Consolidated financial statements of
Nova Scotia Business Incorporated

November 30, 2022

Management’s Report	1
Independent Auditor’s Report	2–3
Consolidated statement of operations and changes in accumulated surplus	4
Consolidated statement of changes in net financial assets	5
Consolidated statement of financial position	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8–22
Schedules	
Schedule 1 – Schedule of Nova Scotia Independent Production Fund (“NSIPF”) revenues and expenses	23
Schedule 2 – Schedule of operating expenses	24
Schedule 2 – Schedule of Nova Scotia Business Fund: other expenses	25

Management's Report

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated 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 Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a semi-annual basis and external audited consolidated financial statements yearly.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Nova Scotia Business Incorporated and meet with them when required.

On behalf of Nova Scotia Business Incorporated

Peter MacAskill	Ferdinand Makani
CEO	Controller

Deloitte LLP
1741 Lower Water Street
Suite 800
Queen's Marque
Halifax NS B3J 0J2
Canada

Tel: 902-422-8541
Fax: 902-423-582
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of
Nova Scotia Business Incorporated

Opinion

We have audited the consolidated financial statements of Nova Scotia Business Incorporated (the "Corporation"), which comprise the consolidated statement of financial position as at November 30, 2022, and the consolidated statements of operations and changes in accumulated surplus, changes in net financial assets and cash flows for the eight month period ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at November 30, 2022, and the results of its operations, changes in net financial assets and its cash flows for the eight month period ended, in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

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 PSAS, 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
July 7, 2023

Nova Scotia Business Incorporated

Consolidated statement of operations and changes in accumulated surplus

Eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Notes	Budget (Unaudited) $	November 2022 $	March 2022 $
Revenue				
Provincial				
Strategic investment grant		**14,730**	**7,341**	10,785
Operating grant		**29,036**	**5,605**	25,544
Capital grant		**—**	**1,099**	—
Loan valuation allowance grant		**1,000**	**1,000**	1,000
Miscellaneous		**189**	**105**	212
Other		**1,188**	**1,481**	1,390
Interest on loans receivable		**269**	**440**	446
Nova Scotia Independent Production Fund ("NSIPF") revenue (Schedule 1)		**—**	**59**	328
Federal grant		**938**	**116**	1,125
Gain on sale of equity investments		**—**	**100**	—
Recovery of FCINS equity investments and film production development loans	16 and 17	**—**	**—**	92
		47,350	**17,346**	40,922
Expenses				
Operating expenses (Schedule 2)		**30,586**	**7,803**	27,360
Strategic investments		**14,730**	**7,341**	10,785
Nova Scotia Business Fund: other expenses (Schedule 3)		**885**	**418**	781
Nova Scotia Independent Production Fund ("NSIPF") expenses (Schedule 1)		**—**	**59**	328
Recovery of provision for credit losses	6	**500**	**(507)**	(208)
		46,701	**15,114**	39,046
Operating surplus		**649**	**2,232**	1,876
Accumulated surplus, beginning of period		**19,120**	**19,120**	17,244
Accumulated surplus, end of period		**19,769**	**21,352**	19,120

The accompanying notes are an integral part of the consolidated financial statements.

Nova Scotia Business Incorporated

Consolidated statement of changes in net financial assets

Eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Budget (Unaudited) $	November 2022 $	March 2022 $
Operating surplus	**649**	**2,232**	1,876
Change in tangible capital assets			
Acquisitions of tangible capital assets	**—**	**(1,135)**	(137)
Amortization of tangible capital assets	**46**	**63**	90
Net change in tangible capital assets	**46**	**(1,072)**	(47)
Change in other non-financial assets			
Acquisitions of prepaid assets	**—**	**(414)**	(371)
Use of prepaid assets	**—**	**371**	530
Net change in other non-financial assets	**—**	**(43)**	159
Increase in net financial assets	**695**	**1,117**	1,988
Net financial assets, beginning of period	**17,914**	**17,914**	15,926
Net financial assets, end of period	**18,609**	**19,031**	17,914

The accompanying notes are an integral part of the consolidated financial statements.

Nova Scotia Business Incorporated

Consolidated statement of financial position

As at November 30, 2022

(In thousands of dollars)

	Notes	**November 2022 $**	March 2022 $
Financial assets			
Cash and cash equivalents		**23,920**	35,770
Short-term investments	7	**8,000**	8,000
Accrued interest receivable		**94**	99
Other receivables		**360**	628
Receivables - NSIPF		**9**	—
Due from the Province of Nova Scotia	7	**9,524**	9,482
Loans receivable	3 and 6	**6,515**	7,830
Equity investments	4 and 6	**—**	—
		48,422	61,809
Liabilities			
Accounts payable and accrued liabilities	7	**27,505**	23,366
Accounts payable and accrued liabilities - NSIPF		**9**	8
Deferred revenue		**177**	116
Deferred revenue - NSIPF		**425**	633
Employee benefits and other liabilities	15	**912**	915
Due to shareholder	7	**—**	18,767
Film production assistance commitments payable - NSIPF		**363**	90
		29,391	43,895
Net financial assets		**19,031**	17,914
Non-financial assets			
Tangible capital assets	5	**1,907**	835
Prepaid expenses		**414**	371
		2,321	1,206
Accumulated surplus	8	**21,352**	19,120

Contractual obligations 9

Contingencies 10

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board

______________________________, Director

Nova Scotia Business Incorporated

Consolidated statement of cash flows

Eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Notes	November 2022 $	March 2022 $
Operating transactions			
Operating surplus		**2,232**	1,876
Items not affecting cash and cash equivalents			
Amortization of tangible capital assets		**63**	90
Amortization of loan valuation allowance receivable		**(1,000)**	(1,000)
Allowance for credit losses and provision for payment of guarantees		**(507)**	(208)
Changes in non-cash working capital	13	**4,442**	5,972
		5,230	6,730
Capital transaction			
Additions of tangible capital assets		**(1,135)**	(137)
		(1,135)	(137)
Investing transactions			
Loan advances		**(1)**	(4)
Proceeds on redemption of equity investments		**—**	15
Repayments received on loans receivable		**1,823**	2,194
		1,822	2,205
Financing transaction			
Principal repayments to the Province of Nova Scotia		**(17,767)**	(5,212)
		(17,767)	(5,212)
(Decrease) increase in cash and cash equivalents		**(11,850)**	3,586
Cash and cash equivalents, beginning of period		**35,770**	32,184
Cash and cash equivalents, end of period		**23,920**	35,770

Supplementary cash flow information 13

The accompanying notes are an integral part of the consolidated financial statements.

1. Business overview

Nova Scotia Business Incorporated (the "Corporation") is a corporation, wholly-owned by the Province of Nova Scotia (the "Province") with an independent Board of Directors. The Corporation was established pursuant to the Nova Scotia Business Incorporated Act, Chapter 30 of the Acts of Nova Scotia, 2000.

The Corporation's mission is to develop and enable Nova Scotia businesses to grow through export, creating opportunity and benefit for all those who call Nova Scotia home. The Corporation is not subject to provincial or federal taxes.

On April 9, 2015, the Nova Scotia provincial government tabled the March 31, 2016 budget in the House of Assembly, which included the elimination of the Film and Creative Industries Nova Scotia ("FCINS") agency's funding and a plan to cease its operations. Legislation, Bill No. 108 passed by the Government of Nova Scotia, introduced in the spring assigned all assets and liabilities of FCINS to the Corporation effective April 9, 2015 including those of the restricted independent production fund ("IPF").

On April 1, 2016 with the consent of the Province pursuant to Section 68(1) of the Finance Act, the Corporation incorporated a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF"). On June 9, 2016, NSIPF was certified by the CRTC and was added to the list of independent production funds to administer The Eastlink TV Independent Production Fund Program. As a result, the assets and liabilities of the IPF was assigned to and became assets and liabilities of the NSIPF effective June 9, 2016.

NSIPF's purpose continues to be as was FCINS's as an IPF, to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to productions determined to be eligible for funding in accordance with the requirements of the CRTC.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

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

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenue, expenses and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the following entities which are owned or controlled by the Corporation:

- Nova Scotia Business Incorporated
- Nova Scotia Independent Production Fund

All inter-departmental and inter-entity balances and transactions between the entities have been eliminated on consolidation.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash includes petty cash and amounts on deposit with financial institutions. Cash equivalents include short-term highly liquid investments with a term to maturity of 3 months or less at acquisition. All are measured at fair market value.

Short-term investments

Short-term investments includes investments in financial instruments, such as promissory notes, with a term to maturity of greater than 3 months at acquisition, but maturing within 365 days of year-end.

Loans receivable

Loans receivable are recognized at amortized cost using the effective interest rate method. Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and interest. A specific valuation allowance is established to reduce the recorded value of the impaired loan to its estimated net recoverable value.

A general allowance of 5% of cost is recorded to reflect anticipated future losses for all loans receivable which do not have a specific allowance.

Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the consolidated statement of operations.

Loans receivable are written off after all reasonable restructuring and collection activities have taken place, and management believes that there is no realistic prospect of recovery. Once all or a part of a loan receivable has been written off, the write-off is not reversed, unless the loan receivable is recovered, in which case the recovery is credited to the consolidated statement of operations upon receipt.

Equity investments

Investments in equity instruments of private enterprises are carried at cost with realized gains and losses recognized in the consolidated statement of operations in the period they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. A specific valuation allowance is established to reduce the recorded value of the impaired investments to their estimated net recoverable value.

A general allowance of 10% of cost is recorded to reflect anticipated future losses for all investments in private enterprises receivable which do not have a specific allowance.

A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

The investments and loans receivable are reviewed twice yearly for potential declines in value.

2. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method, with gains and losses recognized in the consolidated statement of operations in the period that the liability is derecognized.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Declining balance	5%
Wharves	Declining balance	5%
Utilities	Declining balance	4-15%
Computer software	Declining balance	50%
Computer hardware	Declining balance	50%
Furniture, equipment & technology	Declining balance	12%

Assets not in use are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded in revenues at their fair value at the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Impairment of long-lived assets

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 consolidated statement of operations and are not reversed.

2. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The transfer payments recorded by the Corporation are flow-through arrangements of proceeds from the sale of crown assets which the Corporation administers and are remitted to the Province. In accordance with PS 3410, government transfers do not include flow-through arrangements where a government agrees to act merely as an intermediary to administer funds on behalf of another party and has no ability to make decisions regarding the use of the funds.

Similarly, when funds are received as a result of an administrative flow-through arrangement in which a recipient government serves only as a cash conduit (i.e., it has no direct financial involvement in the program nor decision-making capability in relation to the program) the receipt and disbursement of cash would not be recognized as transfers in that recipient government's consolidated financial statements.

Revenue recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when, and to the extent, the transfer includes stipulations which have not yet been met.

Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met:

(a) Operating grants are recognized as revenue in the period the transfer is received but adjusted at year-end for any portion which does not meet the eligibility stipulations to be treated as revenue, which is booked as a payable to the Province for future reimbursement.

(b) Strategic investment grants are recognized when expenditure is recorded in accordance with the Corporation's approved budget and shall be provided in accordance with policies, guidelines and procedures set out in the Corporation's business plan.

(c) Loan valuation grant is provided by the Province of Nova Scotia to offset Due to Shareholder debt obligation.

(d) Miscellaneous consists of various contracts for trade programs. Revenue is recognized in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Interest revenue on the loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized, and any interest income that is accrued is reversed. A loan is considered impaired when there is risk of loss to the Corporation of the full and timely collection of principal and interest; generally, when it is more than three months in arrears. In the event a loan is no longer considered to be impaired, interest revenue is recognized in the year of recovery.

Other revenue is recognized when earned and collection is reasonably assured.

2. Summary of significant accounting policies (continued)

Provision for credit losses and payment of guarantees

Due to Shareholder debt obligation is partially offset by a non-cash loan valuation allowance contribution from the Province of Nova Scotia. The contribution is recorded as both a receivable and revenue.

Employee future benefits

The Corporation provides certain employee benefits which will require funding in future periods including vacation pay.

The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

The Corporation accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated years of service. The amount is payable when the employee ceases employment with the Corporation.

Use of estimates

The preparation of the consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the consolidated financial statements relate to the valuation of the loans receivable and the amount of certain accrued liabilities. Actual results could differ materially from these estimates.

Adoption of new accounting standards

Effective April 1, 2022, the Corporation has adopted the newly issued accounting standard, Asset retirement obligations under PSAS Section 3280 (“Section 3280”), which provided guidance relating to the accounting for asset retirement obligations associated with the retirement of tangible capital assets.

The application of this amendment does not have an impact on the Company’s financial statements.

(In thousands of dollars)

3. Loans receivable

	November 2022 $	March 2022 $
Principal due	**11,872**	17,280
Allowance for credit losses (Note 6)	**(5,357)**	(9,450)
	6,515	7,830

Annual interest charged on these loans ranges from 0% to 8.75% (0% to 10% March 2022). The maturity dates of the loans receivable are as follows:

	$
Past due	748
Year ended March 31, 2023	4,208
Year ended March 31, 2024	270
Year ended March 31, 2025	1,881
Year ended March 31, 2026	192
Year ended March 31, 2027	—
Year ended March 31, 2028	4,474
Fully allowed for loans receivable	99
	11,872

The level of security on loans is also negotiated between the Corporation and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees or the value of the parent company. Security can range from an unsecured position to a fully secured position.

4. Equity investments

	November 2022 $	March 2022 $
Common shares	**10,156**	10,156
Preferred shares	**6,206**	6,206
	16,362	16,362
Allowance for credit losses (Note 6)	**(16,362)**	(16,362)
	—	—

Certain equity investments have conversion options and warrants attached.

In the eight-month period ended, the Corporation had nil of shares redeemed ($15 March 2022) for proceeds of nil ($15 March 2022). In addition to the redemption of shares, there was a write off of nil ($1,985 March 2022) worth of preferred shares, as the balance was deemed uncollectible (Note 6).

(In thousands of dollars)

5. Tangible capital assets

	Cost	Accumulated amortization	November 2022 Net book value	March 2022 Net book value
	$	$	$	$
Land	**1,206**	**—**	**1,206**	82
Buildings	**873**	**726**	**147**	152
Wharves	**1,752**	**1,372**	**380**	393
Utilities	**411**	**397**	**14**	15
Computer hardware / software	**183**	**111**	**72**	109
Furniture, equipment & technology	**96**	**8**	**88**	84
	4,521	**2,614**	**1,907**	835

Proceeds from the sale of tangible capital assets less closing costs are remitted to the Province in the form of transfer payment. In the current eight-month period ended, the transfer payments payable to the Province from the sale of tangible capital assets were nil (nil March 2022).

6. Allowance for credit losses

	Gross balance outstanding	Specific allowance	General allowance	Total allowance	November 2022 Net balance outstanding
	$	$	$	$	$
Loans receivable (Note 3)	**11,872**	**5,030**	**327**	**5,357**	**6,515**
Equity investments (Note 4)	**16,362**	**16,362**	**—**	**16,362**	**—**
	28,234	**21,392**	**327**	**21,719**	**6,515**

	Gross balance outstanding	Specific allowance	General allowance	Total allowance	March 2022 Net balance outstanding
	$	$	$	$	$
Loans receivable (Note 3)	17,280	9,055	395	9,450	7,830
Equity investments (Note 4)	16,362	16,362	—	16,362	—
	33,642	25,417	395	25,812	7,830

During the eight-month period ended, investments in the amount of $3,586 ($3,098 March 2022) were written off, including nil (nil March 2022) allowed for during the current year, and $507 ($208 March 2022) of previously allowed for the investments were recovered, resulting in a net decrease in total allowance of $4,093 ($3,306 March 2022).

(In thousands of dollars)

7. Related party balances

Short-term investments

	November 2022 **$**	March 2022 $
Province of Nova Scotia promissory note receivable, bearing interest at 3.50% per annum, maturing August 17, 2023	**7,600**	—
Province of Nova Scotia promissory note receivable, bearing interest at 1.41% per annum, maturing March 3, 2023	**400**	400
Province of Nova Scotia promissory note receivable, bearing interest at 0.29% per annum, maturing August 17, 2022	**—**	7,600
	8,000	8,000

Due from the Province of Nova Scotia

The balance due from the Province is non-interest bearing with no set terms of repayment and includes nil (nil March 2022) of earned operating grant receivable from the Province.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes $13,752 ($3,843 March 2022) of unused operating grant revenue payable to the Province.

The Corporation signed a Memorandum of Understanding effective March 31, 2016 with the Province allowing and changing the treatment and recognition of the former long-term debt with the Province. The outstanding notes payable balance of $50,706 as at March 31, 2016 between the Corporation and the Province was converted into a non-interest bearing shareholder loan with no set terms of repayment. As a condition of this conversion, the Corporation was required to reduce its Loan Valuation Allowance receivable due from the Province by applying it against the outstanding notes payable to the Province. These were paid out during the course of the eight-month period ended in the amount of $18,767.

8. Share capital

The Corporation is authorized to issue 100 Class A common shares with a par value of $1 each. At year-end, 100 common shares have been issued to the Province. Share capital is included in accumulated surplus on the consolidated statement of financial position.

(In thousands of dollars)

9. Contractual obligations

The Corporation provides strategic investments that permit approved businesses to receive a percentage of payroll taxes paid as a rebate. Expenses incurred by the Corporation are match-funded by the Province in the form of a Strategic Investment Grant.

As at November 30, 2022, transactions were approved with maximum annual payments over the next six years of $103,947 (maximum annual payments over the next seven years of $113,285 March 2022) as shown below:

	$
2024	20,753
2025	25,289
2026	23,923
2027	20,230
2028	8,292
2029	5,460
Total	103,947

10. Contingencies

Litigation

The Corporation is co-defendant with the Province and Industrial Estates Limited in a dispute regarding environmental contamination on land previously owned by Industrial Estates Limited. The Corporation believes that any losses incurred related to this claim will be fully funded by the Province.

The Corporation is unable to form an opinion in regard to the likelihood of loss arising from the above litigation. Consequently, no provision for any possible loss has been recorded in these consolidated financial statements.

In addition, there are other outstanding claims against the Corporation for events that have arisen in the normal course of carrying on the operations of the Corporation. It is not possible at this time to determine the amount that may be assessed, or the impact to the Corporation's consolidated financial statements, with respect to these claims.

Contaminated Site

The Corporation had a long-term lease agreement at the Port of Sheet Harbour with ScoZinc Limited (now Scotia Mine Limited), a wholly owned subsidiary of EDM Resources Inc., and its predecessors for storage and shipment of Lead & Zinc through the Port form the Scotian Mine in Gay's River. In July 2020, Scozinc Limited provided 60 days' notice of its intent to terminate the lease. Under the terms and conditions of the agreement, Scozinc is responsible for the remediation of any contamination discovered because of its use of the site to the satisfaction of the Corporation and Nova Scotia Environment Contaminated Sites Regulations ("regulations").

According to the Ph. II Environmental Site Closure Assessment and Remedial Action Plan completed by the Scozinc Limited as per the terms of the lease, lead-zinc concentration exceedances, within surface water discharge, and lead concentrate exceedances in surficial soil samples were identified throughout the property. This contamination exceeds the acceptable standards, including Nova Scotia Environment Tier 1 Environmental Quality Standards for Groundwater, Non-Potable, Commercial Land Use Standards and are not acceptable to the Corporation.

10. Contingencies

Contaminated Site (continued)

The Corporation does not accept responsibility for the contamination and related remediation costs and currently holds a $100 reclamation bond from Scozinc Limited. The Corporation has filed an Application in Court against Scozinc Limited (aka EDM Resources Inc.) for specific performance requiring Scozinc Limited to carry out remediation pursuant to the terms of the lease for its Lead & Zinc Biosolids Handling Facility at the Port of Sheet Harbour. Management has not disclosed the ranges of possible outcomes of the estimated clean-up costs due to the potentially adverse effect on the Company's position with respect to this matter.

11. Financial instruments

Fair value

Fair value estimates are made as of a specific point in time, using available information about the financial instruments and current market conditions.

Fair value measurements in connection with the allowance for credit losses recognized in Notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1 - unadjusted quoted prices in the active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

Cash and cash equivalents have been recorded as Level 1 using the fair value hierarchy.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Corporation. To mitigate this risk, the Corporation has developed the following policies:

Before financing is approved, a risk assessment is performed on the client. Each application is designated a risk rating based on the industry and business, quality of management, financial performance, the level of other creditor involvement and shareholder participation, and environmental risks. The terms and conditions of the approved financing are reflective of the assessed risk. Applications with unacceptable levels of risk are not approved.

Clients are usually limited to a total of $15 million in financing from the Corporation's Nova Scotia Business Fund. Three clients have exceeded this total in the past; two were approved in the Nova Scotia Business Development Corporation Fund and transferred to the Nova Scotia Business Fund via legislation on November 6, 2001 and both were paid out in a previous year. A third client, that was authorized financing of $15,100 approved in fiscal 2011, currently has an outstanding balance of $4,474 ($5,149 March 2022) which is now below the $15,000 financing limit threshold and has been fully disbursed.

11. Financial instruments (continued)

Credit risk (continued)

The risk rating for all clients is monitored on an on-going basis. Clients identified as higher risk are further assessed at year end to determine the extent of potential loss, taking into account the value of the security pledged in support of the financial assistance. This assessment could result in a reduction in the carrying value of the investment via the provision for credit losses.

Interest rate risk

Interest rate risk is the risk that the market value of the Corporation's investments and debt will fluctuate due to changes in the market interest rates. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments, as the loans receivable bear interest at fixed rates of interest and the balances due from and to the Province are non-interest bearing or bear interest at fixed rates.

Market price risk

Market price risk is the risk that the value of an investment will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market. The Corporation's exposure to market price risk is limited, as it does not presently hold investments quoted in an active market; however, the fair value of investments in equity instruments of private enterprises carried at cost could fluctuate based on changes in the fair value of similar equity instruments traded in an active market.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial grants, income generated from loans receivable and equity investments and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and debt servicing payments to the Province. In the normal course of business the Corporation enters into contracts that give rise to commitments for future payments which also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

(In thousands of dollars)

11. Financial instruments (continued)

Liquidity risk (continued)

The following table summarizes the fixed contractual maturities for all financial liabilities as at November 30, 2022:

	Within 1 year $	2 to 5 years $	6 to 10 years $	Over 10 years $	November 2022 Total $	March 2022 Total $
Accounts payable and accrued liabilities	**27,505**	**—**	**—**	**—**	**27,505**	23,366
Accounts payable and accrued liabilities - NSIPF	**9**	**—**	**—**	**—**	**9**	8
Employee benefits and other liabilities	**912**	**—**	**—**	**—**	**912**	915
Deferred revenue	**177**	**—**	**—**	**—**	**177**	116
Deferred revenue - NSIPF	**425**	**—**	**—**	**—**	**425**	633
Due to shareholder	**—**	**—**	**—**	**—**	**—**	18,767
Film production assistance commitments payable - NSIPF	**363**	**—**	**—**	**—**	**363**	90
	29,391	**—**	**—**	**—**	**29,391**	43,805

12. Nova Scotia Business Fund

The Nova Scotia Business Fund (the "Fund") is comprised of investments approved under the direction and management of the Corporation and investments transferred from the Nova Scotia Business Development Corporation Fund ("NSBDC") on November 6, 2001. The following is a summary of the Fund as at November 30, 2022:

	NSBI portfolio		NSBDC portfolio		November 2022	March 2022
	Gross $	Less allowance for credit losses $	Gross $	Less allowance for credit losses $	Net total $	Net total $
Assets						
Loans receivable (Note 3)	**7,312**	**1,093**	**4,560**	**4,264**	**6,515**	7,830
Equity investments (Note 4)	**16,362**	**16,362**	**—**	**—**	**—**	—
Tangible capital assets (Note 5)	**—**	**—**	**711**	**—**	**711**	727
Others	**—**	**—**	**—**	**—**	**—**	116
	23,674	**17,455**	**5,271**	**4,264**	**7,226**	8,673

(In thousands of dollars)

12. Nova Scotia Business Fund (continued)

Funding authorized and committed:

	November 2022 $	March 2022 $
Fund balance authorized, net of write-offs	**174,943**	178,529
Less: uncommitted balance of fund	**145,998**	144,043
Committed fund balance	**28,945**	34,486
Less: allowance for credit losses (Note 6)	**21,719**	25,813
	7,226	8,673

13. Supplementary cash flow information

Changes in non-cash working capital

	November 2022 $	March 2022 $
Accrued interest receivable	**5**	62
Other receivables	**268**	696
Receivables - NSIPF	**(9)**	4
Due from the Province of Nova Scotia	**(42)**	39,696
Accounts payable and accrued liabilities	**4,139**	(34,546)
Accounts payable and accrued liabilities - NSIPF	**1**	1
Deferred revenue	**61**	(154)
Deferred revenue - NSIPF	**(208)**	(3)
Employee benefits and other liabilities	**(3)**	60
Film production assistance commitments payable – operating	**—**	(72)
Film production assistance commitments payable – NSIPF	**273**	80
Transfer payments payable to the Province of Nova Scotia	**—**	(10)
Prepaid expenses	**(43)**	158
	4,442	5,972

Interest income

During the eight-month period ended, cash received for the interest income was $416 ($508 March 2022).

(In thousands of dollars)

14. Related party transactions

During the eight-month period ended, there were no companies (no companies March 2022) controlled or otherwise not independent of the Corporation eligible for incentives offered by the Corporation. As at November 30, 2022, there no companies controlled by, or otherwise not independent of, certain directors of the Corporation (no companies March 2022) for financial assistance therefore no specific allowances were recorded against any such investments (nil March 2022). Furthermore, there were no incentives issued under this category in the current year (nil March 2022).

The Corporation receives legal services free of charge from the Province. Management estimates the annual cost of these services would be approximately $225 ($335 March 2022).

These transactions were carried out in the normal course of operations and on terms and conditions that would be similar to those of non-related parties.

15. Employee benefits and other liabilities

The employee benefits and other liabilities reported on the consolidated statement of financial position, are made up of the following:

	November 2022 $	March 2022 $
Vacation pay	**462**	384
Other payroll accruals	**450**	531
	912	915

Pension benefits

All full-time employees are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act (“PSSP”) based on the employees’ length of service and earnings. The plan is funded by the employee and the employer contributions. The employer’s contributions for the eight-month period ended were $453 ($734 March 2022) and are recognized as an operating expense in the year.

16. Film production development loans

Film production development loans previously committed by FCINS were provided to eligible producers to support essential process of the development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of the production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Film production development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party.

These loans were transferred to the Province as part of the budgeting process at the beginning of the current period. Last year, the Corporation received $nil in recovery of development loans. As at March 31, 2022, $7 was undisbursed and was included in commitments payable.

17. Film production equity investments

Film production assistance previously committed by FCINS, in the form of equity investments were provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with conditions of repayment through participation in revenues by projects. Revenue is recorded as reported by producers.

These equity investments were transferred to the Province as part of the budgeting process at the beginning of the current period. Last year, the Corporation received $92 in recovery of equity investments resulting in a cumulative recoupment, assumed and originated, as at March 31, 2022, of $4,929. Additionally, as at March 31, 2022, $65 remained undisbursed and was included in commitments payable. Total film production equity investments disbursed, assumed and originated, last year end were $46,909.

18. Nova Scotia Independent Production Fund ("NSIPF")

NSIPF through The Eastlink TV Independent Production Fund program provides production assistance in the form of film production equity investments to eligible producers for the financing of production that will support employment and economic benefits to Nova Scotia. Film production equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as reported by producers. Funds received under the IPF are externally restricted and included on the statement of financial position in cash and cash equivalents and are deferred until committed.

During the period ended November 30, 2022, the Corporation through its subsidiary, NSIPF, received $143 (March 2022 - $301) from the funding partner to invest in qualifying projects, and $2 (March 2022 - $23) in the recovery of equity investments. The cumulative total of equity investments made by the IPF, assumed and originated, as at November 30, 2022 is $5,871 (March 2022 - $5,821) due to investments made ($50) (March 2022 - S320). As at November 30, 2022, $2 (March 2022 - $23) was recouped and $52 (2022 - $90) remains undisbursed and is booked as a commitments payable.

19. Subsequent event

On December 1, 2022, Nova Scotia Business Incorporated and Nova Scotia Innovation Corporation ("former Corporations") were amalgamated and continued as a body corporate known as Invest Nova Scotia, ("new Corporation") in pursuant of the Nova Scotia Act, Chapter 37 of the Acts of 2022 ("Act") passed the Province of Nova Scotia on December 1, 2022. Pursuant to this Act, all shares of the former corporations were cancelled and all their matters, affairs, actions, assets including rights, titles and interests, obligations and liabilities including employee benefits and entitlements were assigned to the new Corporation. Also, all employees of the former corporations were transferred to the new Corporation. The new Corporation is wholly owned by the Province of Nova Scotia and its management and control of affairs are vested in the Minister of Economic Development ("Minister").

Nova Scotia Business Incorporated

Schedule 1 – Schedule of the Nova Scotia Independent Production Fund ("NSIPF") revenues and expenses

Eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Notes	Budget (Unaudited) $	November 2022 $	March 2022 $
Revenue				
Eastlink contributions	18	—	**35**	303
Recovery of equity investments	18	—	**19**	23
Interest income		—	**5**	2
		—	**59**	328
Expenses				
Equity investments		—	**50**	320
Administrative expenses		—	**9**	8
Recovery of investment		—	—	—
		—	**59**	328

The accompanying notes are an integral part of the consolidated financial statements.

Nova Scotia Business Incorporated

Schedule 2 – Schedule of operating expenses

For the eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Notes	Budget (Unaudited) $	November 2022 $	March 2022 $
Salaries and benefits	15	**10,022**	**6,146**	9,648
Office		**762**	**496**	679
Business development		**18,512**	**448**	16,214
Telecommunications and technical support		**537**	**346**	540
Travel		**463**	**221**	50
Other		**117**	**70**	105
Legal and audit	14	**51**	**40**	65
Amortization		**122**	**36**	59
		30,586	**7,803**	27,360

The accompanying notes are an integral part of the consolidated financial statements.

Nova Scotia Business Incorporated

Schedule 3 – Schedule of Nova Scotia Business Fund: other expenses

For the eight month period ended November 30, 2022
(with comparative figures for the year ended March 31, 2022)
(In thousands of dollars)

	Budget (Unaudited) $	November 2022 $	March 2022 $
Repairs, maintenance, salaries and other	**789**	**382**	658
Amortization of tangible capital assets	**46**	**27**	31
Legal	**50**	**9**	92
	885	**418**	781

The accompanying notes are an integral part of the consolidated financial statements.