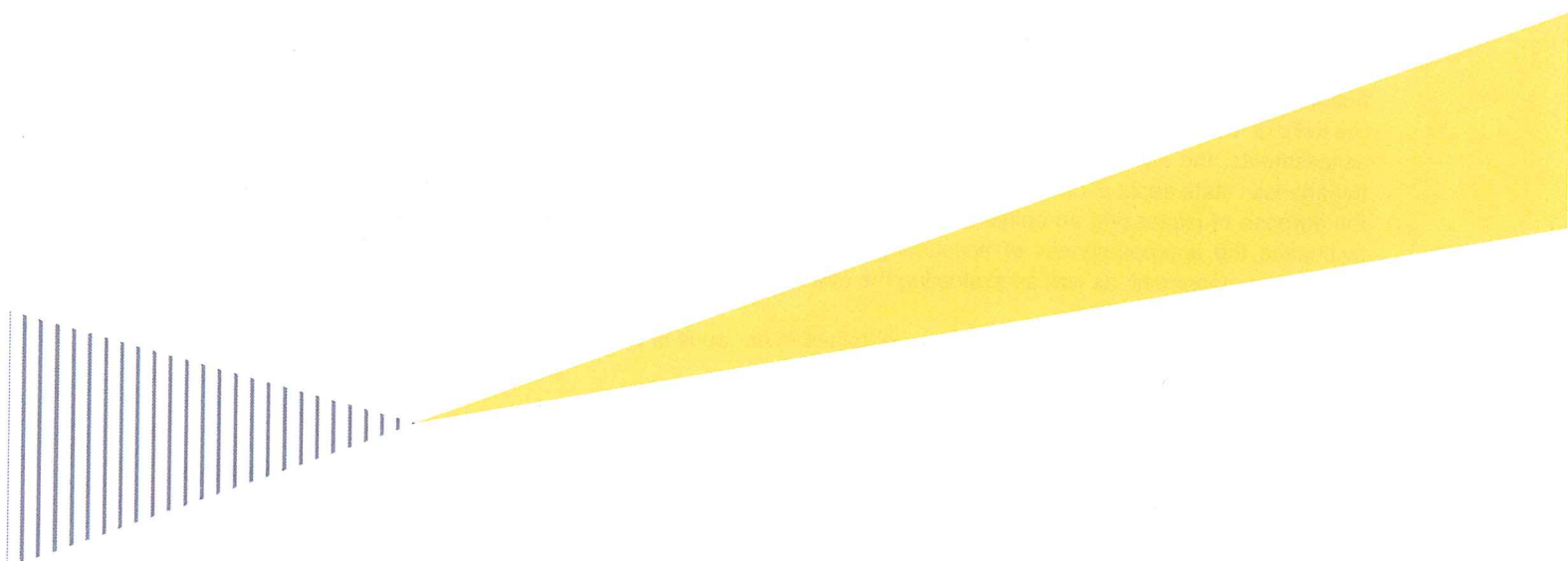


Financial statements

**Halifax Regional Business and Community
Economic Development Association**

March 31, 2016



Building a better
working world

Independent auditors' report

To the Board of Directors of
Halifax Regional Business and Community Economic Development Association

We have audited the accompanying financial statements of the **Halifax Regional Business and Community Economic Development Association**, which comprise the balance sheet as at March 31, 2016, and the statements of revenue, expenses and partnership equity 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.

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 in our audit 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 the **Halifax Regional Business and Community Economic Development Association** as at March 31, 2016, 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.

Ernst & Young LLP

Halifax, Canada
June 27, 2016

Chartered Accountants



**Halifax Regional Business and Community
Economic Development Association**

Balance sheet

As at March 31

	2016	2015
	\$	\$
Assets		
Current		
Cash	223,631	364,021
Accounts receivable [note 7]	988,854	659,003
Prepaid expenses	39,714	45,918
Total current assets	1,252,199	1,068,942
Capital assets, net [note 4]	78,419	77,134
	1,330,618	1,146,076
Liabilities and partnership equity		
Current		
Accounts payable	432,249	427,642
Harmonized Sales Tax payable, net	49,560	58,393
Deferred contract revenue	420,633	297,739
Total current liabilities	902,442	783,774
Partnership equity		
Partnership equity invested in capital assets	78,419	77,134
Partnership equity	349,757	285,168
Total partnership equity	428,176	362,302
	1,330,618	1,146,076

Commitments [note 6]

See accompanying notes

On behalf of the Board:

Director

Director

**Halifax Regional Business and Community
Economic Development Association**

Statement of revenue, expenses and partnership equity

Years ended March 31

	2016 \$	2015 \$
Revenue		
Halifax Regional Municipality	1,633,428	1,601,400
Private sector investment		
Cash	431,948	469,698
Goods and services in-kind [note 2]	416,132	290,625
Event sponsorship and registration	94,780	83,483
	<u>942,860</u>	<u>843,806</u>
Project funding		
Nova Scotia Department of Municipal Affairs	280,288	288,780
Nova Scotia Department of Labour and Advanced Education	267,010	198,020
Halifax Gateway Council	139,186	181,943
Other	344,320	313,088
	<u>1,030,804</u>	<u>981,831</u>
	<u>3,607,092</u>	<u>3,427,037</u>
Expenses		
Amortization of capital assets	23,504	24,045
Business development	63,322	70,375
Community development	5,448	13,645
Consider Canada Alliance	20,399	42,858
Economic Strategy Review and Renewal	69,871	—
Game Changer Program	92,341	—
Halifax Gateway	207,848	249,439
Harmonized Sales Tax Audit	—	3,334
International partnerships	50,692	71,565
Labour market development	467,532	383,048
Promote Halifax		
Advertising and stakeholder relations	382,424	198,579
Events	22,671	110,159
Digital Strategy	46,466	65,316
Multinational awareness and head and regional office program	113,457	108,780
Organizational Effectiveness		
Bank Charges	6,597	6,250
Board meetings and notices	6,654	22,860
Directors' and officers liability insurance	5,848	4,377
Information and technology	55,739	53,100
Office supplies	80,405	72,939
Professional development	24,425	12,921
Professional fees	36,182	33,335
Recruitment	63,589	—
Rent, taxes and insurance	206,265	204,757
Team relations and planning	32,296	24,343
Transportation	8,840	15,300
Recovery of operational costs through projects	(42,292)	(54,164)
Salaries and benefits		
Salaries and benefits	1,872,707	1,885,410
Recovery of salaries and benefits through projects	(480,343)	(465,818)
SmartBusiness	25,128	22,776
State of the Economy - Conference/Index	73,203	188,907
Strategic Urban Partnership	—	17,930
	<u>3,541,218</u>	<u>3,386,366</u>
Excess of revenue over expenses for the year	<u>65,874</u>	<u>40,671</u>
Partnership equity, beginning of year	362,302	321,631
Partnership equity, end of year	<u>428,176</u>	<u>362,302</u>

See accompanying notes

**Halifax Regional Business and Community
Economic Development Association**

Statement of cash flows

Years ended March 31

	2016 \$	2015 \$
Operating activities		
Excess of revenue over expenses for the year	65,874	40,671
Add item not affecting cash		
Amortization of capital assets	23,504	24,045
Net change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(329,851)	58,621
Decrease (increase) in prepaid expenses	6,204	(20,279)
Increase (decrease) in accounts payable and accrued liabilities	4,607	(108,749)
(Decrease) increase in Harmonized Sales Tax payable	(8,833)	2,087
Increase in deferred contract revenue	122,894	196,701
Cash provided by operating activities	(115,601)	193,097
Investing activities		
Acquisition of capital assets	(24,789)	(21,182)
Cash used in investing activities	(24,789)	(21,182)
Net change in cash during the year	(140,390)	171,915
Cash, beginning of year	364,021	192,106
Cash, end of year	223,631	364,021

See accompanying notes

**Halifax Regional Business and Community
Economic Development Association**

Notes to financial statements

March 31, 2016

1. Nature of Operations

The Halifax Regional Business and Community Economic Development Association [the "Association"] is registered as a Society under the Nova Scotia Societies Act and, as such, is non-taxable under the Income Tax Act (Canada). The Association is also known as its market facing brand name, Greater Halifax Partnership. The Association is a representative community organization whose primary objective is to work with business, community and government to plan and carry out strategies and action plans that further the economic and social development of the Halifax Regional Municipality ["HRM"] through the application and integration of principles related to community development, economic development, and community economic development.

2. Summary of significant accounting policies

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles ["GAAP"] for not-for-profit organizations in Canada and includes the significant accounting policies described hereafter.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Certain amounts are received pursuant to legislation or agreement with an external party and may only be used for the stipulated purpose of the resources. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met. Amounts received before the specified criterion has been met are reported as a liability described as deferred revenue.

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.

Goods and services received in-kind

Revenue and offsetting expenses from goods and services received in-kind are recorded at fair market value. Fair market value is determined by the value identified on the invoice or written documentation provided directly by the supplier or the market value of a comparable product or service. In-kind revenue is the fair market value of products or services provided by investors that the Association would otherwise pay for with cash.

In-kind revenue for the year ended March 31, 2016 totaling \$416,132 [2015 – \$290,625] is offset in the expense categories as follows:

	2016	2015
	\$	\$
Advertising and stakeholder relations	282,182	99,630
Game Changer Program	21,422	—
Recruitment	18,696	—
Events	13,265	73,946
Economic Strategy Review and Renewal	11,834	—
State of the Economy - Conference/Index	3,480	66,802
Other	65,253	50,247
	416,132	290,625

**Halifax Regional Business and Community
Economic Development Association**

Notes to financial statements

March 31, 2016

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the declining balance method at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%

It is the Association's policy to record a half year of amortization expense in the year of acquisition. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Use of estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Economic Dependence

The Association's operations are funded through investments from several public sector organizations. The agreement with the HRM accounted for 46% of total revenue in the current year [2015 – 47%].

4. Capital assets

Capital assets consist of the following:

	2016		2015	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Furniture and fixtures	200,382	166,881	200,382	158,506
Computer equipment	503,827	458,909	479,038	444,614
Leasehold improvements	96,699	96,699	96,699	95,865
	800,908	722,489	776,119	698,985
Less: accumulated amortization	722,489		698,985	
	78,419		77,134	

**Halifax Regional Business and Community
Economic Development Association**

Notes to financial statements

March 31, 2016

5. Credit facility

The Association has available a \$300,000 operating line of credit, which bears interest at the bank's prime rate plus 2.05%. The Association has pledged accounts receivable and capital assets as collateral. As at March 31, 2016, the Association has drawn an amount of \$nil [2015 – nil].

6. Commitments

The Association leases facilities under an operating lease that expires on July 31, 2017. The annual lease commitments until the end of the lease term, including Harmonized Sales Tax, realty taxes and occupancy taxes for the facilities, are as follows:

	\$
2017	193,587
2018	64,529
	<u>258,116</u>

7. Financial instruments

Measurement of financial instruments

Financial instruments are defined as contractual rights to receive or deliver cash or another financial asset. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payable and Harmonized Sales Tax payable.

Risks and uncertainties

The Association is exposed to various risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Association's exposure to these risks.

Credit risk

The Association performs a continuous evaluation of accounts receivable and records an allowance for doubtful accounts as required. At March 31, 2016, an allowance for doubtful accounts of \$41,500 [2015 – \$49,348] was recorded against accounts receivable.

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 to its accounts payable and accrued liabilities. Given the Association's currently available liquid resources, from both financial assets and on-going operations, as compared to its contractual obligations, management assesses the Association's liquidity risk to be low.

