Grant Thornton

Financial Statements

Develop Nova Scotia Limited

November 30, 2022

Contents

Management statement on financial reporting

To the Shareholder of
Develop Nova Scotia Limited

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.

Effective December 1,2022, the Corporation was amalgamated in accordance with the Build Nova Scotia Act, passed by royal assent November 9, 2022. As a result of this amalgamation, effective December 1, 2022 all shares of the former Corporation are cancelled and all matters, affairs and actions of the former corporations are assigned to Build Nova Scotia. See Note 1 to these financial statements for details. Those charged with governance (the "Interim Chair") is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities subsequent to dissolution of the Board of Directors prior to amalgamation.

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 Develop Nova Scotia Limited and meet when required.

On behalf of Develop Nova Scotia Limited:

DocuSigned by:
David Benoit
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David Benoit
President & CEO
Build Nova Scotia

DocuSigned by:
36022EA8CC1B410...

Gordon Stevens
Chief Operating Officer & Vice President, Finance
Build Nova Scotia

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 November 30, 2022, and the statements of operations, change in net debt and cash flows for the period from April 1, 2022 to November 30, 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 Develop Nova Scotia Limited as at November 30, 2022, and its results of operations, its changes in its net debt, and its cash flows for the period from April 1, 2022 to November 30, 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 Corporation 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 amalgamation of the Corporation effective December 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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

April 11, 2023

Develop Nova Scotia Limited
Statement of operations

	Budget for the period from April 1, 2022 to November 30, 2022 (Note 17)	**For the period from April 1, 2022 to November 30, 2022**	For the year ended March 31, 2022
Revenues			
Provincial grant revenue	$ 2,554,667	**$ 1,317,765**	$ 4,161,275
Rental	3,004,667	**4,155,889**	3,842,221
Recoveries	326,000	**570,162**	844,797
	5,885,334	**6,043,816**	8,848,293
Expenses			
Property expenses (Schedule 1)	1,456,800	**2,050,182**	3,094,618
Corporate expenses (Schedule 2)	4,428,534	**3,993,634**	5,753,675
	5,885,334	**6,043,816**	8,848,293
Annual surplus, before other items	-	**-**	-
Other items			
Provincial capital grant revenue	717,333	**77,037**	11,707,903
Federal capital grant revenue	-	**-**	1,945,245
Accretion expense (note 9)	-	**(52,703)**	-
Amortization (note 10)	(2,044,667)	**(2,600,757)**	(2,981,044)
Loss on sale of capital assets	-	**(48,212)**	-
Annual (deficit) surplus (note 11)	(1,327,334)	**(2,624,635)**	10,672,104
Accumulated surplus, beginning of year	123,048,658	**123,048,658**	112,376,554
Accumulated surplus, end of year (note 11)	$ 121,721,324	**$ 120,424,023**	$ 123,048,658

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of financial position

As at		November 30, 2022		March 31, 2022
Financial assets				
Cash and cash equivalents	**$**	**762,920**	$	498,777
Receivables (note 4)		**857,338**		3,500,475
Receivable from the Province of Nova Scotia (note 5)		**831,457**		831,457
		2,451,715		4,830,709
Liabilities				
Payables and accruals (note 6)		**1,676,781**		4,144,580
Demand credit facility (note 7)		**-**		115,000
Deferred revenue (note 8)		**3,868,736**		3,750,301
Asset retirement obligation (note 9)		**2,379,739**		-
		7,925,256		8,009,881
Net debt (Page 6)		**(5,473,541)**		(3,179,172)
Non-financial assets				
Prepaids		**322,441**		375,839
Tangible capital assets (note 10)		**125,575,123**		125,851,991
		125,897,564		126,227,830
Accumulated surplus (note 11)	**$**	**120,424,023**	$	123,048,658

Nature of operations and subsequent amalgamation (note 1)

Commitments (note 16)

On behalf of management

DocuSigned by:

David Benoit

A23A6E31D3B0408... President and CEO

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of change in net debt

	Budget for the period from April 1, 2022 to November 30, 2022 (Note 17)	**For the period from April 1, 2022 to November 30, 2022**	For the year ended March 31, 2022
Annual (deficit) surplus	$ (1,327,334)	**$ (2,624,635)**	$ 10,672,104
Acquisition of tangible capital assets	(717,333)	**(85,065)**	(13,645,119)
Accretion expense	-	**52,703**	-
Amortization of tangible capital assets	2,044,667	**2,600,757**	2,981,044
Asset retirement obligation	-	**(2,379,739)**	-
Proceeds on disposal of tangible capital assets	-	**40,000**	-
Loss on disposal of assets	-	**48,212**	-
	1,327,334	**276,868**	(10,664,075)
Acquisition of prepaid expense	(250,559)	**(322,441)**	(375,839)
Use of prepaid expense	175,308	**375,839**	262,962
	(75,251)	**53,398**	(112,877)
Change in net financial assets	(75,251)	**(2,294,369)**	(104,848)
Net debt, beginning of year	(3,179,172)	**(3,179,172)**	(3,074,324)
Net debt, end of year	$ (3,254,423)	**$ (5,473,541)**	$ (3,179,172)

See accompanying notes to the financial statements.

Develop Nova Scotia Limited
Statement of cash flows

	For the period from April 1, 2022 to November 30, 2022	For the year ended March 31, 2022
Increase (decrease) in cash and cash equivalents		
Operating		
Annual (deficit) surplus	**$ (2,624,635)**	$ 10,672,104
Accretion expense	**52,703**	-
Amortization	**2,600,757**	2,981,044
Loss on disposal of assets	**48,212**	-
	77,037	13,653,148
Change in non-cash operating working capital (note 13)	**347,171**	4,690,537
	424,208	18,343,685
Financing		
Repayment of credit facility	**(115,000)**	(4,220,000)
Investing		
Purchase of property and equipment	**(85,065)**	(13,645,119)
Proceeds on disposal of property and equipment	**40,000**	-
	(45,065)	(13,645,119)
Net increase in cash and cash equivalents	**264,143**	478,566
Cash and cash equivalents		
Beginning of year	**498,777**	20,211
End of year	**$ 762,920**	$ 498,777

See accompanying notes to the financial statements.

1. Nature of operations and subsequent amalgamation

Develop Nova Scotia Limited (the "Corporation"), is a provincial Crown Corporation responsible for leading sustainable development of high-potential property and infrastructure across our province to drive economic and population growth. They engage Nova Scotia's diverse communities to lead and support projects that create inclusive, sustainable places that people love.

The Waterfront Development Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976, which became Develop Nova Scotia with Royal Assent of the Develop Nova Scotia Act on October 11, 2018.

The Corporation works closely with partners, stakeholders and industry to create projects that contribute to economic growth and social wellbeing in the province. It also develops and manages an implementation plan to expand high-speed internet across Nova Scotia in connection with the Nova Scotia Internet Funding Trust.

Effective December 1, 2022, the Corporation was amalgamated with Nova Scotia Lands Inc.in accordance with the Build Nova Scotia Act, passed by royal assent November 9, 2022. As a result of this amalgamation, effective December 1, 2022, all shares of the former Corporation were cancelled and all matters, affairs and actions of the former corporations are assigned to Build Nova Scotia.

Effective December 1, 2022, all assets of the former corporations, including all the rights, titles and interests of the former Corporation are vested in Build Nova Scotia and all obligations and liabilities of the former Corporation are the obligations and liabilities of Build Nova Scotia.

2. Change in accounting policy

Asset retirement obligations

On April 1, 2022, the Corporation adopted Public Sector Accounting Standard PS 3280 – Asset retirement obligations ("PS 3280"). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, including the removal and remediation of contaminants in retired buildings by public sector entities. The standard was adopted on the prospective basis at the date of adoption as the event giving rise to the obligation arose prior to April 1, 2022 and the obligation has not been previously recognized. Under the prospective basis of adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Corporation recognized an asset retirement obligation upon adoption of PS 3280 on April 1, 2022. The liability represents the required closure and decommissioning of wharves and remediation of contaminants present within a number of buildings owned by the Corporation. These buildings and wharves have expected useful lives ranging from 2 to 38 years. As of the date of adoption of the standard the relevant discount rates on tangible assets held range from 3.3% to 3.5% per annum.

In accordance with the provisions of this new standard, the Corporation has reflected the following adjustments as at April 1, 2022:

a) An asset retirement obligation in the amount of $2,327,036, representing the original $5,396,519 obligation discounted to the present value using discount rates ranging from 3.3% to 3.5% per annum.
b) An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

3. 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.

The cost, less residual value, of the tangible capital assets, excluding land and waterlots, are amortized over their estimated useful lives on a straight-line basis, with the exception of vehicles which are amortized on a declining balance basis, as follows:

Buildings	2%-10%
Wharves and walkways	2%-5%
Equipment	10%-30%
Paving	8%
Capital lease	5%
Monuments	10%-20%
Playground	5%

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.

3. Summary of significant accounting policies (continued)

Non-financial assets (continued)

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, which is charged to expense within the period(s) 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 asset retirement obligations.

Additionally, the Corporation's implementation of PS 3280 Asset retirement obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

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.

Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
b) The past transaction or event giving rise to the liability has occurred;
c) It is expected that future economic benefits will be given up; and
d) A reasonable estimate of the amount can be made.

The liability for the closure and decommissioning of wharves has been recognized based on estimated future expenses. The liability associated with the remediation of contaminants present within a number of buildings owned by the Corporation has also been recognized based on estimated future expenses on closure of the sites and post-closure care.

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective capital assets. The increase to tangible capital assets is being amortized in accordance with the amortization accounting policies outlined above.

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.

3. 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 year in which they are incurred. Financial instruments consist of receivables, receivables from Province of Nova Scotia and Federal government, bank indebtedness, and payables.

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.

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.

4. Receivables

		November 30, 2022		March 31, 2022
Receivables	**$**	**785,126**	$	608,938
Receivable from the Province of Nova Scotia		**72,212**		2,563,933
Harmonized sales tax receivable		**-**		328,649
Less: provision for doubtful accounts		**-**		(1,045)
	$	**857,338**	$	3,500,475

Receivable from the Province of Nova Scotia as at November 30, 2022 is comprised of $30,687 (March 31, 2022 – $650,077) in operational funding and $41,525 (March 31, 2022 – $1,913,856) in capital grant funding, the majority of which relates to economic stimulus infrastructure projects.

5. Receivable from the Province of Nova Scotia

		November 30, 2022		March 31, 2022
Receivable from the Province of Nova Scotia	**$**	**831,457**	$	831,457

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 $831,457 (March 2022 - $831,457).

6. Payables and accruals

	November 30, 2022	March 31, 2022
Trade payables and accruals	**$ 1,083,010**	$ 3,763,509
Harmonized sales tax payable	**20,986**	-
Salaries and benefits payable	**222,245**	111,350
Marketing payable	**169,347**	52,875
Other	**181,193**	216,846
	$ 1,676,781	$ 4,144,580

Trade payables and accruals as at November 30, 2022 is comprised of $535,701 (March 31, 2022 – $1,236,565) in operational expenditures and $439,409 (March 31, 2022 – $2,526,944) in capital costs, the majority of which relates to economic stimulus infrastructure projects.

7. Demand credit facility

	2022	March 31, 2022
Demand loan	**$ -**	$ 115,000
Bedford waterfront project (note 7)	**2,043,155**	2,043,155
	$ 2,043,155	$ 2,158,155

The Corporation has a revolving demand facility, held with the Royal Bank of Canada. This facility is limited to $6,000,000 in available credit, of which $6,000,000 (March 31, 2022 - $5,885,000) was unused as at November 30, 2022. This credit facility bears interest at prime plus 0.85%. As security over this facility, the Corporation has provided a borrowing resolution regarding banking and security.

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the credit facility. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased by $2,043,155 through additional borrowings and other available funding as illustrated above.

8. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at November 30, 2022:

	Balance at beginning of period	Receipts during the period	Related expense incurred	**Balance at end of period**
Deposits for project developments and programs	$ 522,910	$ -	$ 522,910	**$ -**
Bedford waterfront project	2,043,155	-	-	**2,043,155**
Bishop’s landing condo waiver	346,943	-	-	**346,943**
Proceeds from insurance	831,456		-	**831,456**
Prepaid rent liability	5,837	71,110	-	**76,947**
Operating grant received in advance	-	570,235	-	**570,235**
	$ 3,750,301	$ 641,345	$ 522,910	**$ 3,868,736**

8. Deferred revenue (continued)

Deposits for project developments and programs
The Corporation received a deposit from Southwest Properties Limited for development of the Cunard Block property. This deposit has been returned in full as at period ended November 30, 2022.

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.

Bishop's Landing Condo Waiver
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 around Bishop's Landing.

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.

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.

Operating Grant Received in Advance
The Corporation is required to refund the Province of Nova Scotia for overage of Operating Grants to balance to a nil before Capital and Other Items. As expenditures are not linear throughout the fiscal year, it is expected the revenues will be recognized at December 1, 2022.

9. Asset retirement obligation

The Corporation's asset retirement obligation consists of the liability for the closure and decommissioning of wharves and remediation of contaminants present within a number of buildings owned by the Corporation. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. Following the adoption of PS 3280 – Asset retirement obligations, the Corporation recognized an obligation relating to this decommissioning and remediation of contaminants as estimated as at April 1, 2022. These buildings and wharves have expected useful lives ranging from 2-38 years. Estimated costs have been discounted to the present value using discount rates ranging from 3.3% to 3.5% per annum.

Changes to the asset retirement obligation in the year are as follows:

	November 30, 2022	March 31, 2022
Opening balance	**$ -**	$ -
Liability recognized on adoption of PS 3280	**2,327,036**	-
Settlement	**-**	-
Accretion expense	**52,703**	-
Closing balance	**$ 2,379,739**	$ -

10. Tangible capital assets

November 30, 2022	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Landscaping and Monuments	Playground	Assets under Construction (net)	2022 Total
Cost											
Opening balance	**$ 38,092,328**	**$ 32,190,202**	**$ 58,655,781**	**$ 2,383,328**	**$ 11,474,800**	**$ 2,724,466**	**$ 1,704,472**	**$ 918,214**	**$ 242,298**	**$ 132,205**	**$ 148,518,094**
Asset retirement obligation				**-**			**-**	**-**	**-**	**-**	
(note 2)	**-**	**1,078,791**	**1,248,245**		**-**	**-**					**2,327,036**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**85,065**	**85,065**
Disposals	**-**	**(141,139)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(141,139)**
Closing balance	**38,092,328**	**33,127,854**	**59,904,026**	**2,383,328**	**11,474,800**	**2,724,466**	**1,704,472**	**918,214**	**242,298**	**217,270**	**150,789,056**
Accumulated amortization											
Opening balance	**-**	**10,162,064**	**5,167,936**	**-**	**4,435,337**	**684,574**	**1,704,472**	**391,235**	**120,485**	**-**	**22,666,103**
Amortization	**-**	**685,831**	**915,859**	**-**	**797,651**	**131,345**	**-**	**61,994**	**8,077**	**-**	**2,600,757**
Disposals	**-**	**(52,927)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(52,927)**
Closing balance	**-**	**10,794,968**	**6,083,795**	**-**	**5,232,988**	**815,919**	**1,704,472**	**453,229**	**128,562**	**-**	**25,213,933**
Net book value	**$ 38,092,328**	**$ 22,332,886**	**$ 53,820,231**	**$ 2,383,328**	**$ 6,241,812**	**$ 1,908,547**	**$ -**	**$ 464,985**	**$ 113,736**	**$ 217,270**	**$ 125,575,123**

March 31, 2022	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Playground	Assets under Construction (net)	2022 Total
Cost											
Opening balance	$ 38,092,328	$ 26,850,716	$ 24,204,709	$ 2,383,328	$ 5,943,641	$ 1,997,912	$ 1,819,472	$ 454,680	$ 242,298	$ 32,883,891	$ 134,872,975
Additions	-	5,224,486	34,451,072	-	5,531,159	726,554	-	463,534	-	95,902	46,492,707
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	115,000	-	-	-	-	(115,000)	-	-	(32,847,588)	(32,847,588)
Closing balance	38,092,328	32,190,202	58,655,781	2,383,328	11,474,800	2,724,466	1,704,472	918,214	242,298	132,205	148,518,094
Accumulated amortization											
Opening balance	-	9,254,731	4,235,441	-	3,570,492	516,619	1,655,907	343,499	108,370	-	19,685,059
Amortization	-	884,333	932,495	-	864,845	167,955	71,565	47,736	12,115	-	2,981,044
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	23,000	-	-	-	-	(23,000)	-	-	-	-
Closing balance	-	10,162,064	5,167,936	-	4,435,337	684,574	1,704,472	391,235	120,485	-	22,666,103
Net book value	$ 38,092,328	$ 22,028,138	$ 53,487,845	$ 2,383,328	$ 7,039,463	$ 2,039,892	$ -	$ 526,979	$ 121,813	$ 132,205	$ 125,851,991

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.

Develop Nova Scotia is leading a series of projects with a focus on developing key waterfront infrastructure and places that support Nova Scotia's working waterfronts and authentic destinations in economic recovery and growth. These projects are funded through economic stimulus capital grants provided by the Province of Nova Scotia.

11. Accumulated surplus

The accumulated surplus is made up as follows:

	November 30, 2022	March 31, 2022
Accumulated surplus	**$ 106,676,194**	$ 109,300,829
Contributed surplus	**13,747,826**	13,747,826
Share capital	**3**	3
	$ 120,424,023	$ 123,048,658

Authorized:
5,000 shares without nominal or par value

Issued:

	November 30, 2022	March 31, 2022
3 shares	**$ 3**	$ 3

The shares are held in trust by one representative of the Province for the King in Right of the Province of Nova Scotia.

The Corporation has recognized a substantial annual and accumulated surplus as a result of the recognition of government transfers related to capital projects. The related cost has been capitalized to tangible capital assets, to be incurred in future years in the form of amortization expense.

12. 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 period ended November 30, 2022 were $178,281 (March 31, 2022 - $269,488) 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.

13. Supplemental cash flow information

Change in non-cash operating working capital:

	November 30, 2022	March 31, 2022
Receivables	**$ 2,643,137**	$ 18,855,154
Prepaids	**53,398**	(112,877)
Payables and accruals	**(2,467,799)**	(14,050,309)
Deferred revenue	**118,435**	(1,431)
	$ 347,171	$ 4,690,537

14. 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 the following:

a) Rent charged to these entities for use of the Corporation's assets in the amount of $202,953 (March 31, 2022 - $301,429).
b) Revenues received from related parties include operating and capital grants in the amount of $1,694,496 (March 31, 2022 - $16,205,826).
c) Payroll benefits, consulting and legal services paid for on behalf of the Corporation by related parties of $30,000 (March 31, 2022 - $45,000).
d) Payables, paid on behalf of the corporation by related parties of $21,667 (March 31, 2022 - $47,661).

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

15. Employee compensation

Section 3 of the Public Sector Compensation Disclosure Act of the Province of Nova Scotia requires public sector bodies to publicly disclose the amount of compensation it pays or provides, directly or indirectly, to any person in the fiscal year if the compensation to that person is one hundred thousand dollars or more including compensation paid to, or for the benefit of, each of its board members, officers, employees, contractors and consultants.

Section 4 of the Act requires that the information reported be disclosed in the body of the audited financial statements of the Corporation or in a statement prepared for the purposes of the Act and certified by its auditors. The Corporation has chosen to disclose this required information as part of its audited financial statements.

For the period ended November 30, 2022, the following employees received compensation of $100,000 or more:

Jennifer Angel, President & CEO	$247,230

16. Commitments

Develop Nova Scotia is committed to the completion of major projects under various development and revitalization contracts and capital grant agreements as follows:

In Agreement With	Project Name	Amount Committed	Description	Completion Date
Province of Nova Scotia	Cunard Block	$4,475,000	Public Space Component to Southwest Properties Development	2023-2024
Province of Nova Scotia	Yamaha Marine Stock Room	831,457	Corresponds to receipt of proceeds that are contingent on this being replaced	Unknown
Province of Nova Scotia	Cable Wharf	554,700	Repairs to wharf, supporting the historic building	2022-2023
Province of Nova Scotia	Charlotte St. Redesign, Sydney	3,000,000	Revitalization of Charlotte Street, in Sydney. $1,000,000 per year for 3 years	2024-2025

17. Budgeted figures

The budgeted figures presented are approved annually by the Board and represent planned revenues and expenses for entity-wide operations. The budgeted figures presented are consistent with Public Sector Accounting Standards. The fiscal 2022 budget was approved by the Board on December 1, 2021.

Budgeted figures have been presented within the statement of operations and change in net debt for the period from April 1, 2022 to November 30, 2022. Due to the budget figures being approved for the fiscal year April 1, 2022 to March 31, 2023, prorated budgeted figures have been presented. The difference in figures used for the financial statements and the approved fiscal plan have been outlined below.

Statement of operations

	Budget	Prorated	Difference
Rents	$ 4,507,000	$ 3,004,667	$ 1,502,333
Provincial grant revenue	3,832,000	2,554,666	1,277,334
Recoveries	489,000	326,000	163,000
	8,828,000	5,885,333	2,942,667
Property expenses (schedule 1)	2,185,200	1,456,800	728,400
Corporate expenses (schedule 2)	6,642,800	4,428,533	2,214,267
	8,828,000	5,885,333	2,942,667
Provincial capital grant revenue	1,076,000	717,333	358,667
Amortization	(3,067,000)	(2,044,667)	(1,022,333)
	$ (1,991,000)	$ (1,327,334)	$ (663,666)

Statement of change in net debt

	Budget	Prorated	Difference
Annual surplus	$ (1,991,000)	$ (1,327,334)	$ (663,666)
Acquisition of tangible capital assets	(1,076,000)	(717,333)	(358,667)
Amortization of tangible capital assets	3,067,000	2,044,667	1,022,333
Acquisition of prepaid expense	(375,839)	(250,559)	(125,280)
Use of prepaid expense	262,962	175,308	87,654
Increase in net financial assets	(112,877)	(75,251)	(37,626)
Net debt, beginning of year	(3,179,172)	(3,179,172)	-
Net debt, end of year	$ (3,292,049)	$ (3,254,423)	$ (37,626)

18. Financial instrument risk

In the normal course of operations, the Corporation is exposed to a number of risks in relation to financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at November 30, 2022.

Credit risk
The Corporation is exposed to credit risk through its receivables. Credit risk arises from the possibility that the entities to which the Corporation provides services may experience financial difficulty and be unable to fulfil their obligations. Management believes that its accounts receivable credit risk is limited and that he full accounts receivable will be recovered.

Liquidity risk
Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Corporation is exposed to this risk mainly in respect of its payables and accruals and demand credit facility. Management believes that it has access through its working capital or other financing arrangements, to sufficient funds to sustain operations and meet the Corporation's obligations as they come due.

Develop Nova Scotia Limited
Schedule 1 – Property expenses

	Budget for the period from April 1, 2022 to November 30, 2022 (Note 17)	**For the period from April 1, 2022 to November 30, 2022**	For the year ended March 31, 2022
Expense			
Equipment and supplies	$ 41,000	**$ 44,051**	$ 65,585
Insurance	203,333	**318,463**	433,026
Landscaping and waste removal	227,333	**208,626**	392,384
Property taxes	120,000	**149,858**	204,341
Repairs and maintenance	417,133	**708,824**	1,254,861
Security	141,333	**286,685**	196,837
Utilities	306,668	**333,675**	547,584
Total expenses	$ 1,456,800	**$ 2,050,182**	$ 3,094,618

Develop Nova Scotia Limited
Schedule 2 - Corporate expenses

	Budget for the period from April 1, 2022 to November 30, 2022 (Note 17)	**For the period from April 1, 2022 to November 30, 2022**	For the year ended March 31, 2022
Expense			
Directors' fees and expenses	$ 40,000	**$ 17,389**	$ 45,176
(Recovery) doubtful accounts	13,333	**-**	(3,405)
Loan interest	26,667	**432**	5,545
Office operations	509,667	**461,844**	759,279
Professional fees			
Programs	666,667	**56,382**	478,581
Audit	18,667	**62,371**	25,465
Consulting	36,667	**7,025**	12,030
Legal fees	30,000	**62,383**	108,405
Salaries, contracts and benefits	2,823,533	**2,981,686**	4,008,542
Waterfront promotions and public relations	263,333	**344,122**	314,057
Total expenses	$ 4,428,534	**$ 3,993,634**	$ 5,753,675