

**Harbourside Commercial Park Inc.**  
**Financial Statements**

*March 31, 2021*

## Independent Auditor's Report

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To the Directors of Harbourside Commercial Park Inc.:

### Opinion

We have audited the financial statements of Harbourside Commercial Park Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statements of financial activities, changes in net financial assets (liabilities) 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 the Company as at March 31, 2021, and the results of its operations 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 Company 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.

### Emphasis of Matter

During the year, management retrospectively adjusted its accounting policy regarding the Company's investment in a wholly owned subsidiary to consolidate its financial statements. The details of the restatement are disclosed in note 11 to the financial statements. The audit opinion of the prior year financial statements was qualified as the financial statements were prepared on a non-consolidated basis.

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

Management is responsible for the preparation and fair presentation of the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

Sydney, Nova Scotia  
June 29, 2021

*MNP* LLP  
Chartered Professional Accountants

**Harbourside Commercial Park Inc.**  
**Statement of Financial Position**

*As at March 31, 2021*

	2021	2020 (Restated)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 443,407	\$ 1,048,984
Short-term investments	–	600,110
Receivables (note 2)	1,448,660	324,788
Investment in capital leases (note 3)	922,099	1,121,050
	2,814,166	3,094,932
<b>FINANCIAL LIABILITIES</b>		
Payables and accruals (note 4)	2,583,423	999,050
Contamination provision (note 5)	407,616	508,339
	2,991,039	1,507,389
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>(176,873)</b>	<b>1,587,543</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	7,829,987	6,479,629
Prepays	20,778	113,971
	7,850,765	6,593,600
<b>TOTAL NET ASSETS</b>	<b>\$ 7,673,892</b>	<b>\$ 8,181,143</b>
<b>COMPANY POSITION</b>		
Capital stock (note 7)	\$ 1	\$ 1,500,001
Accumulated surplus	7,673,891	6,681,142
	<b>\$ 7,673,892</b>	<b>\$ 8,181,143</b>

Commitments (note 9)  
Contingency (note 10)

See accompanying notes to financial statements.

On behalf of Harbourside Commercial Park Inc.

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Harbourside Commercial Park Inc.**  
**Statement of Financial Activities**

*For the year ended March 31, 2021*

	Budget (Unaudited)	2021	2020 (Restated)
<b>REVENUES</b>			
Grant – Province of Nova Scotia	\$ 135,000	\$ 1,452,279	\$ 510,000
Rental income	184,000	185,417	189,839
Recoveries	120,000	124,550	225,919
Gain on sale of assets	392,000	21,930	57,162
Interest and other income	12,000	9,357	38,846
	<u>843,000</u>	<u>1,793,533</u>	<u>1,021,766</u>
<b>EXPENSES</b>			
Management fee (note 8)	180,000	180,000	175,000
Electricity	35,000	64,127	36,070
General and administration	18,000	18,786	22,710
Repairs and maintenance	20,000	31,957	25,921
Amortization of tangible capital assets	100,000	271,879	517,512
Property taxes	175,000	239,002	197,482
Professional fees	55,000	26,528	33,958
Grand Lake operating expenses	105,000	54,449	96,580
Contamination (note 5)	–	(69,758)	(2,575)
Environmental monitoring recovery - Port Mersey	–	(16,186)	(11,541)
	<u>688,000</u>	<u>800,784</u>	<u>1,091,117</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>155,000</b>	<b>992,749</b>	<b>(69,351)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
As previously reported		7,087,799	7,160,746
Restatement (note 11)		(406,657)	(410,253)
As restated		<u>6,681,142</u>	<u>6,750,493</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 7,315,746</b>	<b>\$ 7,673,891</b>	<b>\$ 6,681,142</b>

See accompanying notes to financial statements.

**Harbourside Commercial Park Inc.**  
**Statement of Change in Net Financial Assets (Liabilities)**

*For the year ended March 31, 2021*

	2021	2020 (Restated)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 992,749	\$ (69,351)
Change in non-financial assets		
Gain on sale of assets	(21,930)	(57,162)
Acquisition of tangible capital assets	(1,693,057)	(28,650)
Proceeds from sale of tangible capital assets	92,750	522,943
Amortization of tangible capital assets	271,879	517,512
Redemption of preferred shares	(1,500,000)	-
Decrease (increase) in prepaids	93,193	(83,187)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(1,764,416)	802,105
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	1,587,543	785,438
<b>NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR</b>	\$ (176,873)	\$ 1,587,543

See accompanying notes to financial statements.

**Harbourside Commercial Park Inc.**  
**Statement of Cash Flows**  
*For the year ended March 31, 2021*

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 992,749	\$ (69,351)
Items not involving cash		
Gain on sale of assets	(21,930)	(57,162)
Amortization of tangible capital assets	271,879	517,512
Decrease in contamination provision	(100,723)	(21,661)
Change in non-cash operating working capital		
Increase in receivables	(1,123,872)	(18,408)
Decrease (increase) in prepaids	93,193	(83,187)
Increase (decrease) in payables and accruals	1,584,373	(136,159)
	1,695,669	131,584
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease (increase) in capital lease receivables	198,951	(107,204)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in short-term investments	600,110	400,174
Purchase of tangible capital assets	(1,693,057)	(28,650)
Proceeds on sale of tangible capital assets	92,750	522,943
Redemption of preferred shares	(1,500,000)	-
	(2,500,197)	894,467
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(605,577)</b>	<b>918,847</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,048,984</b>	<b>130,137</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 443,407</b>	<b>\$ 1,048,984</b>

See accompanying notes to financial statements.

**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

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**NATURE OF OPERATIONS**

Harbourside Commercial Park Inc. is a crown corporation owned by the Province of Nova Scotia. It was incorporated on March 30, 2007 with its principal role being to manage the commercial development of the remediated areas of the former Sydney Steel Corporation site, Port Mersey Commercial Park and Trenton Commercial Park. The Company is also responsible for the operations of the Grand Lake pumping station in Sydney, Nova Scotia.

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Cash and cash equivalents

Cash and cash equivalents include balances with banks.

(c) Net financial assets (liabilities)

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

(d) Tangible capital assets

Tangible capital assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost and include all costs directly attributable to the acquisition. Contributed tangible capital assets are recorded at fair value at the date of acquisition.

Tangible capital assets are amortized using the following methods and annual rates:

	Basis	Rate
Buildings	Straight-line	40 years
Railroad lines	Straight-line	40 years
Equipment	Straight-line	5 years
Vehicles	Straight-line	5 years
Site infrastructure	Straight-line	15 years

(f) Accumulated surplus

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



**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) Revenue recognition

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis except when accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Grants are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Grants are recorded as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Government recoveries are recognized as revenue when expenses are incurred and collectability is reasonably assured.

Revenue from rental services is recognized when the services are provided. Amounts received in advance of the provision of services are recorded as advances on rent.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenses in the financial statements and accompanying notes. Significant items subject to management's estimates and assumptions include the valuation of receivables, carrying value of tangible capital assets and the carrying value of the contamination provision. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. RECEIVABLES**

	2021	2020 (Restated)
Province of Nova Scotia	\$ 1,118,010	\$ –
Escrow fund	205,955	204,261
Trade	112,128	103,665
Harmonized sales tax	–	2,656
Sydney Steel Corporation	12,567	14,206
	<b>\$ 1,448,660</b>	<b>\$ 324,788</b>

**3. INVESTMENT IN CAPITAL LEASES**

The Company entered into capital lease arrangements to sell real and depreciable property. The capital leases are for ten-year periods with no implicit interest rates.

**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

**4. PAYABLES AND ACCRUALS**

	2021	2020 (Restated)
Province of Nova Scotia	\$ –	\$ 495,700
Nova Scotia Lands Inc.	2,316,568	124,132
Deposit on sale of land	121,125	107,129
Trade payables and accruals	49,147	150,506
Environmental monitoring – Port Mersey	50,000	75,000
Remediation liability of Brooklyn Power Corporation Inc. site	43,833	43,833
Advances on rent	2,750	2,750
	<b>\$ 2,583,423</b>	<b>\$ 999,050</b>

**5. CONTAMINATION PROVISION**

The contamination provision relates to the estimated cost to remediate the contamination located on lands acquired by the Company on March 29, 2019. The contamination resulted from over a century of industrial operations on the site. The basis of determining the estimate of the liability relies on management's assessment, which is compiled based on expert reports obtained by the site's former operator. The assessment is supported by a third-party review of the contamination provision prepared on July 19, 2019. The amount recorded in the financial statements has been discounted at a rate of 2.5% (2020 - 2.5%) to reflect the fact that the expenditures will be made over several years. The Company has accepted responsibility to fund the remediation of the lands and has estimated the gross contamination provision to be \$407,616 (2020 - \$508,339).

**6. TANGIBLE CAPITAL ASSETS**

	2021		2020 (Restated)	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,147,276	\$ –	\$ 2,147,276	\$ 2,206,901
Buildings	4,600,502	638,935	3,961,567	3,336,530
Railroad lines	1,220,548	427,195	793,353	823,867
Equipment	1,921,134	1,832,507	88,627	48,873
Vehicles	369,997	307,050	62,947	63,458
Site infrastructure	831,661	55,444	776,217	–
	<b>\$ 11,091,118</b>	<b>\$ 3,261,131</b>	<b>\$ 7,829,987</b>	<b>\$ 6,479,629</b>

**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

**7. CAPITAL STOCK**

Authorized

The Company is authorized to issue 10,000,000, 5% Class A non-cumulative, voting, non-retractable preference shares, redeemable by the Company at par with par value of \$1 each and 100,000 common shares with par value of \$1 each.

Issued and outstanding

	2021	2020
1 common share	\$ 1	\$ 1
nil (2020 – 1,500,000) preference shares	–	1,500,000
	<b>\$ 1</b>	<b>\$ 1,500,001</b>

During the year, the Company redeemed 1,500,000 preferred shares for \$1,500,000.

**8. RELATED PARTY TRANSACTIONS**

During the current year, the Company received a grant in the amount of \$1,452,279 (2020 - \$510,000) from the Province of Nova Scotia.

Included in expenditures are management fees of \$180,000 (2020 - \$175,000) and various operating expenses of \$29,176 (2020 - \$29,085) paid to Nova Scotia Lands Inc., a company controlled by the Province of Nova Scotia.

Included in revenues are office rentals in the amounts of \$56,389 (2020 - \$56,389) received from Nova Scotia Lands Inc. and a management fee of \$10,928 (2020 – Nil) received from the Sydney Steel Corporation both 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.

**9. COMMITMENTS**

In conjunction with the asset purchase agreement between the Company and Renova Scotia Bioenergy Inc., the Company has assumed:

The escrow agreement with Emera Energy Inc., Brooklyn Power Corporation Inc., and others dated as of July 22, 2013 regarding environmental remediation, as amended.

**9. COMMITMENTS (CONTINUED)**

As per the steam agreement with Emera Energy Inc. dated July 22, 2013, the Company shall pay Brooklyn Power Corporation \$33,500 per month towards fixed operating costs. In addition, the Company shall purchase steam from Brooklyn Power Corporation as needed for use in its operations of the Port Mersey site. These payments in aggregate must total a minimum of \$1 million per year.

This agreement shall be co-terminous with the Power Purchase Agreement between Brooklyn Power Corporation and Nova Scotia Power Inc. dated June 30, 1992, as amended or replaced from time to time.

All other assumed contracts per the asset purchase agreement between the Company and Renova Scotia Bioenergy Inc. relate to activities and contracts carried out in the normal course of operations.

By way of an operating agreement, the Company has assigned the responsibility of operating and maintaining the Port Mersey site, including execution of the steam agreement, to Nova Scotia Lands Inc. All associated revenues and expenses relating to Port Mersey are recorded in the financial statements of Nova Scotia Lands Inc.

**10. CONTINGENCY**

The Company has performed activities under the terms of a remediation agreement which are subject to the mutual approval of the parties involved. Any additional costs required and settlement of receivables is contingent on approval of the work performed. The outcome of the matter is not determinable and discrepancy upon settlement, if any, will be accounted for as a charge to operations in the period of settlement.

**11. RESTATEMENT**

Management had previously reported its investment in a wholly owned subsidiary, Sydney Utilities Limited, at cost. This policy was not in accordance with Canadian public sector accounting standard 1300 Government Reporting Entity and previous audit reports were qualified. During the year, management retrospectively adjusted its accounting policy regarding the Company's wholly owned subsidiary to consolidate its financial statements.

**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

**11. RESTATEMENT (CONTINUED)**

The following presents the retrospective adjustments to the previously reported statement of financial position as of March 31, 2020:

**Statement of Financial Position**

	As previously reported	Restatement	As restated
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	\$ 1,048,984	\$ –	\$ 1,048,984
Short-term investments	600,110	–	600,110
Receivables	873,182	(548,394)	324,788
Investment in capital leases	1,121,050	–	1,121,050
	3,643,326	(548,394)	3,094,932
<b>FINANCIAL LIABILITIES</b>			
Payables and accruals	940,538	58,512	999,050
Contamination provision	508,339	–	508,339
	1,448,877	58,512	1,507,389
<b>NET FINANCIAL ASSETS</b>	2,194,449	(606,906)	1,587,543
<b>NON-FINANCIAL ASSETS</b>			
Investment in subsidiary	1	(1)	–
Tangible capital assets	6,279,379	200,250	6,479,629
Prepays	113,971	–	113,971
	6,393,351	200,249	6,593,600
<b>TOTAL NET ASSETS</b>	8,587,800	(406,657)	8,181,143
<b>COMPANY POSITION</b>			
Capital stock	1,500,001	–	1,500,001
Accumulated surplus	7,087,799	(406,657)	6,681,142
	8,587,800	(406,657)	8,181,143

**Harbourside Commercial Park Inc.**  
**Notes to Financial Statements**  
*For the year ended March 31, 2021*

**11. RESTATEMENT (CONTINUED)**

The following presents the retrospective adjustments to the previously reported statement of financial activities, changes in net financial assets and cash flows for the year ended March 31, 2020:

**Statement of Financial Activities**

Revenues	\$ 910,662	\$ 111,104	\$ 1,021,766
Expenses	983,609	107,508	1,091,117
Annual surplus (deficit)	(72,947)	3,596	(69,351)
Accumulated surplus, beginning of year	7,160,746	(410,253)	6,750,493
Accumulated surplus, end of year	\$ 7,087,799	\$ (406,657)	\$ 6,681,142

**Statement of Changes in Net Financial Assets**

	As previously reported	Restatement	As restated
Annual surplus (deficit)	\$ (72,947)	\$ 3,596	\$ (69,351)
Change in non-financial assets	871,456	–	871,456
Increase (decrease) in net financial assets	798,509	3,596	802,105
Net financial assets, beginning of year	1,395,940	(610,502)	785,438
Net financial assets, end of year	\$ 2,194,449	\$ (606,906)	\$ 1,587,543

**Statement of Cash Flows**

There were no changes to operating, financing or investing activities related to the statement of cash flow

**12. WIND UP OF WHOLLY OWNED SUBSIDIARY**

On April 1, 2020, the Company wound up its 100% owned subsidiary, Sydney Utilities Limited, pursuant to the Nova Scotia Companies Act. At this date, 100% of the assets and liabilities were transferred to the Company at their carrying value.

**13. IMPACT ON OPERATIONS OF COVID-19**

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**14. SUBSEQUENT EVENT**

On April 1, 2021, the Company amalgamated with Nova Scotia Lands Inc. pursuant to the Nova Scotia Companies Act. The amalgamated company will continue operations as Nova Scotia Lands Inc.