

Financial Statements of

**PROVINCE OF NOVA SCOTIA
INVEST NOVA SCOTIA FUND**

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To the Minister of Business, Province of Nova Scotia

We have audited the accompanying financial statements of Invest Nova Scotia Fund, which comprise the balance sheet as at March 31, 2018, the statements of operations, change in net financial assets and continuity of fund for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 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 Invest Nova Scotia Fund as at March 31, 2018, and its results of operations, its changes in net financial assets, and its continuity of fund for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
May 29, 2018
Halifax, Canada

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

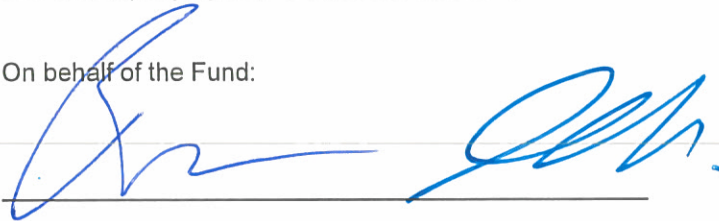
Balance Sheet

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Contributions authorized but unadvanced (note 2)	\$ 5,738,011	\$ 2,505,532
Uncommitted balance of fund (note 3)	32,531,405	36,953,600
	<u>\$38,269,416</u>	<u>\$39,459,132</u>
Fund Balance		
Authorized funds, net of contributions advanced: Invest Nova Scotia Fund Act	\$38,269,416	\$39,459,132
Subsequent event (note 2)		
	<u>\$38,269,416</u>	<u>\$39,459,132</u>

See accompanying note to financial statements.

On behalf of the Fund:



Two blue ink signatures are written over a horizontal line. The first signature is on the left and the second is on the right.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Contributions advanced	\$ (1,189,716)	\$ (540,868)
Total expenditures	\$ (1,189,716)	\$ (540,868)

See accompanying note to financial statements.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Change in net financial assets:		
Contributions advanced	\$ (1,189,716)	\$ (540,868)
Decrease in net financial assets	(1,189,716)	(540,868)
Net financial assets, beginning of year	39,459,132	40,000,000
Net financial assets, end of year	\$ 38,269,416	\$39,459,132

See accompanying notes to financial statements.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Statement of Continuity of Fund

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Fund balance, beginning of year	\$ 39,459,132	\$40,000,000
Total expenditures	(1,189,716)	(540,868)
Fund balance, end of year	\$ 38,269,416	\$39,459,132

See accompanying notes to financial statements.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Notes to Financial Statements

Year ended March 31, 2018

Invest Nova Scotia Fund (the "Fund") was established by the Invest Nova Board Act on May 1, 2014. The Minister of Finance and Treasury Board effective April 1, 2015 pursuant to Order in Council 2015-125 authorized the transfer of up to \$40,000,000 to the fund. The Fund's purpose is to foster an economic environment to achieve sustained economic development and growth, with economic incentives that have broad benefits across sectors, innovation systems or regions.

The administrative responsibility for the Fund is assigned to the Department of Business (the "Department"). The Fund's accounting and assistance management activities are performed by staff of the Department.

All administrative expense of the Fund are recognized by the Department. The Fund has elected not to recognize these unallocated costs.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards. These financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the Fund. The more significant policies are described below.

(a) Basis of accounting:

The Fund follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Contributions:

Contributions made by the Fund to recipients are subject to formal agreements and approval by the Minister of the Department. Contributions advanced are recognized as an expense when conditions of the contributions agreements have been met.

(c) Government transfers:

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Financial assets:

Contributions authorized but unadvanced and uncommitted balance of the fund are classified as financial assets as they represent commitments from the Province of Nova Scotia to fund commitments of the fund made under existing or future contribution agreements.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

(e) Statement of cash flows:

A statement of cash flows is not provided since the Fund does not maintain a cash account and disclosures in the balance sheet, statements of operations, net financial assets, and continuity of the funds adequately represent the changes in Fund balances.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the financial statements relate to the valuation of the financial assets and guarantees. Actual results could differ from those estimates.

(f) New accounting standards:

On April 1, 2017, the Fund adopted the following public sector accounting standards:

- PS 2200 Related party disclosures, defines a related party and establishes disclosures required for related party transactions.
- PS 3210 Assets, provides guidance for applying the definition of assets in PS 1000, Financial Statement Concepts and establishes general disclosure standards for assets.
- PS 3320 Contingent Assets, establishes disclosure standards on contingent assets.
- PS 3380 Contractual rights, defines and establishes disclosure standards on rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- PS 3420 Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise the reporting entity. This standard provides that inter-entity transactions should generally be recorded at the carrying amount at the transaction date, except in certain circumstances.

The adoption of these standards did not result in an accounting policy change and did not result in any adjustments to the financial statements as at April 1, 2017.

PROVINCE OF NOVA SCOTIA INVEST NOVA SCOTIA FUND

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Contributions authorized but unadvanced:

The Fund has committed to contributions to organizations once conditions of their agreements have been met. During the year the following contributions were authorized and advanced:

	2018	2017
Opening balance	\$ 2,505,532	\$ —
Contributions authorized	4,422,195	3,046,400
Contributions advanced	(1,189,716)	(540,868)
Ending balance	\$ 5,738,011	\$ 2,505,532

Subsequent to March 31, 2018 the Fund advanced \$72,923 under existing contribution agreements.

3. Uncommitted balance of Fund:

Pursuant to an Order in Council, the Fund can make contributions of up to \$40,000,000 of which the Fund has committed or advanced a total of \$7,468,595 as at March 31, 2018 (2017 - \$3,046,400).
