




**Nova Scotia Provincial
Housing Agency**

Financial Statements

March 31, 2023



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Management's Responsibility for the Financial Statements

The financial statements of Nova Scotia Provincial Housing Agency 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 schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

The Minister of Municipal Affairs and Housing is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Chief Executive Officer and Advisory Board.

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

On behalf of Nova Scotia Provincial Housing Agency,



Gregory Jack, CPA, CMA
Director of Finance & Administrative Services
Nova Scotia Provincial Housing Agency



Vicki Elliott-Lopez
Chief Executive Officer
Nova Scotia Provincial Housing Agency

June 29, 2023
Date

Independent auditor's report

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To the Department of Municipal Affairs and Housing

Opinion

We have audited the financial statements of Nova Scotia Provincial Housing Agency (the "Agency"), which comprise the statement of financial position as at March 31, 2023, and the statement of operations and accumulated surplus, change in net financial assets and cash flows for the period from December 1, 2022 to March 31, 2023, 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 Nova Scotia Provincial Housing Agency as at March 31, 2023, and the results of its operations, change in net financial assets and cash flows for the period from December 1, 2022 to March 31, 2023 in accordance with Canadian public sector accounting standards ("PSAS").

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 Agency 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 these 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 Agency'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 Agency or to cease operations, or has no realistic alternative to do so.

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Halifax, Canada
June 29, 2023

Nova Scotia Provincial Housing Agency
Statement of Financial Position

NSPHA

As at March 31, 2023
(In thousands of dollars)

	Note	2023
Financial assets		
Accounts receivable	4	\$ 17,319
Due from governments	4	19,557
		\$ 36,876
Financial Liabilities		
Bank indebtedness		\$ 2,619
Accounts payable and accrued liabilities	5	29,579
Due to governments		403
Employee future benefits	9	685
Deferred revenue		1,294
		\$ 34,580
Net financial assets		\$ 2,296
Non-financial assets		
Tangible capital assets	7	\$ 2,597
Inventory		416
Prepaid expenses		1,041
		\$ 4,054
Accumulated surplus		\$ 6,350

Commitments and contingencies (Note 6)
Subsequent events (Note 14)

See accompanying notes to the financial statements

Nova Scotia Provincial Housing Agency
Statement of Operations and Accumulated Surplus

For the period from December 1, 2022 to March 31, 2023
(In thousands of dollars)

	Note	Budget	2023
Revenues		(Note 12)	
Rental revenue		\$ 22,938	\$ 22,473
Operating grant - Housing Nova Scotia	11	33,035	35,092
Provincial revenue		1,331	988
Other revenue		331	257
Restructuring transaction	2	-	5,683
Total revenues		\$ 57,635	\$ 64,493
Expenses			
Utilities		\$ 12,932	\$ 13,498
Municipal taxes		1,301	3,943
Maintenance & operations		32,580	31,315
Administration		9,069	8,166
Amortization of tangible capital assets		343	263
Other expenses		1,410	958
Total expenses		\$ 57,635	\$ 58,143
Annual surplus		-	6,350
Accumulated surplus, beginning of period			-
Accumulated annual surplus, end of period			\$ 6,350

See accompanying notes to the financial statements

Nova Scotia Provincial Housing Agency
Statement of Changes in Net Financial Assets

NSPHA

For the period from December 1, 2022 to March 31, 2023
(In thousands of dollars)

	Note	2023
Annual surplus		\$ 6,350
Change in tangible capital assets		
Amortization of tangible capital assets		\$ 263
Acquisition of tangible capital assets		(931)
Transfer of tangible capital assets from HNS	2	(1,951)
Loss on disposal of tangible capital assets		22
Increase in tangible capital assets		\$ (2,597)
Change in other non-financial assets		
Net change of inventory		\$ (416)
Net change of prepaid expense		(1,041)
Increase in other non-financial assets		\$ (1,457)
Increase in net financial assets		\$ 2,296
Net financial assets, beginning of period		-
Net financial assets, end of period		\$ 2,296

See accompanying notes to the financial statements

Nova Scotia Provincial Housing Agency
Statement of Cash Flows

NSPHA

For the period from December 1, 2022 to March 31, 2023
(In thousands of dollars)

	Note	2023
Operating transactions		
Annual surplus		\$ 6,350
Items not affecting cash		
Amortization of tangible capital assets		263
Loss on disposal of tangible capital assets		22
Restructuring transaction	2	(5,683)
Change in non-cash operating working capital		
Change in accounts receivable		(15,182)
Change in due to/from governments		5,514
Change in accounts payable and accrued liabilities and employee future benefits		6,748
Change in inventory		(14)
Change in prepaid expenses		2,216
Change in deferred revenue		31
Cash provided by operating transactions		\$ 265
Capital transactions		
Acquisition of tangible capital assets		(931)
Cash applied to capital transactions		\$ (931)
Financing transactions		
Net changes in bank indebtedness		666
Cash provided by financing transactions		\$ 666
Increase (decrease) in cash		\$ -
Cash, beginning of period		-
Cash, end of period		\$ -

See accompanying notes to the financial statements

March 31, 2023
(In thousands of dollars)

1) Nature of Operations

Nova Scotia Provincial Housing Agency (“NSPHA”) is the provincial government agency responsible for the administration and delivery of affordable housing solutions for low-income Nova Scotians. NSPHA is a crown corporation established by the Housing Services and Supply Act on December 1, 2022 (Note 2) and the capital stock of the Agency is one share with a par value of one dollar, issued and registered in the name of the Minister on behalf of His Majesty in right of the Province.

Across its regions, NSPHA provides more than 12,400 safe, affordable homes as part of its Housing Services to seniors and families. NSPHA responsibilities include administering tenant applications and placements, collecting rent, resolving tenant issues, and maintaining and repairing properties.

NSPHA is a governmental unit which forms part of the consolidated entity of the Province of Nova Scotia. Funding for NSPHA comes from tenant rent and the Province of Nova Scotia.

2) Restructuring transaction

On October 20, 2022 the Province of Nova Scotia announced that effective December 1, 2022 (“the restructuring date”) new legislation would create a new crown corporation responsible for public housing in Nova Scotia. The new crown corporation, Nova Scotia Provincial Housing Agency, was formed by the Housing Services and Supply Act and a restructuring transaction occurred on December 1, 2022 whereby NSPHA was the recipient of assets and liabilities from Housing Nova Scotia (“HNS”). The assets and liabilities transferred were previously owned by the following housing authorities (the “Authorities”) which prior to the restructuring date, consolidated into the results of Housing Nova Scotia:

- the Metropolitan Regional Housing Authority created by Order in Council 1995-24 dated January 3, 1995,
- the Cape Breton Island Housing Authority created by Order in Council 1997-153 dated March 4, 1997,
- the Cobequid Housing Authority created by Order in Council 1997-154 dated March 4, 1997,
- the Eastern Mainland Housing Authority created by Order in Council 1997-183 dated March 11, 1997, and
- the Western Regional Housing Authority created by Order in Council 2010-276 dated July 6, 2010.

As part of the Housing Services and Supply Act, these five authorities were transferred to NSPHA and subsequently amalgamated, leaving a single stand-alone entity going forward. As a result of this, NSPHA was given responsibility for the operation and management of the Public Housing Program while HNS and eventually the Department of Municipal Affairs and Housing took over the balance of the housing programs including, but not limited to, the rent supplement, home repair, and affordable housing programs. NSPHA is not owned by Housing Nova Scotia but is now its own crown corporation and therefore the results are no longer consolidated (as of December 1, 2022 – both HNS and NSPHA have March 31, 2023 year-ends). No consideration was paid as a result of the transaction and there are no contingent assets or liabilities to consider.

March 31, 2023
(In thousands of dollars)

2) Restructuring transaction (continued)

The Authorities operations were previously recorded by HNS in their consolidated financial statements. Those operations have been transferred to NSPHA including the assets and liabilities noted below on December 1, 2022:

	Amount
Financial assets	
Accounts receivable	\$ 2,137
Due from governments	24,899
	\$ 27,036
Financial Liabilities	
Bank indebtedness	1,953
Accounts payable and accrued liabilities and benefit liabilities	23,516
Due to governments	231
Deferred revenue	1,263
	\$ 26,963
Net financial assets	\$ 73
Non-financial assets	
Tangible capital assets	1,951
Inventory	402
Prepaid expenses	3,257
	5,610
Restructuring transaction revenue	\$ 5,683

March 31, 2023
(In thousands of dollars)

3) Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements are prepared by management in accordance with Public Sector Accounting Standards ("PSAS") established by the Canadian Public Sector Accounting Board ("PSAB"), which sets out generally accepted accounting standards and principles for government organizations.

b. Cash and Cash Equivalents

Cash is comprised of petty cash and balances on deposit with financial institutions. Bank overdrafts are presented as bank indebtedness on the statement of financial position, net of cash and cash equivalents.

c. 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, bank indebtedness, and accounts payable and accrued liabilities.

Subsequent measurement

At each reporting date, NSPHA measures its financial assets and liabilities at cost or amortized cost less impairment in the case of financial assets. The financial instruments measured at amortized cost are bank indebtedness, receivables, and accounts payable and accrued liabilities.

For financial assets measured at cost or amortized cost, NSPHA regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and NSPHA 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 NSPHA is not exposed to significant interest risks arising from financial instruments.

d. Revenue Recognition

Rental revenue represents rent charged to tenants and is recorded when the service is provided in accordance with the terms of the lease agreements. Recoveries are recorded as received.

Revenue from governments is recognized in accordance with government transfers accounting as outlined in note 3e.

March 31, 2023
(In thousands of dollars)

e. Government Transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government entity to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return, as would occur in a purchase / sale or other exchange transaction; expect to be repaid in the future, as would be expected in a loan; or expect a direct financial return, as would be expected in an investment.

Government transfers where NSPHA is the transferring entity are recognized as an expense in the period the transfer is authorized, and all eligibility criteria have been met by the recipient.

Where NSPHA is the recipient entity, a transfer without eligibility criteria or stipulations is recognized as revenue when the transfer is authorized. A transfer with eligibility criteria but without stipulations is recognized as revenue when the transfer is authorized, and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for NSPHA which is then recorded as deferred revenue.

f. Restructuring transactions

Restructuring transactions include the following:

- amalgamation of entities or operations within the government reporting entity;
- amalgamation of local governments; annexation or boundary alteration between neighbouring local governments;
- transfers of operations or programs from one entity to another; and
- shared service arrangements entered into by local governments in a region.

In accordance with PS 3430, individual assets and liabilities received in a restructuring transaction are measured at their carrying amount, subject to certain adjustments.

Individual assets and liabilities received in a restructuring transaction are initially classified in the statement of financial position based the accounting policy and circumstances at the restructuring date with the net effect of a restructuring transaction presented as a separate revenue or expense item in the statement of operations.

A transferor and a recipient do not restate its financial position or results of operations prior to the restructuring date to retroactively report the effects of a restructuring transaction in its financial statements as if the restructuring transaction took place prior to the restructuring date.

March 31, 2023
(In thousands of dollars)

g. Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Tangible capital assets costs of buildings and related betterment costs are excluded as these assets are owned and controlled by the Province of Nova Scotia.

The rates and methods used to depreciate tangible capital assets over their estimated useful lives are as follows:

Equipment	20%	Declining balance
Computer equipment	30%	Declining balance
Vehicles	30%	Declining balance
Software	50%	Declining balance

When conditions indicate that a tangible capital asset no longer contributes to NSPHA's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. Write-downs are not reversed.

When a tangible capital asset is removed from service, destroyed, or becomes obsolete, the asset is disposed as of the specified effective date. Assets will be retired from the accounts of NSPHA when the asset is disposed. The gain or loss on disposal will be calculated as the difference between the proceeds received and the net book value of the asset less transaction costs. The gain or loss on disposal will be recorded as revenue or an expense in the statement of operations.

h. Benefit assets and liabilities

The NSPHA Public Service Award liability earned by employees is determined by NSPHA based on actual staff balances or in agreement with collective agreements. As of April 1, 2015, the accrual of years of service on which benefits payments would be based, were frozen. Payments would be based on years of service at April 1, 2015 using earnings at the time of retirement.

NSPHA has recognized an accrued benefit asset from certain benefit plans on the statement of financial position of \$294 which is net of a \$158 valuation allowance. Adjustments to the net position of benefit plans are netted against group benefit expenses in the period incurred.

i. 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 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 year. Items requiring the use of significant estimates include the useful life of capital assets, rates for amortization and allowance for doubtful accounts.

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.

j. Harmonized Sales Tax

March 31, 2023
(In thousands of dollars)

Under the Canada-Nova Scotia Reciprocal Taxation Agreement (RTA), NSPHA is considered a listed entity with the Province of Nova Scotia and is eligible to claim 100% of HST paid or payable via a special provincial entity rebate.

k. Inventory

Inventories held for use include appliances and renovation supplies and are recorded at cost.

4) Accounts receivable

	2023
Tenant receivables	\$ 2,244
Housing Nova Scotia	\$ 15,226
Other	\$ 880
Less: allowance for doubtful accounts	\$ (1,031)
Receivable	\$ 17,319

The receivable due from Housing Nova Scotia represents the outstanding portion of the operating grant due to NSPHA.

	2023
Due from government	
Federal government	\$ 19,557
	\$ 19,557

Amounts due from the Federal government represent HST recoveries.

5) Accounts payable and accrued liabilities

	2023
Salaries and benefits payable	\$ 2,980
Trade payables	14,206
Accrued liabilities	12,393
	\$ 29,579

March 31, 2023
(In thousands of dollars)

6) Commitments and contingencies

NSPHA may, from time to time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business. NSPHA has recorded an accrued liability and expense related to certain legal proceedings.

7) Tangible capital assets

Historical Cost	Note	Equipment	Vehicles	Software	2023 Total
Opening		\$ -	\$ -	\$ -	\$ -
Additions		-	480	451	931
Additions due to restructuring	2	218	795	938	1,951
Disposals		-	-	(22)	(22)
Closing		\$ 218	\$ 1,275	\$ 1,367	\$ 2,860

Accumulated Amortization	Note	Equipment	Vehicles	Software	2023 Total
Opening		\$ -	\$ -	\$ -	\$ -
Amortization		(16)	(133)	(114)	(263)
Disposals		-	-	-	-
Closing		\$ (16)	\$ (133)	\$ (114)	\$ (263)

Net book value		\$ 202	\$ 1,142	\$ 1,253	\$ 2,597
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On December 1, 2022; HNS transferred assets to NSPHA. These are reflected as additions due to restructuring (note 2).

8) Employer pension contributions

The NSPHA has a defined contribution pension plan available to eligible employees and makes contributions to Nova Scotia Public Service Superannuation Plan. The pension plans are funded by employer and employee contributions. The employer's contributions are included in NSPHA's operating expenses. NSPHA's responsibility to this plan is limited to contributions. The NSPHA paid \$555 for employer contributions to the plans from December 1, 2022 to March 31, 2023.

March 31, 2023
(In thousands of dollars)

9) Employee future benefits

a. Retiring allowances

NSPHA has a non-funded long term service award that is accrued annually but is payable on retirement or death. The benefit is equal to a certain number of weeks of current salary, with the number of weeks determined based on the years of continuous service up to a maximum of 26 weeks. The years of service ceased to accrue on April 1, 2015, because of a Province of Nova Scotia Administrative Directive.

NSPHA calculated the long-term service award liability as at March 31, 2023, and NSPHA has recorded an obligation for long term service awards of \$433.

b. Health benefits

The NSPHA provides health benefits for certain employees at the option of the employee at retirement. The NSPHA contributes to the cost of these premiums. The most recent actuarial valuation was conducted on December 1, 2022, and extrapolated those results to March 31, 2023, based on the assumptions as of that date.

The health benefits value is calculated using the projected unit credit method, prorated on service. Actuarial gains and losses are amortized over the expected average remaining service life of active employees.

The NSPHA has accrued for health benefits as follows:

Accrued benefit obligation	2023
Beginning balance	\$ -
Current service cost	19
Interest on average liability	2
Other (Past service cost at December 1, 2022)	231
Ending balance	\$ 252

The significant weighted average actuarial assumptions adopted in measuring the NSPHA's health benefits as at March 31, 2023 are as follows:

Significant weighted average actuarial assumptions	2023
Discount rate	2.96%
Participation rate in health program	70%
Mortality rate based on CPM-2014 with future mortality improvements based on CPM-B	120%
Health care inflation (reduced to 4.0% over 20 years)	7%
Average years of eligibility service	6.8 years

March 31, 2023
(In thousands of dollars)

10) Contractual Obligations

NSPHA has entered a number of multiple-year contracts for the delivery of supplies and services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Estimated annual minimum purchase commitments in each of the next five years are expected as follows:

Year ended March 31	2023
2024	\$ 15,442
2025	2,734
2026	90
2027	40
2028	40

11) Related party transactions

During the year, NSPHA transacted business with Housing Nova Scotia ("HNS"). These transactions include the following:

- a. Operating grant from Housing Nova Scotia – \$35.1 million.
- b. Provincial revenue - \$1 million.
- c. Outstanding receivable from Housing Nova Scotia – \$15.2 million.

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

12) Budget Figures

The budgeted figures presented are a subset of the Housing Nova Scotia budget that was approved by the Lieutenant Governor on April 22, 2022 and are presented consistent with Public Sector Accounting Standards.

13) Financial Instruments

In the normal course of operations, NSPHA is exposed to a number of risks in relation to financial instruments. The following analysis provides a measure of the risk exposures and concentrations at March 31, 2023.

Credit risk

NSPHA is exposed to credit risk through its receivables. Credit risk arises from the possibility that the entities to which NSPHA 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 the full accounts receivable will be recovered.

Liquidity risk

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

March 31, 2023
(In thousands of dollars)

14) Subsequent Events

NSPHA currently has eight (8) collective agreements that expired on April 1, 2023. Subsequent to March 31, 2023, NSPHA has submitted an application to the Labour Board pursuant to Section 31 of the Trade Union Act. Until the Labour Board delivers a decision, all current collective agreements will remain in place. The outcome of this process is not determinable at this time and no accrual has been made in the financial statements.