



Financial Statements

Develop Nova Scotia Limited

March 31, 2022

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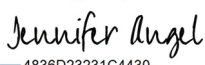
Management statement on financial reporting

To the Shareholder of
Develop Nova Scotia Limited

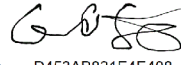
The accompanying financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Management is also responsible to ensure that all information reproduced in the annual report is consistent with the statements. In carrying out its responsibilities, management maintains appropriate systems of internal controls designed to ensure that the financial information produced is relevant and reliable and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

Ultimate responsibility for the financial statements rests with the Board of Directors. A Finance, Audit and Risk Management Committee of non-management Directors is appointed by the Board to review the financial statements in detail with management and to report to the Directors prior to their approval of the financial statements for publication. The Directors have established standards of conduct for employees to prevent conflicts of interest and unauthorized disclosure of confidential information.

The auditors review the financial statements in detail and meet separately with both the Finance, Audit and Risk Management Committee and management to review their findings. Grant Thornton LLP, Chartered Professional Accountants report directly to the Shareholder.

DocuSigned by:

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Jennifer Angel
President & CEO
June 14, 2022

DocuSigned by:

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Gordon Stevens
COO & Vice President, Finance
June 14, 2022

Independent Auditor's Report

To the Shareholder of Develop Nova Scotia Limited

Opinion

We have audited the financial statements of Develop Nova Scotia Limited ("the Corporation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net debt 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 Develop Nova Scotia Limited as at March 31, 2022, and its results of operations, its changes in its net debt, 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 Corporation 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 Statements

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 Corporation'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 Corporation'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 Corporation 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.

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

Halifax, Canada

June 14, 2022

Chartered Professional Accountants

Develop Nova Scotia Limited

Statement of operations

| Year ended March 31 | Budget | 2022 | 2021 |
|---|-----------------------|------------------------------|-----------------------|
| Revenues | | | |
| Provincial grant revenue | \$ 3,957,000 | \$ 4,161,275 | \$ 4,126,266 |
| Rental | 4,146,000 | 3,842,221 | 3,396,588 |
| Recoveries | <u>845,500</u> | <u>844,797</u> | <u>1,180,087</u> |
| | <u>8,948,500</u> | <u>8,848,293</u> | <u>8,702,941</u> |
| Expenses | | | |
| Property expenses (Schedule 1) | 2,542,000 | 3,094,618 | 2,473,768 |
| Corporate expenses (Schedule 2) | <u>6,406,500</u> | <u>5,753,675</u> | <u>6,229,173</u> |
| | <u>8,948,500</u> | <u>8,848,293</u> | <u>8,702,941</u> |
| Annual surplus, before other items | - | - | - |
| Other items | | | |
| Provincial capital grant revenue (note 8) | 8,473,000 | 11,707,903 | 33,458,603 |
| Federal capital grant revenue | 1,829,000 | 1,945,245 | 811,711 |
| Amortization (note 8) | <u>(3,447,000)</u> | <u>(2,981,044)</u> | <u>(2,106,248)</u> |
| Annual surplus (note 9) | 6,855,000 | 10,672,104 | 32,164,066 |
| Accumulated surplus, beginning of year | <u>112,376,554</u> | <u>112,376,554</u> | <u>80,212,488</u> |
| Accumulated surplus, end of year (note 9) | \$ <u>119,231,554</u> | \$ <u>123,048,658</u> | \$ <u>112,376,554</u> |

Develop Nova Scotia Limited

Statement of financial position

March 31

2022

2021

Financial assets

| | | |
|--|------------------|-------------------|
| Cash and cash equivalents | \$ 498,777 | \$ 20,211 |
| Receivables (note 3) | 3,500,475 | 22,355,629 |
| Receivable from the Province of Nova Scotia (note 4) | <u>831,457</u> | <u>831,457</u> |
| | <u>4,830,709</u> | <u>23,207,297</u> |

Liabilities

| | | |
|---------------------------------|------------------|-------------------|
| Payables and accruals (note 5) | 4,144,580 | 18,194,889 |
| Demand credit facility (note 6) | 115,000 | 4,335,000 |
| Deferred revenue (note 7) | <u>3,750,301</u> | <u>3,751,732</u> |
| | <u>8,009,881</u> | <u>26,281,621</u> |

Net debt (Page 6) (3,179,172) (3,074,324)

Non-financial assets

| | | |
|----------------------------------|--------------------|--------------------|
| Prepays | 375,839 | 262,962 |
| Tangible capital assets (note 8) | <u>125,851,991</u> | <u>115,187,916</u> |
| | <u>126,227,830</u> | <u>115,450,878</u> |


Accumulated surplus (note 9) \$ 123,048,658 \$ 112,376,554

Commitments (note 14)

On behalf of the Board

DocuSigned by:

 A3F3ABBA5291471... Director

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 B4F23FEB7169420... Director

Develop Nova Scotia Limited

Statement of change in net debt

| Year ended March 31 | Budget | 2022 | 2021 |
|---|-----------------------|-----------------------|-----------------------|
| Annual surplus | \$ <u>6,855,000</u> | \$ <u>10,672,104</u> | \$ <u>32,164,066</u> |
| Acquisition of tangible capital assets | (10,302,000) | (13,645,119) | (34,270,315) |
| Proceeds on disposal of tangible capital assets | - | - | - |
| Amortization of tangible capital assets | <u>3,447,000</u> | <u>2,981,044</u> | <u>2,106,248</u> |
| | <u>(6,855,000)</u> | <u>(10,664,075)</u> | <u>(32,164,067)</u> |
| Acquisition of prepaid expense | (262,962) | (375,839) | (262,962) |
| Use of prepaid expense | <u>215,641</u> | <u>262,962</u> | <u>215,641</u> |
| | <u>(47,321)</u> | <u>(112,877)</u> | <u>(47,321)</u> |
| Change in net financial assets | <u>(47,321)</u> | <u>(104,848)</u> | <u>(47,322)</u> |
| Net debt, beginning of year | <u>(3,074,324)</u> | <u>(3,074,324)</u> | <u>(3,027,002)</u> |
| Net debt, end of year | \$ <u>(3,121,645)</u> | \$ <u>(3,179,172)</u> | \$ <u>(3,074,324)</u> |

Develop Nova Scotia Limited

Statement of cash flows

Year ended March 31

2022

2021

Increase (decrease) in cash and cash equivalents

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Operating | | |
| Annual surplus | \$ 10,672,104 | \$ 32,164,066 |
| Amortization | <u>2,981,044</u> | <u>2,106,248</u> |
| | 13,653,148 | 34,270,314 |
| Change in non-cash operating working capital (note 11) | <u>4,690,537</u> | <u>(3,873,405)</u> |
| | <u>18,343,685</u> | <u>30,396,909</u> |
| Financing | | |
| (Repayment of) draw on credit facility | <u>(4,220,000)</u> | <u>3,835,000</u> |
| Investing | | |
| Purchase of property and equipment | <u>(13,645,119)</u> | <u>(34,270,315)</u> |
| | <u>(13,645,119)</u> | <u>(34,270,315)</u> |
| Net increase (decrease) in cash and cash equivalents | 478,566 | (38,406) |
| Cash and cash equivalents | | |
| Beginning of year | <u>20,211</u> | <u>58,617</u> |
| End of year | \$ <u>498,777</u> | \$ <u>20,211</u> |

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

1. Nature of operations

Develop Nova Scotia Limited (the "Corporation"), is a provincial Crown Corporation responsible for leading sustainable development of high-potential property and infrastructure across our province to drive economic and population growth. They engage Nova Scotia's diverse communities to lead and support projects that create inclusive, sustainable places that people love.

The Waterfront Development Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976, which became Develop Nova Scotia with Royal Assent of the Develop Nova Scotia Act on October 11, 2018.

The Corporation works closely with partners, stakeholders and industry to create projects that contribute to economic growth and social wellbeing in the province. It also develops and manages an implementation plan to expand high-speed internet across Nova Scotia in connection with the Nova Scotia Internet Funding Trust.

2. Summary of significant accounting policies

The following financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

Revenue recognition

The Corporation accounts for leases with its tenants as operating leases as all the risks and benefits of ownership are retained. Revenue is recognized when services are provided under the terms of each lease. Recovery and other revenues are recorded on an accrual basis as earned, and collectability is reasonably assured.

The Corporation receives amounts which it will use to fund future development projects. As a result, these amounts have been recorded as deferred revenue, and will be recognized as expenses are incurred on the future development projects.

Provincial and federal grant revenues are accounted for as government transfers. Government transfers are recognized as revenue when the transfer is authorized, and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. The assistance is accounted for as a deferred capital grant when amounts have been received but not all eligibility criteria have been met.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Non-financial assets

Tangible capital assets are recorded at cost, which include amounts that are directly related to the acquisition, renovation and development of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, excluding land and waterlots, are amortized over their estimated useful lives on a straight-line basis, with the exception of vehicles which are amortized on a declining balance basis, as follows:

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Non-financial assets (continued)

| | |
|----------------------|---------|
| Buildings | 2%-10% |
| Wharves and walkways | 2%-5% |
| Equipment | 10%-30% |
| Paving | 8% |
| Capital lease | 5% |
| Monuments | 10%-20% |
| Playground | 5% |

Assets under construction are not amortized as they are not available for use.

On an annual basis, the Corporation reviews the carrying amounts of properties held and used in the fulfilling of its mandate. This includes both revenue producing properties, as well as properties held for the greater public use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the statement of operations.

There are ongoing negotiations for potential development projects throughout Nova Scotia. The outcome of these negotiations and the possible financial impact on fair value of the existing land and buildings is indeterminable at this time.

Prepays include prepaid insurance, which is charged to expense within the period(s) expected to benefit from it.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the year. Items requiring the use of significant estimates include the useful life of capital assets, rates for amortization, allowance for doubtful accounts, and liability for contaminated sites.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. Develop Nova Scotia Limited:
 - is directly responsible; or
 - accepts responsibility;
- iv. a reasonable estimate of the amount can be made; and
- v. it is expected that future economic benefits will be given up.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Liability for contaminated sites (continued)

The Corporation has ownership of a significant amount of waterfront lands surrounding the Halifax and Lunenburg harbours in Nova Scotia. These lands are predominantly former industrial sites and can reasonably be anticipated to contain some level of soil contamination. The likelihood and cost of remediation cannot be reasonably estimated due to the following factors:

- i. land holdings subject to potential remediation are limited to future development sites;
- ii. there is no certainty around which sites will ultimately be developed; and
- iii. any potential remediation costs associated with sites having been identified for potential development would be materially impacted by the type of development and the terms of the development agreement to be negotiated. This would include the development footprint and depth, as well as the public space component and terms of the development agreement.

Income taxes

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in banks and bank overdrafts.

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 receivables, receivables from Province of Nova Scotia and Federal government, bank indebtedness, payables and loan payable.

Subsequent measurement

At each reporting date, the Corporation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Corporation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are bank indebtedness, receivables, payables and accruals and loan payable.

For financial assets measured at cost or amortized cost, the Corporation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Corporation 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 Corporation is not exposed to significant interest or credit risks arising from financial instruments.

Non-monetary transactions

Non-monetary transactions are measured at the fair value of the assets or goods and services received or provided, whichever is more reliably determined.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

| 3. Receivables | <u>2022</u> | <u>2021</u> |
|---|---------------------|----------------------|
| Receivables | \$ 608,938 | \$ 1,180,257 |
| Receivable from the Province of Nova Scotia | 2,563,933 | 16,635,787 |
| Harmonized sales tax receivable | 328,649 | 4,544,035 |
| Less: provision for doubtful accounts | <u>(1,045)</u> | <u>(4,450)</u> |
| | \$ 3,500,475 | \$ 22,355,629 |

Receivable from the Province of Nova Scotia as at March 31, 2022 is comprised of \$650,077 (2021 – \$223,706) in operational funding and \$1,913,856 (2021 – \$16,412,081) in capital grant funding, the majority of which relates to economic stimulus infrastructure projects.

| 4. Receivable from the Province of Nova Scotia | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Receivable from the Province of Nova Scotia | \$ 831,457 | \$ 831,457 |

Receivable from the Province of Nova Scotia relates to the insurance proceeds for the loss incurred on the Lunenburg asset in 2014 as a result of a fire of \$831,457 (2021 - \$831,457).

| 5. Payables and accruals | <u>2022</u> | <u>2021</u> |
|---------------------------------|---------------------|----------------------|
| Trade payables and accruals | \$ 3,763,509 | \$ 17,822,048 |
| Salaries and benefits payable | 111,350 | 115,591 |
| Marketing payable | 52,875 | 58,836 |
| Other | <u>216,846</u> | <u>198,414</u> |
| | \$ 4,144,580 | \$ 18,194,889 |

Trade payables and accruals as at March 31, 2022 is comprised of \$1,236,565 (2021 – \$670,954) in operational expenditures and \$2,526,944 (2021 – \$17,151,094) in capital costs, the majority of which relates to economic stimulus infrastructure projects.

| 6. Demand credit facility | <u>2022</u> | <u>2021</u> |
|-------------------------------------|---------------------|---------------------|
| Demand loan | \$ 115,000 | \$ 4,335,000 |
| Bedford waterfront project (note 7) | <u>2,043,155</u> | <u>2,043,155</u> |
| | \$ 2,158,155 | \$ 6,378,155 |

The Corporation has a revolving demand facility, held with the Royal Bank of Canada. This facility is limited to \$6,000,000 in available credit, of which \$5,885,000 (2021 - \$1,665,000) was unused as at March 31, 2022. This credit facility bears interest at prime plus 0.85%. As security over this facility, the Corporation has provided a borrowing resolution regarding banking and security.

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the credit facility. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$115,000 to \$2,158,155 through additional borrowings and other available funding as illustrated above.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2022:

| | Balance at beginning of year | Receipts during year | Related expense incurred | Balance at end of year |
|-------------------------------|------------------------------------|----------------------------|--------------------------------|-----------------------------------|
| Deposits for project | | | | |
| developments and programs | \$ 521,854 | \$ 1,056 | \$ - | \$ 522,910 |
| Bedford waterfront project | 2,043,155 | - | - | 2,043,155 |
| Bishop's Landing Condo waiver | 346,943 | - | - | 346,943 |
| Proceeds from insurance | 831,456 | - | - | 831,456 |
| Prepaid Rent Liability | <u>8,324</u> | <u>-</u> | <u>2,487</u> | <u>5,837</u> |
| | <u>\$ 3,751,732</u> | <u>\$ 1,056</u> | <u>\$ 2,487</u> | <u>\$ 3,750,301</u> |

Deposits for project developments and programs

The Corporation received a deposit from Southwest Properties Limited for development of the Cunard Block property.

Bedford waterfront project

The Corporation has previously received amounts from third parties for depositing fill in Bedford. The intent is to develop the Bedford waterfront property and utilize this long term deferred revenue in that development over future periods.

Bishop's Landing Condo Waiver

The Corporation received amounts from a third party as part of a development agreement for the Halifax waterfront; the intent is to use these funds in the development of the waterfront in future periods around Bishop's Landing.

Receivable from Province of Nova Scotia for insurance proceeds

The Corporation has recorded a long-term receivable and deferred revenue for insurance proceeds related to the loss incurred on the Lunenburg asset in 2014. Revenues will be recognized as the related expenses are incurred to construct a new asset.

Prepaid Rent Liability

The Corporation has some tenants who paid their annual rent in full, thus creating a liability until the service is provided in full.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

8. Tangible capital assets

| March 31, 2022 | Land | Buildings | Wharves and walkways | Waterlots | Equipment | Paving | Capital lease | Landscaping and Monuments | Playground | Assets under Construction (net) | 2022 Total |
|---------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------|---------------------------|-------------------|---------------------------------|-----------------------|
| Cost | | | | | | | | | | | |
| Opening balance | \$ 38,092,328 | \$ 26,850,716 | \$ 24,204,709 | \$ 2,383,328 | \$ 5,943,641 | \$ 1,997,912 | \$ 1,819,472 | \$ 454,680 | \$ 242,298 | \$ 32,883,891 | \$ 134,872,975 |
| Additions | - | 5,224,486 | 34,451,072 | - | 5,531,159 | 726,554 | - | 463,534 | - | 95,902 | 46,492,707 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | 115,000 | - | - | - | - | (115,000) | - | - | (32,847,588) | (32,847,588) |
| Closing balance | 38,092,328 | 32,190,202 | 58,655,781 | 2,383,328 | 11,474,800 | 2,724,466 | 1,704,472 | 918,214 | 242,298 | 132,205 | 148,518,094 |
| Accumulated amortization | | | | | | | | | | | |
| Opening balance | - | 9,254,731 | 4,235,441 | - | 3,570,492 | 516,619 | 1,655,907 | 343,499 | 108,370 | - | 19,685,059 |
| Amortization | - | 884,333 | 932,495 | - | 864,845 | 167,955 | 71,565 | 47,736 | 12,115 | - | 2,981,044 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | 23,000 | - | - | - | - | (23,000) | - | - | - | - |
| Closing balance | - | 10,162,064 | 5,167,936 | - | 4,435,337 | 684,574 | 1,704,472 | 391,235 | 120,485 | - | 22,666,103 |
| Net book value | \$ 38,092,328 | \$ 22,028,138 | \$ 53,487,845 | \$ 2,383,328 | \$ 7,039,463 | \$ 2,039,892 | \$ - | \$ 526,979 | \$ 121,813 | \$ 132,205 | \$ 125,851,991 |

| March 31, 2021 | Land | Buildings | Wharves and walkways | Waterlots | Equipment | Paving | Capital lease | Monuments | Playground | Assets under Construction (net) | 2021 Total |
|---------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------------------|-----------------------|
| Cost | | | | | | | | | | | |
| Opening balance | \$ 38,092,328 | \$ 25,032,933 | \$ 23,572,710 | \$ 2,383,328 | \$ 4,971,474 | \$ 1,997,912 | \$ 1,819,472 | \$ 454,680 | \$ 242,298 | \$ 2,035,525 | \$ 100,602,660 |
| Additions | - | 1,817,783 | 631,999 | - | 972,167 | - | - | - | - | 30,848,366 | 34,270,315 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 38,092,328 | 26,850,716 | 24,204,709 | 2,383,328 | 5,943,641 | 1,997,912 | 1,819,472 | 454,680 | 242,298 | 32,883,891 | 134,872,975 |
| Accumulated amortization | | | | | | | | | | | |
| Opening balance | - | 8,420,935 | 3,679,055 | - | 3,050,724 | 377,726 | 1,614,629 | 339,487 | 96,255 | - | 17,578,811 |
| Amortization | - | 833,796 | 556,386 | - | 519,768 | 138,893 | 41,278 | 4,012 | 12,115 | - | 2,106,248 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | - | 9,254,731 | 4,235,441 | - | 3,570,492 | 516,619 | 1,655,907 | 343,499 | 108,370 | - | 19,685,059 |
| Net book value | \$ 38,092,328 | \$ 17,595,985 | \$ 19,969,268 | \$ 2,383,328 | \$ 2,373,149 | \$ 1,481,293 | \$ 163,565 | \$ 111,181 | \$ 133,928 | \$ 32,883,891 | \$ 115,187,916 |

The capital lease is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

Develop Nova Scotia is leading a series of projects with a focus on developing key waterfront infrastructure and places that support Nova Scotia's working waterfronts and authentic destinations in economic recovery and growth. These projects are funded through economic stimulus capital grants provided by the Province of Nova Scotia.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

8. Tangible capital assets (continued)

Summary of current year additions:

| Asset Type | Description | Total Addition (\$) |
|--|----------------------------------|----------------------------|
| Buildings | Peggy's Cove | \$ 2,491,940 |
| Buildings | COVE - South | 131,230 |
| Buildings | Lunenburg Shipyard | 353,856 |
| Buildings | Zwicker Building | 2,247,460 |
| Total Building Additions | | \$ 5,224,486 |
| Wharves & Walkways | Halifax Boardwalk | \$ 9,789,100 |
| Wharves & Walkways | COVE South | 10,263,878 |
| Wharves & Walkways | Lunenburg Shipyard | 2,522,016 |
| Wharves & Walkways | George's Island | 1,690,932 |
| Wharves & Walkways | Peggy's Cove Viewing Deck | 3,408,755 |
| Wharves & Walkways | Cable Wharf | 3,240,541 |
| Wharves & Walkways | Acadia Wharf | 3,535,850 |
| Total Wharves & Walkways | | \$ 34,451,072 |
| Equipment | Halifax Boardwalk | \$ 894,428 |
| Equipment | Peggy's Cove | 1,351,415 |
| Equipment | Lunenburg Shipyard | 2,488,105 |
| Equipment | COVE South | 797,211 |
| Total Equipment | | \$ 5,531,159 |
| Landscaping & Monuments | Peggy's Cove | \$ 401,123 |
| Landscaping & Monuments | Lunenburg Shipyard | 62,411 |
| Total Landscaping & Monuments | | \$ 463,534 |
| Paving | COVE South | \$ 265,904 |
| Paving | Peggy's Cove | 438,268 |
| Paving | Lunenburg Shipyard | 22,382 |
| Total Paving | | \$ 726,554 |
| Assets Under Construction | Cunard | \$ 95,902 |
| Assets Under Construction | Cable Wharf (transferred) | (2,996,884) |
| Assets Under Construction | George's Island (transferred) | (1,531,788) |
| Assets Under Construction | COVE South (transferred) | (8,616,254) |
| Assets Under Construction | Zwicker Building (transferred) | (1,826,205) |
| Assets Under Construction | Lunenburg Shipyard (transferred) | (5,379,525) |
| Assets Under Construction | Halifax Boardwalk (transferred) | (7,922,918) |
| Assets Under Construction | MMA Acadia Wharf (transferred) | (1,683,080) |
| Assets Under Construction | Peggy's Cove (transferred) | (2,890,934) |
| Total Assets Under Construction | | \$ (32,751,686) |
| TOTAL ADDITIONS 2021-22 | | \$ 13,645,119 |

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

9. Accumulated surplus 2022 2021

The accumulated surplus is made up as follows:

| | | |
|---------------------|-----------------------|-----------------------|
| Accumulated surplus | \$ 109,300,829 | \$ 98,628,725 |
| Contributed surplus | 13,747,826 | 13,747,826 |
| Share capital | <u>3</u> | <u>3</u> |
| | \$ <u>123,048,658</u> | \$ <u>112,376,554</u> |

Authorized:

5,000 shares without nominal or par value

Issued:

3 shares \$ 3 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

The Corporation has recognized a substantial annual and accumulated surplus as a result of the recognition of government transfers related to capital projects. The related cost has been capitalized to tangible capital assets, to be incurred in future years in the form of amortization expense.

10. Employee pension plan

Develop Nova Scotia employees participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Inc., which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total contributions for 2022 were \$269,488 (2021 - \$273,963) and are recognized as an expense during the year. The Corporation is not responsible for any underfunded liability, nor does the Corporation have access to any surplus that may arise in the Plan.

11. Supplemental cash flow information 2022 2021

Change in non-cash operating working capital:

| | | |
|-----------------------|---------------------|-----------------------|
| Receivables | \$ 18,855,154 | \$ (18,969,157) |
| Prepays | (112,877) | (47,321) |
| Payables and accruals | (14,050,309) | 15,224,900 |
| Deferred revenue | <u>(1,431)</u> | <u>(81,827)</u> |
| | \$ <u>4,690,537</u> | \$ <u>(3,873,405)</u> |

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

12. Related party transactions

During the year, the Corporation transacted business with various Departments and Crown Corporations of the Province of Nova Scotia. These transactions included the following:

- a) Rent charged to these entities for use of the Corporation's assets in the amount of \$301,429 (2021 - \$290,069).
- b) Revenues received from related parties include operating and capital grants in the amount of \$16,205,826 (2021 - \$37,738,944).
- c) Payroll benefits, consulting and legal services paid for on behalf of the Corporation by related parties of \$45,000 (2021 - \$71,010).
- d) Payables, paid on behalf of the corporation by related parties of \$47,661 (2021 - \$nil).

All transactions with related parties are in the normal course of operations and are transacted at the exchange amount agreed to by related parties.

13. Employee compensation

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Corporation or in a statement prepared for the purposes of the Act and certified by its auditors. The Corporation has chosen to disclose this required information as part of its audited financial statements.

For the year ended March 31, 2022, the following employees received compensation of \$100,000 or more:

| | |
|---|-----------|
| Jennifer Angel, President & CEO | \$175,138 |
| Gordon Stevens, COO & Vice President Finance | \$150,557 |
| Peter Bigelow, Senior Vice President | \$149,093 |
| Anna Marenick, Senior Director, People and Governance | \$135,097 |
| Eva Parada, Director, Infrastructure | \$122,147 |
| Deborah Page, Director, Marketing & Communications | \$120,991 |
| Kristin O'Toole, Director, Planning | \$115,220 |
| Todd Brayman, Director, Operations and Procurement | \$104,732 |
| Lauren Alexander, Director, Finance | \$103,538 |

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

14. Commitments

Develop Nova Scotia is committed to the completion of major projects under various development and revitalization contracts and capital grant agreements as follows:

| In Agreement With | Project Name | Amount Committed | Description | Completion Date |
|-------------------------|--------------------------------|------------------|---|-----------------|
| Province of Nova Scotia | Cunard Block | \$4,373,000 | Public Space Component to Southwest Properties Development | 2023-2024 |
| Province of Nova Scotia | Yamaha Marine Stock Room | 831,457 | Corresponds to receipt of proceeds that are contingent on this being replaced | Unknown |
| Province of Nova Scotia | Cable Wharf | 576,000 | Repairs to wharf, supporting the historic building | 2022-2023 |
| Province of Nova Scotia | Charlotte St. Redesign, Sydney | 3,000,000 | Revitalization of Charlotte Street, in Sydney. \$1,000,000 per year for 3 years | 2024-2025 |

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2022

15. Budgeted figures

The budgeted figures presented are approved annually by the Board and represent planned revenues and expenses for entity-wide operations. The budgeted figures presented are consistent with Public Sector Accounting Standards. The fiscal 2022 budget was approved by the Board on December 15, 2020.

16. Comparative figures

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

Develop Nova Scotia Limited

Schedule 1 – Property expenses

| Year ended March 31 | Budget | 2022 | 2021 |
|-------------------------------|---------------------|----------------------------|---------------------|
| Expense | | | |
| Equipment and supplies | \$ 86,500 | \$ 65,585 | \$ 64,762 |
| Insurance | 405,000 | 433,026 | 339,633 |
| Landscaping and waste removal | 409,000 | 392,384 | 256,951 |
| Property taxes | 180,000 | 204,341 | 180,107 |
| Repairs and maintenance | 654,500 | 1,254,861 | 812,706 |
| Security | 222,000 | 196,837 | 218,879 |
| Utilities | <u>585,000</u> | <u>547,584</u> | <u>600,730</u> |
| Total expenses | \$ <u>2,542,000</u> | \$ <u>3,094,618</u> | \$ <u>2,473,768</u> |

Develop Nova Scotia Limited

Schedule 2 - Corporate expenses

| Year ended March 31 | Budget | 2022 | 2021 |
|--|---------------------|----------------------------|---------------------|
| Expense | | | |
| Directors' fees and expenses | \$ 60,000 | \$ 45,176 | \$ 64,703 |
| (Recovery) doubtful accounts | 30,000 | (3,405) | 4,450 |
| Loan interest | 5,000 | 5,545 | 9,346 |
| Office operations | 834,000 | 759,279 | 737,789 |
| Professional fees | | | |
| Programs | 160,000 | 478,581 | 518,913 |
| Audit | 28,000 | 25,465 | 27,490 |
| Consulting | 160,000 | 12,030 | 41,890 |
| Legal fees | 90,000 | 108,405 | 94,442 |
| Salaries, contracts and benefits | 4,568,000 | 4,008,542 | 4,079,265 |
| Waterfront promotions and public relations | <u>471,500</u> | <u>314,057</u> | <u>650,885</u> |
| Total expenses | \$ <u>6,406,500</u> | \$ <u>5,753,675</u> | \$ <u>6,229,173</u> |