

# FINANCIAL STATEMENTS

Nova Scotia Nature Trust  
March 31, 2024

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## 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, 2024, and the statements of operations, 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, 2024, 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.



Dartmouth, Nova Scotia  
June 6, 2024

Chartered Professional Accountants

# NOVA SCOTIA NATURE TRUST

## STATEMENT OF FINANCIAL POSITION

March 31	2024	2023
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 446,202	\$ 279,249
Short term investments (Note 4)	5,946,627	6,245,223
Accounts receivable (Note 3)	2,319,412	3,168,792
Prepaid expenses and deposits on land	-	11,000
	<u>8,712,241</u>	<u>9,704,264</u>
Long term investments (Note 4)	20,936,910	17,194,562
Conservation lands and easements (Note 5)	35,213,683	28,844,983
Capital assets (Note 6)	551,339	564,653
Trade lands (Note 7)	241,465	381,215
	<u>65,655,638</u>	<u>56,689,677</u>

### Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 347,015	\$ 630,301
Deferred contributions (Note 8)	5,822,151	7,473,036
Deferred contributions for capital assets (Note 9)	257,963	272,509
	<u>6,427,129</u>	<u>8,375,846</u>
Total liabilities		
Net assets		
Invested in conservation lands and easements	35,213,683	28,844,983
Invested in capital assets	293,374	292,142
Endowment fund - Land Stewardship (Note 10)	15,296,034	12,110,988
Endowment fund - Operating (Note 10)	7,118,337	6,216,215
Operating - Reserve Fund (Note 13)	800,000	380,000
Operating - Unrestricted Surplus	507,081	469,503
	<u>59,228,509</u>	<u>48,313,831</u>
Total net assets		
	<u>65,655,638</u>	<u>56,689,677</u>

Approved on behalf of the board:



Director



Director

(See accompanying notes to the financial statements)

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**NOVA SCOTIA NATURE TRUST**  
**STATEMENT OF OPERATIONS**

Year ended March 31

**2024****2023****Revenues**

Donations of conservation lands and easements (Note 15)	<b>\$2,235,500</b>	\$ 162,001
Other donations, memberships and grants (Note 15)	<b>8,407,469</b>	6,516,262
Fundraising events and activities	<b>2,988</b>	1,672
Investment income - general	<b>373,199</b>	246,283
Deferred contributions recognized for capital assets (Note 9)	<b>14,546</b>	14,546

Total revenues	<b><u>11,033,702</u></b>	<u>6,940,764</u>
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**Expenses**

Conservation lands and easements acquired		
Purchased	<b>3,993,450</b>	4,229,185
Donated	<b>2,235,500</b>	162,001

	<b><u>6,228,950</u></b>	<u>4,391,186</u>
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## Programs

Land securement	<b>1,047,069</b>	745,352
Land stewardship	<b>471,146</b>	428,572
Education and outreach	<b>267,897</b>	348,137
Special projects (Note 15)	<b>1,698,750</b>	-

	<b><u>3,484,862</u></b>	<u>1,522,061</u>
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Administration and fundraising	<b>512,509</b>	549,315
Other	<b>-</b>	197,139

	<b><u>512,509</u></b>	<u>746,454</u>
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Total expenses	<b><u>10,226,321</u></b>	<u>6,659,701</u>
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<b>Excess of revenues over expenses</b>	<b>807,381</b>	281,063
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<b>Board appropriation (Note 13)</b>	<b>(420,000)</b>	(230,000)
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<b>Internal allocation from project/campaign surpluses (Note 10)</b>	<b>(348,571)</b>	-
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<b>Net change in assets invested in capital assets</b>	<b><u>(1,232)</u></b>	<u>(19,741)</u>
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<b>Net change in operating unrestricted surplus</b>	<b>37,578</b>	31,322
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<b>Operating unrestricted surplus, beginning of year</b>	<b><u>469,503</u></b>	<u>438,181</u>
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<b>Operating unrestricted surplus, end of year</b>	<b><u>\$ 507,081</u></b>	<u>\$ 469,503</u>
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(See accompanying notes to the financial statements)

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

							2024	2023
	Invested In Conservation Lands and Easements	Invested In Capital Assets	Land Stewardship Endowment Fund	Operating Endowment Fund	Operating Reserve Fund	Operating Unrestricted Surplus	Total	Total
Balance, beginning of year	\$28,844,983	\$292,142	\$12,110,988	\$6,216,215	\$380,000	\$469,503	\$48,313,831	\$41,004,173
Excess of revenues over expenses						807,381	807,381	281,063
Amortization of capital assets		-41,029				41,029	-	-
Deferred contributions recognized (Note 9)		14,546				-14,546	-	-
Increase in cash surrender value of life insurance policy - current year				17,226			17,226	62,746
Endowment Fund contributions			1,409,366	562,340			1,971,706	2,510,974
Increase (decrease) in fair market value of investments			1,506,327	-206,104			1,300,223	-249,047
Investment income (loss) - Endowment Fund			360,343	214,388			574,729	442,975
Investment management fees paid (net of HST)			-90,990	-39,120			-130,110	-108,621
Expenses re Estate (net of HST)				4,823			4,823	-21,618
Acquisition of conservation lands and easements, net of reductions (Note 5)	6,368,700						6,368,700	4,391,186
Internal allocation of project/campaign contributions or surpluses (Note 10)				348,571		-348,571	0	0
Board Appropriation of Surplus to Operating Reserve Fund (Note 13)					420,000	-420,000		-
Acquisition of capital assets (excluding land and building)		27,715				-27,715	-	-
<b>Balance, end of year</b>	<b>\$35,213,683</b>	<b>\$293,374</b>	<b>\$15,296,034</b>	<b>\$7,118,337</b>	<b>\$800,000</b>	<b>\$507,081</b>	<b>\$59,228,509</b>	<b>\$48,313,831</b>

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**NOVA SCOTIA NATURE TRUST**  
**STATEMENT OF CASH FLOWS**

Year ended March 31

**2024****2023****Cash generated from (used in) operating activities**

Cash received from all sources	<b>\$ 3,967,190</b>	<b>\$ 7,310,302</b>
Cash paid for programs, administration and fundraising	<b><u>(4,269,657)</u></b>	<b><u>(2,276,813)</u></b>
	<b><u>(302,467)</u></b>	<b><u>5,033,489</u></b>

**Cash generated from (used in) investing activities**

Purchase of investments, net of internal transfers	<b>4,490,585</b>	<b>(1,344,199)</b>
Purchase of conservation lands	<b>(3,993,450)</b>	<b>(4,229,196)</b>
Purchase of capital assets	<b><u>(27,715)</u></b>	<b><u>(43,070)</u></b>
	<b><u>469,420</u></b>	<b><u>(5,616,465)</u></b>

**Net increase (decrease) in cash****166,953**      **(582,976)****Cash, beginning of year****279,249**      **862,225****Cash, end of year****\$ 446,202**      **\$ 279,249**


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*(See accompanying notes to the financial statements)*



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# NOVA SCOTIA NATURE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

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### 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.

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### 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 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.

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**NOVA SCOTIA NATURE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**March 31, 2024

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**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. No amortization is recorded on conservation land/easements.

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 conservation land and easements donated under the federal Ecological Gifts Program is subject to review by Environment Canada. Should their appraisal review not be complete by the end of the fiscal year in which the gift is received, the fair market value determined by appraisal is recorded. If the appraisal review determines a different fair market value, then the amount recorded on the Nature Trust's books is adjusted in the next fiscal year. No amortization is recorded on conservation land/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.

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**NOVA SCOTIA NATURE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2024

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**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 6. In the year of acquisition amortization is calculated at one half of the normal rates. No amortization is recorded on land.

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. Grants or donations that are used towards the purchase of capital assets (example: office renovations in fiscal 2018 and 2019), 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.

**Government grants**

Government grants for current expenses is recorded as other donations, memberships and grants.

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**NOVA SCOTIA NATURE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

 March 31, 2024
 

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**3. ACCOUNTS RECEIVABLE**

	2024	2023
Accounts receivable	\$2,314,983	\$3,165,033
Accounts receivable - restricted for land stewardship endowment funds	3,033	2,568
Accounts receivable - restricted for operating endowment funds	<u>1,396</u>	<u>1,191</u>
	<u>\$2,319,412</u>	<u>\$3,168,792</u>

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

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**4. INVESTMENTS**

	2024	2023
<b>Short term investments:</b>		
Non-endowment	\$ 4,473,596	\$ 5,116,342
Land stewardship endowment	901,847	742,526
Operating endowment	<u>571,184</u>	<u>386,355</u>
	<u>\$ 5,946,627</u>	<u>\$ 6,245,223</u>
<b>Long term investments:</b>		
Land stewardship endowment:		
Cash and equivalents	\$ 9,481	\$ 22,807
Fixed income	4,004,486	3,328,409
Equities	<u>10,377,188</u>	<u>8,014,678</u>
	<u>14,391,155</u>	<u>11,365,894</u>
Operating endowment:		
Cash and equivalents	(10,762)	(9,653)
Fixed income	4,984,210	4,568,403
Equities	1,330,621	1,075,009
Infrastructure	<u>29,551</u>	<u>-</u>
	<u>6,333,620</u>	<u>5,633,759</u>
Life insurance policy (operating endowment)		
Cash surrender value	<u>212,135</u>	<u>194,909</u>
	<u>\$20,936,910</u>	<u>\$17,194,562</u>

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NOVA SCOTIA NATURE TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2024

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**4. INVESTMENTS (continued)**

The Nature Trust manages three investment pools, one each for the two endowment funds and another for a combination of operating funds, unrestricted surplus, operating reserve fund 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:

- *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.
  - *Long-term endowment funds*: These funds are invested in common stocks, bonds, alternative investments (real estate and infrastructure) 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 and 45% bonds. The maximums for each of the broad asset classes are 60% equity Canadian and Global combined, 60% bonds. 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.
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**NOVA SCOTIA NATURE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

 March 31, 2024
 

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**5. CONSERVATION LANDS AND EASEMENTS**

	2024	2023
Lands	<b>\$31,341,872</b>	\$25,714,672
Easements	<u>3,871,811</u>	<u>3,130,311</u>
	<u><b>\$35,213,683</b></u>	<u>\$28,844,983</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 16 properties for \$3,993,450 plus a donated value of \$454,000, and received 5 donated properties with a value of \$407,000. Also during the year, the Nature Trust was granted an easement on 1 property with a value of \$191,500. In addition, 1 property (\$633,000) and 3 conservation easements (\$550,000), protected collaboratively with the American Friends of Canadian Conservation in past years, were transferred to the Nature Trust from the American Friends of Canadian Conservation. Conservation lands increased by \$139,750 during the year due to the transfer of a portion of trade lands to conservation lands. These lands will be protected and stewarded as conservation lands.

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**6. CAPITAL ASSETS**

	2024		Net Book	2023	
	Cost	Accumulated Amortization	Value	Net Book Value	Rates
Land	\$ 111,124	\$ -	\$ 111,124	\$ 111,124	
Building	520,666	134,455	386,211	385,748	25 yrs s.l.
Furniture	15,212	13,587	1,625	871	5 yrs s.l.
Office equipment	<u>204,150</u>	<u>151,771</u>	<u>52,379</u>	<u>66,910</u>	3 or 5 yrs s.l.
	<u>\$ 851,152</u>	<u>\$ 299,813</u>	<u>\$ 551,339</u>	<u>\$ 564,653</u>	

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**7. 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. During the current year trade lands decreased by \$139,750 due to the transfer of a portion of trade lands to conservation lands.

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**NOVA SCOTIA NATURE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
March 31, 2024

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**8. DEFERRED CONTRIBUTIONS**

	2024	2023
Land securement	<b>\$2,073,216</b>	\$4,044,610
Land stewardship	<b>2,733,326</b>	2,288,066
Education and outreach program	<b>133,384</b>	118,384
Special projects	<b>812,225</b>	951,976
Strategic Fund	<b><u>70,000</u></b>	<u>70,000</u>
	<b><u>\$5,822,151</u></b>	<u>\$7,473,036</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.

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**9. 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 \$14,546 (2023 - \$14,546) were recognized as income to offset amortization of the building.

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**10. 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 \$1,409,366 (2023 - \$1,171,465).

Contributions to the Operating Endowment in the current year totalled \$562,340 (2023 - \$1,339,509). Approved internal transfers to the Operating Endowment in the current year totalled \$348,571 (2023 - \$Nil).

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## NOVA SCOTIA NATURE TRUST NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

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### 11. 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, 2024.

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### 12. 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 \$30,417 (2023 - \$19,503) as gifts in kind.

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### 13. OPERATING RESERVE FUND

The Operating Reserve was established by the Board to stabilize finances and ensure sustainability of the organization by providing a cushion against unforeseen events, losses of income, and large unbudgeted expenses. The Reserve helps to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. The Reserve was seeded with \$150,000 from the fiscal 2021-22 operating surplus and \$230,000 was approved to be added from the 2022-23 operating surplus and \$420,000 was approved to be added from the 2023-2024 operating surplus.

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### 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, 2024.

#### *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 a well-established granting organization. The Nature Trust is also exposed to credit risk on pooled bond funds.



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**14. FINANCIAL INSTRUMENTS (Continued)**

*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.

*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.

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**15. SPECIAL PROJECTS**

The Nature Trust managed a foundation grant including funds for conservation partners (i.e. served as banker for a multi-partner grant). The amount shown reflects that portion of the grant transferred to project partners and is reflected as both revenue and expense of \$1,698,750 with no net impact on the financial position.

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