

Halifax Regional Business and Community Economic Development Association

Financial statements
March 31, 2024



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, 2024, and the statement of revenue, expenses and partnership equity, statement of cash flows and statement of partnership equity (fund balances) 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, 2024, 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 20, 2024

Ernst & Young LLP

Chartered Professional Accountants



Halifax Regional Business and Community Economic Development Association

Balance sheet

As at March 31

	2024	2023
	\$	\$
Assets		
Current		
Cash	2,915,967	3,089,147
Accounts receivable [notes 5 and 8]	721,962	782,542
Prepaid expenses	48,739	93,974
Total current assets	3,686,668	3,965,663
Capital assets, net [note 4]	279,835	303,772
	3,966,503	4,269,435
Liabilities and partnership equity		
Current		
Accounts payable and accrued liabilities	1,042,781	688,327
Harmonized Sales Tax payable, net	119,321	101,680
Deferred contract revenue	872,170	1,594,363
Total current liabilities	2,034,272	2,384,370
Commitment [note 6]		
Partnership equity		
Partnership equity invested in capital assets – restricted	279,835	303,772
Partnership equity – unrestricted	1,652,396	1,581,293
Total partnership equity	1,932,231	1,885,065
	3,966,503	4,269,435

See accompanying notes

On behalf of the Board:



Director
Cory Bell
Chair, Board of Directors



Director
Carrie Cussons
Chair, Audit and Risk Committee

Halifax Regional Business and Community Economic Development Association

Statement of revenue, expenses and partnership equity

Year ended March 31

	2024	2023
	\$	\$
Revenue		
Halifax Regional Municipality <i>[note 3]</i>	2,652,107	2,486,268
Private sector investment		
Cash	723,348	652,698
Goods and services in-kind <i>[note 2]</i>	163,076	214,760
Event sponsorship and registration	—	13,252
	886,424	880,710
Project funding <i>[note 7]</i>	1,778,489	2,052,549
Interest revenue	114,628	86,731
	5,431,648	5,506,258
Expenses		
Salaries and benefits		
Salaries and benefits	3,344,546	2,901,464
Recovery of salaries and benefits through projects	(1,635,664)	(1,444,571)
Attract, retain, and develop talent	924,249	847,532
Attract, grow, and retain business	1,306,808	1,621,324
Organizational effectiveness		
Rent, taxes and insurance	319,997	321,443
Information and technology	77,676	116,746
Amortization of capital assets	60,404	62,181
Office supplies	66,694	57,299
Professional development	78,994	46,063
Team relations and planning	51,411	21,488
Professional fees	42,298	27,011
Board meetings and Directors' and officers' liability insurance	11,582	28,101
Interest and bank charges	28,618	8,717
Recovery of operational costs through projects	(138,599)	(143,093)
African Nova Scotian Road to Economic Prosperity	450,573	396,040
Awareness and engagement	213,223	210,109
Economy Strategy and economic intelligence and reporting	144,393	136,568
National and International partnerships	37,279	33,777
	5,384,482	5,248,199
Excess of revenue over expenses for the year	47,166	258,059
Partnership equity, beginning of year	1,885,065	1,627,006
Partnership equity, end of year	1,932,231	1,885,065

See accompanying notes

Halifax Regional Business and Community Economic Development Association

Statement of cash flows

Year ended March 31

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	47,166	258,059
Add item not affecting cash		
Amortization of capital assets	60,404	62,181
Changes in non-cash working capital balance related to operations		
Decrease (increase) in accounts receivable	60,580	(343,323)
Decrease in prepaid expenses	45,235	76,968
Increase (decrease) in accounts payable and accrued liabilities	354,454	(398,045)
Increase in Harmonized Sales Tax payable, net	17,641	71,207
Decrease in deferred contract revenue	(722,193)	(602,850)
Cash (used in) operating activities	(136,713)	(875,803)
Investing activities		
Acquisition of capital assets	(36,467)	(19,768)
Cash used in investing activities	(36,467)	(19,768)
Net (decrease) in cash during the year	(173,180)	(895,571)
Cash, beginning of year	3,089,147	3,984,718
Cash, end of year	2,915,967	3,089,147

See accompanying notes

Halifax Regional Business and Community Economic Development Association

Statement of partnership equity [Fund balances]

Year ended March 31

	Reserve [unrestricted fund]	Invested in capital assets [restricted fund]	2024 Total	2023 Total
	\$	\$	\$	\$
Partnership equity, beginning of year	1,581,293	303,772	1,885,065	1,627,006
Excess of revenue over expenses	47,166	—	47,166	258,060
Net invested in capital assets	23,937	(23,937)	—	—
Partnership equity, end of year	1,652,396	279,835	1,932,231	1,885,066

See accompanying notes

Halifax Regional Business and Community Economic Development Association

Notes to financial statements

March 31, 2024

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.

In-kind revenue for the year ended March 31, 2024, totaling \$163,076 [2023 – \$214,760], is offset in the expense categories as follows:

	2024	2023
	\$	\$
Awareness and engagement	84,956	58,916
Attract, retain, and develop talent	26,038	84,319
African Nova Scotian Road to Economic Prosperity	13,346	21,306
Professional development	17,108	9,475
Other	21,628	40,744
	163,076	214,760

Halifax Regional Business and Community Economic Development Association

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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.

3. Economic dependence

The Association's operations are funded through investments from several public-sector organizations. The agreement with HRM accounted for 49% of total revenue in the current year [2023 – 45%].

Halifax Regional Business and Community Economic Development Association

Notes to financial statements

March 31, 2024

4. Capital assets

Capital assets, consist of the following:

	2024		2023	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Furniture and fixtures	360,525	293,426	350,804	277,866
Computer equipment	546,408	483,658	519,662	462,496
Leasehold improvements	266,422	116,436	266,422	92,754
	1,173,355	893,520	1,136,888	833,116
Less accumulated amortization	893,520		833,116	
Capital assets, net	279,835		303,772	

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, 2024, the Association has drawn an amount of \$nil [2023 – \$nil].

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 \$2,464,686.

7. Project funding

	2024 \$	2023 \$
Atlantic Canada Opportunities Agency	35,290	40,819
Immigration, Refugees and Citizenship Canada	245,698	297,715
Dalhousie University	—	455,651
Nova Scotia Department of Economic Development	965,703	652,405
Nova Scotia Department of Labour, Skills and Immigration	402,400	370,883
Other	129,398	235,076
	1,778,489	2,052,549

Halifax Regional Business and Community Economic Development Association

Notes to financial statements

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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, 2024, an allowance for doubtful accounts of \$17,250 [2023 – \$40,250] 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.

9. Comparative information

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.