Financial Statements of

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD

Year ended March 31, 2025

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD

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Year ended March 31, 2025

Management's Report

Management's Responsibility for the Financial Statements

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

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board views internal financial reports on a regular basis and externally audited financial statements yearly.

BDO Canada LLP conducts an independent examination, in accordance with Canadian generally accepted auditing standards, and expresses their opinion on the financial statements. BDO Canada LLP has full and free access to financial information and management of the Nova Scotia Fisheries and Aquaculture Loan Board and can meet as required.

On behalf of the Nova Scotia Fisheries and Aquaculture Loan Board

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Nathan Boudreau Director 2025-06-27 | 09:40:28 PDT	Neil LeBlanc Director 2025-06-27 | 09:14:31 PDT

Tel: (902) 444-5540
Fax: (902) 444-5539
www.bdo.ca

BDO Canada LLP
6940 Mumford Road, Suite 510
Halifax, NS B3L 0B7

Independent Auditor's Report

To the Board of Directors of Nova Scotia Fisheries and Aquaculture Loan Board

Opinion

We have audited the financial statements of Nova Scotia Fisheries and Aquaculture Loan Board, (the "Loan Board"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated operating surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Loan Board as at March 31, 2025, and the results of its operations, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Loan Board 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.

Other Information

Management is responsible for the other information. The other information comprises the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Loan Board'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 Loan Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Loan Board'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 Loan Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Loan Board'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 Loan Board 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.

BDO Canada LLP

Chartered Professional Accountants

Halifax, Nova Scotia
June 27, 2025

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD
Statement of Financial Position
March 31, 2025
(in thousands of dollars)

	2025	2024
Financial assets		
Interest and other receivables (Note 4)	$ **6,395**	$ 5,805
Loans receivable, net (Note 5)	**348,768**	326,549
Due from the General Revenue Fund of the Province (Note 6)	**130,164**	153,078
	485,327	485,432
Liabilities		
Accounts payable	**25**	24
Funds on deposit (Note 6)	**14**	298
Due to the General Revenue Fund of the Province	**485,288**	485,110
	485,327	485,432
Net debt and accumulated surplus	$ **-**	$ -

Commitments (Note 10)

Approved on behalf of the Nova Scotia Fisheries and Aquaculture Loan Board:

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Nathan Boudreau
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Signed by:
Neil Coffin
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_________________ Director 2025-06-27 | 09:14:31 PDT

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD
Statement of Operations and Accumulated Operating Surplus
Year ended March 31, 2025
(in thousands of dollars)

	Budget	2025	2024
Revenues			
Interest on loans	$ 9,000	**$ 16,434**	$ 14,065
Loan processing and other fees	464	**283**	224
	9,464	**16,717**	14,289
Expenses			
Lending expenses (Note 7)	8,640	**11,883**	12,880
	8,640	**11,883**	12,880
Annual surplus (deficit) before distributions to the Revenue Fund of the Province	824	**4,834**	1,409
Distributions (to) from the General Revenue Fund of the Province	(824)	**(4,834)**	(1,409)
Annual surplus for the year and Accumulated surplus - beginning and end of year	$ -	**$ -**	$ -

The accompanying notes are an integral part of these financial statements.

NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD
Statement of Cash Flows
Year ended March 31, 2025
(in thousands of dollars)

	2025	2024
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	$ -	$ -
Net charges (credits) to operations not involving cash		
Valuation allowance for impaired loans	448	(1,286)
	448	(1,286)
Net change in non-cash operating working capital balances		
(Increase) decrease in due from the General Revenue Funds of the Province	22,914	(76,851)
Increase in interest and other receivables	(590)	(1,017)
Increase in accounts payable	1	11
Increase (decrease) in funds on deposit	(284)	149
Cash provided by (used by) operating activities	22,489	(78,994)
Financing activities		
Increase in advances from the Province of Nova Scotia, net	178	101,007
Cash provided by financing activities	178	101,007
Investing activities		
Increase in loans receivable	(56,118)	(47,476)
Proceeds from loan receivable repayments	33,451	25,463
Cash used by investing activities	(22,667)	(22,013)
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

(in thousands of dollars)

1. Nature of operations:

Authority

The Nova Scotia Fisheries and Aquaculture Loan Board (the "Loan Board") was established pursuant to Section 24 of the Fisheries and Coastal Resources Act. The purpose of the Fisheries and Aquaculture Development Fund (the "Fund") is to finance the loans and guarantees of the Loan Board.

The objective and purpose of the Loan Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations, or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province of Nova Scotia (the "Province").

As at March 31, 2025, the principal in loans outstanding was limited by Order-in-Council to $500,000 less $20,242 in bad debt since the inception of the Fund. Maximum advances disbursed in any given year are established through the annual budgeting process, which requires approval of government. For the year ended March 31, 2025, new advances were $55,509 (2024 - $50,196). During the year, the Loan Board received repayments of loan principal of $33,451 (2024 - $25,463).

	2025	2024
Fund balance, beginning of year	**$ 479,316**	$ 379,316
(Decrease) Increase to fund balance during the year	**(423)**	100,000
Fund balance, end of year	**478,893**	479,316
Comprised of:		
Loans receivable	**348,768**	326,549
Loans authorized but not advanced	**16,919**	12,706
Funds available for additional loans	**113,206**	140,061
	$ 478,893	$ 479,316

Total indebtedness in excess of $5,000 or any loan write-offs, require approval by Governor in Council.

2. Summary of significant accounting policies

Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards.

(a) Revenue recognition

Revenue is recorded on an accrual basis in the period in which it is earned, and it consists of interest and various fees for loans and guarantees. Revenue is recognized until such time as the loan is classified as impaired. The loan reverts to an accrual status when all provisions for impairment are reversed and the ultimate collection of the principal and interest is likely.

Government transfers are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

(b) Expenses

Expenses are recorded on an accrual basis. Net expenses include recoveries which are directly related to the expenses and are not normally considered to be revenue.

(c) Loans receivable

Loans receivable are recorded at the principal amount of loans outstanding less an allowance for loan impairment. Loans are considered for impairment when loan payments are in arrears for more than 90 days or when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest.

Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

2. Summary of significant accounting policies (continued)

(d) Valuation allowance for loan impairment

The valuation allowance for loan impairment represents management's best estimate of losses due to impaired loans in the Loan Board's portfolio. The valuation allowance is determined based on management's identification and evaluation of the problem accounts and estimated losses that exist in the remaining portfolio. These judgments are influenced by the composition and quality of the portfolio, general economic conditions and conditions affecting specific commodities, as well as the Loan Board policy to act as a patient lender, providing additional time for repayment where full future repayment appears reasonable.

Valuation allowances are made for probable losses on certain loans and loan guarantees, which are recorded in the statement of operations and accumulated surplus as bad debt expense. Bad debt expense also reduces the balance of amount due to the Fisheries and Aquaculture Development Fund. Recoveries of bad debt does not increase the Fund's balance.

The Loan Board records a specific valuation allowance based on a loan-by-loan review. Impaired loans are valued at the lower of their recorded investment or the estimated net recoverable value of their underlying security.

In addition, the Loan Board calculates a collective valuation allowance for loans in the portfolio not addressed in the specific reserve. This is an estimate of incurred but unidentifiable losses based on a review of historic loan write-offs on an industry sector basis.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best available information 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 by virtue of the provision on impaired loans. Actual results could differ from these estimates and the differences could be material.

2. Summary of significant accounting policies (continued)

(f) Pension and post retirement benefits

The Loan Board has a defined contribution pension plan for all full-time employees. The Loan Board's pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

(g) Financial instruments

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. There has been no remeasurement gains/losses during the year therefore, there is no statement of remeasurement gains and losses.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

Financial instruments consist of loans receivable, interest receivable due to/from general revenue fund of the province, accounts payable, and the fisheries and aquaculture development fund. All are carried at cost or amortized cost, less any provision on loans receivable.

3. Capital management

As an agency of the Province of Nova Scotia, the Loan Board does not maintain its own capital. Operations are funded by capital contributions from the Province.

(in thousands of dollars)

4. Interest and other receivables, net

	2025	2024
Interest receivable	**813**	$ 1,079
Accrued interest	**6,127**	5,507
Other charges	**2**	2
	6,942	6,588
Valuation allowance for suspended interest on impaired loans	**(17)**	(12)
Suspended interest on impaired loans	**(530)**	(771)
	6,395	$ 5,805

(in thousands of dollars)

5. Loans receivable

a) Loans receivable, net

The following schedule sets out the scheduled maturities of the principal balances of the financial assets as at March 31, 2025, together with the weighted-average interest rates being earned on the financial assets:

	Under 1 year	1-5 years	Over 5 years	**2025 Total**	2024 Total
Performing loans	$ 16,713	$ 72,945	$ 238,132	**$ 327,790**	$ 301,003
Impaired loans				**23,619**	28,351
Total loans				**351,409**	329,354
Applicants' funds on deposit				**14**	298
Provision for loan impairment				**(2,655)**	(3,103)
Loans receivable				**$ 348,768**	$ 326,549
Annual effective interest rate	4.91 %	4.94 %	5.05 %	5.02 %	4.80 %

b) Allowance for impaired loans

Loans are considered impaired when they are risk rated as substandard or worse or when the loans are more than 90 days in arrears at year end and there is insufficient collateral security valued at forced sale to cover the balance outstanding. The allowance is comprised of two components, the specific allowance for individually identified impaired loans and a collective allowance for unidentified impaired loans.

The specific allowance for individually identified loans was established based upon a review of impaired loans. Primary factors considered in estimating the specific allowance on individual loans were the security pledged and the financial condition of the borrower and/or, where applicable, guarantors.

The collective allowance for unidentified impaired loans is management's best estimate of the loss that is likely to be experienced on impaired loans that were not known to be impaired at the year end. The collective allowance was calculated based on management's judgment and recent experience by calculating the average estimated historical loss ratio by loan type and then applying these ratios to the current portfolio of unimpaired loans.

(in thousands of dollars)

5. Loans receivable (continued)

	2025		2024	
	Impaired loans	Allowance for impairment	Impaired loans	Allowance for impairment
Specific allowance	**$ 23,619**	**$ 2,426**	$ 28,351	$ 2,757
Collective allowance	**-**	**246**	-	358
	$ 23,619	**$ 2,672**	$ 28,351	$ 3,115

Significant judgment was exercised by management in making these estimates. As such, actual losses that occur on loans outstanding at March 31, 2025 will differ from these estimates and the differences could be material.

c) Continuity for allowance for impaired loans

	2025	2024
Allowance for impaired loans - beginning of year	**$ 3,115**	$ 1,846
Valuation allowance for impaired loans	**(443)**	1,269
Amounts written off	**-**	-
Allowance for impaired loans - end of year	**2,672**	3,115
Valuation allowance on principal	**2,655**	3,103
Valuation allowance on interest	**17**	12
	$ 2,672	$ 3,115

d) Loans past due but not impaired

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The following table presents the carrying value of loans that are past due but not classified as impaired because they either: (i) have a strong risk rating; (ii) have an arrears amount less than $1: or (iii) are fully secured and collection efforts are reasonably expected to result in repayment. Loans that are past due but not impaired are as follows:

1-30 days	31-60 days	61-90 days	91+ days	2025	2024
$ 830	$ 2,796	$ 2,355	$ 13,156	**$ 19,137**	$ 18,874

(in thousands of dollars)

6. Due from the General Revenue Fund of the Province

The portion of the Fund that has not been advanced as loans is maintained in the General Revenue Fund of the Province. The maximum amount disbursed in any given year is established through the annual budgeting process, which requires approval by government. Deposits provided to the Loan Board by loan applicants are also maintained in the General Revenue Fund. Financial commitments made by the Loan Board reduce the amount of this account which is available for additional loans.

	2025	2024
Loans authorized but not yet advanced (Note 10)	**$ 16,919**	$ 12,706
Applicant's funds on deposit	**14**	298
Accounts payable	**25**	24
Funds available for additional loans	**113,206**	140,050
Due from General Revenue Fund of the Province	**$ 130,164**	$ 153,078

7. Lending expenses

	Budget	**2025**	2024
Bad debt expense (recovery) (Note 9)	$ 870	**$ (443)**	$ 1,285
Interest expense (Note 8)	6,000	**10,485**	9,895
Other	40	**27**	31
Professional services	91	**77**	83
Salaries and benefits	1,510	**1,583**	1,467
Supplies and services	94	**105**	77
Training and development	-	**6**	12
Travel	35	**43**	30
	$ 8,640	**$ 11,883**	$ 12,880

(in thousands of dollars)

8. Interest expense

Loans provided by the Loan Board are funded through advances from the General Revenue Fund of the Province. Interest is charged, at a fixed rate, to the Loan Board for these advances. Interest expense is calculated by the Loan Board based on loan estimates provided quarterly by the Department of Finance at the rate at which the Province could borrow funds over the next quarter. The weighted-average interest rate for the year was 3.08% (2024 – 3.12%). The terms of the advances range from July 1, 2025 to January 1, 2048.

9. Bad debt expense

Bad debt expense consists of:

	Budget	**2025**	2024
Bad debt expense (recovery), net of recoveries	$ 870	**$ (443)**	$ 1,285

10. Commitments

The Loan Board has committed to provide loans of $16,919 (2024 - $12,706) which were approved by the Loan Board, but not advanced by year end.

11. Distributions to the General Revenue Fund of the Province

Administration expenses of the Loan Board for the year ended March 31, 2025, totalling $1,841 (2024 - $1,700), were paid by the Department of Agriculture on behalf of the Loan Board. Interest expense on funds borrowed to make loans of $10,484 (2024 - $9,895) is an expense of the Department of Finance. Accordingly, the total of these expenses are included in Distributions to the General Revenue Fund of the Province in the statement of operations and accumulated surplus.

12. Related party transactions:

The Loan Board is related to all other departments, agencies, board and commissions of the Province. The General Revenue Fund of the Province is the sole source of funding for loans (Note 6). Transactions with other provincial entities were entered into in the normal course of business. The Province pays certain expenses, including salaries and benefits, rent, travel, professional fees and miscellaneous office expenses on behalf of, and with no charge to, the Loan Board.

13. Pension and post retirement benefits:

All full-time employees of the Loan Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The pension plan is funded by equal employee and employer contributions. The employer's contributions of $115 (2024 - $110) are included in the Loan Board's operating expenses. The Public Service Superannuation Fund is administered by the Public Service Superannuation Trustee Inc. and any unfunded liability, as well as other obligations related to post-retirement benefits are the responsibility of the pension plan. It is not anticipated that any such future costs would be allocated to the Loan Board.

14. Financial Instruments:

The Loan Board is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include credit, liquidity, and market risk. Market risk is comprised of interest rate risk.

a) Credit risk

The Loan Board is exposed to financial risk that arises from the credit quality of the individuals and entities to which it provides loan services. Credit risk arises from the possibility that the individuals and entities to which the Loan Board provides loan services may experience financial difficulty and be unable to fulfill their obligations.

The risk that clients may not pay amounts owing on loans, resulting in a loss to the Loan Board, is managed through an initial assessment of the client’s ability to pay and by review and follow-up of delinquent accounts by loan officers. In cases where the client is unable to make a full payment(s) due to factors impacting the entire sector or certain individual circumstances, it is the Loan Board’s policy to work with clients on an individual basis to provide time for recovery. See note 5 for additional loan information.

14. Financial Instruments (continued)

a) Credit risk (continued)

The total of loans receivable as at March 31, 2025, is $351,409 (2024 - $329,354). The majority of loans are secured primarily by a first mortgage on a vessel. It is not practical to determine the maximum exposure to credit risk due to the cost associated in determining the fair value of security and collateral security on unimpaired loans.

All clients are involved in the fishing, aquaculture, or supporting industries in Nova Scotia. Regulations provide that loan deposits shall be a minimum of 5% of the total loan. Collateral held for security is assigned a value by a vessel inspector considering known transactions of similar vessels and condition of the vessel based on an inspection.

The Loan Board adjusts the allowance for impaired loans to recognize management's estimate of recoveries on impaired accounts. Impairment is primarily identified by review of arrears.

b) Liquidity risk

Liquidity risk is the risk that the Loan Board will not be able to convert financial assets to cash in order to meet financial liabilities. This risk is mitigated by monitoring the level of financial assets in relation to amounts due and implementing fiscal restraint when necessary. The Province of Nova Scotia provides funding and cash management services to the Loan Board. There is no risk that funds will be unavailable to meet lending commitments except to the extent of legislative and budgetary limitations on spending authority as identified in Note 1.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Loan Board is subject to interest rate risk relating to advances due to the province. Maximum exposures are noted on the statement of financial position.

In order to mitigate the risk that future changes in interest rates may affect net interest revenue, the Loan Board attempts to match terms of loans offered with those of funds drawn through the Province. The interest on loans offered and the interest on funds drawn through the Province are both at fixed rates. A 1% change in interest rates would have $3,327 (2024 - $3,265) impact on interest revenue and expense.

15. Uncertainty of U.S. Trade Policies:

The Board's primary function is to lend to Nova Scotia companies providing seafood products or otherwise engaged in the fishing industry. At and subsequent to year end, frequent changes in the U.S. tariff regimes have created unpredictable financial impacts to companies moving goods across North American borders. The Board's loans receivable includes companies that supply and procure products to and from the U.S. The Board's ability to realize on loans receivable is subject to risks and uncertainties arising from the unpredictability of the cost environment created by the changing tariffs in the U.S. The Board acknowledges that extreme uncertainty exists regarding the magnitude and duration of the additional tariffs and is currently assessing the business consequences arising from such tariffs.