

# Halifax Regional Business and Community Economic Development Association

Financial statements  
March 31, 2022



# Independent auditor's report

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

## Opinion

We have audited the financial statements of The Halifax Regional Business and Community Economic Development Association [the "Association"], which comprise the balance sheet as at March 31, 2022, and the statements of revenue, expenses and partnership equity, and statement of 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 Association as at March 31, 2022, 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.

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

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

## 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 Association'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 Association'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 Association 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.

Halifax, Canada  
June 30, 2022

*Ernst & Young LLP*

Chartered Professional Accountants

# Halifax Regional Business and Community Economic Development Association

## Balance sheet


As at March 31

	2022	2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	3,984,718	2,717,013
Accounts receivable <i>[notes 5 and 8]</i>	439,219	699,071
Prepaid expenses	170,942	77,980
<b>Total current assets</b>	<b>4,594,879</b>	<b>3,494,064</b>
Capital assets, net <i>[note 4]</i>	346,185	370,968
	<b>4,941,064</b>	<b>3,865,032</b>
<b>Liabilities and partnership equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,086,372	982,760
Current portion of term loan <i>[note 5]</i>	—	28,257
Harmonized Sales Tax payable, net	30,473	66,233
Deferred contract revenue	2,197,213	1,407,798
<b>Total current liabilities</b>	<b>3,314,058</b>	<b>2,485,048</b>
Term loan <i>[note 5]</i>	—	91,804
<b>Total liabilities</b>	<b>3,314,058</b>	<b>2,576,852</b>
Commitment <i>[note 6]</i>		
<b>Partnership equity</b>		
Partnership equity invested in capital assets—restricted	346,185	370,968
Partnership equity – restricted	312,650	234,650
Partnership equity – unrestricted	968,171	682,562
<b>Total partnership equity</b>	<b>1,627,006</b>	<b>1,288,180</b>
	<b>4,941,064</b>	<b>3,865,032</b>

See accompanying notes

On behalf of the Board:

  
\_\_\_\_\_  
Director  
**Rob Carruthers**  
Chair, Board of Directors

  
\_\_\_\_\_  
Director  
**Monica Foster**  
Chair, Audit and Risk Committee

# Halifax Regional Business and Community Economic Development Association

## Statement of revenue, expenses and partnership equity

Year ended March 31

	2022	2021
	\$	\$
<b>Revenue</b>		
Halifax Regional Municipality <i>[note 3]</i>	2,281,456	2,138,384
Private sector investment		
Cash	608,296	589,600
Goods and services in-kind <i>[note 2]</i>	277,326	183,175
Event sponsorship and registration	—	5,000
	885,622	777,775
Project funding <i>[note 7]</i>	2,402,991	2,602,498
Government subsidy <i>[note 9]</i>	—	233,733
Interest revenue	10,842	6,393
	5,580,911	5,758,783
<b>Expenses</b>		
Salaries and benefits		
Salaries and benefits	2,746,057	2,612,942
Recovery of salaries and benefits through projects	(1,474,660)	(1,444,450)
Innovation and Sell Halifax	1,043,739	1,825,404
Labour market development	968,987	810,029
Build Back Better	496,833	—
Organizational effectiveness		
Rent, taxes and insurance	321,884	314,757
Information and technology	82,392	80,981
Amortization of capital assets	63,525	67,314
Office supplies	62,264	54,636
Professional development	34,567	37,835
Team relations and planning	32,292	24,502
Professional fees	29,684	43,648
Bank charges	12,577	16,092
Board meetings and notices	11,376	4,015
Directors' and officers' liability insurance	4,590	4,412
Recovery of operational costs through projects	(171,664)	(162,284)
Community development	281,268	84,087
COVID-19 recovery	273,064	295,756
Promote Halifax		
Advertising and stakeholder relations	185,186	86,051
Digital Strategy	29,654	18,962
State of the Economy – Conference/Index	110,230	104,502
Economic Growth Plan	74,603	—
Consider Canada Cities Alliance	12,000	12,000
International partnerships	11,637	25,557
	5,242,085	4,916,748
<b>Excess of revenue over expenses for the year</b>	338,826	842,035
Partnership equity, beginning of year	1,288,180	446,145
<b>Partnership equity, end of year</b>	1,627,006	1,288,180

See accompanying notes

## Halifax Regional Business and Community Economic Development Association

### Statement of cash flows

Year ended March 31

	2022	2021
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	338,826	842,035
Add item not affecting cash		
Amortization of capital assets	63,525	67,314
Net change in non-cash working capital balance related to operations		
Decrease (increase) in accounts receivable	259,852	(143,226)
Increase in prepaid expenses	(92,962)	(39,391)
Increase in accounts payable and accrued liabilities	103,612	369,158
Decrease in Harmonized Sales Tax payable, net	(35,760)	(68,821)
Increase (decrease) in deferred contract revenue	789,415	(923,395)
<b>Cash provided by operating activities</b>	<b>1,426,508</b>	<b>103,674</b>
<b>Investing activities</b>		
Acquisition of capital assets	(38,742)	(16,787)
Decrease in term loan	(120,061)	(27,690)
<b>Cash used in investing activities</b>	<b>(158,803)</b>	<b>(44,477)</b>
<b>Net increase in cash during the year</b>	<b>1,267,705</b>	<b>59,197</b>
Cash, beginning of year	2,717,013	2,657,816
<b>Cash, end of year</b>	<b>3,984,718</b>	<b>2,717,013</b>

*See accompanying notes*

# Halifax Regional Business and Community Economic Development Association

## Statement of partnership equity [fund balances]

Year ended March 31

	2022			2021	
	Operational reserve [unrestricted fund] \$	Contingency reserve [restricted fund] \$	Invested in capital assets [restricted fund] \$	Total \$	Total \$
<b>Partnership equity, beginning of year</b>	<b>682,562</b>	<b>234,650</b>	<b>370,968</b>	<b>1,288,180</b>	446,145
Excess of revenue over expenses for the year	<b>338,826</b>	—	—	<b>338,826</b>	842,035
Net invested in capital assets	<b>24,783</b>	—	(24,783)	—	—
Transfer to contingency reserve	<b>(78,000)</b>	<b>78,000</b>	—	—	—
<b>Partnership equity, end of year</b>	<b>968,171</b>	<b>312,650</b>	<b>346,185</b>	<b>1,627,006</b>	1,288,180

See accompanying notes

# Halifax Regional Business and Community Economic Development Association

## Notes to financial statements

March 31, 2022

### 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, 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 *CPA Canada Handbook – Accounting*, "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.



## Halifax Regional Business and Community Economic Development Association

### Notes to financial statements

March 31, 2022

In-kind revenue for the year ended March 31, 2022, totaling \$277,326 [2021 – \$183,175], is offset in the expense categories as follows:

	2022	2021
	\$	\$
Advertising and stakeholder relations	104,192	35,815
Labour market development	85,778	35,375
COVID-19 recovery	19,142	32,494
Community development	13,510	—
Professional development	4,870	29,525
Other	49,834	49,966
	<u>277,326</u>	<u>183,175</u>

#### 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.

#### Government assistance

Government assistance is recorded as a direct increase in revenues and as a reduction of the net book value of capital assets and, where applicable, is amortized on the same basis as the related capital assets are depreciated. Government assistance is accrued to the extent there is reasonable assurance the Association has complied and will continue to comply with the applicable conditions.

#### 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.

## Halifax Regional Business and Community Economic Development Association

### Notes to financial statements

March 31, 2022

#### 3. Economic dependence

The Association's operations are funded through investments from several public-sector organizations. The agreement with HRM accounted for 41% of total revenue in the current year [2021 – 37%].

#### 4. Capital assets

Capital assets, consist of the following:

	2022		2021	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Furniture and fixtures	350,804	259,632	343,649	237,733
Computer equipment	499,895	442,232	581,974	537,954
Leasehold improvements	266,422	69,072	266,422	45,390
	1,117,121	770,936	1,192,045	821,077
Less accumulated amortization	770,936		821,077	
<b>Capital assets, net</b>	<b>346,185</b>		<b>370,968</b>	

#### 5. Credit facilities

The Association has 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, 2022, the Association has drawn an amount of \$nil [2021 – nil].

The Association has a non-revolving fixed rate term loan with a Canadian chartered bank for \$150,000, bearing interest at a rate of 4.24%. As at March 31, 2022, the balance of this loan is \$nil [2021 – \$120,061].

#### 6. Commitment

The Association has committed to a facility lease effective May 1, 2019, expiring July 31, 2030. The total lease commitment until the end of the lease term, including Harmonized Sales Tax, realty taxes and occupancy taxes for the facilities, is \$3,144,384.

## Halifax Regional Business and Community Economic Development Association

### Notes to financial statements

March 31, 2022

#### 7. Project funding

	2022 \$	2021 \$
Atlantic Canada Opportunities Agency	244,353	214,255
Immigration, Refugees and Citizenship Canada	255,113	259,783
Dalhousie University	563,435	315,073
Nova Scotia Department of Inclusive Growth (Business)	550,963	1,146,790
Nova Scotia Department of Energy	—	1,342
Nova Scotia Department of Labour, Skills and Immigration	580,513	546,670
Other	208,614	118,585
	<b>2,402,991</b>	<b>2,602,498</b>

#### 8. Financial instruments and risk management

##### 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. As at March 31, 2022, an allowance for doubtful accounts of \$27,412 [2021 – \$36,037] 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 ongoing operations, as compared to its contractual obligations, management assesses the Association's liquidity risk to be low.

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

### **Notes to financial statements**

March 31, 2022

#### **9. Government assistance**

Due to the outbreak of the coronavirus disease ["COVID-19"], the Government of Canada offered relief programs for qualifying businesses. The Association qualified for the Canada Emergency Wage Subsidy ["CEWS"] program, which provides a subsidy of up to 75% of wages starting from March 15, 2020. During the year, the Association applied for \$nil [2021 – \$218,721] in CEWS.

The Association also qualified for the Canada Emergency Rent Subsidy ["CERS"] program, which provides a rent and mortgage subsidy of up to 65% of eligible expenses. The Association applied for \$nil [2021 – \$15,012] in CERS.

The Association recognized the government assistance in accordance with the Association's accounting policies.