

**Newfoundland and Labrador  
Industrial Development Corporation**

**Annual Report**

**For the Period  
April 1, 2023 to March 31, 2024**

## **Newfoundland and Labrador Industrial Development Corporation**

TREASURY MANAGEMENT DIVISION  
DEPARTMENT OF FINANCE  
CONFEDERATION BUILDING  
P.O. BOX 8700  
ST. JOHN'S, NL A1B 4J6

Honourable Siobhan Coady  
Deputy Premier  
Minister of Finance  
Government of Newfoundland and Labrador  
Confederation Building  
St. John's, NL  
A1B 4J6

Dear Minister Coady:

The Newfoundland and Labrador Industrial Development Corporation (NLIDC) is a Crown corporation which is periodically used as a vehicle for commercial investments made on behalf of the Province.

On behalf of the Board of Directors, it is my pleasure to submit the Annual Report for the NLIDC summarizing the activities for the fiscal year that ended March 31, 2024. This report has been prepared in accordance with the provisions of Section 16 of the **Industrial Development Corporation Act** and Section 9 of the **Transparency and Accountability Act**.

The NLIDC is a category 3 government entity and is required to prepare an annual activity report to present information on its activities of the preceding year. As such, the Board of Directors has approved the financial statements and information contained in this report, and the Board is accountable for the results reported herein.

Sincerely,



Michelle Jewer, CPA, CA  
Chair of the Board

## Table of Contents

Overview .....	1
Report on Performance.....	3
Opportunities and Challenges.....	4
Financial Statements .....	4

# Overview

The Newfoundland and Labrador Industrial Development Corporation (NLIDC), established in 1967, operates pursuant to the **Industrial Development Corporation Act** (the **Act**). NLIDC operates with a March 31 fiscal year end and the results of its activities are fully consolidated in the Provincial Government's annual financial statements.

## Mandate

NLIDC's primary purpose is to provide long-term financing to industrial and resource-based projects in accordance with the powers conferred on it by the **Act**. However, in recent years NLIDC has been relatively inactive with most investment activity being undertaken either directly by the Province or through other Crown Corporations. The most recent investment made by NLIDC occurred during the fiscal year that ended March 31, 2005. Any future activities of NLIDC would be at the direction of the Minister and would be consistent with the Department's values.

## Operational Information

NLIDC has no direct employees as the day-to-day affairs are administered by employees of the Department of Finance. The 2023-26 Activity Plan, as well as previous annual reports, are available online at [www.fin.gov.nl.ca](http://www.fin.gov.nl.ca).

Contact information is as follows:

### Mailing Address

Newfoundland and Labrador  
Industrial Development Corporation  
c/o Department of Finance  
Confederation Building  
East Block, Main Floor  
P. O. Box 8700  
St. John's, NL A1B 4J6

### Office Location

Treasury Management Division  
Department of Finance  
Confederation Building  
East Block, Main Floor  
Telephone: (709)-729-3931  
Fax: (709) 729-6790

## **Board Representation and Accountability**

The Board of Directors is appointed by the Lieutenant Governor in Council to oversee the affairs of NLIDC. All Board members are appointed based upon the position they hold in the Provincial Government, with the position of Chair held by the Deputy Minister of Finance. The Board meets no less often than annually and approves its Financial Statements and Annual Report, both of which are then tabled in the House of Assembly by the Minister of Finance. The members of the Board as of March 31, 2024, and their positions are as follows:

Michelle Jewer (Chair)  
Deputy Minister  
Finance

John Cowan  
Deputy Minister  
Industry, Energy and Technology

Thomas Nemec (Secretary)  
Director, Treasury Management  
Finance

David Drover  
Assistant Deputy Minister  
Treasury Management and Budgeting  
Finance

Jamie Chippett  
Deputy Minister  
Fisheries, Forestry and Agriculture

Calen Harrison  
Manager, Treasury Management  
Finance

## **Source of Funding**

Because of its limited activity, there is no requirement for annual budgetary allocations as NLIDC's revenue on existing investments, together with its cash resources, is sufficient to fund its annual operations. However, from time to time, NLIDC has been used as the Province's investment proxy where it is deemed appropriate to make an investment through a Crown corporation, rather than directly by the Province. In these situations, investment funds have been made available to NLIDC on a one-off basis.

# **Report on Performance**

NLIDC is mandated to provide long-term financing to industrial and resource-based projects. This is primarily achieved by entering into commercial investments or other financial arrangements, which is the focus of NLIDC's 2023-26 Activity Plan. In recent years, NLIDC has been relatively inactive because most investment activity has been undertaken either directly by the Provincial Government or through other Crown Corporations. The following section provides additional information on the activities of NLIDC for 2023-24.

## **Objective**

By March 31, 2024, upon direction by the Province, the NLIDC will have entered into commercial investments or other arrangements.

## **Indicator**

Executed transactions as directed by the Province, including Board approval of completed transactions as documented and approved in the Annual Report.

## **Result for 2023-24**

No new investments were made during the year as no such recommendation was made by the Province.

## **Planned for 2024-25**

The NLIDC will report on the same objective and performance indicators for the 2024-25 fiscal year.

## **Opportunities and Challenges**

While NLIDC has met its mandate pursuant to its enabling legislation, it remains available to be used from time to time to facilitate projects.

## **Financial Statements**

Please see the attached financial statements for the year ended March 31, 2024. These financial statements of the NLIDC are the responsibility of management and have been prepared in accordance with Canadian public sector accounting principles.

The Office of the Auditor General of Newfoundland and Labrador performed an audit on the financial statements in accordance with Canadian generally accepted auditing standards. The Auditor's Report attached to the financial statements outlines the scope of the examination and contains the Auditor General's opinion on the NLIDC's financial statements.

**NEWFOUNDLAND AND LABRADOR  
INDUSTRIAL DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2024**

## **Management's Report**

### **Management's Responsibility for the Newfoundland and Labrador Industrial Development Corporation 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 also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Newfoundland and Labrador Industrial Development Corporation.

On behalf of the Newfoundland and Labrador Industrial Development Corporation.



**Michelle S. Fewer, CPA, CA**  
Deputy Minister of Finance



**David J. Drover, CPA, CGA**  
Assistant Deputy Minister  
Treasury Management and Budgeting



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Newfoundland and Labrador Industrial  
Development Corporation  
St. John's, Newfoundland and Labrador

### Opinion

I have audited the financial statements of the Newfoundland and Labrador Industrial Development Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **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 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**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

## Independent Auditor's Report (cont.)

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



**DENISE HANRAHAN, CPA, CMA, MBA, ICD.D**  
**Auditor General**

July 19, 2024  
St. John's, Newfoundland and Labrador

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION  
STATEMENT OF FINANCIAL POSITION**

**As at March 31**

	<b>2024</b>	<b>2023</b>
	(000's)	(000's)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,293	\$ 1,174
Interest receivable	6	5
Accounts receivable	50	50
<u>Portfolio investment (Note 3)</u>	-	-
	1,349	1,229
<b>LIABILITIES</b>		
<u>Net financial assets</u>	1,349	1,229
<b>NON-FINANCIAL ASSETS</b>		
<u>Accumulated surplus</u>	\$ 1,349	\$ 1,229

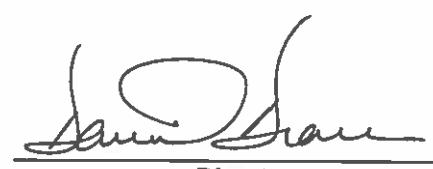
The accompanying notes are an  
integral part of these financial statements.

Signed on behalf of the Board:



M. J. Fenn

Chairperson



Sam Shore

Director

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION  
STATEMENT OF OPERATIONS  
For the Year Ended March 31**

	<b>2024 Budget</b>	<b>2024 Actual</b>	<b>2023 Actual</b>
	<b>Unaudited (000's) (Note 5)</b>	<b>(000's)</b>	<b>(000's)</b>
<b>REVENUES</b>			
Lease income (Note 3)	\$ 50	\$ 50	\$ 50
Interest income	60	71	43
	<b>110</b>	<b>121</b>	<b>93</b>
<b>EXPENSES</b>			
Bank charges	-	1	1
Change in valuation allowance on investment (Note 3)	(175)	(175)	441
Write down of portfolio investment (Note 3)	175	175	175
	-	1	617
Annual surplus (deficit)	110	120	(524)
<b>Accumulated surplus, beginning of year</b>	<b>1,229</b>	<b>1,229</b>	<b>1,753</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 1,339</b>	<b>\$ 1,349</b>	<b>\$ 1,229</b>

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

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION  
STATEMENT OF CASH FLOWS  
For the Year Ended March 31**

	<b>2024</b>	<b>2023</b>
	(000's)	(000's)
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 120	\$ (524)
Adjustment for non-cash items		
Write-down of portfolio investment	175	175
(Decrease) increase in valuation allowance on investment	(175)	441
Change in interest receivable	(1)	(4)
<b>Increase in cash</b>	<b>119</b>	<b>88</b>
<b>Cash, beginning of year</b>	<b>1,174</b>	<b>1,086</b>
<b>Cash, end of year</b>	<b>\$ 1,293</b>	<b>\$ 1,174</b>

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

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024**

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**1. Nature of operations**

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the Industrial Development Corporation Act. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (the Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

NIDC is a Crown entity of the Province and as such is not subject to Provincial or Federal income taxes.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

NIDC is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). NIDC does not prepare a statement of change in net financial assets as this information is readily apparent from the other statements. In addition, NIDC does not prepare a statement of remeasurement gains and losses as NIDC does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

**(b) Financial instruments**

NIDC's financial instruments recognized on the statement of financial position consist of cash, interest receivable, accounts receivable and portfolio investments. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

NIDC subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, accounts receivable, and interest receivable. Portfolio investments are measured at amortized cost as disclosed in note 3.

The carrying values of cash, accounts receivable and interest receivable approximate current fair value due to their nature. The carrying value of portfolio investments is

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2024**

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**2. Summary of significant accounting policies (cont.)**

**(b) Financial instruments (cont.)**

intended to approximate market value. Any decline in the value of portfolio investments that is considered to be other than temporary is recorded in the statement of operations. Any write-down of portfolio investments to reflect a loss in value would not be reversed for a subsequent increase in value.

Interest attributable to financial instruments is reported in the statement of operations.

**(c) Cash**

Cash includes cash in bank.

**(d) Revenues**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Interest income is recognized as earned.

There is no revenue from non-recurring activities with performance obligations presented in these financial statements.

**(e) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense.

**(f) Measurement uncertainty**

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the valuation of portfolio investments in equity instruments.

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.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**3. Portfolio investment**

	<u>2024</u> (000's)	<u>2023</u> (000's)
Icewater Seafoods Inc., 35,000 Preference II Shares, at amortized cost	\$ 266	\$ 441
<u>Less: valuation allowance</u>	<u>(266)</u>	<u>(441)</u>
	\$ -	\$ -

**Icewater Seafoods Inc.**

During 2004-05, NIDC was authorized by the Province to provide funding to Icewater Seafoods Inc. in the amount of \$3,500,000 by way of a preference share investment in order to assist Icewater Seafoods Inc. in its acquisition of the Arnold's Cove seafood processing facility. These Preference II shares, having a par value of \$100 per share, are non-voting and redeemable with annual, fixed, preferential and cumulative dividends. The Province advanced funding to NIDC for this investment, by way of two \$1,750,000 grants. These grants were made in October 2004 and April 2005, with 17,500 preference shares purchased from each grant.

Pursuant to Section 7 of Schedule "A" to the Subscription Agreement, the par value of each Preference II share should be reduced by \$5.00 per share for every year in which a dividend is not payable. To date, no dividend has been payable pursuant to the terms and conditions of the Subscription Agreement. As a result, NIDC's investment in Icewater Seafoods Inc. has been written down in accordance with the Subscription Agreement by \$175,000 for the year ended March 31, 2024 (2023 - \$175,000).

Due to the no payment of dividends being triggered since the inception of the Subscription Agreement, management has assessed that there has been a decline in the value of the investment that is other than temporary. NIDC has therefore recorded a valuation allowance of \$266,000 for the year ended March 31, 2024 (2022 - \$441,000).

By Agreement dated October 8, 2004, NIDC has acquired for nominal consideration from High Liner Foods Incorporated, the previous operator of the Arnold's Cove seafood processing facility, its Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, as defined by the Agreement. These are intangible assets and are not valued on these financial statements.

By separate lease Agreement, also dated October 8, 2004, NIDC leased these Enterprise Allocations, vessel designations and historic rights for Newfoundland and Labrador offshore fishing areas, to Icewater Seafoods Inc. This lease is for a period of 20 years with an annual base lease fee of \$50,000 along with a contingent variable surcharge amount that is triggered when the annual aggregate cash flow of Icewater Seafoods Inc. exceeds a defined minimum threshold. The surcharge was not triggered in 2023-24.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT  
CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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**4. Financial risk management**

NIDC recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. NIDC is exposed to credit risk through its financial instruments. There was no significant change in NIDC's exposure to this risk or its processes for managing this risk from the prior year.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. NIDC's main credit risk relates to cash, accounts receivable, interest receivable, and portfolio investments. NIDC's maximum exposure to credit risk is the carrying amounts of these financial instruments. NIDC is not exposed to significant credit risk with its cash and interest receivable because these financial instruments are held with a Chartered Bank.

NIDC is exposed to significant credit risk related to its accounts receivable and portfolio investments. NIDC management actively monitor the company with which it has the accounts receivable and in which the portfolio investment has been made in an effort to mitigate this risk.

**5. Budgeted figures**

Budgeted figures have been prepared by NIDC management and are provided for comparison purposes.

**6. Related party transactions**

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department. These costs are not material and are not reflected in these financial statements.

**7. Distribution of earnings**

Pursuant to Section 30 of the Industrial Development Corporation Act, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.