Grant Thornton

Financial Statements

Develop Nova Scotia Limited

March 31, 2020

Contents

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
DATE

Gordon Stevens
COO & Vice President Finance
DATE

Grant Thornton

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, 2020, and the statements of operations, change in net debt and cash flow 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, 2020, 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 Entity 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 Entity'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 Entity'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 Entity'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 Entity'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 Entity 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 — Chartered Professional Accountants

June 16, 2020

Develop Nova Scotia Limited
Statement of operations

Year ended March 31	Budget	**2020**	2019
Revenues			
Provincial grant revenue	$ 5,517,000	**$ 4,163,774**	$ 2,282,522
Rents	5,099,000	**5,202,832**	4,441,833
Recoveries	331,500	**727,789**	438,162
	10,947,500	**10,094,395**	7,162,517
Expenses			
Property expenses (Schedule 1)	2,353,760	**2,756,768**	2,052,566
Corporate expenses (Schedule 2)	8,593,740	**7,337,627**	5,109,951
	10,947,500	**10,094,395**	7,162,517
Annual surplus, before other items	-	**-**	-
Other items			
Provincial capital grant revenue	5,924,117	**3,272,786**	11,888,422
Federal capital grant revenue	-	**608,449**	679,044
Debt reduction operating grant	-	**2,222,331**	-
Amortization	(2,000,000)	**(2,029,266)**	(1,455,457)
Annual surplus (note 9)	3,924,117	**4,074,300**	11,112,009
Accumulated surplus, beginning of year	76,138,188	**76,138,188**	65,026,179
Accumulated surplus, end of year (note 9)	$ **80,062,305**	**$ 80,212,488**	$ 76,138,188

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of financial position

March 31		**2020**		2019
Financial assets				
Cash and cash equivalents	**$**	**58,617**	$	42,344
Receivables (note 3)		**3,386,472**		945,135
Receivable from the Province of Nova Scotia (note 4)		**831,457**		-
		4,276,546		987,479
Liabilities				
Payables and accruals (note 5)		**2,969,989**		2,311,340
Payable to the Province of Nova Scotia (note 4)		**-**		186,614
Loan payable (note 6)		**500,000**		285,000
Deferred revenue (note 7)		**3,833,559**		3,488,081
		7,303,548		6,271,035
Net debt		**(3,027,002)**		(5,283,556)
Non-financial assets				
Prepaids		**215,641**		216,111
Tangible capital assets (note 8)		**83,023,849**		81,205,633
		83,239,490		81,421,744
Accumulated surplus (note 9)	**$**	**80,212,488**	$	76,138,188

Commitments (note 13)
Subsequent event (note 15)

On behalf of the Board

DocuSigned by:
Dale Godsoe
166BE440C03E400... Director

DocuSigned by:
Ron Smith
A3F3ABBA5291471... Director

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of change in net debt

Year ended March 31	Budget	**2020**	2019
Annual surplus	$ 3,924,117	**$ 4,074,300**	$ 11,112,009
Acquisition of tangible capital assets	(5,122,000)	**(3,847,480)**	(13,155,954)
Proceeds on disposal of tangible capital assets	-	**-**	3,982
Amortization of tangible capital assets	2,000,000	**2,029,264**	1,455,457
	(3,122,000)	**(1,818,216)**	(11,696,515)
Acquisition of prepaid expense	(216,111)	**(215,641)**	(216,111)
Use of prepaid expense	216,113	**216,111**	119,864
	2	**470**	(96,247)
Change in net financial assets	802,117	**2,256,554**	(680,753)
Net debt, beginning of year	(5,283,556)	**(5,283,556)**	(4,602,803)
Net debt, end of year	$ (4,481,439)	**$ (3,027,002)**	$ (5,283,556)

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of cash flows

Year ended March 31		2020		2019
Increase (decrease) in cash and cash equivalents				
Operating				
Annual surplus	$	**4,074,300**	$	11,112,009
Amortization		**2,029,264**		1,455,457
		6,103,564		12,567,466
Change in non-cash operating working capital (note 11)		**(2,454,811)**		5,814,462
		3,648,753		18,381,928
Financing				
Draw (repayment) on loan payable		**215,000**		(4,169,750)
Investing				
Purchase of property and equipment		**(3,847,480)**		(13,155,954)
Proceeds on disposal of property and equipment		**-**		3,982
		(3,847,480)		(13,151,972)
Net increase in cash and cash equivalents		**16,273**		1,060,206
Cash and cash equivalents (bank indebtedness)				
Beginning of year		**42,344**		(1,017,862)
End of year	$	**58,617**	$	42,344

See accompanying notes to the financial statements.

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 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.

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 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.

Prepaids 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:

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 $500,000 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.

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

		2020		2019
Receivables	$	3,051,722	$	655,248
Harmonized sales tax receivable		337,840		312,668
Less: provision for doubtful accounts		(3,090)		(22,781)
	$	3,386,472	$	945,135

4. Receivable from (payable to) the Province of Nova Scotia

		2020		2019
Receivable from the Province of Nova Scotia	$	831,457	$	831,456
Payable to the Province of Nova Scotia		-		(1,018,070)
	$	831,457	$	(186,614)

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 (2019 - $831,456).

In 2019, 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

		2020		2019
Payables and accruals	$	2,542,793	$	2,045,344
Salaries and benefits payable		139,557		28,816
Marketing payable		80,363		30,543
Other		207,276		206,637
	$	2,969,989	$	2,311,340

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:

		2020		2019
Demand loan	**$**	**500,000**	$	285,000
Bedford waterfront project (note 7)		**2,043,155**		2,043,155
	$	**2,543,155**	$	2,328,155

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2020:

		Balance at beginning of year		Receipts during year		Related expense incurred		**Balance at end of year**
Deposits for project developments and programs	$	266,527	$	4,287	$	-	**$**	**270,814**
Bedford waterfront project		2,043,155		-		-		**2,043,155**
Development of Halifax waterfront		346,943		-		-		**346,943**
Proceeds from insurance		831,456		-		-		**831,456**
TRIP Funding		-		304,385		-		**304,385**
Prepaid Rent Liability		-		36,806		-		**36,806**
	$	3,488,081	$	308,672	$	-	**$**	**3,833,559**

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.

7. Deferred revenue (continued)

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.

Receivable from Tourism Nova Scotia for George's Island
The Corporation has received amounts from Tourism Nova Scotia in advance of the completion of George's Island project. The project will be completed by July 2020 and this revenue will be recognized by that date.

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.

8. Tangible capital assets

March 31, 2020	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg	Playground	Assets under Construction	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	**-**	**-**	**250,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,597,480**	**3,847,480**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Transfers	**2,025,220**	**1,826,260**	**3,230,065**	**-**	**-**	**105,000**	**-**	**-**	**(4,852,943)**	**-**	**(2,333,602)**	**-**
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**

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

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. Due to the windup of 3104102 Nova Scotia Limited in fiscal 2019 there is no longer a need to sperate the Luneburg assets and they have since been transferred into their specific asset class.

9. Accumulated surplus

The accumulated surplus is made up as follows:

		2020		2019
Accumulated surplus	$	**66,464,659**	$	62,390,359
Contributed surplus		**13,747,826**		13,747,826
Share capital		**3**		3
	$	**80,212,488**	$	76,138,188

Authorized:
5,000 shares without nominal or par value

Issued:

		2020		2019
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 2020 were $258,357 (2019 - $244,998) 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

Change in non-cash operating working capital:

		2020		2019
Receivables	$	**(3,272,794)**	$	5,293,465
Prepaids		**470**		(96,247)
Payables and accruals		**472,035**		615,445
Deferred revenue		**345,478**		1,799
	$	**(2,454,811)**	$	5,814,462

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 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.

13. 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.

13. Commitments (continued)

(iv) 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 2020-21.

(v) 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 $1.035 million through the Tourism Revitalization of Icons Program administered by Tourism 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.

(vi) 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. In 2019-20, work commenced on George's Island and will be complete by July 2020.

(vii) 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.

14. 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, President & CEO	$168,312
Gordon Stevens, COO & Vice President Finance	$143,186
Peter Bigelow, Vice President, Planning & Development	$129,818
Adam Langley, Director Marine	$119,854
Anna Marenick, Director People & Strategy	$117,308
Eva Parada, Senior Manager, Infrastructure Projects	$112,045
Deborah Page, Director Marketing & Communications	$111,133
Monique Arsenault, Director Innovation	$110,300
Michael Kabalen, Director Property	$107,149
Robert Jenkins, Network Engineer	$102,007
Kristin O'Toole, Senior Manager, Planning	$101,967

15. Subsequent event

Subsequent to year end the spread of COVID-19 has continued to severely impact 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.

The COVID-19 pandemic has not had any significant impact on the Corporation's financial position and results of operations as of and for the year-ended March 31, 2020. However, the duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these consequences, as well as their impact on the financial position and results of the Corporation in future periods, therefore no adjustments have been made to the March 31, 2020 financial period.

Develop Nova Scotia Limited
Schedule 1 – Property expenses

Year ended March 31	Budget	**2020**	2019
Expense			
Equipment and supplies	$ 155,000	**$ 103,206**	$ 129,783
Insurance	260,100	**224,946**	245,887
Landscaping and waste removal	301,600	**307,066**	259,336
Property taxes	84,260	**35,567**	34,516
Repairs and maintenance	791,200	**1,201,672**	599,345
Security	282,000	**336,387**	269,885
Utilities	479,600	**547,924**	513,814
Total expenses	$ 2,353,760	**$ 2,756,768**	$ 2,052,566

Develop Nova Scotia Limited
Schedule 2 - Corporate expenses

Year ended March 31	Budget	**2020**	2019
Expense			
Directors' fees and expenses	$ 70,000	**$ 66,075**	$ 76,253
Doubtful accounts	14,000	**3,090**	20,435
Loan interest	40,000	**67,018**	29,346
Office operations	740,850	**813,800**	396,129
Professional fees			
Programs	1,200,000	**1,431,482**	361,845
Audit	24,500	**22,540**	30,000
Consulting	433,880	**247,633**	169,516
Legal fees	261,120	**111,482**	42,440
Property management	117,600	**93,886**	117,042
Salaries, contracts and benefits	4,097,290	**3,848,980**	2,697,307
Tourism	1,000,000	**174,583**	201,627
Transition	-	**-**	564,498
Waterfront promotions and public relations	594,500	**457,057**	403,513
Total expenses	$ 8,593,740	**$ 7,337,627**	$ 5,109,951