



# Financial Statements

The Green Fund

March 31, 2024

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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. This will be the last financial report for the Green Fund. With the Province ending its cap-and-trade program, the Green Fund closed and has been replaced with a new fund called the Nova Scotia Climate Change Fund.

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 25, 2024

# Independent auditor's report

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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, 2024, the statement of operations, the statement of changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 1.

### 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.

### Emphasis of matter – basis of accounting

We draw attention to Note 1 in the financial statements, which indicates that liquidation of The Green Fund was imminent as at March 31, 2024. As a result, these financial statements are prepared on a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

### 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 the basis of accounting described in note 1, 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.

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.
- 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada  
June 25, 2024

Chartered Professional Accountants

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# The Green Fund

## Statement of operations and accumulated surplus

Year ended March 31

2024

2023

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### Revenues

Cap and trade auctions (Note 3)	\$ 34,087,951	\$ 52,019,500
Bank interest	<u>1,389,194</u>	<u>1,200,157</u>
	<u>35,477,145</u>	<u>53,219,657</u>

### Expenses

Grants (Note 4)	33,193,164	50,570,111
Operational expenses (Note 5)	788,681	536,609
Salaries and benefits	<u>2,089,086</u>	<u>1,519,151</u>
	<u>36,070,931</u>	<u>52,625,871</u>

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

# The Green Fund

## Statement of financial position

March 31

2024

2023

**Financial assets**

Cash and cash equivalents	\$ 35,906,254	\$ 52,999,093
Accrued interest receivable	<u>164,677</u>	<u>220,564</u>
	<b>36,070,931</b>	<b>53,219,657</b>

**Liabilities**

Payables	<u>36,070,931</u>	<u>52,625,871</u>
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**Net financial assets**

	-	593,786
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**Accumulated surplus**

	<u>\$ -</u>	<u>\$ 593,786</u>
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Nature of operations and basis of accounting (Note 1)

Approved by:

DocuSigned by:

*Nancy Rondeaux*

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Nancy Rondeaux

Executive Director, Climate Change

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## The Green Fund

### Statement of changes in net financial assets

March 31	2024	2023
Annual (deficit) surplus	\$ <u>(593,786)</u>	\$ <u>593,786</u>
Change in net financial assets	(593,786)	593,786
Net financial assets, beginning of year	<u>593,786</u>	<u>-</u>
Net financial assets, end of year	\$ <u>-</u>	\$ <u>593,786</u>

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See accompanying notes to the financial statements



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# The Green Fund

## Statement of cash flows

Year ended March 31

2024

2023

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Increase (decrease) in cash and cash equivalents

**Operating**

Annual (deficit) surplus \$ (593,786) \$ 593,786

Change in non-cash operating working capital

Accrued interest receivable 55,887 (198,851)

Payables (16,554,940) 23,669,346

Net increase in cash and cash equivalents (17,092,839) 24,064,281

Cash and cash equivalents

Beginning of year 52,999,093 28,934,812

End of year \$ 35,906,254 \$ 52,999,093

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# The Green Fund

## Notes to the financial statements

Year ended March 31, 2024

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### 1. Nature of operations and basis of accounting

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 (“Nova Scotia”). 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.

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

At the end of December 2023, Nova Scotia ended its cap-and-trade program and transitioned to a new carbon pricing system for large industry and the electricity sector called the Output-Based Pricing System. Therefore, the Fund closed upon completion of the March 31, 2024 fiscal year and transferred its remaining assets and liabilities to a new fund called the Nova Scotia Climate Change Fund.

As a result, management of the Fund has determined that it is no longer appropriate to present the financial statements on a going concern basis and have presented these financial statements on a liquidation basis. Under the liquidation basis of accounting, all of the Fund’s assets are recorded at their net realizable value. All liabilities have been stated at amortized cost, which represents contractual amounts and estimated liabilities are stated at their estimated settlement amounts, including estimated costs associated with the transferring the net assets of the Fund.

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### 2. Summary of significant accounting policies

#### 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 payables.

##### *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 payables.

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, see note 1 for additional information on the basis of accounting.

# The Green Fund

## Notes to the financial statements

Year ended March 31, 2024

### 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 payables.

### 3. Cap and trade auctions

	<u>2024</u>	<u>2023</u>
Auction held in June	\$ 19,290,000	\$ 32,640,000
Auction held in August	14,797,951	
Auction held in December	-	19,379,500
	<u>\$ 34,087,951</u>	<u>\$ 52,019,500</u>

### 4. Grants

	<u>2024</u>	<u>2023</u>
Advanced Homes Program	\$ -	\$ 12,000,000
African Nova Scotia Climate Justice Ambassadors Program	1,511,500	-
Building to Zero Exchange – Training Support	1,500,000	-
Clean Fuels Funds	3,000,000	-
Clean Technologies for Agriculture Program	1,243,160	-
Climate Adaptation Leadership Program	-	2,800,000
Coastal Navigators Program	1,521,282	-
Community Climate Capacity Support Program	1,600,000	5,000,000
Community Transportation	-	489,263
Energy Benchmarking	-	450,000
EV Incentive Program	-	15,000,000
Expanded Energy Management Services program	-	329,723
Fisheries and Aquaculture Energy Efficiency Innovation Fund	1,250,000	-
Flood Line Mapping Program	5,231,749	-
Halifax Climate Investment Innovation and Impact Fund	-	7,500,000
Low Carbon Communities Fund	1,800,000	-
Making Room for Wetlands: Coastal Carbon Edition	-	1,938,000
Mi'kmaw Climate Capacity Project	1,511,500	-
Municipal Coastal Protection Supports Programs	476,345	-
Net Zero Emerging Concepts and Technologies Research	-	2,882,000
Net Zero Ready Affordable Rental Construction Pilot Program	2,160,000	-
Next Ride – EV Engagement Campaign	-	1,000,000
Onsite Energy Manager Program	1,200,000	-
Resilient Homes Pilot	-	331,000
Rural New Homes Evaluation Pilot Program	600,000	-
SolarHomes Program	700,000	-
Sustainable Communities Challenge Fund	7,224,000	-
Youth Climate Council Program	-	800,000
Other small grants	663,628	50,125
	<u>\$ 33,193,164</u>	<u>\$ 50,570,111</u>

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# The Green Fund

## Notes to the financial statements

Year ended March 31, 2024

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### 5. Operational expenses

	<u>2024</u>	<u>2023</u>
Administration fees	\$ 2,804	\$ 403
Communication and consulting services	150,220	21,993
Professional services	632,621	514,099
Travel	3,036	114
	<u>\$ 788,681</u>	<u>\$ 536,609</u>

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