Grant Thornton

Consolidated Financial Statements

Waterfront Development Corporation Limited

March 31, 2014

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Management statement on financial reporting

To the Shareholder of
Waterfront Development Corporation Limited

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is also responsible to ensure that all information reproduced in the annual report is consistent with the statements. In carrying out its responsibilities, management maintains appropriate systems of internal controls designed to ensure that the financial information produced is relevant and reliable and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

Ultimate responsibility for the consolidated financial statements rests with the Board of Directors. A Finance, Audit and Risk Management Committee of non-management Directors is appointed by the Board to review the consolidated financial statements in detail with management and to report to the Directors prior to their approval of the consolidated financial statements for publication. The Directors have established standards of conduct for employees to prevent conflicts of interest and unauthorized disclosure of confidential information.

The auditors review the consolidated financial statements in detail and meet separately with both the Finance, Audit and Risk Management Committee and management to review their findings. Grant Thornton LLP, Chartered Accountants report directly to the shareholder.

Colin MacLean, President
June 17, 2014

Bill Gates, Finance, Audit and Risk Management Chair
June 17, 2014

Independent auditor's report

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To the Shareholder of
Waterfront Development Corporation Limited

We have audited the accompanying consolidated financial statements of Waterfront Development Corporation Limited (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of operations, changes in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2014, and the consolidated statement of operations, changes in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Halifax, Canada
June 17, 2014

Chartered Accountants

Waterfront Development Corporation Limited
Consolidated statement of operations

Year ended March 31	Budget	**2014**	2013
Revenue			
Rents	$ 3,564,000	**$ 3,562,899**	$ 3,471,109
Provincial grant revenue	276,000	**276,000**	714,078
Recoveries	272,000	**231,279**	312,883
Other income	-	**109,327**	19,103
	4,112,000	**4,179,505**	4,517,173
Expenses			
Property expenses (Schedule 1)	2,181,100	**2,113,948**	2,064,007
Corporate expenses (Schedule 2)	1,976,900	**1,850,324**	1,950,649
Lunenburg real estate and development projects (Schedule 3)	60,000	**(89,174)**	(164,439)
Tall Ships Nova Scotia Festival (Schedule 4)	-	**-**	(2,994)
	4,218,000	**3,875,098**	3,847,223
Annual (deficit) surplus, before other item	(106,000)	**304,407**	669,950
Other Item			
Loss on disposal of capital asset (note 14[iii])	-	**(247,500)**	-
Annual (deficit) surplus	(106,000)	**56,907**	669,950
Accumulated surplus, beginning of year	32,412,548	**32,412,548**	31,742,598
Accumulated surplus, end of year	$ 32,306,548	**$ 32,469,455**	$ 32,412,548

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of financial position

March 31	2014	2013
Financial assets		
Cash and cash equivalents	**$ 135,692**	$ 196,914
Receivables (note 3)	**325,006**	844,837
Due from Province of Nova Scotia (note 4)	**995,000**	-
	1,455,698	1,041,751
Liabilities		
Payables and accruals (note 5)	**976,330**	1,265,780
Loan payable (note 6)	**885,000**	1,680,000
Deferred revenue (note 7)	**5,064,739**	3,995,591
	6,926,069	6,941,371
Net financial assets (debt)	**(5,470,371)**	(5,899,620)
Non-financial assets		
Tangible capital assets (note 8)	**37,884,494**	38,248,833
Prepaids	**55,332**	63,335
	37,939,826	38,312,168
Accumulated surplus (note 9)	**$ 32,469,455**	$ 32,412,548

Commitments (note 14)

On behalf of the Board

____________________ Director ____________________ Director

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of change in net financial assets (debt)

Year ended March 31	Budget	**2014**	2013
Annual surplus	$ (106,000)	**$ 56,907**	$ 669,950
Acquisition of tangible capital assets	(735,000)	**(740,928)**	(1,259,020)
Amortization of tangible capital assets	890,000	**857,767**	832,499
Loss on disposal of capital asset (note 14[iii])	-	**247,500**	-
	49,000	**364,339**	(426,520)
Acquisition of prepaid expense	-	**(152,054)**	(155,779)
Use of prepaid expense	-	**160,057**	285,862
	-	**8,003**	130,083
Increase in net financial assets	49,000	**429,249**	373,513
Net financial assets (debt) beginning of year	(5,899,620)	**(5,899,620)**	(6,273,133)
Net financial assets (debt) end of year	$ (5,850,620)	**$ (5,470,371)**	$ (5,899,620)

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of cash flows

Year ended March 31		2014		2013
Increase (decrease) in cash and cash equivalents				
Operating				
Annual surplus	$	56,907	$	669,950
Amortization		857,767		832,499
Loss on disposal of capital asset (note 14[iii])		247,500		-
		1,162,174		1,502,449
(Decrease) increase in loans payable		(795,000)		435,000
Change in non-cash operating working capital (note 11)		(756,616)		(15,641)
		(389,442)		1,921,808
Financing				
Decrease in mortgage receivable		-		199,000
		-		199,000
Investing				
Purchase of property and equipment		(740,928)		(1,259,020)
Deferred revenue		1,069,148		(341,603)
Deferred proceeds on the sale of property		-		(275,000)
		328,220		(1,875,623)
Net (decrease) increase in cash and cash equivalents		(61,222)		245,185
Cash and cash equivalents (bank indebtedness)				
Beginning of year		196,914		(48,271)
End of year	$	135,692	$	196,914

See accompanying notes to the consolidated financial statements.

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976.

The Corporation's mission is to service as champion of a dynamic vision and to plan, coordinate, promote and develop properties, events and activities on designated waterfronts around Halifax Harbour and other locations as determined by the shareholder as detailed in the order in Council No. 2005-373 dated August 19, 2005.

On September 20, 2005, the Corporation purchased significant holdings in the Town of Lunenburg, as well as a numbered company, 3104102 N.S. Limited, which held additional properties in the Town. This was done in cooperation with the Province to protect the working waterfront in Lunenburg.

2. Summary of significant accounting policies

The following consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

Basis of accounting
These financial statements are prepared on a consolidated basis in accordance with Canadian public sector accounting standards. As such, the financial position and results of operations of the 100% owned subsidiary, 3104102 N.S. Limited, are consolidated into these financial statements.

Basis of consolidation
The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by Waterfront Development Corporation Limited. See note 12 for a description of the controlled organization.

Revenue recognition
Rent and recovery and other revenues are recorded on an accrual basis as earned, and collectability is reasonable assured.

Revenue generated as a result of property development is applied as a reduction in the cost. The Corporation receives amounts from third parties for dumping fill on a Corporation property. These amounts have been offset against accumulated development costs related to the property and the excess has been recorded as deferred revenue.

Government assistance is recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. The assistance is accounted for as a deferred capital grant when amounts have been received but not all eligibility criteria have been met.

Tangible capital assets including capital leases
Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, renovation and development of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

2. Summary of significant accounting policies (continued)

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	10-50 years
Wharves and walkways	10-50 years
Equipment	3-10 years
Paving	10-50 years
Playground	20 years
Capital lease	45 years
Monuments	5-20 years

On an annual basis, the Corporation reviews the carrying amounts of properties held and used in the fulfilling of its mandate. This includes both revenue producing properties, as well as properties held for the greater public use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation’s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

There are ongoing negotiations for potential development projects on the Bedford, Dartmouth, Halifax, and Lunenburg waterfronts. The outcome of these negotiations and the possible financial impact on fair value of the existing land and buildings is indeterminable at this time.

Measurement uncertainty
The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards, 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 consolidated financial statements and the reported amounts of the revenues and expenses during the period. 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 consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

Deferred revenue
Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Liability for contaminated sites
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

2. Summary of significant accounting policies (continued)

Liability for contaminated sites (continued)

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. Waterfront Development Corporation Limited:
    - is directly responsible; or
    - accepts responsibility; and
iv. a reasonable estimate of the amount can be made;
v. it is expected that future economic benefits will be given up.

The Corporation has ownership of a significant amount of waterfront lands surrounding the Halifax and Lunenburg harbours in Nova Scotia. These lands are predominantly former industrial sites and can reasonably be anticipated to contain some level of soil contamination. The likelihood and cost of remediation cannot be reasonably estimated due to the following factors:

i. land holdings subject to potential remediation are limited to future development sites;
ii. there is no certainty around which sites will ultimately be developed;
iii. any potential remediation costs associated with sites having been identified for potential development would be materially impacted by the type of development and the terms of the development agreement to be negotiated. This would include the development footprint and depth, as well as the public space component and terms of the development agreement.

Given the above, no liability for contaminated sites has been recognized in these financials statements.

Prepaids
Prepaids include prepaid insurance and are charged to expense over the periods expected to benefit from it.

Income taxes
As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

Cash and cash equivalents and bank indebtedness
Cash and cash equivalents are comprised of cash on hand, cash held in banks and bank overdrafts.

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.

2. Summary of significant accounting policies (continued)

Subsequent measurement

At each reporting date, the Corporation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Corporation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the consolidated statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and loan payable.

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

3. Receivables

	2014	2013
Receivables	$ 336,766	$ 886,824
Less: provision for doubtful accounts	(11,760)	(41,987)
	$ 325,006	$ 844,837

4. Due from Province of Nova Scotia

Amount relates to insurance proceeds due from the Province of Nova Scotia for the loss incurred on the Lunenburg asset during the year as a result of the fire. See note 14(iii).

5. Payables and accruals

	2014	2013
Payables and accruals	$ 855,470	$ 1,094,239
Salaries and benefits payable	57,178	56,735
Marketing (recovery) payable	(546)	53,278
Other	64,228	61,528
	$ 976,330	$ 1,265,780

6. Loan payable

	2014	2013
Demand loan	$ 885,000	$ 1,680,000

6. Loan payable

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the revolving operating line loan. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from $885,000 to $4,236,136 through additional borrowings and other available funding as illustrated below:

	2014	2013
Demand loan	**$ 885,000**	$ 1,680,000
Bedford waterfront project (note 7)	**3,351,136**	3,450,934
	$ 4,236,136	$ 5,130,934

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2014:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Deposits for project developments and programs	$ 250,547	$ 3,126	$ -	$ 253,673
Bedford waterfront project	3,450,934	-	(99,798)	3,351,136
Development of Halifax waterfront	294,110	170,820	-	464,930
Proceeds from insurance	-	995,000	-	995,000
	$ 3,995,591	$ 1,198,342	$ (99,798)	$ **5,064,739**

Deposits for project developments and programs
The Corporation received a deposit from Southwest Properties Limited for future development of the Cunard Block property.

Bedford waterfront project
The Corporation receives amounts from third parties for dumping fill in Bedford. The intent is to develop the Bedford waterfront property and utilize this long term deferred revenue in that development over future periods.

Development of Halifax Waterfront
The Corporation received amounts from a third party as part of a development agreement for the Halifax waterfront; the intent is to use these funds in the development of the waterfront in future periods.

Due from Province of Nova Scotia for Insurance Proceeds
The Corporation has recorded a long-term receivable and deferred revenue for insurance proceeds related to the loss incurred on the Lunenburg asset during the year. The revenue will be recognized when the related expenses are incurred to rebuild the asset.

8. Tangible capital assets

March 31, 2014

	Land	Buildings	Wharves and walkways	Equipment	Paving	Capital lease	Monument	Lunenburg (note 12)	Playground	2014 Total
Cost										
Opening balance	$ 20,810,776	$ 9,798,849	$ 8,853,793	$ 2,003,283	$ 448,134	$ 1,704,472	$ 294,647	$ 4,803,319	$ 234,083	$ 48,951,356
Additions	1,611	-	273,139	159,189	35,256	-	122,583	140,935	8,215	740,928
Disposals	-	-	- -	-	-	-	-	(300,000)	-	(300,000)
Closing balance	20,812,387	9,798,849	9,126,932	2,162,472	483,390	1,704,472	417,230	4,644,255	242,298	49,392,284
Accumulated Amortization										
Opening balance	-	5,571,713	1,907,832	1,177,578	198,132	1,348,681	139,380	348,214	10,993	10,702,523
Amortization	-	225,972	201,692	265,887	8,451	35,529	51,234	56,429	12,573	863,744
Disposals	-	-	-	-	-	-	-	(52,500)	-	(52,500)
Closing balance	-	5,797,685	2,109,524	1,443,465	206,583	1,384,210	190,614	352,144	23,566	11,513,767
Net book value	$ 20,812,387	$ 4,001,164	$ 7,017,408	$ 719,007	$ 276,807	$ 320,262	$ 226,616	$ 4,292,110	$ 218,732	$ 37,884,494

March 31, 2013

	Land	Buildings	Wharves and walkways	Equipment	Paving	Capital lease	Monument	Lunenburg (note 12)	Playground	2013 Total
Cost										
Opening balance	$ 20,218,853	$ 9,714,913	$ 8,779,212	$ 1,851,151	$ 448,133	$ 1,704,472	$ 309,718	$ 4,638,883	$ -	$ 47,692,335
Additions	591,922	56,935	74,581	152,131	-	-	-	164,438	234,083	1,274,091
Disposals	-	-	-	-	-	-	(15,071)	-	-	(15,071)
Closing balance	20,810,776	9,798,849	8,853,793	2,003,281	448,134	1,704,472	294,647	4,803,320	234,083	48,951,355
Accumulated Amortization										
Opening balance	-	5,349,868	1,700,443	930,294	190,489	1,313,153	96,824	288,952	-	9,870,023
Amortization	-	221,845	207,389	247,285	7,643	35,528	42,555	59,261	10,993	832,498
Disposals	-	-	-	-	-	-	-	-	-	-
Closing balance	-	5,571,713	1,907,831	1,177,577	198,132	1,348,681	139,379	348,214	10,993	10,702,521
Net book value	$ 20,810,776	$ 4,227,135	$ 6,945,961	$ 825,704	$ 250,002	$ 355,790	$ 155,268	$ 4,455,106	$ 223,090	$ 38,248,833

The capital lease is a prepaid long term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

9. Accumulated surplus

The accumulated surplus is made up as follows:

	2014	2013
Accumulated surplus	**$ 18,721,626**	$ 18,664,719
Contributed surplus	**13,747,826**	13,747,826
Share capital	**3**	3
	$ 32,469,455	$ 32,412,548

	2014	2013
Authorized:		
5,000 shares without nominal or par value		
Issued:		
3 shares	**$ 3**	$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

10. Employee pension plan

The Corporation is a participant in a Multi-Employer Pension Plan, the Nova Scotia Public Service Superannuation Plan. During the year the Corporation made contributions to the plan in the amount of $84,427. The most recent actuarial valuation was conducted on December 31, 2012, at this time there was an unfunded liability. The next actuarial valuation of the plan is required on or before December 31, 2015.

11. Supplemental cash flow information

Change in non-cash operating working capital

	2014	2013
Receivables	**$ (475,169)**	$ (62,085)
Prepaids	**8,003**	130,083
Payables and accruals	**(289,450)**	(83,639)
	$ (756,616)	$ (15,641)

12. Lunenburg investment

In fiscal 2006, the Corporation acquired real estate properties in the Town of Lunenburg by way of a 100% share purchase of 3104102 N.S. Limited and direct asset purchases.

The Province provides an annual operating grant to cover any shortfall between revenues and expenditures and tangible capital asset construction or purchases.

12. Lunenburg investment

The Lunenburg assets consist of land, buildings and wharves. These assets have been shown as a separate line item within the Tangible Capital Assets schedule in note 8 to the financial statements. This is to recognize these assets as a unique group whose title with the Corporation may not necessarily be long term in nature, depending on decisions of the Province.

13. Related party transactions

During the year, the Corporation transacted business with various Departments and Crown Corporations of the Province of Nova Scotia. These transactions included rent charged to these entities for use of the Corporation's assets. Other revenues received from related parties include operating grants. Various expenditures were incurred by the Corporation for transactions with these same related parties for payroll benefits, consulting and legal services.

14. Commitments

(i) The Corporation has entered into an agreement with an existing combined residential and commercial building on the Halifax waterfront to allow partial early conversion of the complex into condominium units. The Corporation has received total compensation of $500,000. The Corporation has committed to use the compensation on the construction of amenities on the Halifax waterfront. In the current fiscal year, the Corporation has recognized $170,820 (2013 - $nil) as deferred revenue. The Corporation has cumulatively recognized $500,000 as deferred revenue and expended $35,070 on amenities for a net deferred balance of $464,930 (refer to note 7).

(ii) During the previous year, the Corporation issued a request for proposals for the development of the property known as Cunard Block. Southwest Properties Limited was selected as the preferred proponent based on the proposals received. Negotiations are currently proceeding regarding the land lease for the site and the Regulatory Approvals agreement. The Corporation will be responsible for the design and construction of the public space component of the development. Southwest Properties will be contributing a portion of the cost and a $3 million dollar grant was approved by the Province in fiscal 2014. As of April 2014, construction is anticipated to commence in 2015.

(iii) A building owned by the Corporation in the Town of Lunenburg was destroyed by a fire in September 2013. The building was a total loss and demolition took place in April 2014. The Corporation has recognized a receivable for insurance proceeds from the Province of Nova Scotia in the amount of $995,000 in these financial statements. The receipt of proceeds will be contingent on a replacement property being constructed and, as such, a liability has been booked for the same amount to recognize the commitment to rebuild. The timing and cost of the replacement property is not known at present. The building was disposed of at a loss of $247,500, the net book value of the building at the time of the fire.

14. Commitments (continued)

(iv) The Corporation is presently negotiating with Halifax Water to resolve a problem that has arisen with sewer pipes running under a recent extension of Waterfront Drive in Bedford, NS. A reasonable estimate of the cost to repair or replace the pipes cannot be made given uncertainty around the extent of the total costs to remediate and the percentage borne by Halifax Water and the Waterfront Development Corporation Limited respectively. As such, no liability has been recorded in these financial statements. Should costs be incurred by the Corporation, funds would be drawn from the $3,351,136 deferred revenue balance of the Bedford waterfront project (see note 7).

The Corporation has committed to lease payments for various capital assets over the next two years. Payments are as follows:

2015	$	5,824
2016		623

15. Employee compensation

As required under the Public Sector Compensation Disclosure Act for the Province of Nova Scotia, the following are total gross compensation in excess of $100,000 for individual employees of the Corporation:

Andy Fillmore, VP Planning and Development	$	124,025
Colin MacLean, President and CEO	$	153,927
Jennifer Angel, VP Operations and Marketing	$	126,820

16. Capital management

The Corporation's objectives when managing capital are:

a) To maintain financial strength through sound stewardship of core assets and long-term development and financial planning such that it is able to continue designing and developing great waterfronts; and
b) To ensure a return on and use of public assets that strikes a balance between allowing the Corporation to be self-sufficient while providing for public enjoyment of their waterfronts.

The above objectives are considered in annual budgets and property development planning.

17. Credit facility

In fiscal 2013, the Corporation renewed its credit facility agreement with the Royal Bank of Canada. The facility provides a $6 million revolving operating line at RBC prime rate, less 1%. The facility expires on June 15, 2017.

Waterfront Development Corporation Limited
Schedule 1 – Property expenses

Year ended March 31	Budget	**2014**	2013
Expense			
Amortization	$ 830,000	**$ 801,336**	$ 773,238
Repairs and maintenance	306,100	**280,939**	263,246
Landscaping and waste removal	166,000	**208,049**	170,978
Wages and labour	254,500	**264,434**	278,970
Security	166,500	**157,548**	164,692
Utilities	176,800	**168,477**	156,810
Equipment and supplies	126,000	**86,367**	110,011
Insurance	100,000	**96,212**	96,207
Miscellaneous	24,000	**24,020**	22,715
Property taxes	31,200	**26,566**	27,140
Total expenditures	$ 2,181,100	**$ 2,113,948**	$ 2,064,007

Waterfront Development Corporation Limited
Schedule 2 - Corporate expenses

Year ended March 31	Budget	**2014**	2013
Expense			
Salaries, contracts and benefits	$ 1,226,000	**$ 1,083,395**	$ 1,180,777
Professional fees			
Programs	170,000	**130,754**	138,830
Audit	25,000	**19,582**	19,400
Consulting	30,000	**(568)**	39,751
Legal fees	20,000	**5,958**	3,279
Office operations	228,900	**247,165**	236,587
Waterfront promotions and public relations	196,000	**291,944**	225,896
Directors' fees and expenses	45,000	**45,393**	35,577
Doubtful accounts	6,000	**5,450**	47,740
Loan interest	30,000	**21,251**	22,811
Total expenditures	$ 1,976,900	**$ 1,850,324**	$ 1,950,649

Waterfront Development Corporation Limited
Schedule 3 – Revenue and expense for the Lunenburg real estate and development projects

Year ended March 31	Budget	**2014**	2013
Revenue			
Rents	$ 185,000	**$ 249,073**	$ 367,266
Operating grant	374,200	**357,659**	340,648
	559,200	**606,732**	707,914
Expense			
Administration	20,000	**15,188**	2,173
Amortization	60,000	**56,431**	59,261
Professional fees	60,000	**59,415**	46,527
Operating	479,200	**386,524**	435,514
	619,200	**517,558**	543,475
Excess of revenue over expenditures (expenditures over revenue)	$ (60,000)	**$ 89,174**	$ 164,439

Waterfront Development Corporation Limited
Schedule 4 - Revenue and expense for the Tall Ships Nova Scotia Festival

Year ended March 31	Total event budget	Total event actual	**2014**	2013
Revenue				
Tall ships revenues	$	$	**$ -**	$ 484,086
Government grants	-	-	**-**	1,471,139
	-	-	**-**	1,955,225
Expense				
Administration and management	-	-	**-**	218,523
Marketing	-	-	**-**	212,435
Operations	-	-	**-**	1,191,223
Public Programming	-	-	**-**	330,050
	-	-	**-**	1,952,231
Excess of revenue over expenditures	$ -	$ -	**$ -**	$ 2,994

Waterfront Development Corporation Limited

Statement of Compensation
Required Pursuant to the Public Sector Compensation Disclosure Act
Year Ended March 31, 2014

Auditor Comments
The information presented below has been disclosed in note 15 of the audited financial statements of Waterfront Development Corporation Limited for the year ending March 31, 2014.

Board Members, Officers, and Employees, Contractors and Consultants
For the year ended March 31, 2014, the following board members, officers and employees received compensation of $100,000 or more:

Board Members, Officers, Employees, Contractors and Consultants	
MacLean, Colin	$153,927
Angel, Jennifer	$126,820
Fillmore, Andy	$124,025

Notes to the Statement of Compensation
None

Basis of Reporting
This statement has been prepared by **Waterfront Development Corporation Limited**, a public sector body, required to report compensation information pursuant to the Public Sector Compensation Disclosure Act (the Act) of the Province of Nova Scotia.

The management of **Waterfront Development Corporation Limited** is responsible for the preparation of this statement in accordance with the Act.

Section 4 of the Act requires that the information reported in this statement be disclosed in the body of the audited financial statement of **Waterfront Development Corporation Limited** or in a statement prepared for the purposes of the Act and certified by its auditors.

Completed by: Lisa Staples

Title: Accounting Manager

Date: June 5, 2014