



Financial Statements

Tourism Nova Scotia

January 1, 2022

# Contents

	<b>Page</b>
Management statement on financial reporting	1
Independent auditor's report	2-3
Statement of financial position	4
Statement of operations	5
Statement of changes in net debt	6
Statement of cash flows	7
Notes to the financial statements	8-13

## Management statement on financial reporting


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these financial statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.


The Minister of Communities, Culture, Tourism and Heritage (the "Minister") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Tourism Nova Scotia and meet when required.

On behalf of Tourism Nova Scotia:

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Justin Huston  
Deputy Minister,  
Communities, Culture, Tourism & Heritage

DocuSigned by:  
  
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Darlene MacDonald  
Executive Director, Tourism



## Independent auditor's report

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To the Minister of Communities, Culture, Tourism and Heritage

### Opinion

We have audited the financial statements of Tourism Nova Scotia ("Tourism", or the "Organization"), which comprise the statement of financial position as at January 1, 2022, and the statement of operations, changes in net debt and cash flows for the period from April 1, 2021 to January 1, 2022, 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 Tourism Nova Scotia as at January 1, 2022, and the results of its operations and its cash flows for the period from April 1, 2021 to January 1, 2022 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 Organization 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

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which describes the dissolution of the Organization effective January 1, 2022.

### 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 Organization'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 Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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*

Chartered Professional Accountants

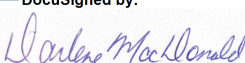
Halifax, Canada  
June 21, 2022

## Tourism Nova Scotia Statement of financial position

As at	January 1, 2022	March 31, 2021
<b>Financial assets</b>		
Receivables (Note 3)	\$ -	\$ 3,581,168
	<u>-</u>	<u>3,581,168</u>
<b>Liabilities</b>		
Bank indebtedness	-	1,383,449
Payables and accruals (Note 4)	-	1,707,097
Health and retirement obligations (Note 5)	-	1,811,971
	<u>-</u>	<u>4,902,517</u>
<b>Net debt (Page 6)</b>	<u>-</u>	<u>(1,321,349)</u>
<b>Non-financial assets</b>		
Inventories	-	58,420
Prepays	-	36,197
Tangible capital assets (Note 9)	-	49,412
	<u>-</u>	<u>144,029</u>
<b>Accumulated deficit</b>	<b>\$ -</b>	<b>\$ (1,177,320)</b>

Nature of operations and dissolution (Note 1)

On behalf of the Minister

DocuSigned by:  
  
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## Tourism Nova Scotia Statement of operations

	Budget	For the period from April 1, 2021 to January 1, 2022	For the year-ended March 31, 2021
<b>Revenues</b>			
Provincial operating grant	\$ 20,671,000	\$ 32,892,391	\$ 24,930,147
Miscellaneous Revenue	-	-	335,172
Recoveries (Note 6)	1,604,000	962,837	4,534,360
Fees and other charges (Note 6)	100,500	58,968	(244,831)
	<u>22,375,500</u>	<u>33,914,196</u>	<u>29,554,848</u>
<b>Expenses</b>			
Supplies and services	8,351,900	7,220,914	6,121,790
Salaries and wages	6,724,200	4,219,021	5,855,885
Professional services	4,503,300	3,374,739	5,596,602
Grants and contributions	1,619,700	18,528,349	11,285,102
Other	950,900	532,220	673,361
Travel	210,800	36,587	31,219
Other provincial obligations	39,400	23,700	40,300
	<u>22,400,200</u>	<u>33,935,530</u>	<u>29,604,259</u>
<b>Other</b>			
Gain on settlement of health and retirement plan (Note 5)	-	1,198,654	-
<b>Annual (deficit) surplus</b>	(24,700)	1,177,320	(49,411)
Accumulated deficit, beginning of period	<u>(1,177,320)</u>	<u>(1,177,320)</u>	<u>(1,127,909)</u>
Accumulated deficit, end of period	\$ <u>(1,202,020)</u>	\$ <u>-</u>	\$ <u>(1,177,320)</u>

## Tourism Nova Scotia Statement of changes in net debt

	Budget	For the period from April 1, 2021 to January 1, 2022	For the year ended March 31, 2021
Annual (deficit) surplus	\$ (24,700)	\$ 1,177,320	\$ (49,411)
Disposition of tangible capital assets	-	30,883	-
Amortization of tangible capital assets	-	18,529	49,411
Transfer of inventory	-	58,420	292,791
Transfer of prepaid expenses	-	36,197	28,510
Decrease (increase) in net debt	(24,700)	1,321,349	321,301
Net debt			
Beginning of period	(1,321,349)	(1,321,349)	(1,642,650)
End of period	\$ (1,346,049)	\$ -	\$ (1,321,349)



## Tourism Nova Scotia Statement of cash flows

	For the period from April 1, 2021 to January 1, 2022	For the year ended March 31, 2021
Net increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Annual surplus (deficit)	\$ 1,177,320	\$ (49,411)
Post-employment service costs	52,800	68,900
Post-employment benefit interest costs	23,700	40,300
Post-employment costs - other	(1,838,787)	(12,600)
Amortization of actuarial losses	(49,684)	(45,469)
Amortization of capital assets	18,529	49,411
Transfer of capital assets	<u>30,883</u>	<u>-</u>
	(585,239)	51,131
Change in non-cash operating working capital		
Receivables	3,581,168	(1,048,262)
Inventories	58,420	292,791
Prepays	36,197	28,510
Payables and accruals	<u>(1,707,097)</u>	<u>(209,701)</u>
	<u>1,383,449</u>	<u>(885,531)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,383,449</u>	<u>(885,531)</u>
Cash and cash equivalents (bank indebtedness)		
Beginning of period	<u>(1,383,449)</u>	<u>(497,918)</u>
End of period	\$ <u>-</u>	\$ <u>(1,383,449)</u>
Bank indebtedness consists of:		
Balances with banks	\$ -	\$ (1,295,671)
Outstanding cheques	<u>-</u>	<u>(87,778)</u>
	\$ <u>-</u>	\$ <u>(1,383,449)</u>

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# Tourism Nova Scotia

## Notes to the financial statements

January 1, 2022

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### 1. Nature of operations and dissolution

Tourism Nova Scotia ("Tourism") is a private sector-led provincial Crown Corporation and its mandate is to drive tourism growth in the province and foster a more globally competitive tourism industry through innovative, strategic marketing and sector development initiatives. As the steward of Nova Scotia's tourism brand and chief marketer, Tourism Nova Scotia is responsible for marketing Nova Scotia as a tourism destination.

Effective January 1, 2022, Tourism was dissolved in accordance with the Tourism Nova Scotia Dissolution Act, passed by royal assent November 5, 2021. As a result of this dissolution, effective January 1, 2022 the Board established by Tourism was dissolved and all appointments of persons as members of the Board have been revoked. All contracts, agreements, orders and by-laws relating to the remuneration, allowances or expenses to be paid to the members of the Board are null and void. By-laws made by the Board under the Tourism Nova Scotia Act are revoked.

Effective January 1, 2022, all property of Tourism, both real and personal, all assets of Tourism and all interests or rights of Tourism in or to any property are transferred and assigned to and vested in the Province of Nova Scotia. Likewise, all liabilities, contracts, obligations, debts, causes of action, actions, appeals, applications or other proceedings of Tourism or in the name of Tourism are transferred to and assumed by the Province of Nova Scotia.

Effective January 1, 2022, a reference to Tourism Nova Scotia in any Act, other than this Act, regulation, rule, order, by-law, agreement or other instrument or document must be read as, unless the context otherwise requires, the Department of Communities, Culture, Tourism and Heritage.

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### 2. Summary of significant accounting policies

#### Basis of accounting

These financial statements have been prepared by management by applying the principles of the Chartered Professional Accountants of Canada Public Sector Accounting Standards for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.

#### Presentation of estimates

Each year, Tourism prepares an annual budget, referred to as the estimate, which represents the financial plan for the fiscal period commencing April 1. The budgeted figures presented are consistent with Public Sector Accounting Standards. The fiscal 2022 budget was approved by the Board of Directors on May 25, 2021.

#### Revenue recognition

Provincial operating 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. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Recoveries, fees and other charges are recognized on an accrual basis as earned, and collectability is reasonably assured.

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# Tourism Nova Scotia

## Notes to the financial statements

January 1, 2022

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### 2. Summary of significant accounting policies (continued)

#### 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 period in which they are incurred. As at the period-ended January 1, 2022, all financial instruments of Tourism have been transferred to and assumed by the Crown.

##### *Subsequent measurement*

At each reporting date, Tourism 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. Tourism uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations.

For financial assets measured at cost or amortized cost, Tourism regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and Tourism 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 period the reversal occurs.

Health and retirement obligations include a health care benefit plan, where the responsibility for the provision of benefits rested with Tourism prior to dissolution. Liabilities for these plans are calculated using the projected benefit actuarial method. The projected benefit actuarial method attributes the estimated cost of benefits to the periods of employee service. The net liability represents accrued employee benefits and the balance of unamortized experience gains and losses.

#### Non-financial assets

Assets are retired from the accounts of Tourism when the asset is sold, destroyed, abandoned or otherwise disposed of. The gain or loss on disposal will be calculated with reference to the proceeds received and the net book value of the tangible capital asset.

Inventories of supplies are held for consumption of use by Tourism in the course of its operations and are recorded at the lower of cost and current replacement cost.

Tangible capital assets are initially recorded at cost and subsequently at cost less accumulated amortization. Amortization is calculated to write off the cost of tangible capital assets over their estimated useful lives on the diminishing balance method at the rates indicated below:

Computer hardware	50%
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#### Measurement uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action and are reviewed annually to reflect new information as it becomes available with adjustments made to the annual surplus or deficit as appropriate. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

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## Tourism Nova Scotia

### Notes to the financial statements

January 1, 2022

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#### 2. Summary of significant accounting policies (continued)

##### Income taxes

As a provincial Crown Corporation, Tourism 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 indebtedness.

##### Inventory

Inventory is valued at the lower of cost and net realizable value.

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3. Receivables	<u>2022</u>	<u>2021</u>
Harmonized Sales Tax receivable	\$ -	\$ 655,782
Receivables	-	644,229
Receivable from Province of Nova Scotia	<u>-</u>	<u>2,281,157</u>
	<u>\$ -</u>	<u>\$ 3,581,168</u>

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4. Payables and accruals	<u>2022</u>	<u>2021</u>
Payables	\$ -	\$ 1,306,025
Payroll accrual	-	262,655
Vacation pay accrual	<u>-</u>	<u>138,417</u>
	<u>\$ -</u>	<u>\$ 1,707,097</u>

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#### 5. Health and retirement obligations

Prior to dissolution, Tourism Nova Scotia participated in an unfunded health care benefit plan. The plan provides payment for 65% of the total premium charged towards the health benefits of employees who are receiving a pension under the Nova Scotia Public Service Superannuation Act.

The benefits following retirement are actuarially determined. The Province of Nova Scotia contracts a third party to perform an actuarial valuation for all government departments' agencies and boards. The last actuarial valuation for the health benefits was as at December 31, 2019. The actuarial liability as at January 1, 2022 has been transferred to and assumed by the Province of Nova Scotia.

# Tourism Nova Scotia

## Notes to the financial statements

January 1, 2022

### 5. Health and retirement obligations (continued)

Information respecting the retirement allowances and retirement health benefits is as follows:

	Health	Retirement	2022 Total	2021 Total
Opening benefit obligation, beginning of period	\$ 1,071,185	\$ -	\$ 1,071,185	\$ 1,244,685
Current service cost	52,800	-	52,800	68,900
Interest on obligation	23,700	-	23,700	40,300
Plan settlement	(1,199,385)	-	(1,199,385)	-
Benefits paid	(8,600)	-	(8,600)	(12,600)
Actuarial losses (gains)	60,300	-	60,300	(270,100)
Closing benefit obligation, end of period	-	-	-	1,071,185
Plan deficit	-	-	-	(1,071,185)
Unamortized actuarial gains	-	-	-	(740,786)
<b>Total accrued benefit liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,811,971)</b>
Net benefit plans (recovery) expense				
Current period benefit cost	\$ 52,800	\$ -	\$ 52,800	\$ 68,900
Interest on accrued benefit obligation	23,700	-	23,700	40,300
Amortization of net actuarial (gains) losses	(49,684)	-	(49,684)	(45,469)
Other adjustments	(630,801)	-	(630,801)	-
Plan settlement	(1,199,385)	-	(1,199,385)	-
<b>Net benefit plans (recovery) expense</b>	<b>\$ (1,803,370)</b>	<b>\$ -</b>	<b>\$ (1,803,370)</b>	<b>\$ 63,731</b>

Actuarial assumptions used in measuring the benefit cost and accrued benefit obligations include the following:

	Health	
	<u>2022</u>	<u>2021</u>
Discount rate	2.74%	3.01%

- (i) The actuary for the health benefits plan assumed 90% would retire on the date they are first eligible for an unreduced retirement pension. In calculating the post-retirement health benefits liability, it was further assumed that 75% of male members and 50% of female members will elect family coverage and that 70% of eligible employees will elect to participate.

# Tourism Nova Scotia

## Notes to the financial statements

January 1, 2022

<b>6. Recoveries, fees and other charges</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Recoveries</b>		
Partnership recoveries	\$ 944,715	\$ 4,532,782
Administrative recoveries	7,890	1,578
Market Development recoveries	<u>10,232</u>	<u>-</u>
	<b><u>\$ 962,837</u></b>	<b><u>\$ 4,534,360</u></b>
<b>Fees and other charges</b>		
English travel guide	\$ 330	\$ (263,210)
Retail partnership commissions	58,638	18,224
Information and reservation services	<u>-</u>	<u>155</u>
	<b><u>\$ 58,968</u></b>	<b><u>\$ (244,831)</u></b>

### 7. Pension Plan

Tourism Nova Scotia participates in a Multi-Employer Pension Plan, the Nova Scotia Public Service Superannuation Plan ("PSSP"). This is a defined benefit plan with plan assets primarily composed of Canadian and foreign equities, government and corporate bonds, debenture, secured mortgages, and real estate. The plan is jointly funded with contributions from employees being matched by Tourism Nova Scotia. Benefits paid upon retirement are based on an employee's length of service, rate of pay and inflation adjustments.

On April 1, 2013, the PSSP transitioned to a joint governance structure where the Minister of Finance transferred responsibility for the PSSP to the Public Service Superannuation Plan Trustee Inc. ("PSSPTI"), the new trustee of the PSSP. PSSPTI is a corporate body comprised of 13 board members - six representing the province as the employer, six representing the employees and an independent chairperson. This detailed joint governance framework included in the Financial Measures (2010) Act was implemented by way of the Financial Measures (2012) Act.

Due to the plan amendments in 2014, Tourism has no residual liability for the PSSP and therefore does not have an asset or liability associated with the PSSP recorded on its statement of financial position. Tourism's pension expense for the PSSP is limited to contributions paid to the PSSP as an employer, which are equal to the employee contributions. The contribution rate is set by PSSPTI pursuant to the legislated funding policy and is set for a five-year cycle. The last actuarial valuation for retiring allowances was conducted as at December 31, 2019. The last actuarial valuation for the health benefits was as at December 31, 2019. These actuarial liabilities as at January 1, 2022 were extrapolated based on the latest actuarial valuations.

Based on PSSPTI's review of the PSSP's funded health as at March 31, 2021, indexing at 0.00% per year was approved for January 1, 2021 through to December 31, 2025 and no changes to member and employer plan contributions were made. Tourism's employer contributions to the PSSP in 2022 prior to dissolution were \$354,275 (2021 - \$449,037).

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## Tourism Nova Scotia

### Notes to the financial statements

January 1, 2022

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#### 8. Financial instruments

Tourism is exposed to various risks through its financial instruments. The following analysis provides a measure of Tourism's risk exposure and concentrations at January 1, 2022.

Tourism has determined that it is not exposed to significant market, credit or liquidity risk as all property, liabilities, contracts, assets and interests of Tourism have been transferred to and assumed by the Crown as at period-ended January 1, 2022.

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#### 9. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<b>2022 Net Book Value</b>	2021 Net Book Value
Computer hardware	\$ -	\$ -	\$ -	\$ 49,412

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#### 10. Related party transactions

Included in the financial statements are transactions with the Province of Nova Scotia, as well as various provincial Crown Corporations, agencies, boards and commissions. The parties are deemed to be related due to common control or ownership by the Province of Nova Scotia. These transactions include the following:

- a) Included in accounts payable are amounts owing to the Province of Nova Scotia and provincially controlled entities in the amount of \$nil (2021 - \$284,532), and \$nil (2021 - \$7,323) payable to the Board of Directors.
- b) Amounts charged from related parties for payroll and related benefits, consulting, legal and various other support services in the amount of \$74,425 (2021 - \$95,887).
- c) Amounts charged to Tourism by entities controlled by the Province of Nova Scotia for various rentals and grants issued in the amount of \$19,553 (2021 - \$244,828).
- d) Revenues received from related parties include operating and capital grants in the amount of \$34,101,045 (2021 - \$25,458,855).
- e) Total remuneration paid to Board Members for the period of \$30,309 (2021 - \$36,525).

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