

ANNUAL
REPORT
2016



**Embracing Change,
Leading Change**



Our Mission

The co-operative economy of Nova Scotia is strong, robust and growing; with co-operatives and credit unions playing a dynamic and creative role in meeting the needs and opportunities in their local communities.

Co-operatives and credit unions in Nova Scotia are part of a strong proactive provincial co-operative sector, which coordinates its efforts to ensure that co-ops and credit unions continue as a dynamic, creative presence in local communities, capable of addressing their community's needs, challenges, opportunities and development into the 21st century.

Our Vision

The Nova Scotia Co-operative Council exists to:

- Deliver programs, products and services that grow the economy of Nova Scotia
- Bring all types of co-operatives together to form a strong co-operative sector in Nova Scotia
- Develop, promote, and support new co-operatives across all sectors and industries in Nova Scotia
- Represent the co-operative sector's interest to all levels of government
- Encourage the development of a "co-operative identity" among the public in Nova Scotia
- Ensure innovation within the co-operative sector
- Develop alternative finance programs and instruments

We Are Fueled By Our:

Passion

Our passion is people, building communities, growing businesses, creating jobs, reducing poverty, and delivering measurable results.

Experience

- Economic analysis
- Co-operative development
- Government relations
- Public relations
- Business development
- Project management
- Business finance

Motivation

We ignite the spirit of ordinary individuals to be, to have, and to do – for themselves, their neighbors, and their community.

Teamwork

We are not in it alone. Together we are powerful. The Nova Scotia Co-operative Council embraces partnerships with government, our co-operatives and credit unions, the private sector, and other community agencies – to build and grow our communities.

Innovation

The Nova Scotia Co-operative Council is known for its innovative thinking, actions and programs.

Results

Jobs, new businesses, finance programs, innovation, economic impacts, social impacts, and public relations.

Integrity

The Nova Scotia Co-operative Council and our member co-operatives and credit unions are trusted, credible and recognized community leaders who deliver results.

Opportunities

Are endless – to grow and prosper. We are limited only by our imagination, commitment and confidence.

Triple Bottom Line

People, Planet, Profit.

The Future

Is our legacy.

NS Cooperative Council Deputy Minister



Congratulations to the Nova Scotia Co-operative Council and credit unions that make up its membership on another successful year serving entrepreneurs, small businesses and communities!

On behalf of the provincial government, I'm honoured to recognize the council on its 68th anniversary. For the past 68 years, your staff, board and member credit unions have continued to work hard to make Nova Scotia a better place.

The Department of Business was created with the mandate to make Nova Scotia one of the most business-friendly environments in Canada. Government is working with the private sector and partners like the Nova Scotia Co-operative Council so businesses and social enterprises can succeed, create jobs and lead economic growth.

Credit unions help small business owners and entrepreneurs access the capital they need to start and grow through programs like the Credit Union Small Business Loan Guarantee Program. Over the past year, 2,215 small businesses in all parts of the province received financing through this program, creating more than 3,800 jobs and maintaining over 9,600 jobs.

Thank you for your continued leadership and dedication to helping small businesses succeed, and strengthening our communities and provincial economy.

Sincerely,

Murray Coolican
Deputy Minister
Department of Business
Province of Nova Scotia



Report from the Chair of the Board



Dear Fellow Co-operators:

On behalf of your Board of Directors, I am pleased to present to you this accountability report for the 68th year of operation of the Nova Scotia Co-operative Council.

From the pioneers who started the first co-operative in Stellarton in 1861 to where we are today, it has been an incredible journey.

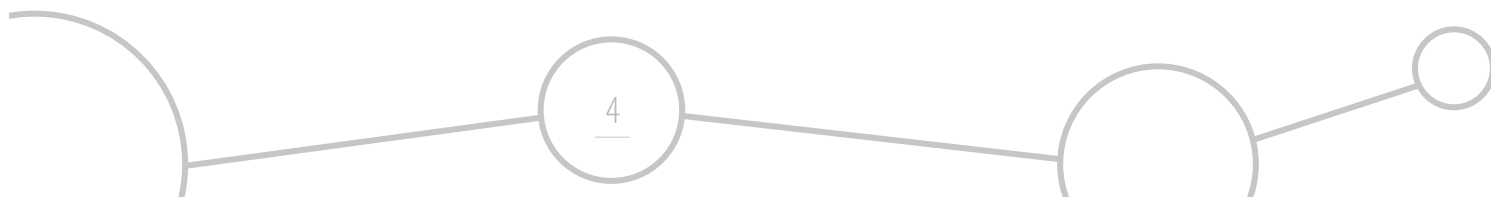
The co-operative sector has made very significant contributions to the economy of Nova Scotia, and in many communities, the local co-operative and credit union is the main economic driver in town.

From a pure business perspective, the numbers are impressive. Nova Scotia has 422 active co-operative businesses including credit unions. We have more than \$5 billion in assets at work and we employ more than 11,000 Nova Scotians.

More than a tool or an organizational technique, a co-operative business model is really a process that allows ordinary people to shape humane, democratic, economically strong and prosperous communities. Our 68 years of success belongs to the thousands of volunteers, management and staff of Nova Scotia's co-operatives, who have made many sacrifices to create a strong and vibrant "business system", with significant material, capital and human resource assets.

As a volunteer organization, with limited resources, the Nova Scotia Co-operative Council itself has weathered the tides of 68 years. Today, we have a very strong organization, thanks to the leadership of management and the board, the prudent management of our resources, our mandate, image and brand.

The Council is fortunate to have a Board of Directors who are committed and take their fiduciary responsibilities seriously. Your board held five regular board meetings this year, in addition to several executive and committee meetings, a joint board/management planning session and we hosted our annual government reception.



The selection of our 2017 Distinguished Co-operator Award recipients is always a highlight for the Board. This award, presented annually, recognizes the significant contributions that individuals in both the co-operative and credit union sector have made to the co-operative movement. I am delighted to announce that the 2017 recipients are Donna LeBlanc, nominated by De La Tour Cooperative, and Dave MacLean posthumously nominated by Atlantic Centre. Dave and Donna have collectively given over seven decades of support and service to the co-operative movement. Today we say a big “thank you” to each of them!

The ongoing support of our co-operative and credit union members and friends, and the productive relationships that we enjoy with our various government partners, continues to be paramount to our success. Thanks to all of you for your support and sharing in our vision.

As for the activities of this past year, I encourage you to read ahead to the report of our CEO, Dianne Kelderman. I’m sure you will be impressed with the results and achievements.

To our Board of Directors: thank you for the energy, commitment and enthusiasm you bring to this organization. It is a pleasure to be part of your volunteer efforts.

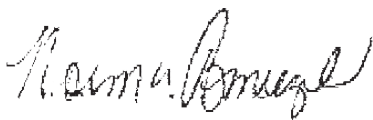
To our management and staff: the expectations that you set for your own performance, your enthusiasm, and commitment to success are very evident in the results you continue to achieve for the Council. You represent “the best of the best” and we are fortunate to have each of you on our team.

I will be leaving the Council at this annual meeting, having served ten years on the Board. It has been a privilege to be part of this dynamic organization and to meet so many wonderful people along the way, who are working together to build a more just and prosperous society.

To all of you ~ our members: our **success is your success!** Thank you for your continued support and commitment.

Here’s to another 68 great years!

Respectfully,



Norma Tomiczek,
Chair of the Board



Report from the President & CEO



A dynamic organization is one that is strategic, focused on innovation, open and responsive to change, and one that keeps their people and their relationships at the center of what they do.

This is indeed the Nova Scotia Co-operative Council.

As an economic and social development agency, the Nova Scotia Co-operative Council is at the forefront in embracing change and leading change.

We understand that economic development is not a social, feel good activity. It is not philanthropy or a public relations strategy. It is not a panacea, nor a replacement for charity and government. It is a business activity and an advocacy activity. It is an activity that uses sound business practices to democratize the economy and to form businesses that respond to human needs.

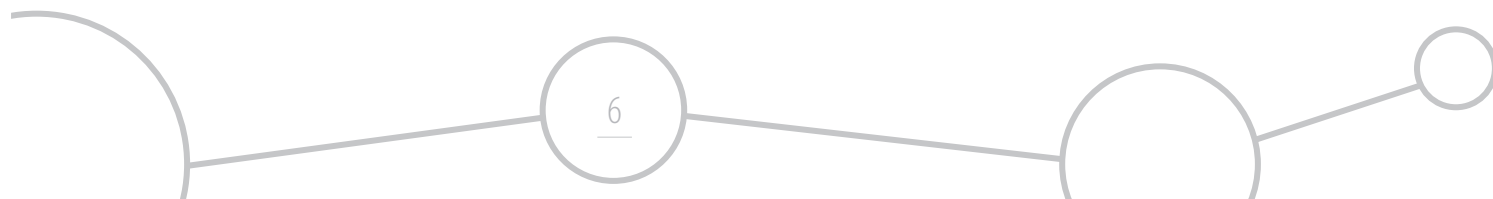
It is essentially an investment strategy in ideas, people, opportunities and communities. It is about relationships and partnerships. It is about innovation, creative leadership and results.

The Nova Scotia Co-operative Council thrives within this context. We are proud to be recognized as an unparalleled development agency in Anglophone Canada (Simon Fraser University Study).

I am pleased to report that we are ending another very productive year. A few highlights:

2016 saw the incorporation of 15 new co-operatives across many sectors and industries. At a time when the economy is stagnant, the co-operative sector continues to grow. From an internet co-operative in Lawrencetown, to a woodlot co-operative in Digby, a conservation co-operative in Bass River, a neuroscience co-operative in Truro, a solar power co-operative in Antigonish and a homecare co-operative in Cape Breton; the co-operative model is being used as a way for ordinary people to meet their own needs and to build their communities. It has been a pleasure to work with so many committed and passionate people.

Our small business loan program in partnership with local credit unions continues to set the standard for financing and support to the small business sector including co-operatives and social enterprises. What started as a \$3 million pilot a decade ago is today a \$110 million portfolio. More than 12,000 jobs have been created or maintained, with many of the jobs in rural communities. A significant contribution to our provincial economy by any standard.



Our healthcare venture Connecting People for Health Co-operative had its best year yet, with increased physician customers, patient users and profitability. New and exciting plans are on the way for this venture, so stay tuned.

We spent considerable time this past year on our Community Impact Fund. This fund will allow us to make equity and quasi-equity investment in co-operatives, social enterprises and mission based businesses. More than \$2 million has been committed from institutional partners and we hope to launch with a matching contribution from the provincial and federal government this Fall.

In celebration of Canada's 150th anniversary, we have partnered with Atlantic Business Magazine to create a special showcase publication that will profile 150 small businesses who are making a difference in Nova Scotia. And we are creating eight videos that will be used on social media.

We provided support to thirty seven (37) existing co-operative members during the year, ranging from governance training, bylaw revisions, conflict resolution and access to financing.

As public relations is an important piece of our work, we presented at twenty-two (22) public events and meetings this past year. Clearly, the co-op model is becoming much more known and understood as a business and development option, and the co-op brand and profile overall is at an all-time high.

Our focus on government relations and advocacy continue to take priority. From presentations to government senior managers, interdepartmental committees, meetings with the Premier and Ministers, negotiations of our impact fund, and hosting our annual government reception, we continue to ensure that we are front and center on government's agenda.

In the coming year, we will push to have the Co-operative Associations Act updated as it has been more than 30 years since any substantive changes were made. The Act needs to be more current and reflective of "doing business" in this era.

I am very pleased to report that we are ending another year in a positive financial position, as you will see in the audit report ahead..

From worker co-ops, to health care, housing, manufacturing, communication, CEDIFs, tourism, retail, alternative energy and finance, we have covered a lot of ground in 2016. But there is still much to be done!

It is an exciting time to be part of the co-operative sector. As we face many economic and social challenges, the potential of the co-operative model is vast. We are setting the bar high and we are delivering on our promises.

The economic footprint of the co-operative sector is indisputable.

The Nova Scotia Co-operative Council is ending its 68th year of operations on a very solid foundation. We are financially strong, committed to delivering measurable results, have earned a positive and credible image and profile, and are focused on partnerships and accountability.



To that end, I owe a deep and heartfelt thanks to our staff team who regularly go beyond the call of duty. They are the champions in the trenches every day. Chris, Cris, Curtis, Jonathan and Linda thank you for all that you do and the enthusiasm with which you do it.

To our Board of Directors; you are the stewards of the co-op history, brand and its legacy. You are inspiring volunteers, and I greatly appreciate your sage advice, support, counsel and guidance. Thank you for your trust in the NSCC team.

To our members and all of you who help make the co-operative sector such a robust and vibrant place to live, work and invest ~ many thanks!

Respectfully,

Dianne Kelderman, M.Sc. M.Ed

President and CEO

"Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek".

- Barack Obama



Distinguished Co-operator Award Winners



Donna LeBlanc — Nominated by De La Tour Cooperative

Donna LeBlanc has dedicated her time, talent, and energies to the Nova Scotia co-operative movement by faithfully serving many co-operatives and credit unions for over 47 years, holding various positions on many boards, during which time she was a member of several committees.

Donna LeBlanc contributed to the betterment of her community by serving on the Boards of De La Tour Co-op, Nova Scotia Co-operative Council, and the Chamber of Commerce; registered nurse for 26 years; key advocate in relocating NSLC to the store in order to provide additional income; established a set of By-Laws and set-up the finance committee to address outstanding accounts; founding member of Argyle Chamber of Commerce; worked with RCMP to enhance the well-being of youth including the benefit of fingerprinting; volunteered and contributed to the yearly Yarmouth Hospital Hullabaloo; responsible for the organization of a free seafood chowder on Credit Union Day for the Co-op and Credit Union members and seniors.

The Nova Scotia Co-operative Council, on behalf of all co-operatives and credit unions, express our gratitude and deep appreciation to Donna LeBlanc for her contribution to the Nova Scotia co-operative movement by awarding her the 2016 Distinguished Co-operator Hall of Fame Award.



David MacLean — Nominated by Atlantic Central

David MacLean has dedicated his time, talent, and energies to the Nova Scotia co-operative movement by faithfully serving many co-operatives and credit unions for over 50 years, holding various positions on many boards, during which time he was a member of several committees.

David MacLean contributed to the betterment of his community by serving on the Board Committees of CUCC, Audit & Risk Management, Conduct Review, Hall of Fame, Governance & HR, National Young Leaders Award Selection Panel; Director on the Board of Bergergren Credit Union (including Chair and terms on the Executive, Policy and Audit Committees), Antigonish Highland Society Foundation, Canadian Association of Broadcasters, League Data Limited, Antigonish & Port Hawkesbury Chambers of Commerce; Director and Chair of the Board of CUCNS & CUCC, Interim, Inaugural and Atlantic Central; member of the Steering Committee; key leader in the 2011 transformational change in the efficient services to Credit Unions; leader of the report "A Case for Change in the Atlantic Credit Union System" and in the development and implementation of Initiatives6 (2004-2009); advocate of the evolution of the credit union system on local, regional, national and international stages; President of Antigonish Highland Society, Strait Area Branch Consumers Association of Canada and Atlantic Association of Broadcasters; mentor for new directors of Atlantic Central and Bergergren CU; strong supporter and attendee of the Government Relations Forum and Hike the Hill Day in Ottawa.

The Nova Scotia Co-operative Council, on behalf of all co-operatives and credit unions, express our gratitude and deep appreciation to David MacLean for his contribution to the Nova Scotia co-operative movement by awarding him the 2016 Distinguished Co-operator Hall of Fame Award.



Meet the Board of Directors



Norma Tomiczek
Chair



Jeff Yuill
Vice Chair



Raymond Doucette
Treasurer



Shae Griffith
Secretary



Howard Welch
Director



Mike Oulton
Director



Kevin MacAdam
Director



John Harvie
Co-operators Representative



Bill Timmins
Director



Ray Surette
Atlantic Central Representative

Meet the Development Team



Dianne Kelderman
President and CEO



Jonathan McClelland
Business Development
Officer, South West Valley



Linda Johnson
Finance Administrator



Curtis Tobin
Project Manager



Chris Tucker
IT Specialist



Cris Sanford
Office Manager



The Year In Pictures



Dr. David Gray, Dean of Dalhousie Agricultural Campus speaks at the NSCC annual banquet.



Proud supporters of immigrant business owners the Hadhad family – Peace by Chocolate



The Antigonish Team



Proud sponsors of the annual Christmas Index Program



The Year In Pictures



Chair Norma Tomiczek with Distinguished Cooperator Award Recipients Donald Pottie & Fred Pierce



CEO Dianne Kelderman with keynote speaker Jon Steinman & Distinguished Cooperator Award recipient Fred Pierce



The East Coast Credit Union Team



Celebrating Gary & Brian – two special social entrepreneurs.

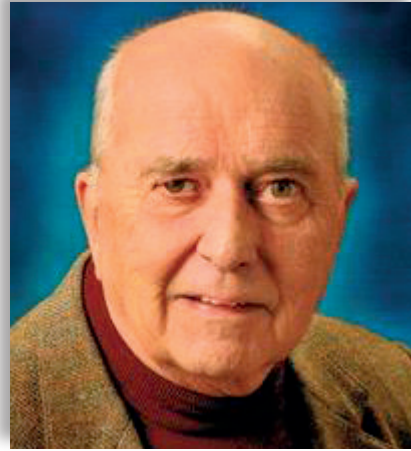
Remembering Two Special Co-operators



In Memory of Marinus Van de Sande

Our friend and co-operative champion Marinus Van de Sande passed away in January 2017.

Marinus served on the board of the Nova Scotia Co-operative Council for more than 25 years, including serving as Chair for 12 years. He was Assistant Inspector of Co-operatives with the Province of Nova Scotia; Secretary-Manager of the Nova Scotia Federation of Agriculture; Area Manager for Central and Western Nova Scotia, as well as Prince Edward Island, with Co-op Atlantic; General Manager of Eastern Dairyfoods Co-operative; President of the Atlantic Dairy Council; and Vice President of Human Resources as well as Corporate Secretary for the Scotsburn Dairy Group. Marinus “walked the talk” when it came to co-operative values and principles.



In Memory of Father Greg MacLeod

Our friend and community champion Father Greg MacLeod passed away in May 2017.

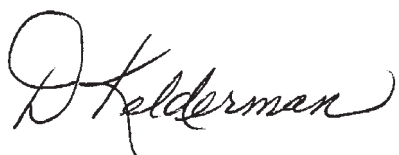
He was a passionate and vocal community activist who believed in the power of ordinary people to affect great change. He challenged us to think outside the box and to not take no for an answer. He served as a board member of Sydney and Princess Credit Unions; founding chair of New Dawn Enterprises; founder of BCA Community Investment Group, including BCA Holdings, BCA Investment Co-operative, BCA Venture Capital Inc, and Tomkins Development Inc; founder of New Deal Development; lead researcher and developer of Chac Lol Campesino Development Co-operative (Yucatan, Mexico); researcher and study-tour leader of Mondragon Industrial Co-operative Complex (Spain); founder and director of the Tomkins Institute for Human Values and Technology; as well as successful writer and lecturer in support of the co-operative movement.

We miss them both but know their legacy will live on.

Management's Responsibility for Report

Preparation of the financial statements accompanying this annual report and the presentation of all other information in the report is the responsibility of management. The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and reflects management's best estimates and judgments. All other financial information in the report is consistent with that contained in the financial statements.

The board of directors oversees management in carrying out its responsibilities for financial reporting and systems of internal control. The board of directors meets regularly with financial management personnel and annually with external auditors to satisfy itself as to the reliability and integrity of financial information and the safe-guarding of assets. The board of directors reviews and approves the annual financial statements to be issued to members. The external auditors have full and free access to the board of directors.



Dianne Kelderman, President & CEO
May 18, 2017



Raymond Doucette,
Treasurer & Audit Committee Chair
May 18, 2017

Financial Statements

Nova Scotia Co-operative Council Limited

March 31, 2017

Independent Auditor's Report

Grant Thornton LLP
733 Prince Street
Truro, NS
B2N 1G7

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www.GrantThornton.ca

To the Board of Directors of
Nova Scotia Co-operative Council Limited

We have audited the accompanying financial statements of Nova Scotia Co-operative Council Limited, which comprise the balance sheet as at March 31, 2017, and the statements of revenues, expenses and surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Co-operative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Co-operative Council Limited as at March 31, 2017, 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.

Truro, Canada
May 18, 2017

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Nova Scotia Co-operative Council Limited

Statements of Revenues, Expenses and Surplus

Year ended March 31	2017	2016
Revenues		
Membership dues and partnership grants	\$ 44,279	\$ 45,462
Events		
Annual General Meeting (Note 7(a))	5,340	4,060
Miscellaneous (Note 6)	39,941	19,581
Fees for service		
Projects and management fees (Note 7(a) and (b))	265,114	255,435
Wine and Cheese Reception (Note 7(a))	5,000	10,000
	<u>359,674</u>	<u>334,538</u>
Expenses		
Administrative		
Bad debt expense	-	10,322
Communications	5,555	5,960
Donations	3,228	2,490
Fees, salaries and benefits	207,119	164,548
Insurance	3,275	3,468
Office and sundry	1,265	1,981
Professional fees	9,745	33,978
Rent	21,600	23,220
Repairs and maintenance	6,702	5,232
Total administrative costs	<u>258,489</u>	<u>251,199</u>
Governance costs		
Annual General Meeting	10,140	11,241
Directors	28,426	16,107
Total governance costs	<u>38,566</u>	<u>27,348</u>
Development costs		
Consulting and fees	29,365	21,654
Marketing and promotion	5,076	15,421
Social Enterprise	-	1,627
Travel	9,099	7,956
Total development costs	<u>43,540</u>	<u>46,658</u>
	<u>340,595</u>	<u>325,205</u>
Excess of revenues over expenses	<u>\$ 19,079</u>	<u>\$ 9,333</u>
Surplus, beginning of year	\$ 479,165	\$ 423,773
Amalgamation with Equity for Nova Scotia Businesses Co-operative Limited	-	46,059
Excess of revenues over expenses	<u>19,079</u>	<u>9,333</u>
Surplus, end of year	<u>\$ 498,244</u>	<u>\$ 479,165</u>

Nova Scotia Co-operative Council Limited

Balance Sheet

March 31 2017 2016

Assets

Current

Cash and cash equivalents	\$ 244,576	\$ 246,671
Receivables	13,422	-
Prepays	<u>4,332</u>	<u>5,336</u>
	262,330	252,007

Due from related parties (Note 3)	301,690	245,278
Other investments	<u>3,843</u>	<u>3,917</u>
	<u>\$ 567,863</u>	<u>\$ 501,202</u>

Liabilities

Current

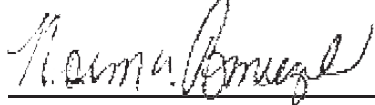
Payables and accruals	\$ 47,381	\$ 8,534
Unearned revenue	12,238	-
Harmonized sales tax payable	<u>-</u>	<u>3,503</u>
	<u>59,619</u>	<u>12,037</u>

Equity

General reserve	10,000	10,000
Surplus	<u>498,244</u>	<u>479,165</u>
	<u>508,244</u>	<u>489,165</u>
	<u>\$ 567,863</u>	<u>\$ 501,202</u>

Commitment (Note 6)

On behalf of the Board



Director



Director

Nova Scotia Co-operative Council Limited

Statement of Cash Flows

Year ended March 31	2017	2016
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ 19,079	\$ 9,333
Change in non-cash working capital items		
Receivables	(13,422)	131,350
Prepays	1,004	(699)
Payables and accruals	38,847	1,026
Unearned revenue	12,238	-
Harmonized sales tax payable	(3,503)	639
	<u>54,243</u>	<u>141,649</u>
Financing		
Advances to related parties, net	(56,412)	(71,141)
Amalgamation with Equity for Nova Scotia Businesses Co-operative Limited	-	46,059
	<u>(56,412)</u>	<u>(25,082)</u>
Investing		
Decrease in investment in subsidiary	-	4,000
(Decrease) increase in other investments	74	(59)
	<u>74</u>	<u>3,941</u>
(Decrease) increase in cash and cash equivalents	(2,095)	120,508
Cash and cash equivalents		
Beginning of year	<u>246,671</u>	<u>126,163</u>
End of year	<u>\$ 244,576</u>	<u>\$ 246,671</u>

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2017

1. Nature of operations

The Nova Scotia Co-operative Council Limited is incorporated and operates under the Nova Scotia Co-operative Associations Act as a not-for-profit organization. The Co-operative provides economic development expertise and services to the Nova Scotia co-operative and credit union sector.

2. Summary of significant accounting policies

Basis of presentation

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known. Actual results could differ from those reported.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with credit unions.

Revenue recognition

Fees for services are recorded as revenue in the year in which the revenues are earned.

Membership dues are recorded as revenue when received, or when receivable, and collection is reasonably assured.

The Co-operative follows the deferral method of accounting for contributions. Restricted grants received from various funding agencies are matched to related expenses. Any resulting excess is recorded as unearned revenue until the related expense is incurred. Unrestricted grants from various funding agencies and other unrestricted contributions are recognized as revenues when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Donated services

Donated services are recognized in the period the services are performed provided fair value can be reasonably determined; otherwise such amounts are not recognized. During the year, the Co-operative received donations of rent valued at \$21,600. This amount has been recorded in miscellaneous revenue.

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Long term investments

Investments in common shares of business enterprises for which the fair value of shares are not quoted in an active market and in which the Co-operative holds less than 20% interest, are recorded at cost.

The Co-operative's investment in Healthwise Holdings Co-operative Limited and investment in Connecting People for Health Co-operative Limited are recorded at cost. The Co-operative does not exercise significant influence over Healthwise Holdings Co-operative Limited and Connecting People for Health Co-operative Limited due to each shareholder having one vote per member authority regardless of the number or percentage of shares

The investments are reviewed by management for impairment and if a decline in value is considered other than temporary, the investment is written down to reflect the impairment with a charge to income.

Furniture and equipment

Significant equipment additions greater than \$2,500 and with extended useful lives are recorded at cost as capital assets and subsequently recorded at cost less accumulated depreciation. Any small equipment additions under the \$2,500 threshold and with limited useful lives are expensed. Rates and bases of depreciation of furniture and equipment are recorded over their estimated lives at the following rates:

Computer equipment	3 years Straight-line
Other equipment and furniture	5 years Straight-line

Financial instruments

The Co-operative considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Co-operative accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- due from related parties
- investments
- payables and accruals
- unearned revenue

A financial asset or liability is recognized when the Co-operative becomes party to contractual provisions of the instrument.

The Co-operative initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Co-operative is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The Co-operative subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are not quoted in an active market, which are measured at cost less any reduction for impairment.

The Co-operative removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Income tax status

Nova Scotia Co-operative Council Limited is a non-profit organization, which is exempt from income taxes under Section 149(1) of the Canadian Income Tax Act.

3. Due from related parties	2017	2016
Due from Investing in Nova Scotia Enterprises Co-operative Limited	\$ 32,840	\$ 45,278
Due from Connecting People for Health Co-operative Limited	268,850	-
Due from Benneworth Advanced Systems Incorporated	-	200,000
	<u>\$ 301,690</u>	<u>\$ 245,278</u>

These balances are non-interest bearing with no set terms of repayment.

4. Investment in Healthwise Holdings Co-operative Limited	2017	2016
Original cost	\$ 300,000	\$ 300,000
Less: accumulated provision for investment losses	<u>(300,000)</u>	<u>(300,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

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5. Investment in Connecting People for Health Co-operative Limited

	<u>2017</u>	<u>2016</u>
Original cost	\$ 1,000,000	\$ 1,000,000
Less: accumulated provision for investment losses	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

6. Commitment

Nova Scotia Co-operative Council Limited has entered into a lease agreement for the rental of office space until October 31, 2017. During the current fiscal year, the lessor has agreed to waive rental payments for 12 months of the year. Monthly rental payments are expected to be waived until the Council has secured additional funding. In order to properly account for this in fiscal 2017, the Council has recognized \$21,600 in miscellaneous revenues with a corresponding amount recorded as rent expense for the 12 months of rent abatement. The approximate minimum lease payments in the next fiscal year in accordance with the lease agreement is as follows:

2018	\$ 12,600
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7. Related party transactions

During the year, the Co-operative had the following transactions with related parties:

(a) Investing in Nova Scotia Enterprises Co-operative Limited, a co-operative in which it holds a minority interest:

received \$47,215 (2016 - \$101,843) for reimbursements of expenses, which have been applied against the Co-operative's administrative expenses and received an amount of \$166,722 (2016 - \$150,000) which has been recorded as management fees.

received \$nil (2016 - \$25,000) for business development fees included in project revenues

received \$nil (2016 - \$7,500) in sponsorships for the annual general meeting and wine and cheese reception.

(b) Benneworth Advanced Systems Incorporated, a company under common control:

received \$60,000 (2016 - \$50,000) in management fees.

received \$nil (2016 - \$20,000) for business development fees included in project revenues.

received \$1,800 (2016 - \$1,800) for office supplies expenses incurred.

Nova Scotia Co-operative Council Limited

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8. Financial instruments

The Co-operative is exposed to various risks through its financial instruments. The following analysis provides a measure of the Co-operative's risk exposures and concentrations at March 31, 2017.

(a) Credit risk

Credit risk is the risk of financial loss to the Co-operative if a debtor fails to make payments when due. The Co-operative is exposed to this risk relating to its receivables and amounts due from related parties. Most of the receivables are from government funding agencies and credit risk is mitigated by ensuring that all grants are entered into by way of contract. For receivables from related parties, management closely evaluates the collectibility of these amounts. There was no significant change in exposure from the prior year.

(b) Liquidity risk


Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting the obligations associated with its financial liabilities. The Co-operative is exposed to this risk mainly in respect of its payables and accruals. The Co-operative mitigates this risk by monitoring cash flow payment requirements. In the opinion of management, the liquidity risk to the Co-operative is low. There was no significant change in exposure from the prior year.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Co-operative is mainly exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Co-operative is exposed to interest rate risk on a balance held in a savings account. In the opinion of management, the interest rate risk to the Co-operative is low. There was no significant change in exposure from the prior year.

9. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.



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Embracing Change, Leading Change