



Financial Statements

The Green Fund

March 31, 2023

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Management statement on financial reporting

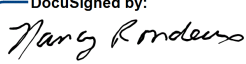
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Minister is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through the Green Fund. The Green Fund financial statements are reviewed yearly by an independent auditor.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of Green Fund and meet when required.

On behalf of the Green Fund:

DocuSigned by:

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Nancy Rondeaux,
Executive Director, Climate Change
Department of Environment and Climate Change
June 21, 2023

Independent auditor's report

Grant Thornton LLP
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To the Minister of the Department of Environment and Climate Change

Opinion

We have audited the financial statements of the Green Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Halifax, Canada
June 21, 2023

Chartered Professional Accountants

The Green Fund

Statement of operations and accumulated surplus

Year ended March 31

2023

2022

Revenues

Auction proceeds (Note 3)	\$ 52,019,500	\$ 44,817,670
Bank interest	<u>1,200,157</u>	<u>138,855</u>
	<u>53,219,657</u>	<u>44,956,525</u>

Expenses

Grants (Note 4)	50,570,111	43,448,188
Operational expenses (Note 5)	536,609	1,032,141
Salaries and benefits	<u>1,519,151</u>	<u>476,196</u>
	<u>52,625,871</u>	<u>44,956,525</u>

Annual surplus	\$ 593,786	\$ -
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Accumulated surplus, beginning of year	\$ -	\$ -
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Annual surplus	<u>593,786</u>	<u>-</u>
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Accumulated surplus, end of year	\$ 593,786	\$ -
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See accompanying notes to the financial statements

The Green Fund

Statement of financial position

March 31	2023	2022
Financial assets		
Cash and cash equivalents	\$ 52,999,093	\$ 28,934,812
Accrued interest receivable	<u>220,564</u>	<u>21,713</u>
	<u>53,219,657</u>	<u>28,956,525</u>
Liabilities		
Accounts payable	<u>52,625,871</u>	<u>28,956,525</u>
Net financial assets	<u>593,786</u>	-
Accumulated surplus	<u>\$ 593,786</u>	<u>\$ -</u>

Approved by:

DocuSigned by:


Nancy Rondeaux^{9927AB1F46B54E5...}
 Executive Director, Climate Change

The Green Fund

Statement of changes in net financial assets

March 31	2023	2022
Annual surplus	<u>\$ 593,786</u>	<u>\$ -</u>
Change in net financial assets	593,786	-
Net financial assets, beginning of year	<u>-</u>	<u>-</u>
Net financial assets, end of year	<u>\$ 593,786</u>	<u>\$ -</u>

See accompanying notes to the financial statements

The Green Fund

Statement of cash flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus	\$ 593,786	\$ -
Change in non-cash operating working capital		
Accrued interest receivable	(198,851)	(9,805)
Accounts payable	<u>23,669,346</u>	<u>3,744,617</u>
Net increase in cash and cash equivalents	24,064,281	3,734,812
Cash and cash equivalents		
Beginning of year	<u>28,934,812</u>	<u>25,200,000</u>
End of year	<u>\$ 52,999,093</u>	<u>\$ 28,934,812</u>

See accompanying notes to the financial statement

The Green Fund

Notes to the financial statements

Year ended March 31, 2023

1. Nature of operations

The Green Fund (the "Fund") is a special purpose fund as designated by the Environment Act, and is overseen by the Nova Scotia Department of Environment and Climate Change. The Fund receives proceeds from the sale of emission allowances under Nova Scotia's cap-and-trade program. The proceeds are used to finance climate change related measures as defined in section 112(o) of the Environment Act.

With the Province of Nova Scotia scheduled to end its cap-and-trade program at the end of December 2023, it is anticipated that the Fund will cease to exist upon completion of the March 31, 2024 fiscal year.

The Fund is exempt from income tax under section 149 of the Income Tax Act.

2. Summary of significant accounting policies

Basis of accounting

The Statement has been prepared by management in accordance with the Canadian public sector accounting standards for other government organizations.

Cash and cash equivalents

Cash and cash equivalents consist of amounts held on account at financial institutions and short term investments readily convertible to cash.

Revenue recognition

Proceeds from the sale of emission allowances are recognized after the transaction with the purchaser has been settled, and amounts are reasonably assured to be collected.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, accrued interest receivable and accounts payable.

Subsequent measurement

At each reporting date, the Fund measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, accrued interest receivable and accounts payable.

For financial assets measured at cost or amortized cost, the Fund regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Fund determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs. Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant credit, liquidity or market risk.

The Green Fund

Notes to the financial statements

Year ended March 31, 2023

2. Summary of significant accounting policies (continued)

Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action and are reviewed annually to reflect new information as it becomes available with adjustments made to the annual surplus or deficit as appropriate. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount. Items subject to measurement uncertainty include accounts payable.

3. Cap and trade auctions

	<u>2023</u>	<u>2022</u>
Auction held in June	\$ 32,640,000	\$ 28,156,570
Auction held in December	<u>19,379,500</u>	<u>16,661,100</u>
	<u>\$ 52,019,500</u>	<u>\$ 44,817,670</u>

4. Grants

	<u>2023</u>	<u>2022</u>
Advanced Homes Program	\$ 12,000,000	\$ -
Affordable Housing Retrofits	-	2,000,000
BIPOC and Mi'kmaq Clean Energy Training	-	2,000,000
Climate Adaptation Leadership Program	2,800,000	-
Community Climate Capacity Support Program	5,000,000	-
Community Transportation	489,263	-
Electric Vehicle Chargers for Multi-Unit-Residential Buildings	-	1,000,000
Energy Benchmarking	450,000	-
EV Incentive Program	15,000,000	-
Expanded Energy Management Services program	329,723	-
Flood Line Mapping Program	-	998,528
Halifax Climate Investment Innovation and Impact Fund	7,500,000	-
Home Energy Assessment	-	8,000,000
Industrial Energy Managers	-	1,500,000
Making Room for Wetlands: Coastal Carbon Edition	1,938,000	-
Net Zero Emerging Concepts and Technologies Research	2,882,000	-
Next Ride – EV Engagement Campaign	1,000,000	1,500,000
Off Oil Pilot	-	1,500,000
Resilient Homes Pilot	331,000	-
Solar for Non-profit Organizations	-	1,500,000
SolarHomes	-	8,000,000
Sustainable Communities Challenge Fund	-	15,000,000
Youth Climate Council Program	800,000	-
Other small grants	<u>50,125</u>	<u>449,660</u>
	<u>\$ 50,570,111</u>	<u>\$ 43,448,188</u>

The Green Fund

Notes to the financial statements

Year ended March 31, 2023

5. Operational expenses

	<u>2023</u>	<u>2022</u>
Administration fees	\$ 403	\$ 2,087
Communication and consulting services	21,993	113,872
General operating	-	75
Professional services	514,099	912,000
Telecommunications	-	4,054
Travel	114	53
	<u>\$ 536,609</u>	<u>\$ 1,032,141</u>

Professional services includes the expenses incurred relating to obtaining the platform to facilitate the cap-and-trade auctions.