Annual Report

2021-2022

the valley REGIONAL ENTERPRISE NETWORK

Greetings from the Valley REN

It is my pleasure to share with you the 2021/22 Annual Report of the Valley Regional Enterprise Network and to acknowledge the hard work our team has been engaging in despite the challenges of navigating the COVID 19 pandemic.

As we push through the halfway point of our three-year strategic plan, we have accomplished a lot, and while we still have so much more to do, our team is excited to share all the details. Please take the time today to meet with everyone to fully grasp our current projects and the outcomes they will present for our region.

It has been an exciting year as we advanced significant projects, such as the Strategic Tourism for Areas and Regions and MIT REAP. One of our most rewarding changes has been our move to the Valley Business Hub with the Annapolis Valley Chamber of Commerce and the Hants-Kings CBDC. We are now perfectly positioned with key partners to collaborate on active economic development in all the areas we serve.

I want to thank all our stakeholders for their support and engagement throughout the past year as we look forward to a promising future. I look forward to seeing you throughout 2022.

Paul Dixon,
Valley REN Board Chair

The Liaison and Oversight Committee represents the municipal and First Nation Band Councils, the corporate owners in the Valley REN. The words "Liaison" (communication between the REN and its partners) and "Oversight" (representing partner's concerns and objectives in the REN's strategic plans) primarily define the LOC's role.

The REN continues to support our businesses' growth, assist new entrepreneurs in advancing their plans and provide relevant economic development information through social media, workshops and surveys.

The REN continues to work with industry, educational institutions and governments to find creative ways to deal with the unprecedented interruptions of labour, materials and housing shortages.

The strength and effectiveness of the REN remain its regional focus and the collective voice of the partners with which it can deal with other governments, their agencies and the business community generally.

Jim Winsor,
LOC Chair

The 2021-2022 fiscal year saw many of the pandemic-related challenges continue. Luckily, the Valley is rich in opportunities and full of people and communities built with strength, resiliency, and pride in place. We are excited to continue working with partners to build the region better than before.

We feel privileged to carry out this work for the Annapolis Valley region. We could not accomplish this without the expertise and dedication of the Valley REN Staff, the strategic direction and support of the Board and the collaborative commitment of our municipal, first nation and provincial funding partners.

We thank you all for believing in the power of regional partnership. We truly are better by working together.

Jennifer Tufts,
Valley REN CEO

About Us

The Valley Regional Enterprise Network (Valley REN), incorporated in March 2014, is the regional economic development organization for the Annapolis Valley Region. Valley REN's funding is provided by its members and matched by the Province of Nova Scotia to support economic development on a regional level.

We carry out our members' economic development priorities, including Glooscap First Nation, the Municipality of the County of Kings, West Hants Regional Municipality, and the Towns of Berwick, Kentville, and Middleton.

Summary

We are pleased to present highlights from the 2021 - 2022 fiscal year (April 1, 2021, to March 31, 2022). The 2021-2022 fiscal year continued to be a year unlike any we've seen. The Valley REN adapted and pivoted projects, programs and services to focus efforts to best support the Annapolis Valley region. We completed our 2021 – 2024 Strategic Plan, which focuses on four strategic priorities:

Regional Development

We focus on enhancing our collective and collaborative environment for greater efficiency and effectiveness, strengthening relationships and leveraging opportunities. An example is the Regional Economic Recovery Taskforce efforts which can be found on page 3.

Business Development

We focus on providing support for new, emerging and existing businesses and work to enhance the entrepreneurial culture in the Valley. More information can be found on pages 4 & 5.

Sector Development

We work to support the strengthening, interconnectedness and diversification of the economic sectors. We provided strategic sector support; you can learn more on pages 6 & 7.

Workforce Development

Labour continues to be a critical challenge for businesses and organizations throughout the Valley. We work to attract and retain employees/workers while identifying and helping to fill current and future needs/gaps for local employers.

We completed a Regional Workforce Development Strategy, and details can be found on page 8.

We also continued to work on the regional marketing initiative to promote the Annapolis Valley. More information can be found on page 9.

Response to COVID-19

Regional Economic Recovery Taskforce

As the world learns to live with an ongoing pandemic, the Valley REN continued to lead the Regional Economic Recovery Taskforce. Established in May 2020, in partnership with regional municipalities, organizations and partners to collaboratively assist Annapolis Valley businesses in recovering from the economic impact of the COVID-19 pandemic.

As of March 31st the Taskforce of forty organizations has met one hundred nine times.

Taking Care of the Valley Project

Challenges related to caregiving, which are primarily shouldered by women, have been a recurring theme throughout the pandemic in the Annapolis Valley region.

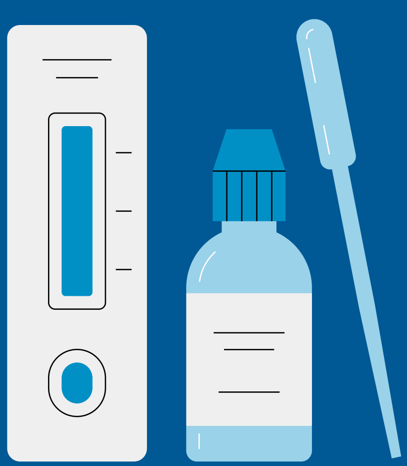
In 2021, we worked with Pier Labs on a funding submission to the Feminist Response and Recovery Fund through Women and Gender Equality Canada (WAGE). The project, Taking Care of the Valley, received $350,000 to facilitate a women-led participatory research and design project.

Taking Care of the Valley will be led by Pier Labs and bring together stakeholders and caregivers to learn, generate and test new initiatives to integrate women's caregiving duties and participation in the local economy.

The project will address systemic barriers for women within the economic system by integrating caregiving responsibilities and work that women primarily shoulder into a rural region's economic recovery.

The Valley REN will remain an active steering committee member throughout the project.

> *"As we work towards economic recovery, this is a timely initiative that is taking an inclusive and participatory approach to work directly with women impacted by Covid-19, who we know from the evidence faced more challenges associated with maintaining their jobs and caring for loved ones.*
>
> *This project will help us better understand the broad wellbeing impacts of these situations and look at the integration of care issues into economic development, using a broader quality of life lens than has traditionally been used."*
>
> *Mike Davis, CEO, Davis Pier and Board Chair, Pier Labs.*



Workplace Screening Program

The Valley REN, in partnership with the Annapolis Valley Chamber of Commerce and Avon Chamber of Commerce, acted as the distribution hub for the Provincial Workplace Screening Program for the Annapolis Valley region.

We supported 109 businesses and organizations accessing workplace screening supplies and distributed 11,344 COVID-19 tests.

The province changed its testing strategy to augment the health system's testing capacity and meet provincial needs during a significant outbreak in December. It redeployed the tests to meet high-priority needs.

BusinessNOW Program

The BusinessNOW service is a core activity of Regional Enterprise Networks in Nova Scotia. This free service provides one-on-one support to businesses of any size and at any stage of operation. BusinessNOW was established to be the first line of support for businesses and entrepreneurs to assist them with navigating available resources and connecting them with relevant supports.

The BusinessNOW service aligns with the continuous model of Business Retention & Expansion (BRE) implementation, as it is an ongoing approach to support efforts for businesses to grow here, thrive here and remain here. The continuous approach to BRE is recognized as a successful model. Its strength is developing and maintaining relationships with businesses and business service organizations within a region. The long-term benefits are, establishing a fixed and known point of contact for businesses when an opportunity or challenge arises, saving businesses precious time and increasing the effectiveness of response efforts.

The Valley REN has been building efficiencies in delivering BusinessNOW, tracking the type of service requests and using this data to source programming responsive to regional business climate needs. In November 2021, we added the position of BusinessNOW Officer to fill the primary navigation role and further expand a team approach to delivering this core service.

Total Business Engagement
644

Business Retention Expansion
175

Regional Entrepreneurship Acceleration Program
59

Continuous Improvement & Contemporary Leadership in Manufacturing
7

BusinessNOW
76

Succession Planning
4

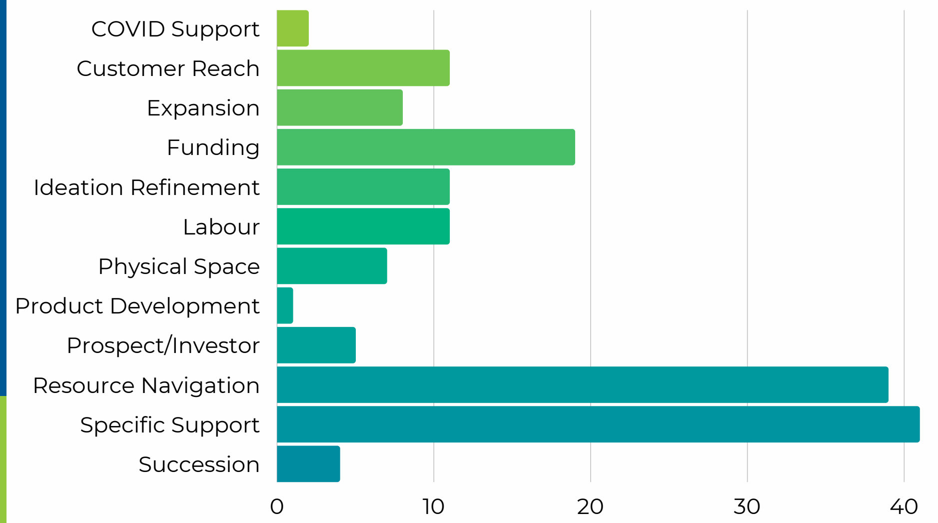
Workplace Screening Program
109

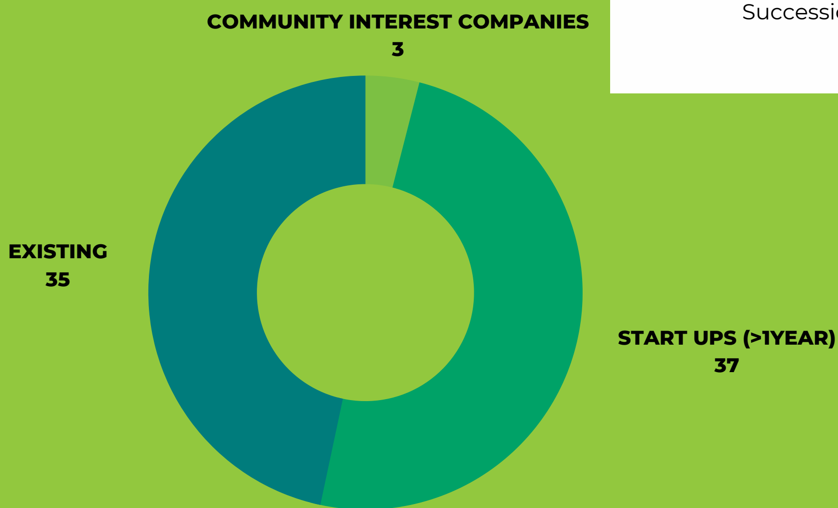
Strategic Tourism for Areas and Regions
23

Regional Workforce Development Strategy
191

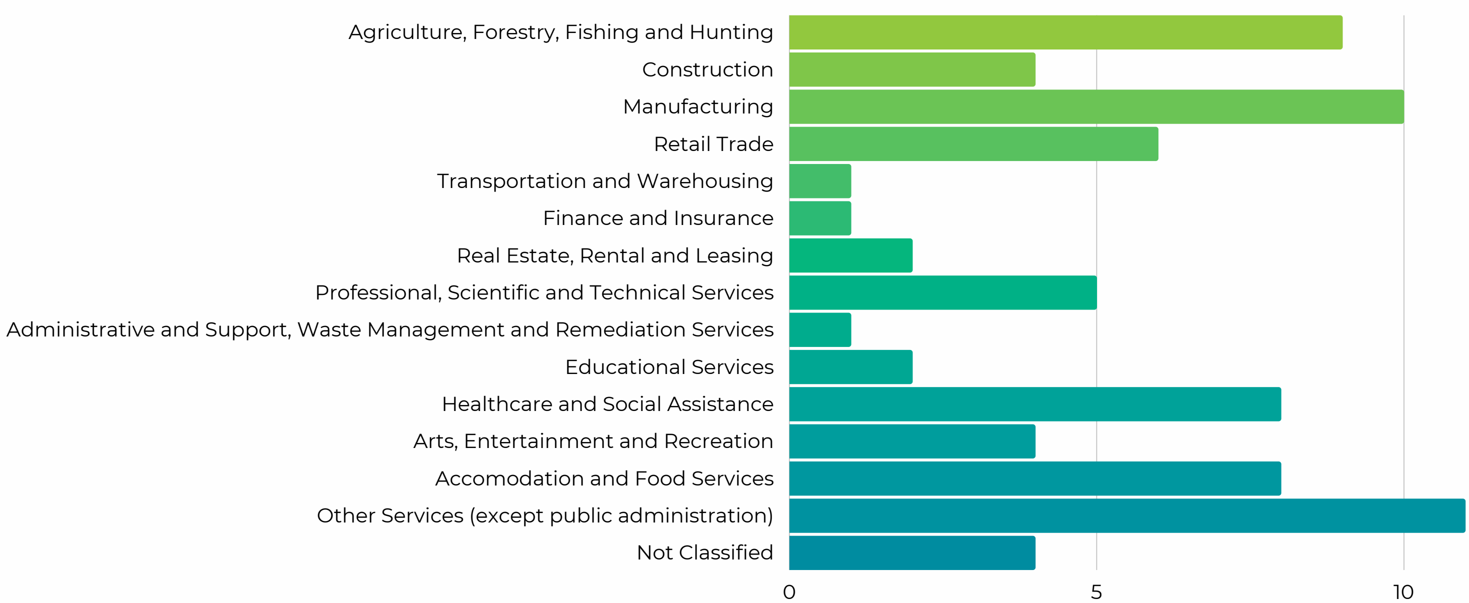
BusinessNOW Program

Summary of Service Themes





NAICS Sector Served

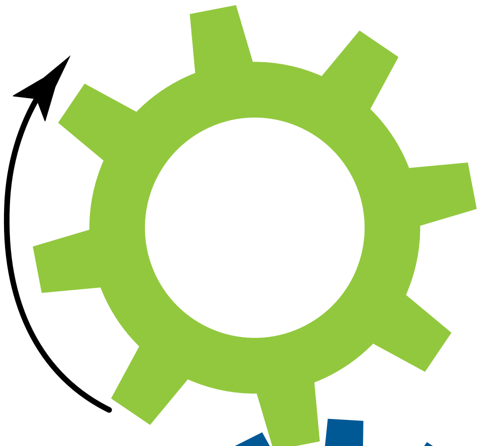


Sector Supports

The Valley REN continued to provide strategic support to the major sectors in the Annapolis Valley by implementing activities that help solve the challenges and capitalize on identified opportunities.

Continuous Improvement Program

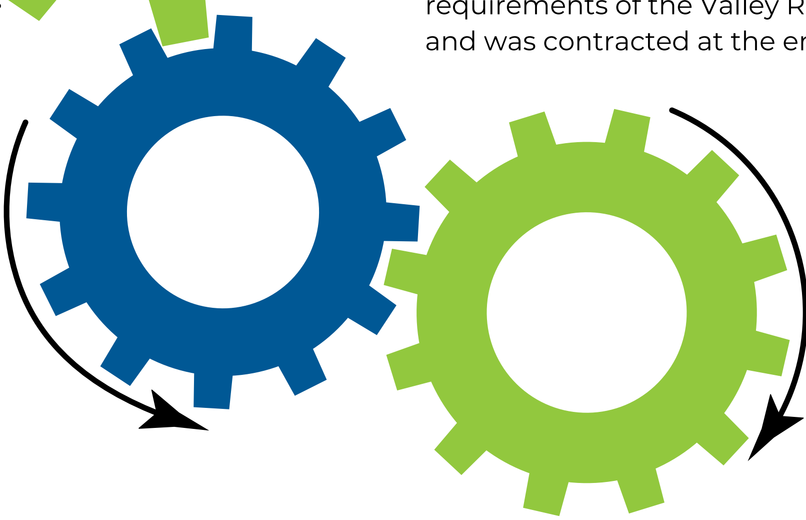
The Valley REN aims to foster a culture of continuous improvement in the region by providing support to businesses and industry through the Continuous Improvement Program.



The two-year multi-element training program is designed to help companies become more efficient and sustainable and improve their competitiveness by reducing costs, increasing productivity, and improving labour allocation. The program design was informed by feedback from the local manufacturing sector and insights from the Valley REN's regional workforce development work.

Funding from ACOA and the Department of Labour, Skills and Immigration's Workplace Innovation & Productivity Skills Incentive (WIPSI) will help cover the cost of the program delivery.

Barrington Consulting Group successfully responded to and met the requirements of the Valley REN's request for proposals for this project and was contracted at the end of March 2022.



The Continuous Improvement Program offers multiple entry points designed to meet various levels of business and industry needs through five elements of training and support:

- Awareness – Introduction and Theory
- Connection – Tours
- Peer Learning – Hands-On Case Study
- In-Depth Support - Site-Specific Learning
- Implementation Coaching - Site Project Learning

Recognizing the value of applying continuous improvement practices across all sectors, the Valley REN was pleased to offer its program design to the provincial agricultural sector. The Nova Scotia Federation of Agriculture offers continuous improvement programing that mirrors the five elements; this broadens the program reach, highlights the importance of the training, and is more user-friendly when organizations provide consistent programming.

The Annapolis Valley Continuous Improvement Program kicked off at the start of the 2022 – 2023 fiscal year with an Awareness – Introduction and Theory session held in April.

Contemporary Leadership in Manufacturing Training

The Valley REN received funding from ACOA to have NSCC develop this industry-responsive training program. Local manufacturers provided input into the early program development. The Contemporary Leadership in Manufacturing Program has been designed to train facilities' existing employee talent that can be prepared to assume senior management roles. This upskilling protects against knowledge loss in the manufacturing sector, as senior managers' attrition rates are high due to pending retirements.

Unfortunately, COVID-19 greatly impacted education systems, and it did cause delays in the delivery of the program. NSCC has developed the curriculum for this 120-hour program to be delivered through five training modules. Participants will receive a Certificate of Professional Studies. The program will be available for Fall 2022.

STAR Program

The Atlantic Canada Opportunities Agency (ACOA) approved the Valley REN's STAR Program (or Strategic Tourism for Areas and Regions Program) application. The Annapolis Valley is the first region in the province to go through this ACOA program. Richard Innes, the founder of the consultancy firm Brain Trust, and a Certified Trainer for ACOA was selected in November 2021 to carry out the program work.

The program launch had to adapt to the challenges and barriers of COVID-19; however, in early December, Richard facilitated community engagement sessions across the region through a mix of in-person and virtual delivery.

The regional research process was ongoing through the winter months, with municipalities, the Valley REN, and provincial entities supplying input. Tourism Nova Scotia provided data specific to the project's geographic scope, all areas within West Hants, Kings, and Annapolis. Stakeholder and key informant interviews have been ongoing through late winter and spring.

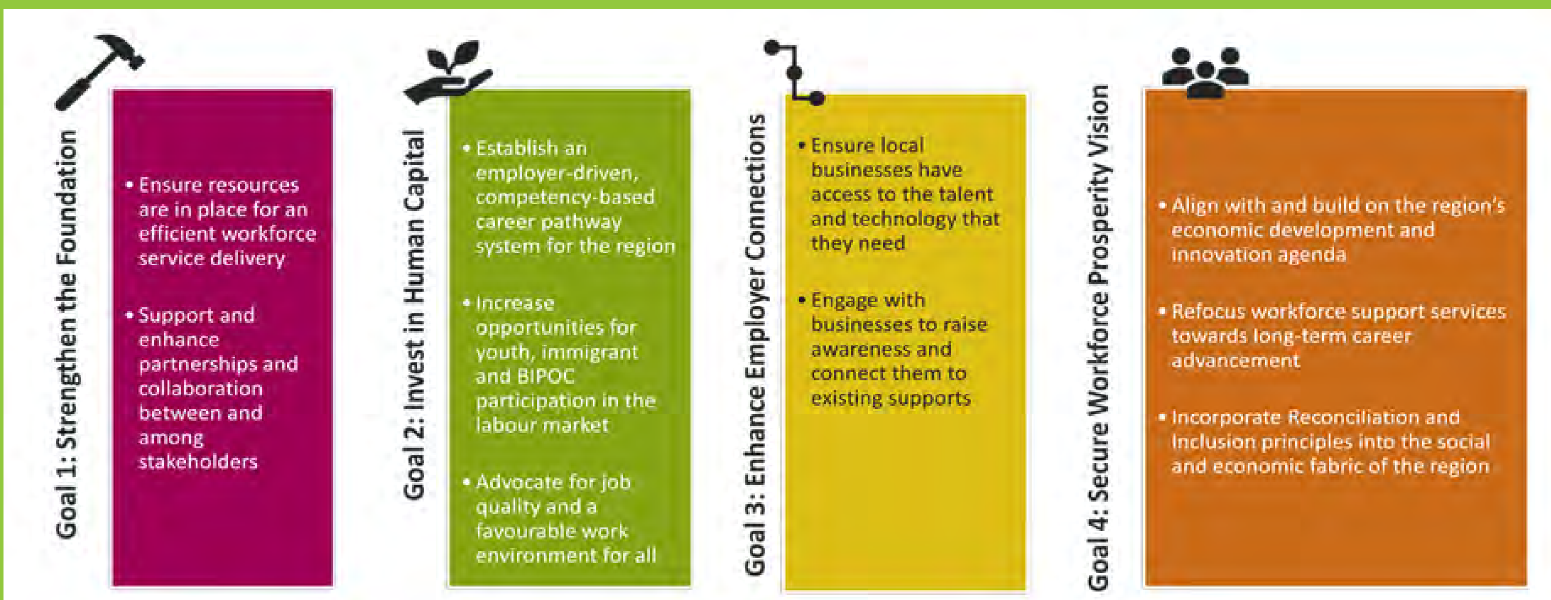
A nine-member steering committee with cross-regional representation from the industry was formed to support and inform the process; they use their networks to broaden engagement.

At the close of fiscal 2021 – 2022, twelve visioning sessions were planned to be held in April with the support of the steering committee.

Regional Workforce Development Strategy

Development of the Regional Workforce Development Strategy continued into the early 2021-2022 fiscal year. MDB Insight, known as Canada's premier economic development, workforce development and market research consultancy, collected over 700 points of engagement. Surveying of businesses, jobseekers, Annapolis Valley Regional Centre for Education (AVRCE) grade 12 students and post-secondary students at Acadia University and NSCC locations in Kentville, Middleton and Lawrencetown concluded by June. Key informant interviews with the supply and demand side stakeholders and an education sector roundtable concluded by July. In August, MDB Insight facilitated a virtual community validation session. The Steering Committee received the final draft in September for review.

Towards Workforce Prosperity, Valley Regional Enterprise Network, Regional Workforce Development Strategy, circulated among stakeholders in the fall, was launched publicly in February. The Strategy provides a roadmap to guide decision-making. It proposes implementation actions based on four key goals: strengthen the foundation, invest in human capital, enhance employer connections and secure workforce prosperity vision.



The workforce support ecosystem continues to be vibrant, demonstrating a commitment to maintaining connectedness. Multiple stakeholders are using the strategy in the course of their work. The Workforce Supports Response Team met 19 times in the 2021-2022 fiscal year. Meetings were held with the organizations that will make up the Workforce Alliance, the group that will oversee the implementation of the strategy.

The Valley REN has secured access to hyper-local data via the Vicinity Jobs database for the most up-to-date labour market information to support the work moving forward.

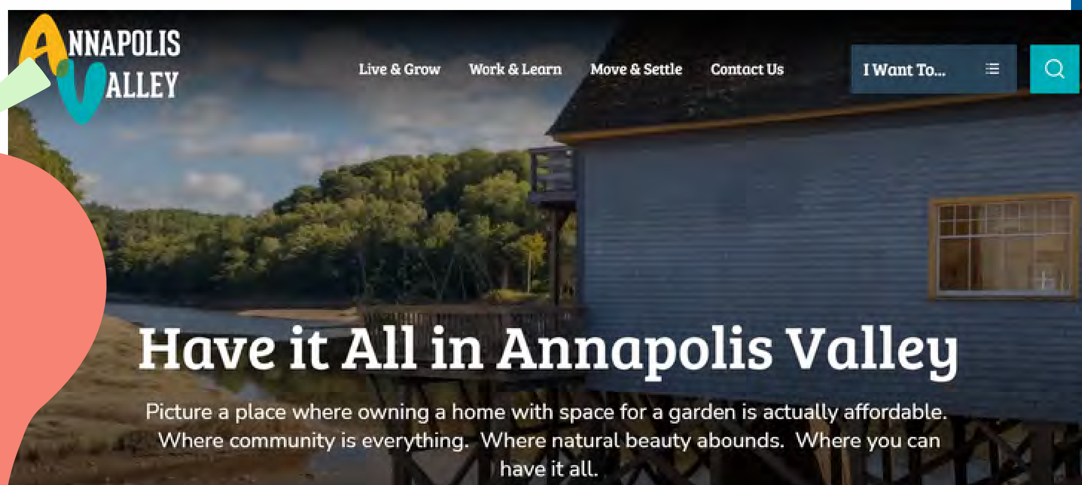
> *Opportunities for job seekers and employers alike, who are clients of PeopleWorx, benefit from our membership in the Regional Workforce Development Team, as do all those living and working in the Valley. The collaboration to find creative solutions during these times and with a view to the future and efforts coming from the strategy to maximize opportunities will strengthen the community for years.*
>
> *Kim L. Aker, Executive Director, PeopleWorx*

Regional Marketing

We continue to work in partnership with the Annapolis Valley Chamber of Commerce to help promote the region from a business and labour force attraction, residential attraction and tourism attraction standpoint.

Due to the ongoing pandemic and labour challenges, we refocused the regional marketing initiative strategy and in 2021-2022, worked to completely redevelop the regional marketing website.
The website holds information, including an amenities map, for those looking to move, live, work, or start a business in the Annapolis Valley. We also have plans to increase our presence on the social media platforms linked with the marketing initiative including Instagram, and Facebook which allows the opportunity to showcase our beautiful region.

In 2022, work began on a marketing campaign targeting the skills gaps identified in the Regional Workforce Development Strategy. Physicians, healthcare professionals and skilled trades will be the first groups to be targeted.



Connector Program

The Valley Connector Program works with newcomers and recent post-secondary graduates as a resource to grow their professional network. The Program addresses local workforce needs by supporting emerging talent to advance them in securing meaningful employment within the region.

During the 2021 – 2022 fiscal year, the Program faced barriers due to COVID restrictions but continued to offer services and programming virtually.

Connections with partner organizations across the region were enhanced, resulting in new initiatives for post-secondary students, recent graduates, and newcomers.

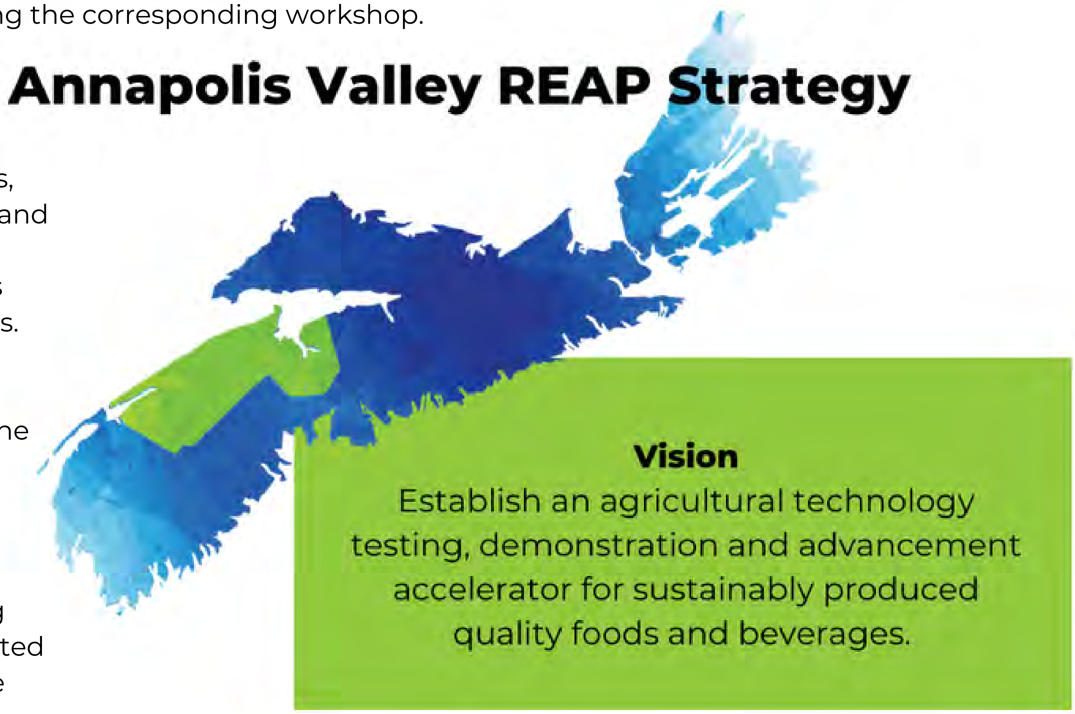
> *"I am so glad I found you. The Connector Program is such a cool thing.*
>
> *Once I get my feet under me, I would be interested in being a connector myself."*
>
> *Teresa, Connectee and newcomer*

25 Connectees
10 Connectors
12 Connections
3 Jobs found
40+ events

MIT REAP Focus Nova Scotia

The faculty and staff of the MIT Regional Entrepreneurship Accelerator Program (REAP) Focus Nova Scotia Program kicked off in the 2021 – 2022 fiscal year by launching the learning and assignments of Action Phase 1 and delivering the corresponding workshop.

The Valley Team has had consistently strong representation from Government, Entrepreneurs, Post-Secondary, Corporate and Risk Capital sectors, completing all assignments and attending all workshops.



In addition to the core elements offered through the Program, the Valley Team actively participated in additional events made possible through the MIT Global Network, connecting them with teams in the United Kingdom, Austrailia and the Unitied States.

The Valley Team also participated in offerings through ONSIDE, the provincial coordinator of the MIT REAP Focus Nova Scotia Program; these included the Nova Scotia Innovation Tour Virtual Series, Foundations in Investing Training, and an Innovation Tour in Halifax as a lead-up to the second workshop in September.

The Valley Team engaged government departments and crown corporations as they moved toward the refinement of a meaningful initiative to further innovation-driven entrepreneurship in the region. As part of the MIT REAP work, research and analysis of available data were done along with the Team collecting data through administering an MIT Entrepreneurship Survey to the region and holding focus groups targeting various stakeholder groups.

The Team held a well-attended Ag Tech Forum in November, which solidified support for the Team's must-win battle for the region. Through the winter months, the Team's vision to establish an ag tech accelerator strengthened. An Annapolis Valley Ag Tech Accelerator will leverage the region's comparative advantages and stakeholder support to test, demonstrate and advance agriculture technologies.

The Valley REN has been the backbone organization for the MIT REAP Valley Team from inception. It will continue as the interim backbone through the 2022 – 2023 fiscal year. At the close of fiscal 2021 – 2022, the Team was preparing final documents for MIT and readying to pursue funding opportunities to support initial steps toward establishing an Ag Tech Accelerator. The Valley REN wishes to thank all team members for volunteering their time for this project.

Looking Ahead to 2023

Valley Business Hub

In February, we moved office locations and now reside in the newly renovated Valley Business Hub at 448 Main Street in Kentville.

Being co-located with the Annapolis Valley Chamber of Commerce and the Hants-Kings CBDC, we are the place to go for business support. There are also rental opportunities in our beautiful new collaborative space!

Immigration Program Navigator

In the coming year, we will be pursuing funding for an Immigration Program Navigator to promote all Provincial immigration programs.

The Navigator, in alignment with the outcomes of the Regional Workforce Development Strategy, will help employers navigate and connect to immigration-related program resources.

Continuous Improvement Initiative

We will complete year 1 of this 2-year program in the coming year. With five programming elements offered, we hope to create a culture of continuous improvement in the Annapolis Valley.

More information on how the initiative can benefit your business can be found on our website or by contacting Richelle at rbrownredden@valleyren.ca.

MIT REAP Focus Nova Scotia

The focus of the Valley Team in the MIT REAP Focus Nova Scotia program now shifts to implementation.

The Team continues to bring in partners to work towards their identified must-win battle - to promote the Annapolis Valley as an agricultural technology testing bed and demonstration site and create an agricultural technology accelerator.

Regional Workforce Development Strategy

With the Strategy complete, work will now shift to forming the Workforce Alliance to implement the recommendations.

The Strategy intends to have all workforce support organizations throughout the region involved and engaged in various ways of implementing the Strategy.

Tools and resources, such as the regional marketing initiative and the new Immigration Program Navigator, will assist with the success.

STAR Program

The STAR Program's Regional Tourism Strategic Plan will be complete in the Fall of 2022.

Richard Innes of Brain Trust will be in the region during the peak 2022 tourist season. In addition to delivering a regional plan, capacity building workshops will be provided as part of the STAR program. The timing and type of topics of workshops will be determined based on industry need.

Updated information on the project can be found on our website. Be sure to follow our social media channels for upcoming engagement opportunities!

2021-2022 Board, Staff & LOC Members

Board of Directors

Paul Dixon, Chair
- Owner/Operator at Safeguard Property Management & Services

Gerard d'Entremont (past Chair)
- Community Innovation Lead, NSCC

Mike Bannister, Vice Chair
- President & CEO of Atlantic Poultry Inc.

Carrie Bernard, Director
- Plant Manager, Michelin North America (Waterville)

Jessica Clahane, Director
- Senior Manager, Assurance Services, Grant Thornton LLP

Valerie Connell, Director
- Realtor, Exit Realty Town & Country

Ashley Crocker, Director
- Director of Finance, Glooscap First Nation & Glooscap Ventures

Heather Delage, Director
- Chief Commercial Officer, BioVectra

Rick Dunham, Director
- Maritime Pressureworks, Spitfire Arms

Bob Gaudet, Director
- Former Production Manager, Michelin North America (Waterville)

Sue MacDougall, Director
- CEO, Windsor Elms Village

Anna Redden, Director
- Associate Vice President of Research & Dean of Graduate Studies, Acadia University

Dave Ritcey, Director
- Senior Wealth Advisor, Scotia Wealth

Stephen Shaw, Director
- Executive Director, CBDC Hants-Kings

Cris Shirritt, Director
- Founder, BTW Law

Our Team

Jennifer Tufts
CEO

Richelle Brown Redden
Economic Development Officer

Brennan Fitzgerald
Economic Development Officer

Burnell Lyons
BusinessNOW Officer

Chrystal Remme
Communications & Executive Support

Andrea Hamilton
Office Administrator

Project Staff:

Taylor de Vries
Connector Program Coordinator

Meagan Hancock
Communications Coordinator

Dan Surette
Taskforce Coordinator/BRE Coordinator

Liaison & Oversight Committee

Glooscap First Nation	Chief Sidney Peters, Michael Peters
Municipality of the County of Kings	Councillor Jim Winsor, Mayor Peter Muttart
Town of Berwick	Mayor Don Clarke, Councillor Derrick Jamieson
Town of Kentville	Mayor Sandra Snow, Councillor Paula Huntley
Town of Middleton	Councillor John Bartlett, Councillor Michael Fairn
West Hants Regional Municipality	Mayor Abraham Zebian, Councillor Jeff Hartt
Municipal Affairs	Jason Haughn
Labour, Skills and Immigration	Joe Brown

VALLEY REGIONAL ENTERPRISE NETWORK

Financial Statements

Year Ended March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

The accompanying financial statements of the Valley Regional Enterprise Network are the responsibility of the Organization's management and have been prepared in accordance with Canadian Public Sector Accounting Standards. Management is also responsible for all of the notes and schedules to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the financial statements.

The Audit Committee meets with management and the external auditors to review the financial statements and discuss significant financial reporting or internal control matters prior to recommending approval of the financial statements to the Board of Directors.

The financial statements have been audited by Bishop & Company Chartered Professional Accountants Inc., independent external auditors appointed by the Organization. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.

Chief Executive Officer

Kentville, NS
June 21, 2022

Bishop & Company
Chartered Professional Accountants
Member of The AC Group of Independent Accounting Firms
PO Box 2104, 102-24 Harbourside Drive
Wolfville, Nova Scotia, Canada B4P 2N5
P 902 542 7665 F 902 542 4554 E info@bcica.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Valley Regional Enterprise Network

Opinion

We have audited the financial statements of Valley Regional Enterprise Network (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets 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 Organization as at March 31, 2022, and the results of its operations, its changes in net financial assets, and its cash flows for the year then 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Valley Regional Enterprise Network. The budget figures were not audited and are presented for comparative purposes only.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon.

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.

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.

(continues)

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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 Organization’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 Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

Bishop & Company

Wolfville, NS
June 21, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

VALLEY REGIONAL ENTERPRISE NETWORK
Statement of Financial Position
March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 500,628**	$ 543,945
Accounts receivable *(Note 4)*	**82,330**	66,747
Harmonized sales tax recoverable	**43,125**	29,129
	626,083	639,821
FINANCIAL LIABILITIES		
Accounts payable	**52,647**	84,912
Deferred contributions *(Note 5)*	**53,022**	74,813
	105,669	159,725
NET FINANCIAL ASSETS	**520,414**	480,096
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 6)*	**10,955**	4,730
ACCUMULATED SURPLUS *(Note 7)*	**$ 531,369**	$ 484,826

PROJECT COMMITMENTS *(Note 8)*

LEASE COMMITMENTS *(Note 9)*

On Behalf of the Valley Regional Enterprise Network

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See accompanying notes to financial statements

VALLEY REGIONAL ENTERPRISE NETWORK

Statement of Operations and Accumulated Surplus

Year Ended March 31, 2022

	Budget	**2022**	2021
REVENUES			
Municipalities and First Nation	$ 295,183	**$ 295,183**	$ 295,183
Province of Nova Scotia	295,183	**295,183**	295,183
Funded projects contributions *(Note 5)*	399,856	**148,261**	183,708
Interest	-	**732**	752
Rent recovery *(Note 9)*	-	**9,401**	-
	990,222	**748,760**	774,826
EXPENSES			
Amortization *(Note 6)*	-	**3,348**	3,494
Board of Directors	8,000	**1,767**	1,672
Economic development and strategic marketing	501,491	**169,052**	215,294
Funded projects expenses *(Note 5)*	534,862	**168,561**	183,708
Human resources *(Note 10)*	325,500	**279,219**	241,943
Operations	105,195	**70,869**	77,993
Rental sub-lease *(Note 9)*	-	**9,401**	-
	1,475,048	**702,217**	724,104
ANNUAL SURPLUS (DEFICIT)	(484,826)	**46,543**	50,722
ACCUMULATED SURPLUS - BEGINNING OF YEAR	484,826	**484,826**	434,104
ACCUMULATED SURPLUS - END OF YEAR *(Note 7)*	$ -	**$ 531,369**	$ 484,826

See accompanying notes to financial statements

VALLEY REGIONAL ENTERPRISE NETWORK
Statement of Changes in Net Financial Assets
Year Ended March 31, 2022

	2022	2021
ANNUAL SURPLUS	**$ 46,543**	$ 50,722
Amortization of tangible capital assets *(Note 6)*	**3,348**	3,494
Purchase of tangible capital assets *(Note 6)*	**(9,573)**	-
	(6,225)	3,494
INCREASE IN NET FINANCIAL ASSETS	**40,318**	54,216
Net financial assets - beginning of year	**480,096**	425,880
NET FINANCIAL ASSETS - END OF YEAR	**$ 520,414**	$ 480,096

See accompanying notes to financial statements

VALLEY REGIONAL ENTERPRISE NETWORK
Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	$ 46,543	$ 50,722
Item not affecting cash:		
Amortization of tangible capital assets *(Note 6)*	3,348	3,494
	49,891	54,216
Changes in non-cash working capital:		
Accounts receivable	(15,583)	63,489
Harmonized sales tax recoverable	(13,996)	(10,256)
Accounts payable	(32,265)	63,811
Deferred contributions	(21,791)	31,763
	(83,635)	148,807
Cash flow from (used by) operating activities	(33,744)	203,023
INVESTING ACTIVITY		
Purchase of tangible capital assets *(Note 6)*	(9,573)	-
Cash flow from (used by) investing activity	(9,573)	-
INCREASE (DECREASE) IN CASH FLOW	(43,317)	203,023
Cash - beginning of year	543,945	340,922
CASH - END OF YEAR	$ 500,628	$ 543,945

See accompanying notes to financial statements

1. PURPOSE OF THE ORGANIZATION

Valley Regional Enterprise Network (the "Organization") is incorporated provincially under the Municipal Government Act of Nova Scotia. The Organization is an inter-municipal services corporation currently made up of the Municipality of the County of Kings, West Hants Regional Municipality, the Towns of Berwick, Kentville, and Middleton, and the Glooscap First Nation. It was created for the purpose of promoting economic development opportunities within the region, and is governed by an Inter-Municipal Agreement.

Pursuant to the terms of the Inter-Municipal Agreement, the West Hants Regional Municipality provided twelve (12) months' written notice on March 2, 2021 of its intent to withdraw from the Organization. On March 8, 2022 the West Hants Regional Municipality rescinded their notice to withdraw and provided an additional twelve (12) months' written notice of its intent to withdraw from the Organization. This withdrawal is effective March 31, 2023. Under the Agreement, the Organization is required to calculate the withdrawing party's share of the net assets as at the date of withdrawal. This allocation is based upon the total amount of funding provided by the withdrawing party as compared to the total amount of funding provided by all parties. As at March 31, 2022, 11.64% of the funding was provided by the West Hants Regional Municipality and its predecessors.

CORE FUNDING

Inter-Municipal Agreement
The Liaison and Oversight Committee, as defined in the Inter-Municipal Agreement, approved the funding formula on July 23, 2015. Percentage contributions by each partner are based on population and uniform assessment.

The following table summarizes each partner's percentage of interest for the years ended March 31, 2022 and 2021.

	2022	2021
Municipality of the County of Kings	**55.6 %**	55.6 %
West Hants Regional Municipality	**22.9 %**	22.9 %
Town of Berwick	**5.0 %**	5.0 %
Town of Kentville	**9.7 %**	9.7 %
Town of Middleton	**4.3 %**	4.3 %
Glooscap First Nation	**2.5 %**	2.5 %

Contribution Agreement
The Organization is a party to a Contribution Agreement with the Province of Nova Scotia. The Agreement is for a one year term commencing on April 1, 2021 and terminating on March 31, 2022, for an amount not to exceed the lesser of $295,183 or 100% of the funding per the Inter-Municipal Agreement.

Any surplus that is retained by the Organization from the Province of Nova Scotia, must be reallocated and expended in the subsequent fiscal year, unless deposited to and maintained in an internally restricted fund that shall only be used by the Organization for eligible costs in future years and/or as a reserve fund for dissolution costs in the possible event of the Organization's closure and/or a reserve for contingency costs, as approved by the Province in writing. *(Note 7)*

If the surplus exceeds the greater of the contribution or $150,000, the Province may reduce the contribution in the subsequent year by the amount the surplus exceeds the greater of the contribution or $150,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Organization are as follows:

Basis of presentation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada.

Revenue and expenditure recognition

Revenues and expenditures are reported using the accrual basis of accounting. This basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Funded project contributions are recognized as revenue in the year in which the related expenses are incurred, and when there is a reasonable assurance that all conditions necessary to receive the contribution have been complied with. Contributions which are advanced to the Organization but which are not fully utilized at year-end are included in deferred contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues.

Transfers from government entities

Transfers from the Province, Municipalities, Towns, and First Nation are recognized in the period in which the events giving rise to the transfer occur, providing transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued and are subsequently reported at amortized cost, and tested for impairment when there are indicators of impairment.

Transaction costs on the acquisition, sale, or issue of financial instruments are amortized over the expected life of the instrument.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital asset is amortized on the straight-line basis over its useful life. Assets under construction are not amortized until the asset is placed into use.

The estimated useful lives are as follows:

Office furniture and small equipment	5 years
Electronic data equipment	3 years
Leasehold improvements	7 years

Amortization in the year of purchase is recorded at one-half the normal rate.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Allocation of expenses

The Organization allocates certain human resources expenses proportionately on the basis of the time spent, to funded projects listed on the Statement of Operations and Accumulated Surplus for which funding has been specifically provided. The allocation of the human resources expenses does not exceed the revenue received and/or receivable for each project.

The basis of allocation is applied consistently each year.

3. ECONOMIC DEPENDENCE

As described in *Note 1*, the Organization is an inter-municipal services corporation which is funded by its partners. The ability of the Organization to continue operations is dependent upon the continuation of this funding.

4. ACCOUNTS RECEIVABLE

	2022	2021
Core contributions receivable	**$ 59,036**	$ 29,519
Funded project contributions receivable *(Note 5)*	**11,467**	37,228
Reimbursements receivable	**11,827**	-
	$ 82,330	$ 66,747

5. DEFERRED CONTRIBUTIONS AND FUNDED PROJECTS

Funding was awarded from Federal, Provincial and Municipal governments for the following projects:

	Opening balance	Funds received	Expenses incurred	Externally funded	Internally funded	**Ending balance**
Contributions receivable						
Taskforce	$ 27,023	$ 26,437	$ 3,670	$ 3,670	$ -	**$ 4,256**
Leadership in Manufacturing	10,205	10,205	-	-	-	**-**
STAR	-	15,202	27,379	19,165	8,214	**3,963**
CI	-	-	3,248	3,248	-	**3,248**
	37,228	51,844	34,297	26,083	8,214	**11,467**

	Opening balance	Funds received	Expenses incurred	Externally funded	Internally funded	**Ending balance**
Deferred contributions						
Connector Program	(43,164)	75,387	80,928	80,928	-	**(37,623)**
BRE	(15,649)	-	27,735	15,649	12,086	**-**
Tourism marketing	(16,000)	-	16,000	16,000	-	**-**
REAP	-	25,000	9,601	9,601	-	**(15,399)**
	$ (74,813)	$ 100,387	$ 134,264	$ 122,178	$ 12,086	**$ (53,022)**
			$ 168,561	**$ 148,261**	**$ 20,300**	

Regional Economic Recovery Taskforce (Taskforce)
In 2021 the Organization was awarded a grant totaling $69,250 from Atlantic Canada Opportunities Agency (ACOA) through the Regional Innovation Ecosystem Program and the Regional Relief and Recovery Fund for this project which concluded September 2021.

Leadership In Manufacturing
In 2020 the Organization was awarded a grant totaling $18,000 from ACOA to provide funding under the Innovative Communities Fund to support a pilot project to develop and deliver contemporary leadership in manufacturing training for operators in the Annapolis Valley. The Organization will carry out the project in partnership with Nova Scotia Community College. The projected cost of the project is $28,400. This project concludes March 2023.

Strategic Tourism For Areas and Regions (STAR)
In May 2021, an agreement was reached with Atlantic Canada Opportunities Agency (ACOA) to provide funding under the Innovative Communities Fund to support this program. The projected cost of the project is $167,500. Maximum assistance under this program is the lessor of 70% of eligible costs and $117,250 with a completion date of September 30, 2023.

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5. DEFERRED CONTRIBUTIONS AND FUNDED PROJECTS *(continued)*

Continuous Improvement (CI)
In June 2021, an agreement was reached with Atlantic Canada Opportunities Agency (ACOA) and the Province of Nova Scotia to provide funding to support this program. The projected cost of the program is $198,050. Maximum assistance under this program is $158,050 with a completion date of July 31, 2023.

Connector Program
Since 2019 the Organization has been awarded annual funding from the Province of Nova Scotia Labour and Advanced Education for this project. The total awarded in 2022 was $191,474 (2021 - $100,823). The ending balance of $37,623 is comprised of a surplus balance of $23,320 and an advance payment of $14,303 from the Province of Nova Scotia for the subsequent year. This project concludes March 2023.

Business Retention and Expansion (BRE)
In 2020 the Organization was approved for funding up to $100,000 from the Municipality of the County of Kings for this project which concluded September 2021.

Tourism Marketing
In 2020 the Organization received funding from three Municipal partners which was matched by the Province of Nova Scotia, totaling $16,000, for this project. Due to uncertainty around the COVID-19 pandemic, these funds were not spent in the 2020 tourism season and were held for future seasons. The full amount $16,000 was spent during the 2022 fiscal year.

Regional Entrepreneurship Acceleration Program (REAP)
In October 2021, an agreement was reached with the Organization for Nova Scotia Innovation Drive Entrepreneurship (ONSIDE) under the IDE Community Acceleration Challenge. Maximum assistance under this program is $25,000 with completion expected during the 2023 fiscal year.

6. TANGIBLE CAPITAL ASSETS

Cost	2021 Balance	Additions	Disposals	**2022 Balance**
Office furniture and small equipment	$ 22,471	$ -	$ 448	**$ 22,023**
Electronic data equipment	13,616	1,593	9,743	**5,466**
Leasehold improvements *(Note 9)*	-	7,980	-	**7,980**
	$ 36,087	$ 9,573	$ 10,191	**$ 35,469**

Accumulated amortization	2021 Balance	Amortization	Accumulated Amortization on Disposals	**2022 Balance**
Office furniture and small equipment	$ 18,106	$ 2,147	$ 448	**$ 19,805**
Electronic data equipment	13,251	631	9,743	**4,139**
Leasehold improvements	-	570	-	**570**
	$ 31,357	$ 3,348	$ 10,191	**$ 24,514**

Net book value	**2022**	2021
Office furniture and small equipment	**$ 2,218**	$ 4,365
Electronic data equipment	**1,327**	365
Leasehold improvements	**7,410**	-
	$ 10,955	$ 4,730

7. ACCUMULATED SURPLUS

	2022	2021
Invested in tangible capital assets	**$ 10,955**	$ 4,730
Province of Nova Scotia restricted surplus *(Note 1)*	**260,207**	240,048
Operating surplus	**260,207**	240,048
	$ 531,369	$ 484,826

8. PROJECT COMMITMENTS

In March 2022, amounts totaling $62,285 were committed to the CI project and a consultant was engaged to initiate the project work. The advance payment was issued in April 2022.

In March 2022, amounts totaling $74,000 were committed for the Regional Marketing Initiative Media campaign beginning in the 2022-2023 fiscal year. These funds were disbursed in April 2022.

In August 2021, an agreement was reached with Atlantic Canada Opportunities Agency (ACOA) to provide funding to support the Manufacturing Supply Chain Analysis Program. The projected cost of the program is $121,000. Maximum assistance under this program is the lessor of 86.36% of eligible costs and $95,000 with a completion date of February 28, 2023.

In September 2019, a memorandum of understanding was reached with Annapolis Valley Chamber of Commerce (AVCC) to carry out a pilot project, called the Valley Business Partnership to Sustain the Regional Marketing Initiative. The Organization has agreed to provide funding up to $10,000 and to allocate its annual regional marketing budget to the Valley Business Partnership for this purpose. AVCC agrees to provide up to $10,000 in transition funding. The working relationship shall remain in force until September 2022. During the year, the Organization invested in excess of the required $10,000 towards the Regional Marketing Initiative.

9. LEASE COMMITMENTS

Effective February 1, 2022 the Organization executed a 7-year lease for premises located at 448 Main Street, Kentville. Monthly payments are $6,153 plus HST for years one and two with a 2% increase per annum beginning February 1, 2024. If property taxes increase by more than 15% above 2017 amounts during the term of this lease the Landlord will increase monthly rent, based on the proportionate share of building size, beginning with the first month of the next lease year.

Effective February 1, 2022 the Organization executed two 7-year sub-leases with sub-tenants for premises located at 448 Main Street, Kentville. Monthly recovery amounts total $4,369 plus HST for years one and two with a 2% increase per annum beginning February 1, 2024. Sub-tenants will cost share utilities and other operating costs proportionately.

Leasehold improvements reported in *Note 6* are the Organization's contribution to the overall cost which is shared with the sub-tenants.

The minimum lease payments including HST are due as follows:

2023	$ 84,918
2024	85,201
2025	86,905
2026	88,643
2027	90,416

10. ALLOCATION OF HUMAN RESOURCES

As described in *Note 2*, human resources expenses are allocated proportionately on the basis of time spent on funded projects.

	2022	2021
Total human resources	**$ 364,518**	$ 380,540
Allocation to projects	**(85,299)**	(138,597)
	$ 279,219	$ 241,943

11. PUBLIC SECTOR COMPENSATION

Under the provisions of the Nova Scotia Public Sector Compensation Disclosure Act ("the Act") the Organization is required to report the name and amount of compensation for employees paid in excess of $100,000 per year. For the purpose of the Act, compensation means the total amount or value of all cash and non-cash salary, wages, payments, allowances, bonuses, commissions and perquisites, other than a pension, pursuant to any arrangement, including an employment contract. During the year, no employees were paid in excess of $100,000.

12. FINANCIAL INSTRUMENTS

The Organization is exposed to the following significant risk through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss of the other party by failing to discharge an obligation. The Organization's main credit risk relates to contributions receivable. In order to reduce its credit risk, the Organization maintains open communication with its provincial and municipal partners, and ensures that it complies with the conditions of all funding agreements.

13. IMPACT DUE TO COVID

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of social and physical distancing, travel bans, and self-imposed quarantine periods, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

In late March 2020, the Organization’s focus pivoted to one of immediate response to help mitigate the impact of COVID-19 on the businesses in its region. The Organization worked diligently to distribute information on all of the available supports and resources. Direct contact was made with clients and support was provided to all businesses seeking assistance. The Regional Economic Recovery Taskforce was formed in May 2020 and has been leading a coordinated approach to recovery for the region. In consultation with all regional stakeholders, the regional economic recovery plan was created.

The COVID-19 pandemic has disrupted expected timelines of projects and forced the Organization to adjust activities and outcomes of projects. As Nova Scotia works through the waves of COVID-19 and vaccination efforts, it is anticipated that the Organization must continue to be nimble and flexible with projects through the 2022-2023 fiscal year and beyond.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Organization in future periods.

14. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified in order to conform with the financial statement presentation adopted for the current year. In particular, deferred contributions have been reclassified as financial liabilities.

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