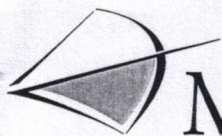


FINANCIAL STATEMENTS

Nova Scotia Nature Trust
March 31, 2019

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MILES · T · SWEENEY LIMITED

CHARTERED PROFESSIONAL ACCOUNTANTS

1

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Nova Scotia Nature Trust

Opinion

We have audited the financial statements of Nova Scotia Nature Trust (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 Organization as at March 31, 2019, and its results of 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 Organization 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

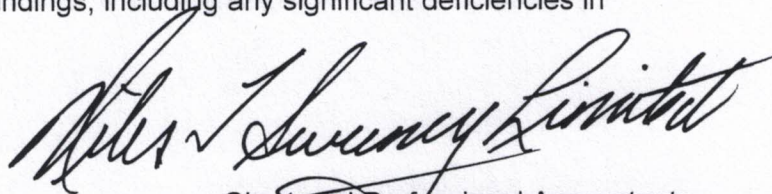
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 Organization'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 Organization'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 Organization 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.



Chartered Professional Accountants
Licensed Public Accountants

Dartmouth, Nova Scotia
June 17, 2019

NOVA SCOTIA NATURE TRUST

STATEMENT OF FINANCIAL POSITION

March 31

2019

2018

Assets

Current

| | | |
|---------------------------------------|------------|------------|
| Cash and cash equivalents | \$ 377,751 | \$ 200,158 |
| Short term investments (Note 5) | 3,638,557 | 3,243,790 |
| Accounts receivable (Note 4) | 991,775 | 314,415 |
| Prepaid expenses and deposits on land | - | 3,645 |

5,008,083 3,762,008

| | | |
|---|------------|------------|
| Long term investments (Note 5) | 4,960,380 | 4,248,544 |
| Conservation lands and easements (Note 6) | 16,851,172 | 12,751,686 |
| Capital assets (Note 7) | 501,607 | 507,129 |
| Trade lands (Note 8) | 241,465 | 241,465 |

\$27,562,707 **\$21,510,832**

Liabilities and Net Assets

Current

| | | |
|---|-----------|-----------|
| Accounts payable and accrued liabilities | \$ 47,133 | \$ 41,103 |
| Deferred contributions (Note 9) | 3,923,066 | 3,399,457 |
| Deferred contributions for capital assets (Note 10) | 330,195 | 318,742 |
| Loan payable | - | 90,000 |

Total liabilities **4,300,394** **3,849,302**

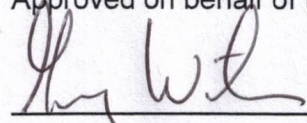
Net assets

| | | |
|--|------------|------------|
| Invested in conservation lands and easements | 16,851,172 | 12,751,686 |
| Invested in capital assets | 171,412 | 188,387 |
| Endowment fund - Land Stewardship (Note 11) | 4,365,408 | 3,068,316 |
| Endowment fund - Operating (Note 11) | 1,513,205 | 1,333,938 |
| Operating - Unrestricted Surplus | 361,116 | 319,203 |

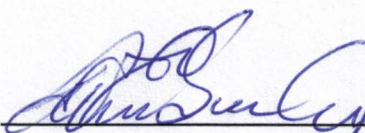
Total net assets **23,262,313** **17,661,530**

\$27,562,707 **\$21,510,832**

Approved on behalf of the board:



Director



Director

(See accompanying notes to the financial statements)

NOVA SCOTIA NATURE TRUST

STATEMENT OF OPERATIONS

Year ended March 31

2019

2018

Revenues

| | | |
|---|--------------------|------------|
| Donations of conservation lands and easements | \$1,219,000 | \$ 841,500 |
| Other donations, memberships and grants | 4,296,480 | 1,245,598 |
| Fundraising events and activities | 122,888 | 105,711 |
| Investment income - general | 70,025 | 26,984 |
| Investment income - cash surrender value (Note 3) | 23,832 | 38,398 |
| Deferred contributions recognized for capital assets (Note 9) | 13,546 | 13,346 |

| | | |
|----------------|-------------------------|------------------|
| Total revenues | <u>5,745,771</u> | <u>2,271,537</u> |
|----------------|-------------------------|------------------|

Expenses

| | | |
|---|------------------|---------|
| Conservation lands and easements acquired | | |
| Purchased | 2,880,486 | 20,000 |
| Donated | 1,219,000 | 841,500 |

| | | |
|--|-------------------------|----------------|
| | <u>4,099,486</u> | <u>861,500</u> |
|--|-------------------------|----------------|

Programs

| | | |
|------------------------|----------------|---------|
| Land securement | 551,770 | 207,474 |
| Land stewardship | 272,141 | 437,707 |
| Education and outreach | 363,731 | 213,478 |

| | | |
|--|-------------------------|----------------|
| | <u>1,187,642</u> | <u>858,659</u> |
|--|-------------------------|----------------|

| | | |
|--------------------------------|-----------------------|----------------|
| Administration and fundraising | <u>415,706</u> | <u>391,752</u> |
|--------------------------------|-----------------------|----------------|

| | | |
|----------------|-------------------------|------------------|
| Total expenses | <u>5,702,834</u> | <u>2,111,911</u> |
|----------------|-------------------------|------------------|

| | | |
|----------------------------------|---------------|---------|
| Excess of revenues over expenses | 42,937 | 159,626 |
|----------------------------------|---------------|---------|

| | | |
|--|---|----------|
| Board appropriation to land stewardship fund | - | (75,000) |
|--|---|----------|

| | | |
|---|-----------------|----------|
| Board appropriation to operating endowment fund | (18,000) | (19,000) |
|---|-----------------|----------|

| | | |
|--|---|--------|
| Transfer of funds for purchase of capital assets | - | 38,595 |
|--|---|--------|

| | | |
|---|----------------------|-----------------|
| Net change in assets invested in capital assets | <u>16,976</u> | <u>(65,467)</u> |
|---|----------------------|-----------------|

| | | |
|--|---------------|--------|
| Net change in operating unrestricted surplus | 41,913 | 38,754 |
|--|---------------|--------|

| | | |
|---|-----------------------|----------------|
| Operating unrestricted surplus, beginning of year | <u>319,203</u> | <u>280,449</u> |
|---|-----------------------|----------------|

| | | |
|---|--------------------------|-------------------|
| Operating unrestricted surplus, end of year | <u>\$ 361,116</u> | <u>\$ 319,203</u> |
|---|--------------------------|-------------------|

(See accompanying notes to the financial statements)

NOVA SCOTIA NATURE TRUST
STATEMENT OF CHANGES IN NET ASSETS
Year end March 31

2019 **2018**

| | Invested In Conservation Lands and Easements | Invested In Capital Assets | Land Stewardship Endowment Fund | Operating Endowment Fund | Operating Unrestricted Surplus | Total | Total |
|---|--|----------------------------------|------------------------------------|--------------------------------|--------------------------------------|--------------|--------------|
| Balance, beginning of year | \$12,751,686 | \$188,387 | 3,068,316 | \$1,333,938 | \$319,203 | \$17,661,530 | \$16,375,856 |
| Excess of revenues over expenses | | | | | 42,937 | 42,937 | 159,626 |
| Amortization of capital assets | | (22,144) | | | 22,144 | 0 | 0 |
| Deferred contributions recognized (Note 10) | | 13,546 | | | (13,546) | 0 | 0 |
| Additions to capital assets (building) | | 4,139 | | | (4,139) | 0 | 0 |
| Grant received to purchase capital assets | | (25,000) | | | 25,000 | 0 | 0 |
| Planned gifts | | | | | | 0 | 11,691 |
| Endowment Fund contributions | | | 969,818 | 107,040 | | 1,076,858 | 83,578 |
| Unrealized gains (losses) on investments | | | 60,357 | 22,759 | | 83,116 | 110,954 |
| Investment income (loss) - Endowment Fund | | | 100,502 | 42,000 | | 142,502 | 80,686 |
| Investment management fees paid (net of HST) | | | (24,585) | (10,532) | | (35,117) | (36,641) |
| Acquisition of conservation lands and easements, net of reductions (Note 6) | 4,099,486 | | | | | 4,099,486 | 861,500 |
| Internal appropriation from operating surplus | | | | 18,000 | (18,000) | 0 | 0 |
| Transfer of project surpluses to land stewardship endowment | | | 191,000 | | | 191,000 | 14,280 |
| Acquisition of capital assets (excluding land and building) | | 12,483 | | | (12,483) | 0 | 0 |
| Balance, end of year | \$16,851,172 | \$171,412 | \$4,365,408 | \$1,513,205 | \$361,116 | \$23,262,313 | \$17,661,530 |

NOVA SCOTIA NATURE TRUST

STATEMENT OF CASH FLOWS

Year ended March 31

2019

2018

Cash generated from (used in) operating activities

| | | |
|--|--------------------|--------------------|
| Cash received from donations, memberships and grants | \$ 4,226,742 | \$ 1,506,345 |
| Cash received from fundraising events and activities | 122,888 | 105,711 |
| Cash paid for programs, administration and fundraising | <u>(1,595,501)</u> | <u>(1,165,226)</u> |
| | <u>2,754,129</u> | <u>446,830</u> |

Cash generated from (used in) financing activities

| | | |
|---|-----------------|---------------|
| Advances from (repayment of) loan payable | <u>(90,000)</u> | <u>90,000</u> |
|---|-----------------|---------------|

Cash generated from (used in) investing activities

| | | |
|--|--------------------|------------------|
| Purchase of investments, net of internal transfers | 410,572 | (336,319) |
| Purchase of conservation lands | <u>(2,880,486)</u> | <u>(20,000)</u> |
| Purchase of capital assets | <u>(16,622)</u> | <u>(81,379)</u> |
| | <u>(2,486,536)</u> | <u>(437,698)</u> |

| | | |
|--|----------------|---------------|
| Net increase (decrease) in cash | 177,593 | 99,132 |
|--|----------------|---------------|

| | | |
|--------------------------------|-----------------------|-----------------------|
| Cash, beginning of year | <u>200,158</u> | <u>101,026</u> |
|--------------------------------|-----------------------|-----------------------|

| | | |
|--------------------------|---------------------------------|---------------------------------|
| Cash, end of year | <u><u>\$ 377,751</u></u> | <u><u>\$ 200,158</u></u> |
|--------------------------|---------------------------------|---------------------------------|

(See accompanying notes to the financial statements)

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

1. DESCRIPTION OF ORGANIZATION

Nova Scotia Nature Trust is a society incorporated under the provisions of the Societies Act of Nova Scotia and is a registered charity under the provisions of the Income Tax Act. The Nature Trust is also a designated conservation organization under the Conservation Easements Act of Nova Scotia. The Nature Trust promotes the conservation of ecologically important lands in the Province of Nova Scotia through the acquisition of lands and conservation easements and entering into cooperative agreements with landowners. The Nature Trust also undertakes stewardship of its conservation lands, public education, and engagement in stewardship and conservation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash and cash equivalents represent cash in banks and short-term deposits with original maturities of less than 90 days or which are redeemable on notice.

Revenue recognition

The Nature Trust follows the deferral method of accounting for contributions.

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.

Restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred or property acquired. Endowment contributions are recognized as direct increases in endowment net assets.

Contributions of conservation lands and easements are recorded as revenue and expenses in the statement of operations and changes in in operating unrestricted surplus in the year in which title or interest is transferred to the Nature Trust. Other donated goods and services are recorded when a fair value can be reasonably estimated and they would otherwise be purchased if not donated.

Other revenue is recognized when the Nature Trust becomes entitled to the revenue.

Investments

Investments are recorded at market value. The market value for investments is determined directly from published price quotations in an active market. Unrealized gains and losses are included in the statement of changes in net assets for the year.

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Volunteers contribute their time to assist the Nature Trust in carrying out its activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the statements.

Allowance for doubtful accounts

An allowance for doubtful accounts receivable is maintained for accounts where there is a reasonable doubt of ultimate collectability. Accounts are written off when there is no reasonable expectation of collection.

Conservation lands and easements

Purchased conservation lands are recorded at cost when title or interest is transferred to the Nature Trust. The purchases are recorded as an asset offset by an increase in Net Assets Invested in Conservation Lands and Easements. In addition, an entry to Expense - Conservation Lands and Easements is recorded, funded by revenue.

Contributed conservation lands and easements are recorded at fair value when title or interest is transferred to the Nature Trust. The contributions are recorded as revenue and expenses and also as an asset, offset by Net Assets Invested in Conservation Lands and Easements. The fair market value of contributed conservation lands and easements donated under the federal ecological gifts program is subject to review by Environment Canada. Should the review not be finalized at the fiscal year end, and the value changes, the impact of that change will be recorded in the following fiscal year.

Conservation lands transferred to the Province of Nova Scotia under a conservation partnership agreement, are recorded as a reduction of net assets invested in conservation lands and easements.

Human resources

Salaries and benefits are allocated on the statement of operations between program, administrative and fundraising expenses based on management's estimate of the portion of each employee's time spent on activities in each area.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of accounts receivable, conservation lands and easements, allocation of expenses and the estimated useful life of capital assets. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is provided on a straight-line basis using rates disclosed in Note 4. In the year of acquisition amortization is calculated at one half of the normal rates.

Nature Trust regularly reviews its property, plant and equipment to eliminate obsolete items. The Nature Trust tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. Government grants are treated as deferred contributions and recognized in the statement of operations each year to offset amortization.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Income taxes

The Nature Trust is a charitable organization from which no part of the income is payable or otherwise available for the personal benefit of any director. Therefore, it is exempt from income tax pursuant to Section 149(1)(f) of the Income Tax Act.

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

3. PRIOR PERIOD ADJUSTMENTS

Change in accounting policy

During the year, the Nature Trust has chosen to recognize gifts in kind and adopted the provisions of CPA Canada Handbook - Part III Section 4410 - Contributions - Revenue Recognition which address the recognition and measurement of contributed materials and services.

The change in accounting policy has been retrospectively applied and the following adjustments to the comparative amounts have been made:

| | |
|--|----------|
| Increase in other donations, memberships and grant revenue | \$16,075 |
| Increase in administration and fundraising expense | \$16,075 |

Correction of an error

A material error was found during the current period. In a prior year the Nature Trust received a donation in the form of an assignment of a personal life insurance policy. The Nature Trust is both the owner and beneficiary of the policy. The annual premiums are paid by the individual donor. The policy has a cash surrender value that was not recorded in the period in which the cash surrender value was earned. The error has been retrospectively corrected and the following adjustments to the comparative amounts have been made:

| | |
|---|----------|
| Increase in cash surrender value of life insurance policy | \$38,398 |
| Increase in investment income | \$38,398 |

4. ACCOUNTS RECEIVABLE

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Accounts receivable | \$ 988,159 | \$ 313,248 |
| Accounts receivable - restricted for land stewardship endowment funds | 2,536 | 821 |
| Accounts receivable - restricted for operating endowment funds | 1,080 | 346 |
| | <u>\$ 991,775</u> | <u>\$ 314,415</u> |

At year end, management is confident that all accounts receivable will be collected and no allowance for doubtful accounts is required.

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

5. INVESTMENTS

| | 2019 | 2018 |
|--------------------------------------|---------------------|---------------------|
| Short term investments: | | |
| Non-endowment | \$ 2,661,711 | \$ 3,052,849 |
| Land stewardship endowment | 852,332 | 109,586 |
| Operating endowment | 124,514 | 81,355 |
| | <u>\$ 3,638,557</u> | <u>\$ 3,243,790</u> |
| Long term investments: | | |
| Land stewardship endowment: | | |
| Cash and equivalents | \$ 94,185 | \$ (6,333) |
| Fixed income | 1,015,062 | 911,323 |
| Equities | 1,897,618 | 1,637,213 |
| Hedge strategies | 503,676 | 415,706 |
| | <u>3,510,541</u> | <u>2,957,909</u> |
| Operating endowment: | | |
| Cash and equivalents | (2,766) | (2,681) |
| Fixed income | 413,106 | 385,810 |
| Equities | 772,286 | 693,118 |
| Hedge strategies | 204,984 | 175,990 |
| | <u>1,387,610</u> | <u>1,252,237</u> |
| Life insurance policy (unrestricted) | | |
| Cash surrender value (Note 3) | 62,229 | 38,398 |
| | <u>\$ 4,960,380</u> | <u>\$ 4,248,544</u> |

The Nature Trust manages three investment pools, one each for the two endowment funds and another for a combination of operating funds, unrestricted surplus and restricted deferred contributions (non-endowment). These pools are invested in accordance with Board-approved investment policy statements (IPS) and subject to planning, direction and regular oversight by the Investment Committee. The investment performance of the pools is monitored and reported at least quarterly.

The Investment Committee is directly managing the non-endowment pool, which is currently invested in a high rate savings account. The Trust has contracted an investment manager for the endowment funds. The investment manager provides advice with respect to investment selection (buys and sells) and tactical adjustments, subject to the limits and requirements of the IPS for the endowment funds. These monies are invested in a number of pooled funds managed by the investment manager's firm for the benefit of its clients. The highlights of the investment policy statements are as follows:

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

5. INVESTMENTS (continued)

- Non-endowment and short-term endowment funds: These funds are invested short-term in fixed income instruments only such as Bankers Acceptance, T-Bills, GICs, short-term bonds or savings accounts. The investment priorities are capital preservation, liquidity and cash flow timing.
- Long-term endowment funds: These funds are invested in common stocks, bonds and derivatives through unit holdings of various pooled funds. The pooled funds have unit values determined daily based on end of the day market values. The target asset mix is 25% Canadian equity, 30% global equity, 35% bonds and 10% market neutral hedge strategy which uses derivatives. The maximums for each of the broad asset classes are 60% equity Canadian and Global combined, 60% bonds, including the market neutral hedge strategy, and 15% market neutral hedge strategy. The objective is an average real net return of at least 3% per annum with modest tolerance for short-term volatility. Real return means the return in excess of inflation.

6. CONSERVATION LANDS AND EASEMENTS

| | 2019 | 2018 |
|-----------|---------------------|---------------------|
| Lands | \$13,720,861 | \$10,119,375 |
| Easements | <u>3,130,311</u> | <u>2,632,311</u> |
| | <u>\$16,851,172</u> | <u>\$12,751,686</u> |

Conservation lands are properties owned by the Nature Trust. Conservation easements are legal agreements entered into between the Nature Trust and landowners under which restrictions are placed upon lands in order to help conserve the land and its natural features.

During the year, the Nature Trust purchased twelve properties for \$2,880,486, received four donated properties with a total value of \$721,000, and received three easements with a total value of \$498,000.

7. CAPITAL ASSETS

| | 2019 | | 2018 | | |
|------------------|-------------------|--------------------------|-------------------|-------------------|-----------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value | Rates |
| Land | \$ 111,124 | \$ - | \$ 111,124 | \$ 111,124 | |
| Building | 405,261 | 37,296 | 367,965 | 379,953 | 25 yrs s.l. |
| Furniture | 12,251 | 10,466 | 1,785 | 2,866 | 5 yrs s.l. |
| Office equipment | 109,772 | 89,039 | 20,733 | 13,186 | 3 or 5 yrs s.l. |
| | <u>\$ 638,408</u> | <u>\$ 136,801</u> | <u>\$ 501,607</u> | <u>\$ 507,129</u> | |

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

8. TRADE LANDS

Trade lands represent non-conservation lands donated to the Nature Trust with the understanding (by the donor and the Nature Trust) that they will be used to trade for important conservation lands, or sold to generate funds in support of the Nature Trust's conservation mission.

9. DEFERRED CONTRIBUTIONS

| | 2019 | 2018 |
|--------------------------------|--------------------|--------------------|
| Land securement | \$2,709,278 | \$2,218,907 |
| Land stewardship | 759,679 | 741,408 |
| Education and outreach program | 104,816 | 93,168 |
| Special projects | 279,293 | 275,974 |
| Strategic Fund | 70,000 | 70,000 |
| | <u>\$3,923,066</u> | <u>\$3,399,457</u> |

Deferred contributions represent unspent contributions deferred to match expenditures in a future period. These amounts include contributions for donor specified programs or initiatives such as specific land securement, education programs, and strategic purposes.

10. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Deferred contributions relating to the building and renovations are being recognized as income in the statements of operations each year to offset the amortization of the building. During the year deferred contributions of \$13,547 (2018 - \$13,347) were recognized as income to offset amortization of the building.

11. ENDOWMENT FUNDS

Endowment funds are contributed by donors and through appropriations of operational surpluses approved by the Board of Directors. These funds are restricted in that the capital must be permanently maintained, as a sustainable source of income for the Nature Trust. Only income earned from investment of the Funds may be spent, and must be spent according to Nature Trust policy. The investment income from the Operating Endowment Fund can be used for any operating costs of the Nature Trust. Income from the Land Stewardship Endowment Fund must be used specifically for costs related to oversight, monitoring, stewardship, management and enforcement of conservation restrictions on the Nature Trust's conservation lands.

Contributions to the Land Stewardship Endowment in the current year totalled \$969,818 (2018 - \$21,223). Approved transfers to the Land Stewardship Endowment in the current year totalled \$191,000 (2018 - \$14,280). Approved internal appropriation transfers to the Land Stewardship Endowment in the current year totalled \$Nil (2018 - \$75,000).

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NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

11. ENDOWMENT FUNDS (continued)

Contributions to the Operating Endowment in the current year totalled \$107,040 (2018 - \$74,046). Approved internal appropriation transfers to the Operating Endowment in the current year totalled \$18,000 (2018 - \$19,000).

12. BANK INDEBTEDNESS

The Nature Trust has an authorized line of credit in the amount of \$300,000 with CIBC. The line of credit has an interest rate of prime, and security of a first charge general agreement on assets excluding building, land and easements. This line of credit was not utilized at March 31, 2019.

13. DONATED GOODS AND SERVICES

In accordance with the accounting policy whereby the Nature Trust records only donated goods and services when a fair value can be reasonably estimated and they would otherwise be purchased, the Nature Trust recognizes the value of these goods and services when contributed. During the current year, the Nature Trust recorded \$31,826 (2018 - \$16,075) as gifts in kind.

14. FINANCIAL INSTRUMENTS

The Nature Trust is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Nature Trust's risk exposure and concentration as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that the Nature Trust will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Nature Trust's cash requirements.

Credit risk

The Nature Trust is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Nature Trust does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The majority of the accounts receivable is with government agencies. The Nature Trust is also exposed to credit risk on pooled bond funds.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

NOVA SCOTIA NATURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

14. FINANCIAL INSTRUMENTS (continued)

Currency risk

Currency risk is the risk to Nature Trust's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Nature Trust is exposed to foreign currency exchange risk on investments in global equity funds. The Nature Trust may utilize derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

The Nature Trust's interest-bearing liabilities include an operating line of credit with a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and future cash flows associated with the principal portion of the operating line of credit. The Nature Trust has not utilized the operating line of credit. Consequently, the exposure to fluctuations in the future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited. The Nature Trust is also exposed to interest rate risk on pooled bond funds.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nature Trust is exposed to other price risk through its investment in units of pooled funds.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified from those previously presented to conform with the current year's presentation.
