

Dream Big, Take Action



Annual Report - 2017

Dream Big, Take Action

Nova Scotia Co-operative Council



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.

Message from the Premier



On behalf of the Government of Nova Scotia, I'm pleased to congratulate the Nova Scotia Co-operative Council on your 69th anniversary. For the past 69 years, your staff, board, and members have been working hard to grow our economy, support entrepreneurs and strengthen our communities. We appreciate those contributions.

The Government of Nova Scotia is also working hard to create the conditions for more businesses to start and grow across the province. One way we are doing this is through the Small Business Loan Guarantee Program, in partnership with Nova Scotia's credit unions. The Small Business Loan Guarantee Program promotes inclusive economic growth by helping small businesses access the capital they need to be successful, employ Nova Scotians and contribute to our economy.

Thank you for helping us build a strong and prosperous Nova Scotia.

Let's continue to work together.

Sincerely,

A handwritten signature in black ink that reads "Stephen McNeil". The signature is written in a cursive, flowing style.

Honourable Stephen McNeil, M.L.A.
Premier



Message from the Minister of Business



Congratulations to the Nova Scotia Co-operative Council on 69 years of serving Nova Scotia's small business community and social enterprise sector. You and your members continue to make investments that drive innovation, strengthen our economy and create jobs.

The Government of Nova Scotia shares your desire to help more businesses start and grow. The Department of Business was created with the vision of making Nova Scotia one of the most business-friendly jurisdictions in Canada. Our department continues to advance that work in partnership with organizations like the Nova Scotia Co-operative Council.

Since 2003, our joint Small Business Loan Guarantee Program has been helping entrepreneurs across Nova Scotia access the capital they need to build successful companies. In 2014, we increased the program cap to \$50 million, making more funding available to small business owners across the province. I'm pleased to report that, through your hard work, more than 2,000 loans have been extended to date.

Thank you to everyone at the Nova Scotia Co-operative Council for your continued support and leadership.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Geoff Maclellan', with a long, sweeping flourish extending to the right.

Honourable Geoff Maclellan
Minister, Nova Scotia Department of Business

Report from the Chair of the Board



Our values, principles and ownership structure kept us rooted.

One of our co-operative gems is the Nova Scotia Co-operative Council.

As an organization owned by co-operatives and credit unions, we continue to set the bar high, and then strive to exceed it, year after year. This is no small task for a not-for-profit organization who must continue to be proactive and deliberately entrepreneurial in its thinking, plans and actions.

2017 – 2018 was filled with many successes, achievements, new activities, and results; all contributing to a growing sector and a more prosperous Nova Scotia.

We are proud that our work is touching the lives of so many citizens. For example, over the past year we partnered with the Department of Community Services to launch a Youth Leadership in Agriculture program, that saw 27 at risk youth have an opportunity to develop their leadership skills and have paid summer employment within the agriculture industry. The program is being expanded this year to include 50 youth in four regions of the province. A truly remarkable and life changing experience for these young people. We are indeed helping to nurture and grow our future leaders.

In 2017, Price Waterhouse Cooper completed an independent economic impact assessment of our small business loan guarantee program, delivered in partnership with our local credit unions.

The report was stellar by any standard, showing our annual contributions to the provincial economy at 1.5 billion dollars.

Dear Fellow Co-operators:

On behalf of the Board of Directors of the Nova Scotia Co-operative Council, I am pleased to present to you our governance accountability report for fiscal year 2018.

It has been a pleasure to serve my first full year as your Chair.

It was another great year for the Co-operative Council, as we embraced the theme “Dream Big, Take Action”.

From supporting dairy farmers and farmers markets, to health care, housing, fisheries, tourism, retail stores, manufacturing, finance, export and technology, we are here – steady and strong, making a difference.

Despite the global challenges and rapid change happening around us, our co-operatives and credit unions continued to do well as they adjust to the current realities and plan for the future.

As we support new business start-ups including co-operatives and social enterprises, create employment for youth, support newcomers to our province, and create alternative finance instruments; we are in direct alignment with the Province's priorities and the previous Ivany Report.

I encourage you to read ahead to our CEO report, which provides more in-depth detail on our results.

Your Board held five regular meetings during the year, in addition to hosting and attending several other functions. Our annual wine and cheese reception with the Premier and members of the Nova Scotia Legislative Assembly, board planning and the annual general meeting were key events.

Directors from our Board were also very active on several Council committees during the year, including the Executive, Nominating, Governance, Finance/Audit and the Distinguished Co-operator Award Committees.

A highlight for the Board every year is the selection of our Distinguished Cooperator Award recipients. 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 2018 recipients are Hector DiPersio Sr. nominated by Atlantic Central and Princess Credit Union, and Debbie Raine nominated by Pictou County Home Health Care (a division of Careforce Home Care Co-operative). We look forward to honouring them both at the annual banquet.

Another highlight this year was establishing the Marinus Van De Sande Scholarship in Agriculture at Dal AC. We felt this was a fitting way to honour our friend Marinus who was passionate about the co-operative sector and served on the NS Cooperative

Council's board for more than 20 years. The inaugural award will be presented in September to a Nova Scotia student attending an agriculture program at Dal AC.

In conclusion, it has been another rewarding and action filled year. I thank each member of our Board for their time, contributions and efforts. You represent the best of our co-operative values and spirit.

I thank you, our members, for making the co-operative sector such a meaningful place to work and do business. I can't think of any sector more committed to making a difference in the lives of ordinary people!

Thank you to our CEO Dianne Kelderman, and her team, for another stellar year. We appreciate all that you do and the energy, vision and commitment with which you do it. Your "can do" attitude is contagious.

Here's to another great year of setting the standard for economic excellence!

Respectfully Submitted,



Jeff Yuill,
Chair of the Board

Report from the President & CEO



The economic footprint of the Nova Scotia Co-operative sector is indisputable. Over 300 businesses strong, with more than 11,000 employees and collectively, over \$5 billion of assets at work in every corner of our province.

We know that Co-operative 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 are response 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.

As the Nova Scotia Co-operative Council celebrates its 69th year in business, I search for the right words to express the continued impact of this mighty organization.

A quote from Stanley Schmidt comes to mind – “It’s easy to imagine ways the future can be ugly and depressing. Anyone can do that. It’s harder, but more worthwhile to imagine plausible ways we can make it better”.

That, in its simple essence, is what the Nova Scotia Co-operative is all about, and what we set out to do, year after year. We imagine plausible new ways that we can make the lives of individuals better, businesses stronger and our communities more prosperous.

It has been another year of setting the standard for economic excellence, innovation, delivering results for our members and our communities, creating jobs, and for challenging the status quo in Nova Scotia.

We are particularly proud of the following highlights:

1. Our **Connecting People for Health** business/ medical office management system was acquired by a national healthcare leader. Given the changes in the healthcare landscape this was no small feat. We started the healthcare clinic in 2004 with a goal of putting patients first and influencing how healthcare is delivered.

We accomplished this over the ensuing decade and have partnered with a national leader who is also patient focused and will ensure our vision lives on. We are particularly pleased that our investors were protected in the transaction.

2. During the year we launched a **Youth Leadership in Agriculture** program

in partnership with the Department of Community Services, which gave twenty-seven at risk youth an opportunity of a lifetime. They spent a week in leadership development where they developed new skills such as public speaking and research, increased their confidence, received training in farm safety and got certified in First Aid. The highlight was, of course, a five week paid employment opportunity with an agriculture business. For youth who have little financial means, this was a big deal! We were thrilled with the support from our industry partners who were keen to give these young people an opportunity. Both employers and participants have said they “would do it again”. That is certainly an indication of success. Our plan for 2018 is to expand the program to include 50 youth in four regions across the province.

3. Our **Small Business Loan Guarantee program** in partnership with Atlantic Central, local credit unions and the Province of Nova Scotia remains a flagship initiative with more than \$135 million in financing to over 2400 businesses. Since inception, the program has helped create and maintain 14,073 jobs at a cost of \$287 per job to the Province. A significant economic impact by any standard!
4. In celebration of Canada’s 150th anniversary, we decided to do something special and lasting. We published a **Community Champions Magazine** that profiled 150 small businesses, co-operatives and social enterprises who are

hard at work building their communities. It was a well received, impressive publication. We also created twelve **special videos** of our co-operatives, credit unions and community enterprises in action. The videos show not only the success of the businesses but also the people and spirit behind them.

5. We signed a collaboration agreement with BDC (Business Development Bank of Canada) that will see risk sharing and joint ventures with our small business loan program and local credit unions. This is the first time in our history that such an agreement has been signed with a Federal agency.
6. We have partnered with Atlantic Central to launch a Social Impact Fund pilot over the next year, in partnership with local credit unions, and we are working with the Social Enterprise Network of Nova Scotia to launch a province wide Social Enterprise Impact Investment Fund.
7. During the year 18 new co-operatives were incorporated across many sectors including manufacturing, energy, telecommunications, agriculture, investment, farmers markets, housing, and tourism.
8. We provided support to 43 existing Co-operative members on board governance, finance, government advocacy and member relations. In addition, we presented at 27 public events, conferences and workshops.
9. Government advocacy continues to be a key focus of our activities. As in previous years we implemented another progressive and proactive government relations and advocacy strategy, including meetings with the Premier,

Ministers, Deputy Ministers, and government agencies. Our annual government reception was another great event with 145 members and partners in attendance.

10. A significant highlight was the completion of an independent economic impact assessment of our small business loan program by Price Waterhouse Cooper. They reported impressive results and annual economic impact:

- \$1.5 billion total output (direct, indirect and induced impacts)
- \$913 million in GDP contributions
- \$581 million in labour income
- \$95 million in provincial taxes
- 14,073 jobs have been created/maintained

These activities are all of course, in addition to the day to day activities of operating a democratic, member owned organization and ensuring that the organization is financially sound.

I am always amazed at how much a dynamic organization can accomplish with a small committed, talented staff team. Thank you Brittany, Chris, Cris and Linda. You are an inspiring team!

Thanks as well to our Board of Directors. We are lucky indeed to have such commitment, leadership and vision at the governance level!

Finally, a note of thanks and gratitude to you our members and partners. Together we are making a big difference in the lives of ordinary Nova Scotians.

Let me close by saying that it is a privilege to lead this great organization and to work in this dynamic sector.

As Edgar Winter once said - "I can't imagine anything more worthwhile than doing what I most love. And they pay me for it".

Respectfully,



Dianne Kelderman, M.Sc. M.Ed

President and CEO

Meet the Board of Directors



Jeff Yuill
Chair



Raymond Doucette
Vice Chair



Shae Griffith
Secretary



Howard Welch
Treasurer



Mike Oulton
Director



Kevin MacAdam
Director



John Harvie
Co-operators Representative



Bill Timmons
Director



Ray Surette
Atlantic Central Representative



Alvin Martell
Director

Meet the Development Team



Dianne Kelderman
President and CEO



Chris Tucker
IT Specialist



Linda Johnson
Finance Administrator



Cris Sanford
Office Manager



Brittany Findlay
Youth Program Project Manager

The Year In Pictures



Annual Government Reception
Chris (Ability Wood Works Co-operative),
Minister of Business Geoff MacLellan & Jeff
Yuill, Chair of the Board NS Co-operative Council



Beyond every Cooperator is a supporting cast.
Thank you Philip LeBlanc with
Raymond Doucette



Chair Norma Tomiczek



John Harvie, Chair of The Cooperators
addressing the crowd at the
Annual Government Reception



Shaun – proud of his Dad. As we all were!

The Year In Pictures



Jeannie Van Dyke, NS Farmer and Director with Agropur, Minister of Business Geoff MacLennan, Robert Coallier, President & CEO Agropur Co-operative



Honoring 2017 Distinguished Cooperator Donna LeBlanc, Norma Tomiczek, Donna & Raymond Doucette



Celebrating community enterprises - Transport de Clare



The Council's A Team - Finance Administrator Linda Johnson, CEO Dianne Kelderman & Office Manager Cris Sanford



Two dynamos making a difference.



Celebrating small business and young entrepreneurs - Pure Paint

The Year In Pictures



Celebrating 150 Small Businesses



*Co-op Week & Credit Union Day Proclamation
Paul Paruch, Atlantic Central, Premier Stephen MacNeil,
Dianne Kelderman, CEO NS Co-operative Council, Jeff Yuill,
Chair of the Board, NS Co-operative Council*



*Ralph Ballam (previous CEO of Farmers Dairies,
Robert Coallier, President & CEO Agropur Co-operative,
Jim MacConnell (previous CEO of Scotsburn Dairies) and
Jeff Yuill, Chair of the Board NS Co-operative Council*



*Just another day at the office.
The Council's mascot
- Bosun Kelderman*



*Congratulations to Community
Credit Union's CEO, Darrell Kuhn,
on being named one of Atlantic
Canada's Top 50 CEOs for 2018*

The Year In Pictures



The Ability Wood Works Co-operative Team



*Chair Norma Tomiczek,
Director Raymond Doucette and Shaun MacLean
(accepting the Distinguished Cooperator Award
posthumously on behalf of his father David MacLean)*



*Our finance administrator Linda & her
husband Jim Johnson in the big red chair*



Peace by Chocolate



*Celebrating our Distinguished
Cooperators since 1996*

Distinguished Co-operator Award Winners



Debbie Raine — Nominated by Pictou County Home Health Care (a division of Care Force Home Care Co-operative)

Debbie Raine has dedicated her time, talent, and energies to the Nova Scotia co-operative movement by faithfully serving for over 20 years, holding various positions on many boards, during which time she was a member of several committees.

Debbie Raine contributed to the betterment of her community by serving as CEO and General Manager of Careforce Home Care Workers Co-operative; Golf Privilege Book Coordinator, Executive Assistant and Secretary to Board of The Lung Association of Nova Scotia; Executive Member of the Women's Business Network; motivator in the creation and expansion of Careforce Home Care Workers Co-operative; instrumental in the establishment of an education program to educate employees on all aspects of membership of the Co-operative; leader in obtaining Careforce with the Eastern Kings Chamber of Commerce Outstanding Business Award (2010) and the Annapolis Valley Chamber of Commerce "Best in Kings" award (2014); supporter of many organizations and succession plan developer (purchase of Pictou County Home Health's assets in December 2017).

The Nova Scotia Co-operative Council, on behalf of all co-operatives and credit unions, express our gratitude and deep appreciation to Debbie Raine for her contribution to the Nova Scotia co-operative movement by awarding her the 2017 Distinguished Co-operator Hall of Fame Award.



Hector DiPersio Sr. — Nominated by Atlantic Central & Princess Credit Union

Hector DiPersio Sr. 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 40 years, holding various positions on many boards, during which time he was a member of several committees.

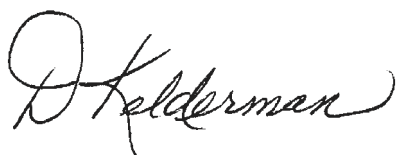
Hector DiPersio Sr. contributed to the betterment of his community by serving as Chair of the Board of Princess Credit Union (25 years), Sydney Mines Kinsmen Day Center, District Community Centre (30 years), Miners Memorial Manor (25 years), North Side Homemakers Services (25 years) and Harbourview Hospital Foundation; Vice-Chair of the Kinsmen Day Care Center (25 years); Mayor of the Sydney Mines Town and Honorary Fire Chief of the Local Fire Department; President of the Cape Breton Industrial Board of Trade; Financial Manager with Household Financial Corporation (33 years); General manager of BCA Holdings Limited; Governor for Atlantic Canada and National Public Relations Director for Canada's Kinsmen Association; General Campaign Chairman for the United Way of Industrial Cape Breton; Past Grand Knight and Financial Secretary in the Knights of Columbus Council and long-time member of the Knights of Columbus Fourth Degree, Father William MacLeod Assembly; dedicated Member of the Royal Canadian Legion (23 years); leader in the restoration of "The Old Post Office" building ("Centennial Project Town of Sydney Mines" initiative); long-time lecturer and greeter of the Holy Family Parish; great individual and true family man. In 2011 the DiPersio family was named "Family of the Year".

The Nova Scotia Co-operative Council, on behalf of all co-operatives and credit unions, express our gratitude and deep appreciation to Hector DiPersio Sr. for his contribution to the Nova Scotia co-operative movement by awarding him posthumously the 2017 Distinguished Co-operator Hall of Fame Award.

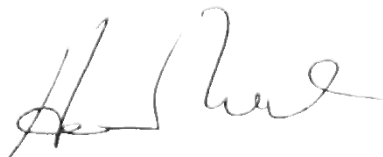
Management's Responsibility for Report

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 16, 2018



Howard Welch,
Treasurer & Audit Committee Chair
May 16, 2018

Financial Statements

Nova Scotia Co-operative Council Limited

March 31, 2018

Independent Auditor's Report

Grant Thornton LLP
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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, 2018, 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, 2018, 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 16, 2018

Chartered Professional Accountants
Licensed Public Accountants

Nova Scotia Co-operative Council Limited

Statements of Revenues, Expenses and Surplus

Year ended March 31	2018	2017
Revenues		
Membership dues and partnership grants	\$ 57,920	\$ 44,279
Annual general meeting (Note 8)	4,190	5,340
Miscellaneous	25,797	39,941
Projects and management fees (Note 8)	200,909	226,722
Wine and cheese reception (Note 8)	7,500	5,000
Business development	<u>105,754</u>	<u>38,392</u>
	402,070	359,674
Expenses		
Administrative		
Communications	5,620	5,555
Donations	2,318	3,228
Fees, salaries and benefits	214,686	207,119
Insurance	1,769	3,275
Office and sundry	1,499	1,265
Professional fees	6,011	9,745
Rent	21,600	21,600
Repairs and maintenance	<u>3,896</u>	<u>6,702</u>
Total administrative costs	257,399	258,489
Governance costs		
Annual General Meeting	8,945	10,140
Directors	<u>29,465</u>	<u>28,426</u>
Total governance costs	38,410	38,566
Development costs		
Consulting and fees	14,899	29,365
Youth leadership agriculture	70,754	-
Marketing and promotion	5,232	5,076
Social enterprise	1,408	-
Travel	<u>6,255</u>	<u>9,099</u>
Total development costs	98,548	43,540
	394,357	340,595
Excess of revenues over expenses	\$ 7,713	\$ 19,079
Surplus, beginning of year	\$ 498,244	\$ 479,165
Excess of revenues over expenses	<u>7,713</u>	<u>19,079</u>
Surplus, end of year	\$ 505,957	\$ 498,244

Nova Scotia Co-operative Council Limited

Balance Sheet

March 31 2018 2017

Assets

Current

Cash and cash equivalents	\$ 465,647	\$ 244,576
Receivables	125,743	13,422
Prepays	<u>14,375</u>	<u>4,332</u>
	605,765	262,330
Investment in related party (Note 6)	5,000	-
Due from related parties (Note 3)	24,869	301,690
Other investments	<u>3,843</u>	<u>3,843</u>
	<u>\$ 639,477</u>	<u>\$ 567,863</u>

Liabilities

Current

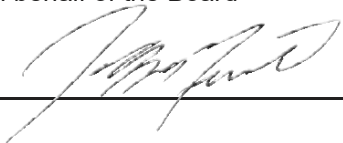
Payables and accruals	\$ 53,520	\$ 47,381
Unearned revenue (Note 4)	<u>70,000</u>	<u>12,238</u>
	<u>123,520</u>	<u>59,619</u>

Equity

General reserve	10,000	10,000
Surplus	<u>505,957</u>	<u>498,244</u>
	<u>515,957</u>	<u>508,244</u>
	<u>\$ 639,477</u>	<u>\$ 567,863</u>

Commitment (Note 7)

On behalf of the Board

 Director

 Director

Nova Scotia Co-operative Council Limited

Statement of Cash Flows

Year ended March 31	2018	2017
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ 7,713	\$ 19,079
Change in non-cash working capital items		
Receivables	(112,321)	(16,925)
Prepays	(10,043)	1,004
Payables and accruals	6,139	38,847
Unearned revenue	57,762	12,238
	<u>(50,750)</u>	<u>54,243</u>
Financing		
Advances to related parties, net	<u>276,821</u>	<u>(56,412)</u>
Investing		
Decrease in other investments	-	74
Purchase of related party shares	<u>(5,000)</u>	<u>-</u>
	<u>(5,000)</u>	<u>74</u>
Increase (decrease) in cash and cash equivalents	221,071	(2,095)
Cash and cash equivalents		
Beginning of year	<u>244,576</u>	<u>246,671</u>
End of year	<u>\$ 465,647</u>	<u>\$ 244,576</u>

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2018

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. Items subject to management estimate include provision for investment losses and allowance for doubtful accounts.

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, 2018

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, 2018

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	<u>2018</u>	<u>2017</u>
Due from Investing in Nova Scotia Enterprises Co-operative Limited	\$ 24,869	\$ 32,840
Due from Connecting People for Health Co-operative Limited	<u>-</u>	<u>268,850</u>
	<u>\$ 24,869</u>	<u>\$ 301,690</u>

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

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2018

4. Unearned revenue

(a) Department of Community Services Funds		
Beginning balance	\$ -	\$ -
Funding received during the year	100,000	-
Less project funding recognized as revenue	<u>(35,000)</u>	<u>-</u>
	65,000	-
(b) Other Funds		
Annual general meeting sponsorships	5,000	-
Program grants	<u>-</u>	<u>12,238</u>
	<u>\$ 70,000</u>	<u>\$ 12,238</u>

5. Investment in Healthwise Holdings Co-operative Limited	<u>2018</u>	<u>2017</u>
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

March 31, 2018

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

	<u>2018</u>	<u>2017</u>
Original cost	\$ 1,000,000	\$ 1,000,000
Additional share purchase	5,000	-
Less: accumulated provision for investment losses	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>\$ 5,000</u>	<u>\$ -</u>

7. Commitment

Nova Scotia Co-operative Council Limited has entered into a lease agreement for the rental of office space until October 31, 2018. 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 2018, 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:

2019	\$ 12,600
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8. 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 \$153,661 (2017 - \$47,215) for reimbursements of expenses, which have been applied against the Co-operative's administrative expenses and received an amount of \$172,296 (2017 - \$166,722) which has been recorded as management fees.

received \$2,500 (2017 - \$nil) in sponsorships for the annual general meeting and wine and cheese reception.

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

received nil (2017 - \$60,000) in management fees.

received nil (2017 - \$1,800) for office supplies expenses incurred.

(c) Connecting People for Health Co-operative Limited, a co-operative in which it holds a minority interest:

received \$28,613 (2017 - nil) in management fees.

Nova Scotia Co-operative Council Limited

Notes to the Financial Statements

March 31, 2018

9. 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, 2018.

(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.

10. Comparative figures

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

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