

Develop Nova Scotia (formerly Waterfront Development)

Annual Accountability Report

For the Fiscal Year 2018-2019

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Accountability Statement

The Accountability Report of Develop Nova Scotia (formerly Waterfront Development) for the year ended March 31, 2019 is prepared pursuant to the Finance Act and government policies and guidelines.

These authorities require the reporting of outcomes against Develop Nova Scotia's Business Plan for the fiscal year just ended. The reporting of Develop Nova Scotia's outcomes necessarily includes estimates, judgments and opinions by Waterfront Development management.

We acknowledge that this Accountability Report is the responsibility of Develop Nova Scotia management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Develop Nova Scotia's 2018-2019 Business Plan.

Develop Nova Scotia

Minister Geoff MacLellan

Board Chair Dale Godsoe

CEO Jennifer Angel

Message from Board Chair/CEO

2018/2019 was a year of significant change for our organization as we evolved from Waterfront Development to Develop Nova Scotia, and our organization grew to embrace a larger mandate of placemaking across the province, on and off of the waterfront. We took on responsibility for the Internet for Nova Scotia Initiative, a transformative project for Nova Scotia. And we rolled up our sleeves and got to work.

We spent considerable time having conversations with Nova Scotians which has helped to inform a new strategic framework and identify important projects across the province which we can support.

We introduced the role of placemaking for economic development and through a focus on creating great places for people with people, we will contribute to developing a compelling and differentiating value proposition for Nova Scotia.

We changed our name, began the work to build our new brand and we built our team. With a commitment to accessibility, we changed offices and are rethinking our programs to ensure we are building places with all Nova Scotians, in an authentic and inclusive way.

While this transformation was significant, alongside we continued to advance some of the largest projects in our organization's history, in addition to the Internet for Nova Scotia Initiative. Queen's Marque precinct is taking shape, and continues to progress with close to 100,000 square feet of new public realm and three new wharves. This mixed use project by Armour Group is redefining the central waterfront and Halifax skyline, and is "born of this place".

The Centre for Ocean Ventures and Entrepreneurship opened its doors and has successfully attracted more than 50 tenants, some of the best and brightest in Nova Scotia's ocean tech scene. Its brand is building around the globe and this important site for ocean innovation and commercialization contributes to the incredible momentum in our ocean economy.

We continued to enhance the Halifax waterfront, with new amenities, new events and new partners, and added a strategic parcel to our portfolio with the purchase of the Maersk property near Salter Street.

We completed a new working waterfront master plan with Lunenburgers, the product of significant public consultation and stakeholder conversations. This plan will guide our work for the next 5 years and support Lunenburg's development of an active, working waterfront that is an economic engine for this picturesque UNESCO designated Old Town and the province. We currently have more than \$3 million in improvements happening along the waterfront, investment that is funded by multiple partners to support marine business growth and enhanced tourism experiences.

We will continue to model a culture of openness, creativity, a willingness to try new things and a passionate drive to build amazing places that attract and inspire people and investment to Nova Scotia.

Dale Godsoe, CM
Chair of the Board

Jennifer Angel
President & CEO

Financial Results



Financial Summary			
Fiscal Year 2019/20			
	Budget	Actual	Variance
REVENUE			
Rents & Wharfage	3,072,000	2,827,767	(244,233)
Parking	1,487,000	1,614,066	127,066
Other Income	154,000	438,162	284,162
Operating Grant	3,933,000	2,282,522	(1,650,478)
TOTAL OPERATING REVENUE	8,646,000	7,162,517	(1,483,483)
EXPENSES			
Program Expenses	2,279,000	1,768,444	(510,556)
Maintenance/Repairs & Other	1,206,000	1,260,249	54,249
Administrative Expenses	5,161,000	4,133,824	(1,027,176)
TOTAL OPERATING EXPENSES	8,646,000	7,162,517	(1,483,483)
SURPLUS (DEFICIT) BEFORE CAPITAL	0	0	0
CAPITAL GRANTS			
PROVINCIAL	2,190,000	11,888,422	9,698,422
FEDERAL	1,868,000	679,044	(1,188,956)
TOTAL CAPITAL GRANTS	4,058,000	12,567,466	8,509,466
			0
AMMORTIZATION	1,700,000	1,455,457	(244,543)
SURPLUS (DEFICIT) AFTER OTHER ITEMS	2,358,000	11,112,009	8,754,009

REVENUE VARIANCE ANALYSIS

Rent and wharfage revenues were slightly below budget due to a later than anticipated start date at our new facility, COVE, related to construction activity. This was partially offset by stronger performance in our Halifax portfolio due to the continued strength of our retail and food service partners and investments made over the past number of years to improve the overall customer experience.

Parking revenue was higher than budget due primarily to delays in development project approvals in Halifax which allowed us to maintain available parking locations longer than expected.

Other income was higher due to higher recoveries in our marketing and real estate activities.

Provincial operating grant was significantly lower than expected due to the strong performance of our real estate assets and costs related to the transition to our new mandate being lower resulting in a lower required grant to achieve break even.

EXPENSE VARIANCE ANALYSIS

Program expenses were under budget primarily due to timing and capacity constraints as we were building our team to undertake these projects.

Administrative expenses were significantly underspent as the organization transitioned to its new mandate. Salaries and benefits were under budget due to the staggered hiring of new members of our team which was more heavily weighted towards the end of the year.

Facilities expense budgeted in anticipation of moving to new premises in 2018/19 didn't occur prior to year-end. This move occurred in June 2019 and as a result no expense was incurred in fiscal 2018/19.

Transition marketing costs related to our new identity, Develop Nova Scotia, were lower than expected primarily due to the timing of expenses not occurring prior to March 31.

CAPITAL GRANTS

Significant variances in Provincial Capital Grants relate primarily to asset acquisitions and development activities. The Corporation received a \$3.8 million capital grant for the strategic purchase of the Maersk/Svitzer wharves on the Halifax waterfront. Also, there was an additional \$6.5 million capital grant related to the construction of COVE which was completed in the fiscal year and is now fully operational. Other smaller variances related to Queen's Marque and timeline changes with respect to the Cable Wharf recapitalization project.

Measuring Our Performance

Build On Ocean Advantage

Develop highest potential property and infrastructure to attract people and investment to Nova Scotia

Halifax Waterfront Developments

- Queen's Marque Precinct

Significant progress continues at the \$200M Queen's Marque precinct in partnership with Armour Group Limited. Expected to open in 2020, this will create new places to live, work, stay and play in the centre of downtown Halifax, and create more than 2.3 acres of new public space, 3 new piers and a continuous public boardwalk which we will oversee and program.

- Cunard Project

Southwest Properties and Develop Nova Scotia continue to work together to advance the Cunard project at the south waterfront -- a mixed-use project that will include residential density and a substantial new public realm with a focus on play.

- Arts District

Develop Nova Scotia engaged in the planning and public consultation to help build a business case for a proposed cultural hub/arts district on the Halifax waterfront. The proposed cultural hub will help position Nova Scotia as a world leader in the visual arts, and create an exciting new public space on the Halifax waterfront which we will lead robust public consultation around.

Tourism Revitalization of Icons Program

In 2018, the Tourism Revitalization of Icons Program (TRIP) was announced. Administered by Tourism Nova Scotia, the province has committed \$6 million over three years to to enhance visitor access and experiences, and help motivate people to travel to Nova Scotia.

Of the five sites identified, Develop Nova Scotia is leading three. In addition to the Harbour Islands Visitor Experience Strategy outlined under the Connect Nova Scotia section in this report, these projects include:

Peggys Cove: \$2 million is earmarked to lead the planning and implementation of tourism infrastructure enhancements at Peggy's Cove, which includes robust consultation with community and business stakeholders. As of March 31, 2019 a draft report is well underway.

Big Boat Shed, Lunenburg Waterfront: A \$750,000 investment was announced through TRIP for a project on Lunenburg's working waterfront. In 2019, additional partnership investments included \$500,00 from ACOA and \$250,000 from Develop Nova Scotia. This \$1.5 million project will see the revitalization of this historic shipbuilding site to facilitate and enable traditional boatbuilding and the addition of an interpretive centre which the Fisheries Museum of the Atlantic will program and oversee. Phase one is expected to be complete by spring 2020 with Phase two completed for summer of 2021.

Lunenburg Working Waterfront

Our work to revitalize Lunenburg's working waterfront continued this year, with substantial community and stakeholder consultation to shape the five year Lunenburg Working Waterfront Master Plan with the community.

Develop Nova Scotia continues to look at priority projects such as the revitalization of the Zwicker Wharf precinct. Work in 2018/19 included building stabilization that saw helical piles installed under the south end of the building to stabilize the foundation. Plans continue to be developed to look at the substantial renovation of the property to enable occupancy and secure long-term tenants.

Ocean Gear is a growing marine services business supporting key marine industries in Nova Scotia employing approximately 30 people in Lunenburg. Develop Nova Scotia leases waterfront land to Ocean Gear. In 2018/19, investment to repair the seawall on this property and tie it into adjacent properties got underway. This will ensure the long-term use of the area between the wharves and enable Ocean Gear to continue to operate and grow its business supporting the marine services economy.

Plan with Nova Scotians

Engage with Nova Scotians, including marginalized and diverse communities, to create authentic, local places for everyone.

Diversity & Inclusion Engagement Program

Public engagement and consultation is a critical component of placemaking, and therefore Develop Nova Scotia's work. Recognizing not all members of the community are represented through traditional public engagement, in 2018/19 Develop Nova Scotia worked with community to develop a new framework and toolkit to ensure it is providing opportunities for all Nova Scotians in its planning process. A Youth and Diversity Consultation Toolbox is under development and will be launched in 2019.

Indigenous Waterfront

Recognizing Nova Scotia is the ancestral territory of the Mi'kmaq people, whose history in this region dates back more than 10,000 years, in late fall 2018 Develop Nova Scotia established a working relationship with the Assembly of First Nations. The purpose of this group is to facilitate work with the Mi'kmaq community to tell their story in the public realm in Nova Scotia. As the first part this longer-term objective, Develop Nova Scotia is advancing plans for an Indigenous waterfront program, beginning with the Halifax waterfront.

Boardwalk Events Strategy/Programming (Halifax/Provincial)

Develop Nova Scotia continues to enhance and grow our boardwalk program with partners and with a focus on locals. New high quality programming with an emphasis on free, family friendly events were introduced in 2018/19 to complement the 40 plus events that take place annually around Halifax Harbour and the Lunenburg waterfront.

These included the Mosaic Festival on the Halifax waterfront, and in Lunenburg Wednesdays on the Wharf, and Saturdays on the Lunenburg Waterfront.

As Develop Nova Scotia, we are now expanding our focus to work with communities right around the province to build places that attract people and investment, many of which are at the water's edge.

Our seacoast remains a primary tourism driver. Working closely with Tourism Nova Scotia and operators around the province, we will provide planning and development support to enhance key destinations and to create new experiences to explore.

Accessible Places

In 2018, Develop Nova Scotia began work to create a more accessible waterfront, with a view to ensure all developments prioritize accessibility. Through engagement with members of the community and the Accessibility Directorate, an Accessibility Plan is in development and will be delivered in the summer of 2019. As part of this work, key Develop Nova Scotia staff have also participated in accessibility training.

Connect Nova Scotia

Develop infrastructure that connects Nova Scotians to the world and to each other leverages strong places for rural economic growth

Internet for Nova Scotia Initiative

In June 2018 the province set up the Nova Scotia Internet Funding Trust, where it placed \$193 million, one of Canada's largest per capita contributions by a province to address the challenges of accessing reliable, high-speed internet in rural areas. In July 2018, Develop Nova Scotia was given the mandate for implementation of the provincial rural internet strategy, and is now contracted by the Internet Funding Trust for strategy, implementation, and ongoing management and monitoring of funded projects, as well as recommendations for the effective distribution of the Trust's funds.

The Internet for Nova Scotia Initiative is estimated to be a \$500 million undertaking that will require further leveraging of funding from all levels of government as well as the private sector in order to reach the target of providing access to more than 95% of Nova Scotia's rural homes and businesses.

Between July 2018 and March 31, 2019 Develop Nova Scotia accomplished the following to progress the Internet for Nova Scotia Initiative forward as quickly as possible:

- Expanded the organization to include staff relevant to the internet initiative;
- Developed an implementation strategy;
- Completed 2 rounds of robust key stakeholder engagement province-wide;
- Completed a competitive process to prequalify organizations to bid on projects to extend access to rural homes and business;
- Assessed all approved Connect to Innovate projects that had identified provincial funding and approved them for funding; and
- Developed a competitive 2-stage RFP process to move projects forward as quickly as possible and ensure connections are made in 2019.

Harbour Islands Strategy

The Harbour Islands Strategy is part of the \$1.5 million announced in July 2018 for the Halifax waterfront under the Tourism Revitalization of Icons Program, administered by Tourism Nova Scotia. On February 12, 2019 it was announced that \$100,000 would be invested to have Develop Nova Scotia lead the creation of a Visitor Experience Strategy for the Halifax Harbour islands, with a focus on Georges and McNabs Islands.

As a first step to unlocking the islands, and in order to understand their potential, Develop Nova Scotia consulted with 1,150 island partner organizations, business and tourism operators, special interest groups, and members of the public to determine which island activities would be possible. At March 31, 2019 a draft Visitor Experience Strategy was developed to help guide infrastructure investments and future programming on the Harbour Islands in order to connect both visitors and locals alike.

Regional Representation for Develop Nova Scotia

In July 2018 the mandate for Develop Nova Scotia in placemaking and its contribution to inclusive economic growth was expanded province-wide. Under the previous mandate as Waterfront Development, the Board of Directors was representative of the geographic areas covered by its mandate, Halifax and Lunenburg. Opening up the organization's focus to the entire province meant the Board of Directors needed to expand with more regional and rural representation. In January 2019, five new members were appointed by the province of Nova Scotia to Develop Nova Scotia, bringing the total board complement to 14, with representation from Halifax, Lunenburg, Cape Breton, Hants County, Cumberland County, and Yarmouth. Develop Nova Scotia also created three new positions to provide regional representation to the team. At March 31, 2019 the Regional Lead, Project Planning and Delivery were in market with active recruitment underway. The positions will develop close working relationships with local community stakeholders and identify key placemaking projects with strong opportunity to attract people and investment to Nova Scotia.

Taste of Nova Scotia Trails Program

Connecting Nova Scotians also involves connecting projects, programs and businesses across Nova Scotia to leverage strengths and build a strong and cohesive place value proposition to help attract people, visitors and investment. The Taste of Nova Scotia Trails Program was identified as an opportunity to help enhance an already successful culinary tourism program to benefit more than 200 Taste of Nova Scotia members, mostly small to medium sized private sector businesses across the province, many of which are based in rural areas. During the 2018/19 fiscal period Develop Nova Scotia established a working team to investigate how the organization and its work and focus on physical infrastructure and program might support the Trails Program. An application to Invest Nova Scotia is underway which will include a master planning process, an exploration of a trail head in Halifax, signage and other connective and digital infrastructure to enhance the visitor experience and enable small business growth.

Foster Innovation

Create places and infrastructure to support business innovation, collaboration and growth

COVE (Centre for Ocean Ventures and Entrepreneurship)

During the first half of fiscal 2018/2019, Develop Nova Scotia was focused on completion of the construction for the recapitalization of the buildings and wharves at COVE. The work on tenant leasing initiated the year before was also a focus for the team. In June 2018, the Centre for Ocean Ventures and Entrepreneurship (COVE) officially opened with more than 40 leases signed or in negotiation. At March 31, 2019 COVE had an occupancy rate of more than 75%, with multiple new tenants in the pipeline.

Creative Island Plan

In 2018/2019, Develop Nova Scotia was focused on identifying opportunities to extend the innovation district model to rural areas and leveraging the emerging areas of regional specialization identified by the province. With a view to support innovation projects with consistent backbone programming, marketing and infrastructure, the Cape Breton Partnership's Creative Island Strategy was identified for possible Develop Nova Scotia involvement. The Strategy outlines a vision for an innovative, connected Cape Breton leveraging low cost of living and robust creative culture to attract creative sector and start-ups around the Island. At March 31, 2019 a working relationship with Cape Breton Partnership had been established and possible areas of partnership were being scoped.

Halifax Innovation District

The Halifax Innovation District, with the Harbour at its centre, is bound by world-class research institutions, and is now anchored in COVE and Volta. In 2018/2019 the continuing development of the District benefitted from commercial activities in the downtown core, a significant portion of which is taking place on or near the Halifax Waterfront. At the request of its shareholder, Develop Nova Scotia assumed responsibility for bringing a placemaking lens to work being undertaken by those charged with the development of the Halifax Innovation District. In addition, the team's ongoing improvements to the public realm experience continues to support creative entrepreneurs across high potential sectors.

Outcomes

Commercial Revenue

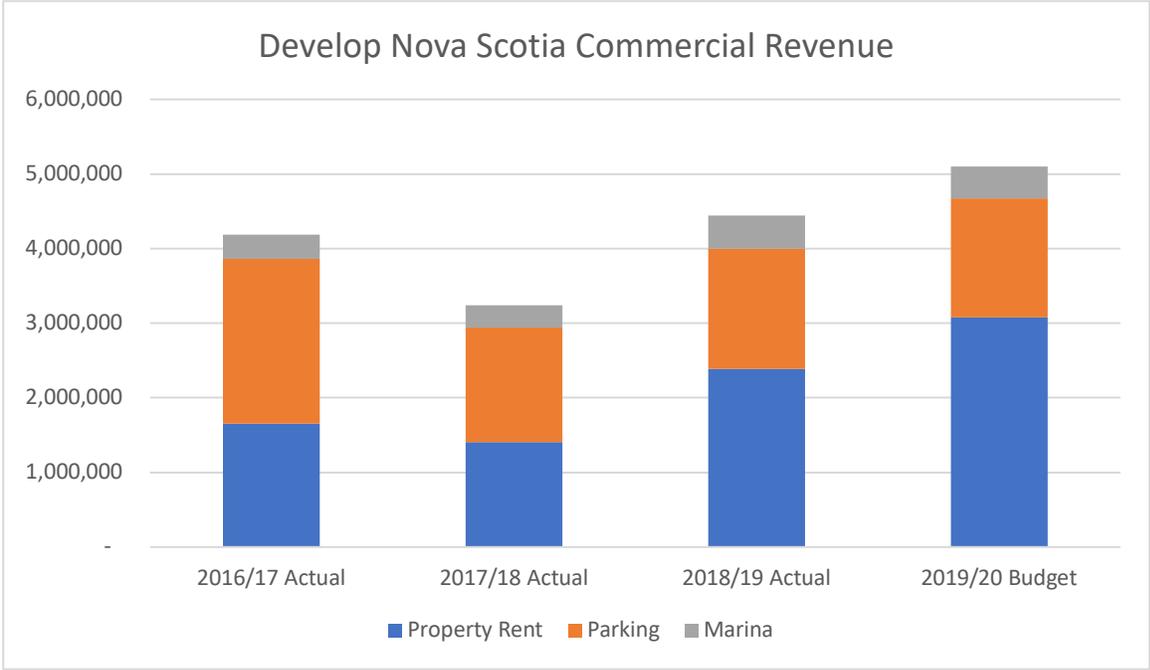
Outcome: Operate waterfront properties to be financially self-sufficient, to contribute to the organizations broader strategic goals and to support strategic sector growth.

An important part of the revitalization of our waterfront lands is their use by the private sector, generating economic activity and supporting commercial activity in the tourism sector and in marine dependent uses. Growth in revenue is one indicator of our impact in this regard both from a tenant occupancy perspective but also because we share in our tenants success through rents based on a percentage of sales.

In 2018/19 we completed construction of our COVE site – the impact on revenue in the current year was not a significant driver of growth, but it is expected to be a more significant contribution in 2019/20.

Parking revenue was flat in 2018/19 compared to the prior year and is expected to become less important over time as properties currently in use for parking are developed for higher impact uses from a commercial and social perspective.

Marina revenues were up significantly over the prior year. This was due to the addition of wharves at COVE as well as higher utilization of our Halifax facilities. The organization has increased the marketing of our facilities as well as physical improvements that will result in continued growth in this area.



Visitor Satisfaction

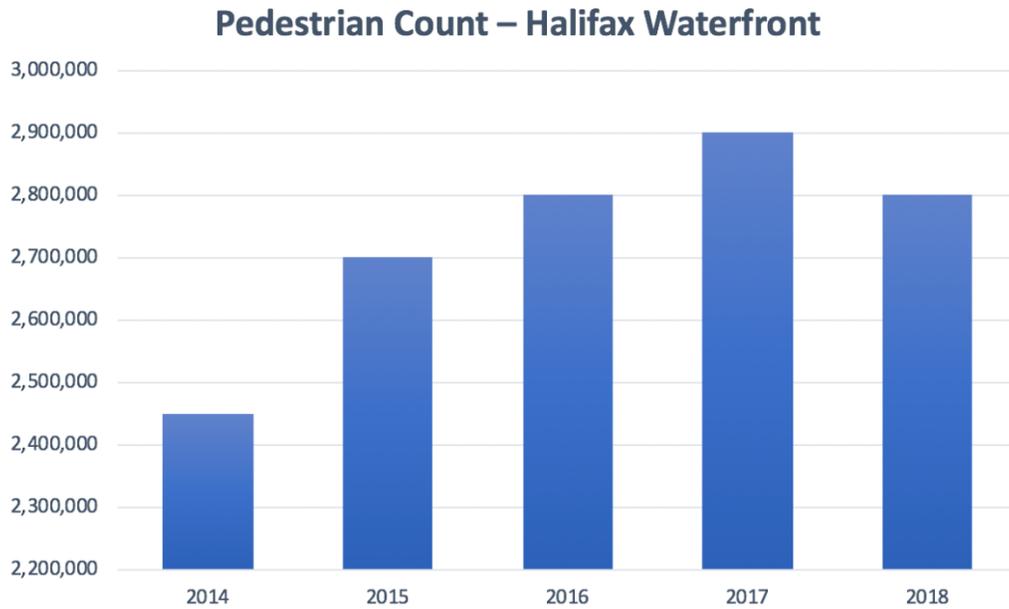
Outcome: A significant number of visitors come to the waterfronts annually and the economic activities of these visits help to support both the local and provincial economies. Measurement of activity and quality of experience are critical feedback components of Develop Nova Scotia’s effort to continuously improve the waterfronts under our management and now with our expanded mandate new properties and projects we are involved in such as Peggys Cove.

Visitation to the Halifax waterfront has generally increased year over year. In 2017, there was an additional bump with the large scale international event Rendez-Vous Tall Ships Regatta and Canada 150 activation and programming. The estimated visitation was approximately 2.9 million. In 2018, visitation was approximately 2.8 million people (the decline in 2018 over 2017 (but consistent with 2016 levels) is consistent with overall tourism results for the province in 2018).

The addition of pedestrian counters to the Halifax waterfront enables more reliable measurement of visitation as well as site specific counts. Pedestrian counters will be installed on the Lunenburg waterfront and Peggys Cove in the summer of 2019 to establish a baseline for those key sites.

Satisfaction Surveys

Competing priorities meant some measures such as satisfaction surveys were not implemented but are in the midst of being rolled out in the next fiscal year in key areas.



Supplemental Information and Appendices

Financial statements attached



Financial Statements

Develop Nova Scotia Limited

March 31, 2019

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Management statement on financial reporting

To the Shareholder of
Develop Nova Scotia Limited

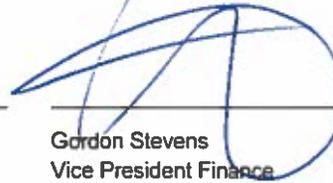
The accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Management is also responsible to ensure that all information reproduced in the annual report is consistent with the statements. In carrying out its responsibilities, 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 consolidated 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 consolidated financial statements in detail with management and to report to the Directors prior to their approval of the consolidated 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 consolidated 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.



Jennifer Angel
President & CEO
June 12, 2019



Gordon Stevens
Vice President Finance
June 12, 2019

Independent auditor's report

To the Shareholder of
Develop Nova Scotia Limited

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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, 2019, 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, 2019, 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 Entity 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 12, 2019

Chartered Professional Accountants
Licensed Public Accountants

Develop Nova Scotia Limited

Statement of operations

Year ended March 31	Budget	2019	2018
Revenues			
Provincial grant revenue	\$ 3,933,000	\$ 2,282,522	\$ 1,425,000
Rents	4,559,000	4,441,833	3,312,059
Tall Ships Nova Scotia Festival	-	-	2,758,411
Lunenburg real estate and development projects	-	-	540,609
Other income	-	-	478,944
Recoveries	154,000	438,162	292,255
	<u>8,646,000</u>	<u>7,162,517</u>	<u>8,807,278</u>
Expenses			
Property expenses (Schedule 1)	2,200,000	2,052,566	1,506,202
Corporate expenses (Schedule 2)	6,446,000	5,109,951	2,760,806
Tall Ships Nova Scotia Festival	-	-	2,610,160
	<u>8,646,000</u>	<u>7,162,517</u>	<u>6,877,168</u>
Annual surplus, before other items	-	-	1,930,110
Other items			
Provincial capital grant revenue	2,190,000	11,888,422	13,959,752
Federal capital grant revenue	1,868,000	679,044	6,546,350
Amortization	(1,700,000)	(1,455,457)	(853,280)
Gain on disposal of capital asset	-	-	820,192
Annual surplus	2,358,000	11,112,009	22,403,124
Accumulated surplus, beginning of year	<u>65,026,179</u>	<u>65,026,179</u>	<u>42,623,055</u>
Accumulated surplus, end of year	\$ <u>67,384,179</u>	\$ <u>76,138,188</u>	\$ <u>65,026,179</u>

Develop Nova Scotia Limited
Statement of financial position

March 31

2019

2018

Financial assets

Cash and cash equivalents	\$ 42,344	\$ -
Receivables (note 3)	945,135	1,773,076
Receivable from the Province of Nova Scotia (note 4)	-	3,625,759
Receivable from Federal government	-	839,765
	<u>987,479</u>	<u>6,238,600</u>

Liabilities

Bank indebtedness	-	1,017,862
Payables and accruals (note 5)	2,311,340	1,882,509
Payable to the Province of Nova Scotia (note 4)	186,614	-
Loan payable (note 6)	285,000	4,454,750
Deferred revenue (note 7)	<u>3,488,081</u>	<u>3,486,282</u>
	<u>6,271,035</u>	<u>10,841,403</u>

Net debt (5,283,556) (4,602,803)

Non-financial assets

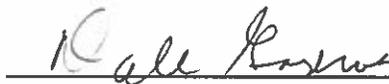
Prepays	216,111	119,864
Tangible capital assets (note 8)	<u>81,205,633</u>	<u>69,509,118</u>
	<u>81,421,744</u>	<u>69,628,982</u>

Accumulated surplus (note 9) \$ 76,138,188 \$ 65,026,179

Commitments (note 14)

On behalf of the Board

 Director

 Director

Develop Nova Scotia Limited

Statement of change in net debt

Year ended March 31	Budget	2019	2018
Annual surplus	\$ <u>2,358,000</u>	\$ <u>11,112,009</u>	\$ <u>22,403,124</u>
Acquisition of tangible capital assets	(4,858,000)	(13,155,954)	(22,346,515)
Proceeds on disposal of tangible capital assets	-	3,982	26,837
Amortization of tangible capital assets	1,700,000	1,455,457	853,280
Gain on disposal of capital asset	<u>-</u>	<u>-</u>	<u>(820,192)</u>
	<u>(3,158,000)</u>	<u>(11,696,515)</u>	<u>(22,286,590)</u>
Acquisition of prepaid expense	(119,864)	(216,111)	(119,864)
Use of prepaid expense	<u>119,864</u>	<u>119,864</u>	<u>107,793</u>
	<u>-</u>	<u>(96,247)</u>	<u>(12,071)</u>
Change in net financial assets	<u>(800,000)</u>	<u>(680,753)</u>	<u>104,463</u>
Net debt, beginning of year	<u>(4,602,803)</u>	<u>(4,602,803)</u>	<u>(4,707,266)</u>
Net debt, end of year	\$ <u>(5,402,803)</u>	\$ <u>(5,283,556)</u>	\$ <u>(4,602,803)</u>

Develop Nova Scotia Limited

Statement of cash flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

	2019	2018
Operating		
Annual surplus	\$ 11,112,009	\$ 22,403,124
Amortization	1,455,457	853,280
Gain on disposal of capital asset	-	(820,192)
	<u>12,567,466</u>	<u>22,436,212</u>
Change in non-cash operating working capital (note 11)	<u>5,814,462</u>	<u>(3,032,139)</u>
	<u>18,381,928</u>	<u>19,404,073</u>
Financing		
(Repayment) draw on loan payable	<u>(4,169,750)</u>	<u>2,464,750</u>
Investing		
Purchase of property and equipment	(13,155,954)	(22,346,515)
Proceeds on disposal of property and equipment	3,982	26,837
	<u>(13,151,972)</u>	<u>(22,319,678)</u>
Net increase (decrease) in cash and cash equivalents	1,060,206	(450,855)
Cash and cash equivalents (bank indebtedness)		
Beginning of year	<u>(1,017,862)</u>	<u>(567,007)</u>
End of year	\$ <u>42,344</u>	\$ <u>(1,017,862)</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

1. Nature of operations

The Crown Corporation, Waterfront Development Corporation Limited, officially became Develop Nova Scotia Limited (the "Corporation") with province wide responsibility for strategic economic infrastructure and property on September 25, 2018. The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976.

The Corporation works closely with partners, stakeholders and industry to create projects that contribute to inclusive economic growth in the province. It also develops and manages an implementation plan to expand high-speed internet in rural 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.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Non-financial assets (continued)

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10-50 years
Wharves and walkways	10-50 years
Equipment	3-10 years
Paving	10-50 years
Capital lease	45 years
Monuments	5-20 years
Playground	20 years

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 on the Bedford, Dartmouth, Halifax, and Lunenburg waterfronts. 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 and are charged to expense over the periods 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:

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Liability for contaminated sites (continued)

- 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.

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.

The Corporation has completed responsibilities for site remediation as per the terms of the land lease with Armour Group. The land lease was signed and is effective August 1, 2017.

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. There is an operating line loan, with credit available up to \$6 million at prime rate plus 1%. At year end \$285,000 has been drawn on the line.

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.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement (continued)

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.

3. Receivables	<u>2019</u>	<u>2018</u>
Receivables	\$ 655,248	\$ 452,749
Harmonized sales tax receivable	312,668	1,344,737
Less: provision for doubtful accounts	<u>(22,781)</u>	<u>(24,410)</u>
	<u>\$ 945,135</u>	<u>\$ 1,773,076</u>

4. Receivable from (payable to) the Province of Nova Scotia	<u>2019</u>	<u>2018</u>
Receivable from the Province of Nova Scotia	\$ 831,456	\$ 3,625,759
Payable to the Province of Nova Scotia	<u>(1,018,070)</u>	<u>-</u>
	<u>(186,614)</u>	<u>3,625,759</u>

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 \$831,456 (2018 - \$831,456).

Payable to the Province of Nova Scotia includes overpayments received by the Corporation relating to the provincial operating grant and reimbursement for funds received from the Atlantic Canada Opportunities Agency for the development of the Centre for Ocean Ventures and Entrepreneurship.

5. Payables and accruals	<u>2019</u>	<u>2018</u>
Payables and accruals	\$ 2,045,344	\$ 1,582,861
Salaries and benefits payable	28,816	26,272
Marketing payable	30,543	75,137
Other	<u>206,637</u>	<u>198,239</u>
	<u>\$ 2,311,340</u>	<u>\$ 1,882,509</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

6. Loan payable

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the revolving operating line loan at prime rate plus 1%. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$285,000 to \$2,328,155 through additional borrowings and other available funding as illustrated below:

	<u>2019</u>	<u>2018</u>
Demand loan	\$ 285,000	\$ 4,454,750
Bedford waterfront project (note 7)	<u>2,043,155</u>	<u>2,044,865</u>
	<u>\$ 2,328,155</u>	<u>\$ 6,499,615</u>

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2019:

	<u>Balance at beginning of year</u>	<u>Receipts during year</u>	<u>Related expense incurred</u>	<u>Balance at end of year</u>
Deposits for project developments and programs	\$ 263,018	\$ 3,509	\$ -	\$ 266,527
Bedford waterfront project	2,044,865	-	1,710	2,043,155
Development of Halifax waterfront	346,943	-	-	346,943
Proceeds from insurance	<u>831,456</u>	<u>-</u>	<u>-</u>	<u>831,456</u>
	<u>\$ 3,486,282</u>	<u>\$ 3,509</u>	<u>\$ 1,710</u>	<u>\$ 3,488,081</u>

Deposits for project developments and programs

The Corporation received a deposit from Southwest Properties Limited for future 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.

Development of Halifax waterfront

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.

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.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

8. Tangible capital assets

March 31, 2019

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg	Playground	Assets under Construction	2019 Total
Cost												
Opening balance	\$ 36,833,658	\$ 11,182,521	\$ 8,342,542	\$ 1,283,329	\$ 3,714,816	\$ 326,080	\$ 1,704,472	\$ 454,680	\$ 4,621,783	\$ 242,298	\$ 15,049,755	\$ 83,755,934
Additions	222,843	3,824	3,872,749	-	1,755	82,506	115,000	-	256,137	-	8,601,140	13,155,954
Disposals	-	-	-	-	(156,708)	-	-	-	-	-	-	(156,708)
Transfers	(989,393)	12,020,328	7,877,354	1,099,999	1,411,611	1,484,326	-	-	(24,977)	-	(22,879,248)	-
Closing balance	36,067,108	23,206,673	20,092,645	2,383,328	4,971,474	1,892,912	1,819,472	454,680	4,852,943	242,298	771,647	96,755,180
Accumulated amortization												
Opening balance	-	6,718,915	2,593,748	-	2,265,279	173,013	1,526,322	315,910	581,603	72,026	-	14,246,816
Amortization	-	509,662	336,574	-	400,734	70,020	52,474	12,455	61,424	12,114	-	1,455,457
Disposals	-	-	-	-	(147,281)	-	(5,445)	-	-	-	-	(152,726)
Closing balance	-	7,228,577	2,930,322	-	2,518,732	243,033	1,573,351	328,365	643,027	84,140	-	15,549,547
Net book value	\$ 36,067,108	\$ 15,978,096	\$ 17,162,323	\$ 2,383,328	\$ 2,452,742	\$ 1,649,879	\$ 246,121	\$ 126,315	\$ 4,209,916	\$ 158,158	\$ 771,647	\$ 81,205,633

March 31, 2018

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg	Playground	Assets under Construction	2018 Total
Cost												
Opening balance	\$ 27,369,199	\$ 10,763,466	\$ 8,998,375	\$ 1,252,947	\$ 3,190,159	\$ 322,832	\$ 1,704,472	\$ 449,009	\$ 4,644,255	\$ 242,298	\$ 1,966,159	\$ 60,903,171
Additions	10,073,376	419,055	-	30,382	524,657	3,248	-	5,671	30,025	-	13,638,943	24,725,357
Disposals	(608,917)	-	(655,833)	-	-	-	-	-	(52,497)	-	(555,347)	(1,872,594)
Closing balance	36,833,658	11,182,521	8,342,542	1,283,329	3,714,816	326,080	1,704,472	454,680	4,621,783	242,298	15,049,755	83,755,934
Accumulated amortization												
Opening balance	-	6,474,663	2,680,672	-	1,981,514	167,780	1,490,794	301,071	524,238	59,911	-	13,680,643
Amortization	-	244,252	200,183	-	283,765	5,233	35,528	14,839	57,365	12,115	-	853,280
Disposals	-	-	(287,107)	-	-	-	-	-	-	-	-	(287,107)
Closing balance	-	6,718,915	2,593,748	-	2,265,279	173,013	1,526,322	315,910	581,603	72,026	-	14,246,816
Net book value	\$ 36,833,658	\$ 4,463,606	\$ 5,748,794	\$ 1,283,329	\$ 1,449,537	\$ 153,067	\$ 178,150	\$ 138,770	\$ 4,040,180	\$ 170,272	\$ 15,049,755	\$ 69,509,118

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.

Lunenburg assets include Land, Buildings, and Wharves and walkways

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

9. Accumulated surplus 2019 2018

The accumulated surplus is made up as follows:

Accumulated surplus	\$ 62,390,359	\$ 51,278,350
Contributed surplus	13,747,826	13,747,826
Share capital	<u>3</u>	<u>3</u>
	<u>\$ 76,138,188</u>	<u>\$ 65,026,179</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 accumulated surplus as a result of the recognition of government transfers related to capital projects. The related expenses have 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 2019 were \$244,998 (2018 - \$102,376) 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 2019 2018

Change in non-cash operating working capital:

Receivables	\$ 5,293,465	\$ (1,430,728)
Prepays	(96,247)	(12,071)
Payables and accruals	615,445	(1,146,698)
Deferred revenue	<u>1,799</u>	<u>(442,642)</u>
	<u>\$ 5,814,462</u>	<u>\$ (3,032,139)</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

12. Wind-up of 3104102 Nova Scotia Limited

During the year, The Corporation's wholly owned subsidiary, 3104102 Nova Scotia Limited, was wound up, and as a result the assets and liabilities have been assumed by the Corporation. The assets include land, building, and wharves in Lunenburg with a total net book value of \$2,717,543. In previous years, this company was consolidated with Develop Nova Scotia's audited financial statements.

13. 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 rent charged to these entities for use of the Corporation's assets. Other revenues received from related parties include operating and capital grants. Various expenditures were incurred by the Corporation for transactions with these same related parties for payroll benefits, consulting and legal services. All transactions with related parties are in the normal course of operations and are transacted at the exchange amount agreed to by related parties.

14. Commitments

- (i) During the 2013 fiscal year, Waterfront Development Corporation Limited, now Develop Nova Scotia Limited, issued a request for proposals for the development of the property known as Cunard Block. Southwest Properties was selected as the preferred proponent based on the proposals received. Develop Nova Scotia will be responsible for the design and construction of the public space component of the development. Southwest Properties will be contributing a portion of the cost and a \$3 million dollar grant was approved by the Province in fiscal 2014. In fiscal 2018-19, an additional \$1,657,500 was approved for this project.
- (ii) A building owned by Waterfront Development Corporation Limited, now Develop Nova Scotia Limited, in the Town of Lunenburg was destroyed by a fire in September 2013. The building was a total loss and demolition took place in fiscal 2015. Develop Nova Scotia has recognized a receivable for insurance proceeds from the Province of Nova Scotia in the amount of \$831,456 in these financial statements after expenditure of \$194,206 to demolish and remediate the property. The receipt of proceeds will be contingent on a replacement property being constructed and, as such, a liability has been booked for the same amount to recognize the commitment to rebuild. The timing, cost, and likelihood of spending approval by the Province of the replacement property is not known at present.
- (iii) During the year, Develop Nova Scotia continued to execute its agreement with Armour Group Limited ("AGL") to develop the Queen's Marque on the Halifax waterfront, a mixed use development project including residential, office, hotel, retail, significant public space, and 3 new piers. Under the agreement, Develop Nova Scotia will continue to own the land and manage the public space through a 99-year land lease with AGL. Construction is continuing and Develop Nova Scotia is working with the Developer to complete the public realm aspects of the development and its' connection with neighbouring properties.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

14. Commitments (continued)

- (iv) During 2019-18, Develop Nova Scotia continued the building stabilization and roofing work at the historic Zwicker and Co. Ltd. building located on Bluenose Drive in the Town of Lunenburg. The three-storey, 12,000-square-foot, wood-frame building has elements dating back to the late 1800s and is a prominent building on Lunenburg's working waterfront, part of the UNESCO World Heritage site. In 2018-19, the Province of Nova Scotia invested \$400,000 into this project. Work on this project will continue into 2019-20.
- (v) During 2018-19, the Province of Nova Scotia approved a capital grant for repairs to the Cable Wharf, which supports the Cable Wharf building, a historic and iconic building on the Halifax waterfront, which is the location of the main office for Develop Nova Scotia Limited and a popular restaurant and tourism business Murphy's the Cable Wharf. The total commitment is \$920,000, which will continue into 2019-20.
- (vi) The Province of Nova Scotia approved a capital grant in the amount of \$932,000 for the Seawall Repair at Ocean Gear Property and Wharf C at the Town of Lunenburg's working waterfront. This investment enables the continued operation and growth of Ocean Gear, an important working waterfront tenant, a growing Nova Scotia company operating in shipbuilding and repair, supporting the fisheries and marine tourism supply chains, and an important employer in the Town of Lunenburg. The repairs commenced in 2018 and will continue through fiscal 2019-20, with additional funding approved in 2019-20 for \$695,310.
- (vii) Develop Nova Scotia has an agreement with Tourism Nova Scotia to manage the revitalization and enhancement of the Big Boat Shed on Lunenburg's waterfront. This project will ensure the Big Boat Shed continues to be a place where Nova Scotians and visitors can experience and participate in traditional boatbuilding. The Province is investing \$1.0 million, including \$750,000 through the Tourism Revitalization of Icons Program administered by Tourism Nova Scotia and \$250,000 from Develop Nova Scotia. The Government of Canada is investing \$500,000 through the Atlantic Canada Opportunities Agency (ACOA) with its Innovative Communities Fund, a non-repayable contribution toward the project.
- (viii) Develop Nova Scotia has an agreement with Tourism Nova Scotia to lead the planning and implementation of the enhanced tourism island experience with George's Island and McNab's Island, both located in the Halifax Harbour. This is part of the Tourism Revitalization of Icons Program administered by Tourism Nova Scotia. The total investment is \$1.5 million and will be funded by the Province through Tourism Nova Scotia.
- (ix) Develop Nova Scotia has an agreement with Tourism Nova Scotia to lead the planning and implementation of the tourism infrastructure enhancements at Peggy's Cove, a project that is part of the Tourism Revitalization of Icons Program, administered by Tourism Nova Scotia. The total investment is \$2.0 million and will be funded by the Province through Tourism Nova Scotia.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2019

15. Employee compensation

As required under the Public Sector Compensation Disclosure Act for the Province of Nova Scotia, the following are total gross compensation in excess of \$100,000 for individual employees of the Corporation:

Jennifer Angel, Acting President & CEO	\$ 173,695
Peter Bigelow, Director of Planning & Development	\$ 118,948
Adam Langley, Director of Operations	\$ 112,767
Deborah Page, Director of Marketing and Communicaitons	\$ 100,573

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

Develop Nova Scotia Limited

Schedule 1 – Property expenses

Year ended March 31	Budget	2019	2018
Expense			
Equipment and supplies	\$ 135,000	\$ 129,783	\$ 99,625
Insurance	250,100	245,887	159,963
Landscaping and waste removal	336,600	259,336	263,726
Miscellaneous	-	-	2,239
Property taxes	246,100	34,516	19,796
Repairs and maintenance	502,900	599,345	508,231
Security	262,000	269,885	138,635
Utilities	467,300	513,814	313,987
Total expenses	\$ 2,200,000	\$ 2,052,566	\$ 1,506,202

Develop Nova Scotia Limited

Schedule 2 - Corporate expenses

Year ended March 31	Budget	2019	2018
Expense			
Directors' fees and expenses	\$ 30,000	\$ 76,253	\$ 34,992
Doubtful accounts	14,000	20,435	8,825
Loan interest	40,000	29,346	58,439
Office operations	1,059,500	396,129	276,973
Professional fees			
Programs	551,000	361,845	235,500
Audit	27,000	30,000	47,133
Consulting	130,000	169,516	105,154
Legal fees	50,000	42,440	18,057
Property management	117,600	117,042	-
Salaries, contracts and benefits	3,724,800	2,697,307	1,663,827
Tourism	-	201,627	-
Transition	329,400	564,498	-
Waterfront promotions and public relations	372,700	403,513	311,906
Total expenses	\$ 6,446,000	\$ 5,109,951	\$ 2,760,806