

**Build Nova Scotia
Financial Statements**

March 31, 2024

Build Nova Scotia
Financial Statements
For the year ended March 31, 2024

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To the Financial Oversight Committee of Build Nova Scotia:

Opinion

We have audited the financial statements of Build Nova Scotia (the "Corporation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes 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 the Corporation as at March 31, 2024, and the results of its operations, 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 the 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 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.

Sydney, Nova Scotia
June 26, 2024

MNP LLP
Chartered Professional Accountants

Management's Responsibility for the Financial Statements

The accompanying financial statements of Build Nova Scotia (the "Corporation") are the responsibility of the Corporation's management and have been prepared in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is described in Note 3 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The financial statements have been audited by MNP LLP; independent external auditors appointed by the Corporation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

David Benoit
President & CEO

Build Nova Scotia Statement of Financial Position

As at March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 6,429,954	\$ 2,241,478
Receivables (note 4)	2,782,125	2,914,851
Receivable from the Province of Nova Scotia (note 5)	1,688,409	4,444,995
Investment in capital leases (note 6)	298,350	394,961
	11,198,838	9,996,285
FINANCIAL LIABILITIES		
Payables and accruals (note 7)	5,790,972	5,231,627
Contamination provision (note 8)	111,434	139,190
Demand credit facility (note 9)	–	80,019
Deferred revenue (note 10)	3,371,560	3,365,870
Asset retirement obligation (note 11)	3,687,833	3,606,091
PSSP retirement health benefit obligation (note 12)	1,204,600	1,117,300
	14,166,399	13,540,097
NET DEBT	(2,967,561)	(3,543,812)
NON-FINANCIAL ASSETS		
Prepaid expenses	780,928	1,073,823
Tangible capital assets (note 13)	129,424,267	133,228,632
	130,205,195	134,302,455
ACCUMULATED SURPLUS	\$ 127,237,634	\$ 130,758,643

Commitments (note 18)

See accompanying notes to financial statements.

On behalf of Management

David Benoit, President and CEO, Build Nova Scotia

Build Nova Scotia Statement of Operations and Accumulated Surplus

	Budget (Unaudited)	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
REVENUES			
Provincial grant revenue	\$ 6,660,000	\$ 5,739,398	\$ 5,813,322
External revenue	5,942,000	6,074,984	1,403,076
Recoveries	12,885,000	7,935,155	3,347,102
Health infrastructure recovery	15,321,000	21,542,249	11,880,739
Sysco recovery	–	218,144	170,860
Interest and other income	–	157,205	80,658
Gain on sale of tangible capital assets	–	232,731	111,405
	<u>40,808,000</u>	<u>41,899,866</u>	<u>22,807,162</u>
EXPENSES			
Property expenses (Schedule 1)	5,446,800	5,181,235	2,592,274
Corporate expenses (Schedule 2)	9,123,870	11,110,834	3,786,452
Project expenses (Schedule 3)	10,916,330	3,778,933	1,274,516
Health infrastructure expenses (Schedule 4)	15,321,000	21,569,107	11,857,713
	<u>40,808,000</u>	<u>41,640,109</u>	<u>19,510,955</u>
ANNUAL SURPLUS	–	259,757	3,296,207
Other items			
Net assets on restructuring	–	–	129,410,174
Provincial capital grant revenue	5,225,000	557,972	657,215
Accretion expense (note 11)	–	(81,742)	(26,352)
Amortization (note 13)	(4,241,000)	(4,169,696)	(1,461,301)
PSSP retirement health benefit expense (note 12)	(241,000)	(87,300)	(1,117,300)
	<u>743,000</u>	<u>(3,780,766)</u>	<u>127,462,436</u>
ANNUAL (DEFICIT) SURPLUS	743,000	(3,521,009)	130,758,643
ACCUMULATED SURPLUS, BEGINNING OF YEAR	130,758,643	130,758,643	–
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 131,501,643</u>	<u>\$ 127,237,634</u>	<u>\$ 130,758,643</u>

See accompanying notes to financial statements.

Build Nova Scotia Statement of Change in Net Debt

	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
ANNUAL SURPLUS (DEFICIT)	\$ (3,521,009)	\$ 130,758,643
Acquisition of tangible capital assets upon restructuring	–	(133,994,172)
Acquisition of tangible capital assets	(557,972)	(707,216)
Amortization of tangible capital assets	4,197,055	1,472,756
Proceeds on disposal of tangible capital assets	398,013	111,405
Gain on sale of tangible capital assets	(232,731)	(111,405)
	283,356	(2,469,989)
Acquisition of prepaid expense	292,895	(1,073,823)
CHANGE IN NET DEBT	576,251	(3,543,812)
NET DEBT, BEGINNING OF YEAR	(3,543,812)	–
NET DEBT, END OF YEAR	\$ (2,967,561)	\$ (3,543,812)

See accompanying notes to financial statements.

Build Nova Scotia Statement of Cash Flows

	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (3,521,009)	\$ 130,758,643
Transfer of cash upon restructuring	–	2,776,738
Transfer of net assets upon restructuring	–	(129,410,174)
Accretion expense	81,742	26,352
Amortization	4,197,055	1,472,756
Gain on sale of tangible capital assets	(232,731)	(111,405)
Remeasurement of contamination provision	2,005	19,384
PSSP retirement health benefit expense	87,300	1,117,300
	614,362	6,649,594
Change in non-cash operating working capital		
Receivables	132,726	2,875,173
Receivable from the Province of Nova Scotia	2,756,586	(13,855,818)
Prepaid expenses	292,895	(135,248)
Payables and accruals	559,345	835,934
Contamination provision	(29,761)	62,647
Deferred revenue	5,690	(502,866)
	3,717,481	(10,720,178)
FINANCING		
Draw down (repayment) on credit facility	(80,019)	80,019
Decrease in capital lease receivable	160,611	27,854
	80,592	107,873
INVESTING		
Purchase of tangible capital assets	(557,972)	(707,216)
Proceeds from maturity of investment	–	6,800,000
Proceeds on sale of tangible capital assets	334,013	111,405
	(223,959)	6,204,189
INCREASE IN CASH AND CASH EQUIVALENTS	4,188,476	2,241,478
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,241,478	–
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,429,954	\$ 2,241,478
Supplementary cash flow information		
Capital lease receivable agreement signed during year	\$ 64,000	–

1. Nature of operations

Build Nova Scotia (the “Corporation”) is a provincial Crown corporation overseeing opportunities to transform Nova Scotia’s provincial lands and properties in ways that drive the economy forward and improve quality of life for all Nova Scotians. Build Nova Scotia stewards projects and properties that support healthy communities, build pride and momentum, and stimulate our economy. These places become a magnet for investment and create the conditions for business and community to grow.

Effective December 1, 2022, Develop Nova Scotia was amalgamated with Nova Scotia Lands Inc. in accordance with the Build Nova Scotia Act, passed by royal assent November 9, 2022. As a result of this amalgamation, effective December 1, 2022, all shares of the former corporations were cancelled and all matters, affairs and actions of the former corporations are assigned to Build Nova Scotia. Further, all assets of the former corporations, including all the rights, titles, and interests of the former Corporation are vested in Build Nova Scotia and all obligations and liabilities of the former Corporation are the obligations and liabilities of Build Nova Scotia.

2. Change in accounting policy

Revenue

Effective April 1, 2023, the corporation adopted the Public Sector Accounting Board’s (PSAB) new standard for the recognition, measurement, and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendation.

3. Summary of significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Cash and cash equivalents

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

(c) 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.

3. Summary of significant accounting policies (continued)

Financial instruments consist of cash and cash equivalents, receivables, payables and accruals and demand credit facility.

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). 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 cash and cash equivalents, receivables, payables and accruals and demand credit facility.

Impairment

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.

(d) Non-financial assets

Tangible capital assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost and include all costs directly attributable to the acquisition. Contributed tangible capital assets are recorded at fair value at the date of acquisition.

The cost, less residual value, of the tangible capital assets, excluding land and water lots, are amortized over their estimated useful lives on a straight-line basis.

	Basis	Rate
Buildings/railroads	Straight-line	10-50 years
Wharves and walkways	Straight-line	20-50 years
Equipment	Straight-line	3-10 years
Site infrastructure (paving/monuments/playground)	Straight-line	5-20 years
Vehicles	Straight-line	3-5 years
Leaseholds	Straight-line	Term of lease
Technology	Straight-line	4 years
Capital lease		as related class

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

3. Summary of significant accounting policies (continued)

On an annual basis, the Corporation reviews the carrying amounts of tangible capital assets 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.

(e) Income taxes

As a provincial crown corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

(f) 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.

(g) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

The liability for the closure and decommissioning of wharves has been recognized based on estimated future expenses. The liability associated with the remediation of contaminants present within a number of buildings owned by the Corporation has also been recognized based on estimated future expenses on retirement of the assets.

(h) Revenue recognition

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis except when accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

3. Summary of significant accounting policies (continued)

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.

Government recoveries are recognized as revenue when expenses are incurred, 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.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

Accounts receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Contamination provision and asset retirement obligations are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become known.

(i) 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.

Build Nova Scotia
Notes to Financial Statements
For the year ended March 31, 2024

4. Receivables

	2024	2023
Trade receivables	\$ 1,271,404	\$ 1,731,520
Sydney Steel Corporation	1,527,163	1,188,218
	2,798,567	2,919,738
Less allowance for doubtful accounts	(16,442)	(4,887)
	\$ 2,782,125	\$ 2,914,851

5. Receivable from the Province of Nova Scotia

	2024	2023
Receivable from the Province of Nova Scotia	\$ 1,688,409	\$ 4,444,995

Receivable from the Province of Nova Scotia relates to insurance proceeds for a loss incurred on the Lunenburg asset in 2014 as a result of a fire of \$831,457 (2023-\$831,457), net trade payable of \$2,830,881 (2023-\$7,447), and asset retirement obligation receivable of \$3,687,833 (2023-\$3,606,091). The province has accepted responsibility to fund the asset retirement obligation as the ARO is accreted to a max value of \$4,435,750.

6. Investment in capital leases

The Corporation entered into capital lease arrangements to sell real and depreciable property. The capital leases are usually for 10-year periods with no implicit interest rates, unless otherwise agreed upon.

	2024	2023
Aqualitas, with lease term from June 2017 to May 2027	\$ 160,900	\$ 211,711
Lunenburg Shipwrights, with lease term from January 2018 to December 2027	86,250	109,250
Membertou First Nation, with lease term from April 2019 to March 2024	–	74,000
Membertou First Nation, with lease term from July 2023 to July 2028	51,200	–
	\$ 298,350	\$ 394,961

Build Nova Scotia
Notes to Financial Statements
For the year ended March 31, 2024

7. Payables and accruals

	2024	2023
Trade payables and accruals	\$ 4,356,987	\$ 3,814,472
Harmonized sales tax payable	114,207	184,700
Salaries and benefits payable	547,285	620,216
Marketing payable	255,817	140,794
Other	516,676	471,445
	\$ 5,790,972	\$ 5,231,627

Trade payables and accruals as at March 31, 2024 is comprised of \$4,075,918 (2023-\$3,313,605) in operational expenditures and \$281,069 (2023-\$500,867) in capital costs.

8. Contamination provision

The contamination provision relates to the estimated cost to remediate the contamination located on lands acquired by the Corporation. The majority of the provision is related to the contamination at the Trenton Commercial Park, which resulted from over a century of industrial operations on the site. The basis of determining the estimate of the liability relies on management's assessment, which is compiled based on the former operator. The assessment is supported by a third-party review of the contamination provision prepared on July 19, 2019.

The contamination provision has been discounted at a rate of 5% (2023-5%) to reflect the fact that the expenditures will be made over several years. The Company has accepted responsibility to fund the remediation of the lands and has estimated the gross contamination provision.

	2024	2023
Balance, beginning of period	\$ 139,190	\$ -
Acquired upon restructuring	-	170,736
Expenditures during the period	(29,761)	(12,162)
Change in estimate of provision	2,005	(19,384)
	\$ 111,434	\$ 139,190

9. Demand credit facility

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 \$6,000,000 is unused as at March 31, 2024 (2023-\$5,919,981). This credit facility bears interest at prime plus 0.85%.

10. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation, or agreement as at March 31, 2024:

	2023			2024	
	Balance at March 31, 2023	Receipts during period	Related expense incurred	Balance at March 31, 2024	
Development projects	\$ 2,390,098	\$ 60,000	\$ –	\$ 2,450,098	
Proceeds from insurance	831,456	–	–	831,456	
Prepaid rent liability	144,316	90,006	(144,316)	90,006	
	\$ 3,365,870	\$ 150,006	\$ (144,316)	\$ 3,371,560	

Development Projects

The Corporation is involved in long-term development projects whereby certain revenues related to these projects are deferred until the project is fully activated.

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 or have chosen to prepay performance rents, thus creating a liability until the service is provided in full.

11. Asset retirement obligation

The Corporation's asset retirement obligation consists of the liability for the closure and decommissioning of wharves and remediation of contaminants present within a number of buildings owned by the Corporation. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. These buildings and wharves have expected useful lives ranging from 1 to 39 years (2023-2 to 40 years). Estimated costs have been discounted to the present value using discount rates ranging from 0% to 3.5% per annum.

Build Nova Scotia
Notes to Financial Statements
For the year ended March 31, 2024

11. Asset retirement obligation (continued)

Changes to the asset retirement obligation in the year are as follows:

	2024	2023
Balance, beginning of period	\$ 3,606,091	\$ –
Acquired upon restructuring	–	3,579,739
Accretion expense	81,742	26,352
	\$ 3,687,833	\$ 3,606,091

12. PSSP retirement health benefit obligation

The corporation is required to carry an obligation related to the future payment of retirement health benefits. This obligation was traditionally held by the Province of Nova Scotia and was transferred to the Corporation at March 31, 2023. The Corporation will engage actuarial services to adjust this liability every 5 years. The most recent actuarial valuation was performed for March 31, 2023:

Discount rate for calculation of net benefit costs	3.18%
Discount rate for disclosure at end of period	3.18%
Health costs escalation rate	4.00%

	2024	2023
Benefit obligation, beginning of year	\$ 1,117,300	\$ –
Current service costs	108,600	37,800
Other (past service costs at December 1, 2022)	–	1,071,200
Interest on accrued employee benefits	35,500	10,700
Employee benefits paid during the year	(7,200)	(2,400)
Actuarial gain	(49,600)	–
	\$ 1,204,600	\$ 1,117,300

Build Nova Scotia
Notes to Financial Statements
For the year ended March 31, 2024

13. Tangible capital assets

									2024	2023
	C O S T				A M O R T I Z A T I O N					
	Balance beginning of year	Additions	Disposals and Write-downs	Balance end of year	Balance beginning of year	Additions	Disposals	Balance end of year	Net book value	Net book value
Land	\$ 40,166,294	\$ –	\$ 165,282	\$ 40,001,012	\$ –	\$ –	\$ –	\$ –	\$ 40,001,012	\$ 40,166,294
Buildings/railroad lines	39,810,431	–	–	39,810,431	12,516,777	1,176,126	–	13,692,903	26,117,528	27,293,654
Wharves and walkways	60,493,306	–	–	60,493,306	6,547,624	1,385,574	–	7,933,198	52,560,108	53,945,682
Equipment	14,104,608	–	–	14,104,608	8,001,847	1,154,457	–	9,156,304	4,948,304	6,102,761
Site infrastructure	4,716,639	–	–	4,716,639	1,668,446	477,889	–	2,146,335	2,570,304	3,048,193
Capital leases	14,297	–	–	14,297	10,784	3,009	–	13,793	504	3,513
Water lots	2,383,329	76,890	–	2,460,219	–	–	–	–	2,460,219	2,383,329
Assets under construction	285,206	481,082	–	766,288	–	–	–	–	766,288	285,206
	<u>\$161,974,110</u>	<u>\$ 557,972</u>	<u>\$ 165,282</u>	<u>\$162,366,800</u>	<u>\$ 28,745,478</u>	<u>\$4,197,055</u>	<u>\$ –</u>	<u>\$ 32,942,533</u>	<u>\$ 129,424,267</u>	<u>\$133,228,632</u>

Amortization of tangible capital assets recognized in the statement of operations is general amortization of \$4,169,696 and health infrastructure amortization (Schedule D) of \$27,359.

14. Employee pension plan

Build 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 the year were \$983,447 (2023-\$362,250) 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.

15. Related party transactions

During the year, the Corporation transacted business with various Departments and Crown Corporations of the Province of Nova Scotia which are considered related parties by virtue of common control. These transactions included the following:

- a) Rent charged to these entities for use of the Corporation’s assets in the amount of \$189,551 (2023-101,746).
- b) Revenues received from related parties include operating and capital grants in the amount of \$35,101,114 (2023-21,451,406).
- c) Consulting and legal services paid for on behalf of the Corporation by related parties of \$45,000 (2023-\$18,333).
- d) Payables, paid on behalf of the corporation by related parties of \$2,570,601 (2023-\$1,809,886).

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

16. 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 April 1, 2023, to March 31, 2024, the following employees received compensation of \$100,000 or more.

<u>Received by</u>	<u>Compensation</u>
Alexander Mitchell	\$ 244,615
David Benoit	223,412
Joyce Diamond	191,406
Gordon Stevens	181,071
Andrew Feener	154,527

Build Nova Scotia
Statement of Disclosure of Compensation
For the year ended March 31, 2024

16. Employee compensation (continued)

<u>Received by</u>	<u>Compensation</u>
Paul Mulak	151,914
Donald Burke	151,503
Jonathan Veale	151,149
Shawn McNutt	146,133
Kenneth Swain	141,223
Kristin O'Toole	139,225
Nicholas Goodine	137,789
Denis Pellichero	136,879
Bonnie Dobson	133,643
Roy MacDonald	131,144
Ray Levy	130,546
Andrew Campbell	130,241
Lauren Alexander	128,557
Michael Munday	127,570
Nancy Soliman	123,973
Todd Brayman	122,189
Stephen MacIsaac	119,692
Stephanie Nowe-Morries	119,460
Marie-Aurore Frey	119,067
Gerald McCarron	116,117
Marie Therese Leblanc	115,941
Paul Frank	114,963
Angela Swaine	113,884
Omar Khartabil	113,499
Tim Coolen	112,625
Christine O'Donnell	112,497
Christian Boudreau	112,106
Randolph Vallis	110,691
David Finlayson	109,624
Robbi Hill	108,170
Richard Rout	107,824
Gail MacDonald	107,504
Cory MacPhee	107,504
Clifford Delaney	104,934
Ryan Flinn	103,436
Joshua Wludyka	103,047
Kelly Rose	102,562
Kevin Kline	102,034
James Webster	101,860
Terry Drisdelle	101,565
Staci Neville	100,532
Nick MacMillan	100,094

17. Financial instrument risk

In the normal course of operations, the Corporation is exposed to a number of risks in relation to financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at March 31, 2024.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risk is related to accounts receivable. The Company monitors the components of accounts receivable on an ongoing basis and records an allowance for doubtful accounts based on its assessment of individual accounts and their eventual collectability.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by constantly monitoring forecasted and actual cash flow and expenditures.

18. Commitments

Build 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	\$3,966,401	Public space component to Southwest Properties Development. Total capital grant \$4,475,000	Fall 2024
Province of Nova Scotia	Boat School Acadia Wharf	\$6,804,318	Creation of boat building school for at risk youth. Total capital grant \$7,062,000	Late 2026
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	Charlotte St. Redesign, Sydney	\$1,000,000	Revitalization of Charlotte Street, in Sydney. Total project \$3,000,000 in \$1,000,000 annual installments from 2023-2025.	2024-2025
Renova Scotia Bioenergy Inc.	Port Mersey	\$1,000,000 annual	Escrow agreement with Emera Energy Inc., Brooklyn Power Corporation Inc., and others dated as of July 22, 2013, regarding environmental remediation, as amended. The Corporation shall pay Brooklyn Power Corporation \$33,500 per month towards fixed operating costs. In addition, the Corporation shall purchase steam from Brooklyn Power Corporation as needed for use in its operations of the Port Mersey site. These payments in aggregate must total a minimum of \$1 million per year.	N/A

19. Contingency

The Company has performed activities under the terms of a remediation agreement which are subject to the mutual approval of the parties involved. Any additional costs required, and settlement of receivables is contingent on approval of the work performed. The outcome of the matter is not determinable and discrepancy upon settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Build Nova Scotia
Schedule 1 – Property Expenses

	Year Ended, March 31, 2024	December 1, 2022 to March 31, 2023
Utilities	\$ 1,810,196	\$ 1,190,527
Property taxes	557,555	346,533
Repairs and maintenance	739,910	277,825
Landscaping and waste removal	390,838	264,518
Insurance	376,217	161,792
Security	357,452	127,314
Cleaning and other	444,062	124,831
Marine repairs and maintenance	319,705	78,509
Equipment and supplies	185,300	20,425
	\$ 5,181,235	\$ 2,592,274

Schedule 2 – Corporate Expenses

	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
Salaries, contracts, and benefits	\$ 7,169,473	\$ 2,209,850
Professional fees		
Programs	1,501,014	1,010,250
Legal fees	70,814	43,622
Audit	43,003	37,054
Consulting	45,032	9,583
Office operations	1,545,564	342,674
Marketing and communications	552,139	128,532
Bad debts	16,442	4,887
Discretionary grant	167,353	–
	\$ 11,110,834	\$ 3,786,452

Build Nova Scotia
Schedule 3 – Project Expenses

	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
Remediation and demolition	\$ 751,060	\$ 354,966
Professional fees	2,915,995	897,732
Grand Lake operating expenses	109,873	41,202
Contamination – change in estimate of provision	2,005	(19,384)
	3,778,933	\$ 1,274,516

Schedule 4 – Health Infrastructure Expenses

	Year Ended March 31, 2024	December 1, 2022 to March 31, 2023
P3 operating	\$ 8,327,041	\$ 7,337,743
Salaries and employee benefits	10,614,956	3,853,712
General and administrative	915,672	374,739
Professional services	666,501	162,595
Other costs	858,533	96,866
Travel	186,404	32,058
	\$ 21,569,107	\$ 11,857,713