

Financial Statements

**Halifax Regional Business and Community
Economic Development Association**

March 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
**Halifax Regional Business and Community
Economic Development Association**

We have audited the accompanying balance sheet of **Halifax Regional Business and Community Economic Development Association** [the "Association"] as at March 31, 2011 and the statements of revenue, expenses and partnership equity 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 generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Halifax, Canada
June 13, 2011

Chartered Accountants

**Halifax Regional Business and Community
Economic Development Association**

BALANCE SHEET

As at March 31

	2011	2010
	\$	\$
ASSETS		
Current		
Cash	—	300
Accounts receivable	652,749	587,792
Harmonized Sales Tax receivable, net	52,661	53,658
Prepaid expenses	14,081	15,052
Total current assets	719,491	656,802
Capital assets, net <i>[note 4]</i>	118,165	109,935
	837,656	766,737
LIABILITIES AND PARTNERSHIP EQUITY		
Current		
Bank indebtedness <i>[note 5]</i>	128,199	115,314
Accounts payable	450,143	441,988
Deferred contract revenue	9,264	7,500
Total current liabilities	587,606	564,802
Partnership equity		
Partnership equity invested in capital assets	118,165	109,935
Partnership equity	131,885	92,000
Total partnership equity	250,050	201,935
	837,656	766,737
Commitments <i>[note 7]</i>		

See accompanying notes

On behalf of the Board:

Director

Director

**Halifax Regional Business and Community
Economic Development Association**

**STATEMENT OF REVENUE, EXPENSES
AND PARTNERSHIP EQUITY**

Year ended March 31

	2011	2010
	\$	\$
REVENUE <i>[note 3]</i>		
Public sector investment		
Halifax Regional Municipality	1,400,000	1,400,000
Province of Nova Scotia	165,000	165,000
Atlantic Canada Opportunities Agency	165,000	165,000
Private sector investment		
Cash	545,350	521,850
In-kind	506,169	572,144
Event sponsorship and registration	58,363	58,932
Project funding	508,941	671,446
Other	6,958	4,480
	3,355,781	3,558,852
EXPENSES		
Supercharge our Labour Force		
Labour market development	5,325	2,500
Labour shortages	40,886	233,022
Immigration	244,168	215,681
Leverage our Creative Community		
HRM's rural areas	132,994	151,904
Create a Gung-Ho Business Climate		
Business retention and expansion	16,500	20,780
Investment attraction	259,146	130,211
Management skills	58,144	62,588
Capitalize on our Reputation		
Brand and business confidence	594,579	731,092
Convert Rivalries into Partnerships		
Rural strength	4,151	6,107
Regional, national and global partnerships	61,403	88,192
Halifax gateway	214,645	223,108
Organizational Effectiveness		
Organizational and systems improvement plan	94,680	98,543
Corporate relations <i>[note 9]</i>	39,708	168,991
General office management <i>[note 6]</i>	303,376	299,809
Professional development	30,676	21,307
Salaries and benefits	1,207,285	1,139,205
	3,307,666	3,593,040
Excess (deficiency) of revenue over expenses for the year	48,115	(34,188)
Partnership equity, beginning of year	201,935	236,123
Partnership equity, end of year	250,050	201,935

See accompanying notes

**Halifax Regional Business and Community
Economic Development Association**

STATEMENT OF CASH FLOWS

Years ended March 31

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	48,115	(34,188)
Item not affecting cash		
Amortization of capital assets <i>[note 6]</i>	38,031	35,602
Net change in non-cash working capital balances related to operations	(53,070)	(151,299)
Cash provided by (used in) operating activities	33,076	(149,885)
INVESTING ACTIVITY		
Acquisition of capital assets	(46,261)	(46,586)
Cash used in investing activity	(46,261)	(46,586)
FINANCING ACTIVITY		
Increase in bank indebtedness	12,885	115,314
Cash provided by financing activity	12,885	115,314
Net decrease in cash during the year	(300)	(81,157)
Cash, beginning of year	300	81,457
Cash, end of year	—	300
Supplementary information		
Interest paid	2,486	437

See accompanying notes

**Halifax Regional Business and Community
Economic Development Association**

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

1. NATURE OF OPERATIONS

The Halifax Regional Business and Community Economic Development Association [the “Association”] is registered as a Society under the Nova Scotia Societies Act and, as such, is not taxable under the *Income Tax Act (Canada)*. The Association is also known by its market facing brand name, Greater Halifax Partnership. The Association is a representative community organization whose primary objective is to work with business, community and government to plan and carry out strategies and action plans that further the economic and social development of the Halifax Regional Municipality [“HRM”] through the application and integration of principles related to community development, economic development, and community economic development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by management of the Association in the preparation of these financial statements:

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year during which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Goods and services received in-kind

Revenue and offsetting expenses from goods and services received in-kind are recorded at fair market value. Fair market value is determined by the value identified on the invoice or written documentation provided directly by the supplier or the market value of a comparable product or service. Near-cash revenue is the fair market value of products or services provided by investors that the Association would otherwise pay for with cash.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

**Halifax Regional Business and Community
Economic Development Association**

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the declining balance method at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%

It is the Association's policy to record a half year of amortization in the year of acquisition.

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Financial instruments

All financial instruments are recorded on the balance sheet at their fair value upon initial recognition. Thereafter, measurement at fair value is required except for financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities, which are to be measured at amortized cost using the effective interest rate method ["EIM"]. Subsequent to fair value recognition on March 1, 2007, the adoption date, the financial instruments are measured as follows based on their classification:

Asset/liability	Classification	Measurement
Cash and bank indebtedness	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost using EIM
Accounts payable	Other financial liabilities	Amortized cost using EIM
Deferred contract revenue	Other financial liabilities	Amortized cost using EIM

The carrying values of accounts and other receivables, prepaid expenses, bank indebtedness, accounts payable and deferred contract revenue are representative of their fair values due to their relatively short-term period to maturity.

It is the Association's policy that no trading in derivative instruments shall be undertaken.

**Halifax Regional Business and Community
Economic Development Association**

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Use of estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. ECONOMIC DEPENDENCE

The Association's operations are funded through investments from several public sector organizations. The agreement with the HRM accounted for 43% of total revenue in the current year [2010 – 39%] and was renewed as part of an agreement with the Association for the 9 months following March 31, 2011.

4. CAPITAL ASSETS

Capital assets consist of the following:

	2011		2010	
	Cost	Accumulated	Cost	Accumulated
	\$	amortization	\$	amortization
	\$	\$	\$	\$
Furniture and fixtures	177,556	110,774	147,008	97,896
Computer equipment	430,317	389,772	414,604	367,121
Leasehold improvements	96,699	85,861	96,699	83,359
	704,572	586,407	658,311	548,376
Less: accumulated amortization	586,407		548,376	
	118,165		109,935	

5. BANK INDEBTEDNESS

The Association has a \$300,000 operating line of credit, of which \$85,000 has been drawn down as at March 31, 2011 [2010 – \$40,000]. Interest is charged at the bank's prime rate plus 0.25%. The Association has pledged accounts receivable and capital assets as collateral.

**Halifax Regional Business and Community
Economic Development Association**

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

6. GENERAL OFFICE MANAGEMENT

	2011	2010
	\$	\$
Rent and property taxes	186,455	178,125
Printing, supplies, bank charges, insurance, telephone, fax and other	61,155	66,418
Amortization of capital assets	38,031	35,602
Transportation	17,735	19,664
	303,376	299,809

7. COMMITMENTS

The Association leases facilities under a lease that expires on July 31, 2016. The annual lease commitments for the next five years, including Harmonized Sales Tax, realty taxes and occupancy taxes for the facilities are as follows:

	\$
2012	180,817
2013	189,331
2014	193,587
2015	193,587
2016	193,587
	950,909

8. CAPITAL MANAGEMENT

Risk management objectives

In managing capital, the Association focuses on liquid resources available for operations. The Association's objective is to have sufficient liquid resources to continue operating despite events with adverse financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2011, the Association has met its objective of having sufficient liquid resources to meet its current obligations.

The Association continues to manage its capital structure and to make adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended March 31, 2011.

**Halifax Regional Business and Community
Economic Development Association**

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

8. CAPITAL MANAGEMENT [Cont'd]

Credit, foreign exchange and interest rate risks

The Association does not hold financial instruments that would materially expose it to either credit, foreign exchange or interest rate risks.

9. CORPORATE RELATIONS

Corporate relations include unbudgeted expenditures totaling nil [2010 – \$122,699] related to the transition of the Association's President and CEO.

10. INCORPORATION OF NEW ENTITY

A newly formed economic development entity, The Halifax Regional Economic Development Agency ["HREDA"], was formed on March 22, 2011 as an incorporated body under the Regional Community Development Act in order to access core funding from the Province of Nova Scotia and the Atlantic Canada Opportunity Agency.

Revenue and expenses of HREDA for the nine days ended March 31, 2011, have been included in the Association's audited financial statements. Future revenue and expenses of HREDA will be separately accounted for and reported on through its own independent audited financial statements.

11. COMPARATIVE FIGURES

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