



Financial Statements

Develop Nova Scotia Limited

March 31, 2021

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Management statement on financial reporting

To the Shareholder of
Develop Nova Scotia Limited

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

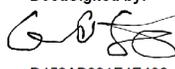
Ultimate responsibility for the financial statements rests with the Board of Directors. A Finance, Audit and Risk Management Committee of non-management Directors is appointed by the Board to review the financial statements in detail with management and to report to the Directors prior to their approval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

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

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Jennifer Angel
President & CEO
June 8, 2021

DocuSigned by:

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Gordon Stevens
COO & Vice President Finance
June 8, 2021

Independent Auditor's Report

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To the Shareholder of Develop Nova Scotia Limited

Opinion

We have audited the financial statements of Develop Nova Scotia Limited ("the Corporation"), which comprise the statement of financial position as at March 31, 2021, 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, 2021, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Grant Thornton LLP

Halifax, Canada

June 21, 2021

Chartered Professional Accountants

Develop Nova Scotia Limited

Statement of operations

Year ended March 31	Budget	2021	2020
Revenues			
Provincial grant revenue	\$ 2,687,000	\$ 4,126,266	\$ 4,163,774
Rental	5,372,500	3,396,588	5,202,832
Recoveries	<u>794,000</u>	<u>1,180,087</u>	<u>727,789</u>
	<u>8,853,500</u>	<u>8,702,941</u>	<u>10,094,395</u>
Expenses			
Property expenses (Schedule 1)	2,236,400	2,473,768	2,756,768
Corporate expenses (Schedule 2)	<u>6,617,100</u>	<u>6,229,173</u>	<u>7,337,627</u>
	<u>8,853,500</u>	<u>8,702,941</u>	<u>10,094,395</u>
Annual surplus, before other items	-	-	-
Other items			
Provincial capital grant revenue (note 8)	4,005,722	33,458,603	3,272,786
Federal capital grant revenue	-	811,711	608,448
Debt reduction operating grant	-	-	2,222,330
Amortization (note 8)	<u>(2,126,000)</u>	<u>(2,106,248)</u>	<u>(2,029,264)</u>
Annual surplus (note 9)	1,879,722	32,164,066	4,074,300
Accumulated surplus, beginning of year	<u>80,212,488</u>	<u>80,212,488</u>	<u>76,138,188</u>
Accumulated surplus, end of year (note 9)	\$ <u>82,092,210</u>	\$ <u>112,376,554</u>	\$ <u>80,212,488</u>

Develop Nova Scotia Limited

Statement of financial position

March 31

2021

2020

Financial assets

Cash and cash equivalents	\$ 20,211	\$ 58,617
Receivables (note 3)	22,355,629	3,386,472
Receivable from the Province of Nova Scotia (note 4)	<u>831,457</u>	<u>831,457</u>
	<u>23,207,297</u>	<u>4,276,546</u>

Liabilities

Payables and accruals (note 5)	18,194,889	2,969,989
Demand credit facility (note 6)	4,335,000	500,000
Deferred revenue (note 7)	<u>3,751,732</u>	<u>3,833,559</u>
	<u>26,281,621</u>	<u>7,303,548</u>

Net debt (Page 6) (3,074,324) (3,027,002)

Non-financial assets

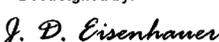
Prepays	262,962	215,641
Tangible capital assets (note 8)	<u>115,187,916</u>	<u>83,023,849</u>
	<u>115,450,878</u>	<u>83,239,490</u>

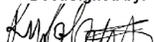
Accumulated surplus (note 9) \$ 112,376,554 \$ 80,212,488

Commitments (note 14)

Impact of COVID-19 (note 15)

On behalf of the Board

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Develop Nova Scotia Limited

Statement of change in net debt

Year ended March 31	Budget	2021	2020
Annual surplus	\$ <u>1,879,722</u>	\$ <u>32,164,066</u>	\$ <u>4,074,300</u>
Acquisition of tangible capital assets	(4,005,722)	(34,270,315)	(3,847,480)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	<u>2,126,000</u>	<u>2,106,248</u>	<u>2,029,264</u>
	<u>(1,879,722)</u>	<u>(32,164,067)</u>	<u>(1,818,216)</u>
Acquisition of prepaid expense	(215,641)	(262,962)	(215,641)
Use of prepaid expense	<u>216,111</u>	<u>215,641</u>	<u>216,111</u>
	<u>470</u>	<u>(47,321)</u>	<u>470</u>
Change in net financial assets	<u>470</u>	<u>(47,322)</u>	<u>2,256,554</u>
Net debt, beginning of year	<u>(3,027,002)</u>	<u>(3,027,002)</u>	<u>(5,283,556)</u>
Net debt, end of year	\$ <u>(3,026,532)</u>	\$ <u>(3,074,324)</u>	\$ <u>(3,027,002)</u>

Develop Nova Scotia Limited

Statement of cash flows

Year ended March 31

2021

2020

Increase (decrease) in cash and cash equivalents

	2021	2020
Operating		
Annual surplus	\$ 32,164,066	\$ 4,074,300
Amortization	<u>2,106,248</u>	<u>2,029,264</u>
	34,270,314	6,103,564
Change in non-cash operating working capital (note 11)	<u>(3,873,405)</u>	<u>(2,454,811)</u>
	30,396,909	3,648,753
Financing		
Draw on credit facility	<u>3,835,000</u>	<u>215,000</u>
Investing		
Purchase of property and equipment	<u>(34,270,315)</u>	<u>(3,847,480)</u>
	(34,270,315)	(3,847,480)
Net (decrease) increase in cash and cash equivalents	(38,406)	16,273
Cash and cash equivalents		
Beginning of year	<u>58,617</u>	<u>42,344</u>
End of year	\$ <u>20,211</u>	\$ <u>58,617</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

1. Nature of operations

Develop Nova Scotia Limited (“the “Corporation”), a provincial Crown Corporation, has province wide responsibility for strategic economic infrastructure and property to support inclusive economic growth in Nova Scotia. The Waterfront Development Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976 and became Develop Nova Scotia on July 12, 2018.

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, 2021

2. Summary of significant accounting policies (continued)

Non-financial assets (continued)

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

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

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

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

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

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

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

Measurement uncertainty

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

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

Liability for contaminated sites

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

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

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.

Income taxes

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

Cash and cash equivalents

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

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of receivables, receivables from Province of Nova Scotia and Federal government, bank indebtedness, payables and loan payable.

Subsequent measurement

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

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

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>2021</u>	<u>2020</u>
Receivables	\$ 1,180,257	\$ 502,873
Receivable from the Province of Nova Scotia	16,635,787	2,548,849
Harmonized sales tax receivable	4,544,035	337,840
Less: provision for doubtful accounts	<u>(4,450)</u>	<u>(3,090)</u>
	<u>\$ 22,355,629</u>	<u>\$ 3,386,472</u>

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

4. Receivable from the Province of Nova Scotia

	<u>2021</u>	<u>2020</u>
Receivable from the Province of Nova Scotia	\$ <u>831,457</u>	\$ <u>831,457</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 \$831,457 (2020 - \$831,457).

5. Payables and accruals

	<u>2021</u>	<u>2020</u>
Trade payables and accruals	\$ 17,822,048	\$ 2,542,793
Salaries and benefits payable	115,591	139,557
Marketing payable	58,836	80,363
Other	<u>198,414</u>	<u>207,276</u>
	<u>\$ 18,194,889</u>	<u>\$ 2,969,989</u>

Trade payables and accruals as at March 31, 2021 is comprised of \$670,954 in operational expenditures and \$17,151,094 in capital costs, the majority of which relates to economic stimulus infrastructure projects.

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

6. Demand credit facility

	<u>2021</u>	<u>2020</u>
Demand loan	\$ 4,335,000	\$ 500,000
Bedford waterfront project (note 7)	<u>2,043,155</u>	<u>2,043,155</u>
	<u>\$ 6,378,155</u>	<u>\$ 2,543,155</u>

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 \$1,665,000 (2020 - \$5,500,000) was unused as at March 31, 2021. This credit facility bears interest at prime plus 0.85%. As security over this facility, the Corporation has provided a borrowing resolution regarding banking and security.

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the credit facility. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$4,335,000 to \$6,378,155 through additional borrowings and other available funding as illustrated above.

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2021:

	<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	\$ 270,814	\$ 251,040	\$ -	\$ 521,854
Bedford waterfront project	2,043,155	-	-	2,043,155
Bishop's Landing Condo waiver	346,943	-	-	346,943
Proceeds from insurance	831,456	-	-	831,456
TRIP Funding	304,385	-	304,385	-
Prepaid Rent Liability	<u>36,806</u>	<u>-</u>	<u>28,482</u>	<u>8,324</u>
	<u>\$ 3,833,559</u>	<u>\$ 251,040</u>	<u>\$ 332,867</u>	<u>\$ 3,751,732</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

7. Deferred revenue (continued)

Deposits for project developments and programs

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

Bedford waterfront project

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

Bishop's Landing Condo Waiver

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

Receivable from Province of Nova Scotia for insurance proceeds

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

Receivable from Tourism Nova Scotia for George's Island

The Corporation had received amounts from Tourism Nova Scotia in advance of the completion of George's Island project. The project has been completed, with all revenues recognized in results of operations during the current period.

Prepaid Rent Liability

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

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

8. Tangible capital assets

March 31, 2021	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg	Playground	Assets under Construction (net)	2021 Total
Cost												
Opening balance	\$ 38,092,328	\$ 25,032,933	\$ 23,572,710	\$ 2,383,328	\$ 4,971,474	\$ 1,997,912	\$ 1,819,472	\$ 454,680	\$ -	\$ 242,298	\$ 2,035,525	\$ 100,602,660
Additions	-	1,817,783	631,999	-	972,167	-	-	-	-	-	30,848,366	34,270,315
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	38,092,328	26,850,716	24,204,709	2,383,328	5,943,641	1,997,912	1,819,472	454,680	-	242,298	32,883,891	134,872,975
Accumulated amortization												
Opening balance	-	8,420,935	3,679,055	-	3,050,724	377,726	1,614,629	339,487	-	96,255	-	17,578,811
Amortization	-	833,796	556,386	-	519,768	138,893	41,278	4,012	-	12,115	-	2,106,248
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	9,254,731	4,235,441	-	3,570,492	516,619	1,655,907	343,499	-	108,370	-	19,685,059
Net book value	\$ 38,092,328	\$ 17,595,985	\$ 19,969,268	\$ 2,383,328	\$ 2,373,149	\$ 1,481,293	\$ 163,565	\$ 111,181	\$ -	\$ 133,928	\$ 32,883,891	\$ 115,187,916
March 31, 2020												
	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg	Playground	Assets under Construction (net)	2020 Total
Cost												
Opening 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
Additions	-	400,000	2,078,602	-	-	105,000	-	-	-	-	1,263,878	3,847,480
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	2,025,220	1,426,260	1,401,463	-	-	-	-	-	(4,852,943)	-	-	-
Closing balance	38,092,328	25,032,933	23,572,710	2,383,328	4,971,474	1,997,912	1,819,472	454,680	-	242,298	2,035,525	100,602,660
Accumulated amortization												
Opening balance	-	7,228,577	2,930,322	-	2,518,732	243,033	1,573,351	328,365	643,027	84,140	-	15,549,547
Amortization	-	804,064	494,000	-	531,992	134,693	41,278	11,122	-	12,115	-	2,029,264
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	388,294	254,733	-	-	-	-	-	(643,027)	-	-	-
Closing balance	-	8,420,935	3,679,055	-	3,050,724	377,726	1,614,629	339,487	-	96,255	-	17,578,811
Net book value	\$ 38,092,328	\$ 16,611,998	\$ 19,893,655	\$ 2,383,328	\$ 1,920,750	\$ 1,620,186	\$ 204,843	\$ 115,193	\$ -	\$ 146,043	\$ 2,035,525	\$ 83,023,849

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

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

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

8. Tangible capital assets (continued)

Summary of current year additions:

Asset Type	Description	Total Addition (\$)
Buildings	Big Boat Shed Recapitalization & Addition	\$ 1,535,000
Buildings	COVE 4th Floor Fit-up	125,208
Buildings	Flexible Event Kiosks	157,575
Total Building Additions		\$ 1,817,783
Wharves & Walkways	Halifax	\$ 631,999
Total Wharves & Walkways		\$ 631,999
Equipment	Floats for Halifax, Baddeck and Mahone Bay Waterfronts	\$ 972,167
Total Equipment		\$ 972,167
Assets Under Construction	Cable Wharf	\$ 2,878,860
Assets Under Construction	Cunard	12,469
Assets Under Construction	George's Island	640,557
Assets Under Construction	COVE South	8,616,254
Assets Under Construction	Zwicker Warehouse	1,826,204
Assets Under Construction	Lunenburg Shipyard Revitalization	5,379,524
Assets Under Construction	Halifax Boardwalk & Other	9,052,659
Assets Under Construction	Acadia Wharf Extension	1,683,079
Assets Under Construction	Peggy's Cove	2,890,938
Assets Under Construction	Net Transferred to Assets	(2,132,178)
Total Assets Under Construction		\$ 30,848,366
TOTAL ADDITIONS 2020-21		\$ 34,270,315

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

9. Accumulated surplus 2021 2020

The accumulated surplus is made up as follows:

Accumulated surplus	\$ 98,628,725	\$ 66,464,659
Contributed surplus	13,747,826	13,747,826
Share capital	<u>3</u>	<u>3</u>
	\$ <u>112,376,554</u>	\$ <u>80,212,488</u>

Authorized:

5,000 shares without nominal or par value

Issued:

3 shares \$ 3 3

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

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

10. Employee pension plan

Develop Nova Scotia employees participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Inc., which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. Total contributions for 2021 were \$273,963 (2020 - \$258,357) 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 2021 2020

Change in non-cash operating working capital:

Receivables	\$ (18,969,157)	\$ (3,272,794)
Prepays	(47,321)	470
Payables and accruals	15,224,900	472,035
Deferred revenue	<u>(81,827)</u>	<u>345,478</u>
	\$ <u>(3,873,405)</u>	\$ <u>(2,454,811)</u>

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

12. Related party transactions

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

- a) Rent charged to these entities for use of the Corporation's assets in the amount of \$290,069 (2020 - \$290,069).
- b) Revenues received from related parties include operating and capital grants in the amount of \$37,738,944 (2020 - \$9,993,948).
- c) Payroll benefits, consulting and legal services paid for on behalf of the Corporation by related parties of \$71,010 (2020 - \$161,552).

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

13. Employee compensation

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

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

For the year ended March 31, 2021, the following employees received compensation of \$100,000 or more:

Jennifer Angel, President & CEO	\$171,691
Gordon Stevens, COO & Vice President Finance	\$147,594
Peter Bigelow, Vice President, Planning & Development	\$141,790
Anna Marenick, Director People & Strategy	\$123,226
Adam Langley, Director Marine	\$122,260
Monique Arsenault, Director Innovation	\$118,000
Deborah Page, Director Marketing & Communications	\$115,052
Eva Parada, Senior Manager, Infrastructure Projects	\$114,461
Kristin O'Toole, Senior Manager, Planning	\$107,110
Robert Jenkins, Network Engineer	\$106,636

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

14. Commitments

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

In Agreement With	Project Name	Amount Committed	Description	Completion Date
Province of Nova Scotia	Cunard Block	\$4,657,500	Public Space Component to Southwest Properties Development	2022-2023
Province of Nova Scotia	Yamaha Marine Stock Room	831,457	Corresponds to receipt of proceeds that are contingent on this being replaced	Unknown
Province of Nova Scotia	Cable Wharf	3,666,000	Repairs to wharf, supporting the historic building; original commitment expanded with economic stimulus capital funding	2021-2022
Tourism Nova Scotia	George's Island	1,500,000	Plan and implement the enhanced island tourism experience	2021-2022
Tourism Nova Scotia, Province of Nova Scotia, & Atlantic Canada Opportunities Agency	Peggy's Cove	6,311,000	Plan and implement the tourism infrastructure enhancements	2021-2022
Province of Nova Scotia & Atlantic Canada Opportunities Agency	Zwicker Warehouse Renovation	2,409,000	Creation of permanent accessible marine visitation facilities and support priority project for 5-year Lunenburg Waterfront Master Plan	2021-2022
Province of Nova Scotia	Lunenburg Shipyard Revitalization	5,625,000	Former Smith & Rhuland Shipyard and Wharf C recapitalization	2021-2022
Province of Nova Scotia	COVE South	11,489,000	COVE South marine terminal recapitalization and undersea sensor platform	2021-2022
Province of Nova Scotia	Halifax Boardwalk & Other	11,383,000	Foundation Wharf revitalization, flexible event kiosks, marine infrastructure for Baddeck and Mahone Bay	2021-2022
Province of Nova Scotia	Acadia Wharf Extension	1,683,000	Wharf extension and construction of floats, electrical and water servicing	2021-2022

Develop Nova Scotia Limited

Notes to the financial statements

March 31, 2021

15. Impact of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

During the year, the Corporation has experienced a reduction in parking revenues due to significant decrease in tourism and business activity in downtown Halifax. There was also a decrease in rent revenues as a result of tenant rent and fee mitigations, and an overall decrease in rental income earned through percentage of sale rent agreements.

The Corporation has continued to operate throughout the pandemic, with enhanced safety measures in place and employees working from home. In response to the pandemic, the Province of Nova Scotia has provided economic stimulus capital funding to the Corporation. Develop Nova Scotia is leading a series of projects with a focus on developing key waterfront infrastructure and places that support Nova Scotia's working waterfronts and authentic destinations in economic recovery and growth.

The duration and impact of the COVID-19 pandemic remains unclear and it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Corporation for future periods.

16. Comparative figures

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

Develop Nova Scotia Limited

Schedule 1 – Property expenses

Year ended March 31	Budget	2021	2020
Expense			
Equipment and supplies	\$ 117,000	\$ 64,762	\$ 103,206
Insurance	276,000	339,633	224,946
Landscaping and waste removal	327,000	256,951	307,066
Property taxes	170,000	180,107	35,567
Repairs and maintenance	654,400	812,706	1,201,672
Security	227,000	218,879	336,387
Utilities	<u>465,000</u>	<u>600,730</u>	<u>547,924</u>
Total expenses	\$ <u>2,236,400</u>	\$ <u>2,473,768</u>	\$ <u>2,756,768</u>

Develop Nova Scotia Limited

Schedule 2 - Corporate expenses

Year ended March 31	Budget	2021	2020
Expense			
Directors' fees and expenses	\$ 40,000	\$ 64,703	\$ 66,075
Doubtful accounts	14,000	4,450	3,090
Loan interest	10,000	9,346	67,018
Office operations	837,300	737,789	813,800
Professional fees			
Programs	330,300	518,913	1,431,482
Audit	26,000	27,490	22,540
Consulting	600,000	41,890	247,633
Legal fees	50,000	94,442	111,482
Property management	-	76,252	93,886
Salaries, contracts and benefits	4,253,000	4,003,013	3,848,980
Tourism	-	-	174,583
Waterfront promotions and public relations	<u>456,500</u>	<u>650,885</u>	<u>457,058</u>
Total expenses	\$ <u>6,617,100</u>	\$ <u>6,229,173</u>	\$ <u>7,337,627</u>