



Grant Thornton

Financial statements

Nova Scotia Lands Inc.

March 31, 2015

Contents

	<u>Page</u>
Independent auditors' report	1 - 2
Statement of financial position	3
Statement of financial activities	4
Statement of changes in net financial assets	5
Statement of cash flows	6
Notes to the financial statements	7 - 10



Independent auditors' report

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To the Directors of

Nova Scotia Lands Inc.

We have audited the accompanying financial statements of Nova Scotia Lands Inc., which comprise the statement of financial position as at March 31, 2015, and the statements of financial activities, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



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circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nova Scotia Lands Inc. as at March 31, 2015, and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

October 9, 2015

Grant Thornton LLP

Chartered accountants

Nova Scotia Lands Inc.

Statement of financial position

March 31

2015

2014

Financial assets

Cash and cash equivalents	\$ 6,464,670	\$ 10,566,057
Receivables (Note 5)	<u>4,258,531</u>	<u>5,400,155</u>
	<u>10,723,201</u>	<u>15,966,212</u>

Liabilities

Payables and accruals (Note 6)	3,165,769	1,203,070
Deferred revenue	755,400	1,661,290
Payable to Portside Aggregates Limited	163,138	257,660
Payable to Province of Nova Scotia (Note 4)	<u>6,018,486</u>	<u>12,112,774</u>
	<u>10,102,793</u>	<u>15,234,794</u>

Net financial assets

	<u>\$ 620,408</u>	<u>\$ 731,418</u>
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Company position

Accumulated surplus	\$ 620,407	\$ 731,417
Capital stock (Note 9)	<u>1</u>	<u>1</u>
	<u>\$ 620,408</u>	<u>\$ 731,418</u>

Commitment (Note 3)

Contingent Liability (Note 7)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Statement of financial activities

Year ended March 31	Budget	2015	2014
Revenue			
Recoveries (Notes 3 and 4)	\$ 4,729,000	\$ 16,864,301	\$ 4,406,902
Management fees (Note 4)	91,000	105,789	91,154
Miscellaneous	-	333,581	121,030
	4,820,000	17,303,671	4,619,086
Expenditures			
Demolition and remediation	3,370,000	14,250,953	2,636,620
Salaries and employee benefits (Note 10)	1,050,000	1,889,877	1,032,780
Professional services	100,000	514,468	478,033
General and administration	300,000	759,383	247,970
	4,820,000	17,414,681	4,395,403
Annual surplus (deficit)	-	(111,010)	223,683
Accumulated surplus,			
Beginning of year	731,417	731,417	507,734
End of year	\$ 731,417	\$ 620,407	\$ 731,417

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Statement of changes in net financial assets

Year ended March 31	Budget	2015	2014
Annual surplus (deficit)	\$ -	\$ (111,010)	\$ 223,683
Net financial assets			
Beginning of year	<u>731,418</u>	<u>731,418</u>	<u>507,735</u>
End of year	<u>\$ 731,418</u>	<u>\$ 620,408</u>	<u>\$ 731,418</u>

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Statement of cash flows

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus (deficit) \$ (111,010) \$ 223,683

Change in non-cash operating
working capital (Note 8) (3,990,377) 3,365,718

Net increase (decrease) in cash and cash equivalents (4,101,387) 3,589,401

Cash and cash equivalents, beginning of year 10,566,057 6,976,656

Cash and cash equivalents, end of year \$ 6,464,670 \$10,566,057

See accompanying notes to the financial statements.

Nova Scotia Lands Inc.

Notes to the financial statements

March 31, 2015

1. Nature of operations

Nova Scotia Lands Inc. is a crown corporation owned by the Province of Nova Scotia. It was incorporated on March 30, 2007. Its principal role is to conduct remediation activities and put in place the necessary infrastructure for site redevelopment at various sites throughout Nova Scotia.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Corporation's financial statements are represented by the Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada), supplemented where appropriate by other accounting standards and pronouncements of CPA Canada.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Net financial assets

Net financial assets represent the financial assets of the Company less direct liabilities.

Accumulated surplus

Accumulated surplus represents the liabilities of the Company less financial assets, and non-financial assets. This represents the accumulated balance of net deficit/surplus arising from the operations of the Company.

Revenue recognition

Revenues are recorded on the accrual basis of accounting.

Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Nova Scotia Lands Inc.

Notes to the financial statements

March 31, 2015

3. Commitment

On March 30, 2007, Sydney Steel Corporation retained the services of Nova Scotia Lands Inc. to manage the remediation, redevelopment, and by-product operations to be conducted on Corporation lands and to provide other services as may be required. This agreement, which was initially for a two-year period, has been renewed on an annual basis.

4. Related party transactions

Included in trade receivables are amounts due from Sydney Tar Ponds Agency in the amount of nil (2014 - \$561,394) and amounts due from Renova Scotia Bioenergy Inc. in the amount of \$270,641 (2014 - \$870,880).

Included in revenues are recoveries of expenses of \$15,831,715 (2014 - nil), \$789,420 (2014 - \$2,548,244), nil (2014 - \$635,917), and \$243,166 (2014 - \$1,168,847) received from the Province of Nova Scotia, Sydney Steel Corporation, Sydney Tar Ponds Agency, and Renova Scotia Bioenergy Inc., respectively.

In addition, the Company received management fees of \$105,789 (2014 - \$91,154) from Harbourside Commercial Park Inc. The Company rented its office premises from Harbourside Commercial Park Inc. at an annual rent of \$62,025 (2014 - \$53,112).

All noted companies are controlled by the Province of Nova Scotia. These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

5. Receivables

	<u>2015</u>	<u>2014</u>
Trade	\$ 321,150	\$ 1,450,189
Harbourside Commercial Park Inc. (Note 4)	2,132,855	606,662
Sydney Steel Corporation (Note 4)	1,175,605	2,962,917
Commodity tax	623,921	390,986
Other	<u>6,000</u>	<u>-</u>
	4,259,531	5,410,754
Less: allowance for doubtful accounts	<u>(1,000)</u>	<u>(10,599)</u>
	<u>\$ 4,258,531</u>	<u>\$ 5,400,155</u>

Nova Scotia Lands Inc.

Notes to the financial statements

March 31, 2015

6. Payables and accruals	<u>2015</u>	<u>2014</u>
Trade payables, government remittances, and accruals	\$ 2,067,640	\$ 331,300
Contract holdbacks	<u>1,098,129</u>	<u>871,770</u>
	<u>\$ 3,165,769</u>	<u>\$ 1,203,070</u>

7. Contingent liability

The Company entered into an agreement with the Province of Nova Scotia to oversee the removal and disposal of the derelict vessel, the MV Miner, from provincial lands at Scatarie Island, Nova Scotia. The initial estimated contract value to remove the vessel is approximately \$12,000,000.

R.J. MacIsaac Construction Ltd. was contracted by the Company for services related to the disposal of the MV Miner. Subsequent to year end an arbitration agreement was signed to settle disputes between the Company and R.J. MacIsaac Construction Ltd.

As this matter is still in the preliminary stage the outcome is not currently predictable.

8. Supplemental cash flow information	<u>2015</u>	<u>2014</u>
Change in non-cash operating working capital:		
Receivables	\$ 1,141,624	\$ 4,442,282
Payables and accruals	1,962,699	(2,918,395)
Deferred revenue	(905,890)	799,537
Payable to Portside Aggregates Limited	(94,522)	(52,808)
Payable to Province of Nova Scotia	<u>(6,094,288)</u>	<u>1,095,102</u>
	<u>\$ (3,990,377)</u>	<u>\$ 3,365,718</u>

Nova Scotia Lands Inc.

Notes to the financial statements

March 31, 2015

9. Capital stock 2015 2014

Authorized:

The Company is authorized to issue 100,000 common shares with a par value of \$1 each.

Issued and outstanding:

1 common share \$ 1 1

10. Remuneration

Pursuant to the Public Sector Compensation Disclosure Act, the Company is required to disclose individuals with compensation greater than \$100,000. Those individuals are as follows:

<u>Name</u>	<u>Position</u>	<u>Salary and benefits</u>
Joel MacLean	Chief Operating Officer	\$119,208
Frank Potter	Executive Director of Operations	\$111,103
Donnie Burke	Executive Project Director	\$115,383
Gary Campbell	President	\$129,201
Kenneth Swain	Project Lead, Boat Harbour	\$114,990
