



Waterfront Development

**Annual Accountability Report for the
Fiscal Year 2017-2018**

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Accountability Statement

The Accountability Report of Waterfront Development for the year ended March 31, 2018 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Waterfront Development's Business Plan for the fiscal year just ended. The reporting of Waterfront Development outcomes necessarily includes estimates, judgments and opinions by Waterfront Development management.

We acknowledge that this Accountability Report is the responsibility of Waterfront Development management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Waterfront Development's 2017-2018 Business Plan.

Dale Godsoe
Chair of the Board

Jennifer Angel
Acting President and CEO

Message from Board Chair and Acting CEO

Our place by the ocean gives the world a reason to know us, to do business with us, and to visit us. It is vast with opportunity. Our history is a maritime history, and our future prosperity as a province will be determined by the extent to which we are able to unlock the potential the ocean presents to us. This is what we think about every day at Waterfront Development.

Few places in the world can match the strategic advantages Nova Scotia has in the ocean economy. By developing waterfront infrastructure that harnesses these advantages, we are contributing to inclusive economic growth in Nova Scotia.

An example of this strategic economic infrastructure is COVE, the Centre for Ocean Ventures and Entrepreneurship. Building on Nova Scotia's competitive advantages in ocean research and depth of world-class ocean technology companies, COVE will provide a place that offers access to ideas, tools and the ocean to help stimulate innovation and an important platform for commercialization and business growth.

This same model is applied to our work in tourism. The Halifax and Lunenburg waterfronts are thoughtfully planned and developed to create quality places with access to the water's edge, as well as the conditions for entrepreneurs and industry to thrive.

These places are centres of our communities, and magnets for people and investment.

We were honoured to receive the 2017 Spirit of Halifax Award from Discover Halifax, presented in recognition of our numerous valuable contributions to Halifax's tourism economy, which we share with many, many partners.

It is increasingly well understood that place has an essential role in economic development. To ensure a strategic approach to placemaking province-wide, our mandate is evolving to include a responsibility for strategic land and infrastructure to support inclusive economic growth, with a focus on creating great places that attract people to visit, to live, to work and to invest.

While we will seek inspiration around the world for this important work, we will find it equally around the province, through consultation. Our ambition is to create places that are authentically and uniquely Nova Scotian, as well as environmentally, socially, and economically sustainable.

It is an exciting time to be in Nova Scotia at the water's edge.

Dale Godsoe
Chair of the Board

Jennifer Angel
Acting President and CEO

Financial Results

Financial Summary / Budget Context Waterfront Development Corporation Limited 2017-18

	2017-18 Estimate \$	2017-18 Actual \$	Variance
Revenue			
Rents and Wharfage	1,785,000	2,000,000	215,000
Parking	1,700,000	1,540,000	(160,000)
Other Income	1,242,000	771,000	(471,000)
Tall Ships	2,250,000	2,758,000	508,000
Grant Income	1,490,000	1,425,000	(65,000)
Total Revenue	8,467,000	8,494,000	27,000
Operating and Administrative Expenses			
Program Expenses	920,000	907,000	(13,000)
Maintenance / Repairs and Other	1,125,000	1,250,000	125,000
Administrative Expenses	2,052,000	2,110,000	58,000
Tall Ships	2,250,000	2,610,000	360,000
Total Expenses	6,347,000	6,877,000	530,000
Surplus (Deficit) Before Capital	2,120,000	1,617,000	(503,000)
Capital Grants (DoB)	19,226,000	14,274,000	(4,952,000)
Capital Grants (LAE/NSCC)	3,586,000	6,546,000	2,960,000
Total Capital Grants	22,812,000	20,820,000	(1,992,000)
Amortization	845,500	854,000	8,500
Gain on disposal of fixed assets	(370,000)	820,000	1,190,000
Surplus (Deficit) After Other Items	23,716,500	22,403,000	(1,313,500)

NOTES: 2017-18 budget compared to 2017-18 actuals:

Rents and Wharfage increase is from a strong summer for seasonal vendors, resulting in increased rents

Parking Revenue is lower due to the closure of lots for the Queen's Marque development and Tall Ships event

Other income is under budget due to less activity than expected at the Bedford site, resulting in a lower recognition of deferred revenues for the Bedford development.

Tall Ships revenues were higher than budget due to additional recoveries from Rendez-Vous Quebec to support increased expenses in programming and operations.

Maintenance expenses are over budget due to additional Halifax boardwalk repairs and electricity costs for COVE vessels which were fully recovered.

Capital grants reflect additional spending at the Queen's Marque development for soil remediation and decreased spending at the COVE development. Unspent capital budget at COVE will be carried forward to 2018-19 to complete the project.

There was a net gain on land transactions associated with the Queen's Marque development.

Measuring Our Performance

Planning and Operating Context

Major challenges face the Nova Scotia economy, but there are also significant opportunities before us. Many of these opportunities relate to our ocean advantage; a source for sustainable sector growth, and a quality of life that is difficult to match anywhere in the world. We believe that building great places is a critical strategy for inclusive economic growth in Nova Scotia.

Over the past year and looking ahead, we are advancing key projects that enable this place-based economic development strategy through partnerships.

This year we contracted an economic impact study to measure Waterfront Development's economic impact on the Nova Scotia economy, which aims to capture the full range of our many projects, initiatives and partnerships. Among other conclusions, early estimates suggest that 4.6 million non-resident visitors to the Halifax waterfront have spent an estimated \$1.6 billion in "Halifax waterfront-attributable spending" over the past 7 years.¹

Strategic Overview

Waterfront Development is a crown corporation that contributes to economic growth by developing and revitalizing key waterfront properties in Nova Scotia.

Waterfront Development plans, develops and manages this land in partnership with private and public sector partners. The revenue generated through these partnerships is reinvested in waterfront infrastructure to create new platforms for business and to attract and inspire people.

Since 1976, Waterfront Development has led a series of successful projects that have transformed the Halifax waterfront into a place for residents to come together and an important tourism destination in Nova Scotia.

In 2017-18, we continued to develop and maintain high quality public infrastructure (on land and on the water), layering services, programs, places for business and high quality events. This place making work included key projects in COVE, Queen's Marque, New Place and Rendez-Vous 2017 Tall Ships Regatta.

Events

2017 was a big year.

More than 40 events, led by diverse entrepreneurs, community groups and volunteers, celebrated, challenged and entertained our residents and visitors. Waterfront Development was proud to support these events across the waterfronts.

RDV 2017 Tall Ships Regatta

We led Nova Scotia's fourth international Tall Ships event, Rendez-Vous 2017 Tall Ships Regatta, on behalf of the Province, in partnership with Sail Training International as part of Canada 150 celebrations. With ships visiting Nova Scotia from around the world, this event attracted more than 600,000 people to 11 ports across Nova Scotia and generated economic impact in excess of \$30M.

Notably, it was also a platform for a new program in partnership with Assembly of First Nations, Ulnooweg, Three Things Consulting, Mi'kmaq Native Friendship Centre, as well as the federal and

¹ Economic Impact of Waterfront Development 2018: Group ATN Consulting Inc.

provincial governments called Msit No'Kmaq: All My Relations. This program provided the opportunity for 45 Indigenous youth, ages 16-24, from every province and territory across Canada to sail from Halifax to Le Havre, France. As part of the last leg of the Tall Ships Regatta on Tall Ship *Gulden Leeuw*, it provided these youth with leadership development, cultural and skills building programming, as well as an incredible adventure. The program and Waterfront Development were recognized by Sail Training International at their annual event in France with the International Mission Award for this work.

Development

Queen's Marque

Queen's Marque, the transformative \$200M Armour Group Limited project on the Halifax waterfront, made significant progress this year. With residential, office, hotel and ground floor retail and hospitality, it includes more than 75,000 square feet of new public space, three new wharves, and the continuation of the Halifax Harbourwalk, which is owned and managed by Waterfront Development.

COVE

The Centre for Ocean Ventures and Entrepreneurship (COVE) project on the Dartmouth waterfront advanced with significant momentum this year and contributed to a broader momentum around oceans innovation and investment in Nova Scotia. The project is the culmination of the work of many partners including the Institute for Ocean Research Enterprise who will operate the COVE program, Innovacorp, who will run the Start Up Yard at COVE and NSBI who will support investment attraction and international marketing. Waterfront Development led the planning and development of the \$20M adaptive re-use project together with NSCC and TIR, and will remain site owner and operator. Our work to lease up the facility is well underway with excellent market response, strong demand, and a good mix of ocean technology companies already signed.

Our strategy is to provide a “platform” for business clustering in key sectors through our planning, development and programming. Whether a tourism cluster, like the Halifax waterfront, or an ocean technology cluster, like COVE, or an intersection of the two in Lunenburg's working waterfront, we aim to invest in the physical assets that create places that attract people and investment.

Planning

A key focus of our planning activities this past year and upcoming year is the update of the Halifax Harbour Master Plan and the Lunenburg Working Waterfront Master Plan.

Lunenburg's working waterfront is a source of pride in the community, and an important centre of marine industrial activity. Lunenburg is a UNESCO World Heritage Site and an award-winning destination for visitors, as well. A key challenge in our work is to plan and develop the waterfront to respond to both; prioritizing the marine dependent industry so important to Lunenburg's heritage, identity and future, and guiding the tourist to ensure a positive, authentic experience of the working waterfront without undermining its ability to function.

We work with the community and the Town of Lunenburg through the Lunenburg Steering Committee (LSC) to develop our plans. Together with the LSC, local tenants, and other stakeholders, we have drafted a five-year Lunenburg Working Waterfront Plan. The draft plan is being developed with the community, through public consultation with the aim of achieving a shared vision and common agenda for the development of the Lunenburg working waterfront for the next five years.

Our planning principles respect traditional working waterfront themes and preservation of our maritime history, and prioritize marine dependent uses. We embrace innovation, seeking to achieve environmental, social and economic sustainability in all of our projects. And we protect and enable public access to the water's edge, ensuring the places we design prioritize people. We develop our plans through deep public engagement, building our plans by and for Nova Scotians.

Looking Forward

Our greatest natural advantage as a province is our place by the sea. Through our expanded mandate, waterfronts will remain an important focus of our work as the crown corporation responsible for the sustainable development of high potential property and infrastructure to advance inclusive economic development in Nova Scotia.

At the centre of this work is **place**. And our work is **Placemaking** - the planning and development property by and for people.

We will explore new properties that can contribute to the province's inclusive economic growth goals. And we will support infrastructure investment that catalyzes this growth.

Accessibility and connectedness are core qualities of great places and they are important new objectives for Waterfront Development looking forward. Together with private and public partners, we will lead an ambitious rural internet project to connect Nova Scotians with high quality, high speed internet.

In the knowledge economy, great places signal quality of life; a critical determinant of the decision to locate and invest in a community. Great places also attract visitors who are looking for authentic, cultural experiences. Great places are central to successful innovation districts. Our work will help Nova Scotia unlock this place advantage for sustainable, inclusive economic growth.

Performance Measures

Waterfront Development implemented a set of Performance Measures that track the progress of our business model; to develop land with infrastructure that provides businesses with commercial opportunities, and attracts our community and visitors, generating economic activity. Through efficient operations, we also strive to generate revenue sufficient to sustain Waterfront Development's operating and partnership obligations.

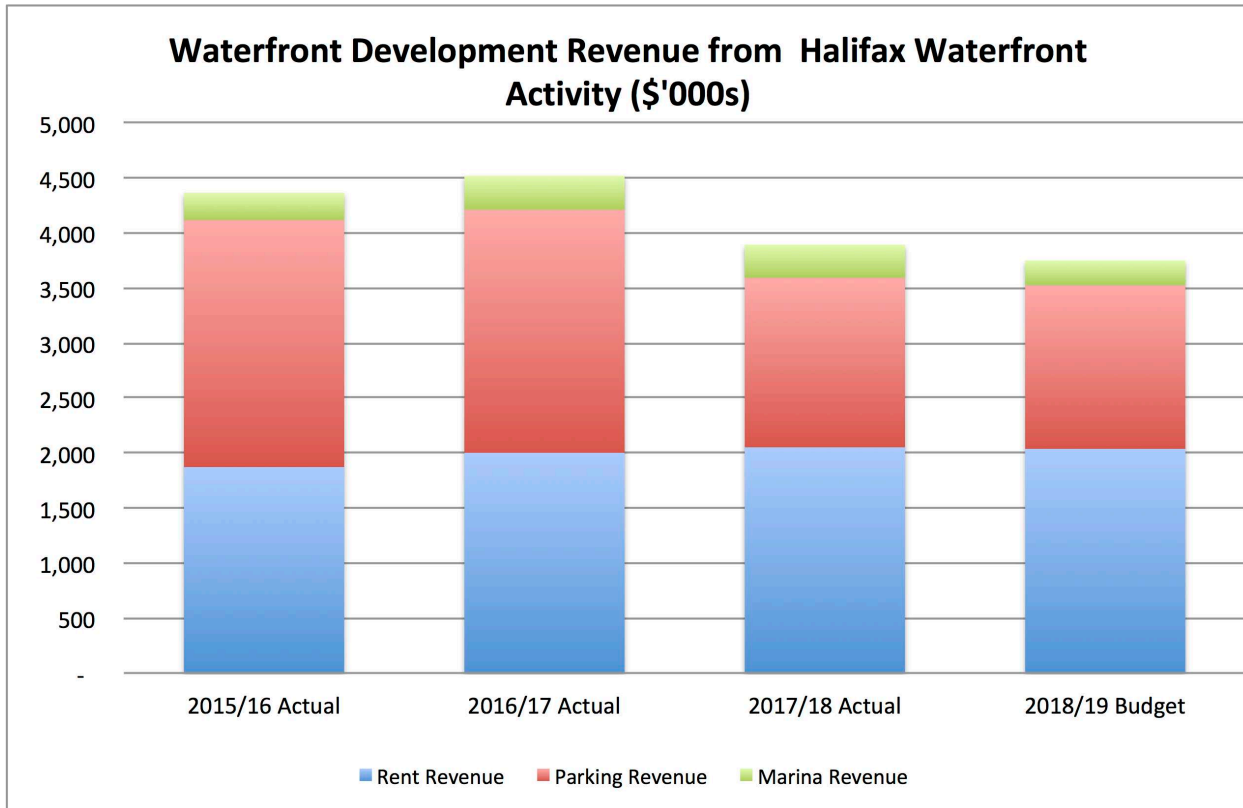
COMMERCIAL REVENUE

Outcome: Operate waterfront property to be financially self-sufficient.

An important part of the revitalization of waterfront lands is their use by the private sector, generating economic activity and supporting entrepreneurialism, as well as adding activity and vibrancy to the waterfronts. Revenue is an indicator of this use. It also reflects the level of activity by the public generally, through parking uptake and through commercial rents from tenants which are in part a percentage of gross sales. Revenue is provided by both year-round and seasonal tenants. Revenues overall decreased in 2017-18 due to lost parking revenue resulting from new development projects on the Halifax waterfront as well as substantial event use, but their development contributes a significant, positive economic impact.

Marina revenues are also slightly decreased due to the closure of some wharves for the Queen's Marque development as well as Tall Ships event related wharf closures. This is expected to recover and experience growth over prior years once construction is complete.

Rent revenues are higher due to strong sales across the waterfront, as well as the addition of new businesses operating in the vendor area at Foundation Place on the Halifax waterfront (New Place). The addition of the Queen’s Marque land lease construction rent also contributed to increased rent revenue.



VISITOR SATISFACTION

Outcome: A significant number of visitors come to the Halifax, Bedford, Dartmouth and Lunenburg waterfronts annually and the economic activities of these visits help to support both the local and provincial economies. Measurement of activity and quality of experience are critical feedback components of Waterfront Development’s effort to continuously improve the waterfronts under our management.

Pedestrian Counts

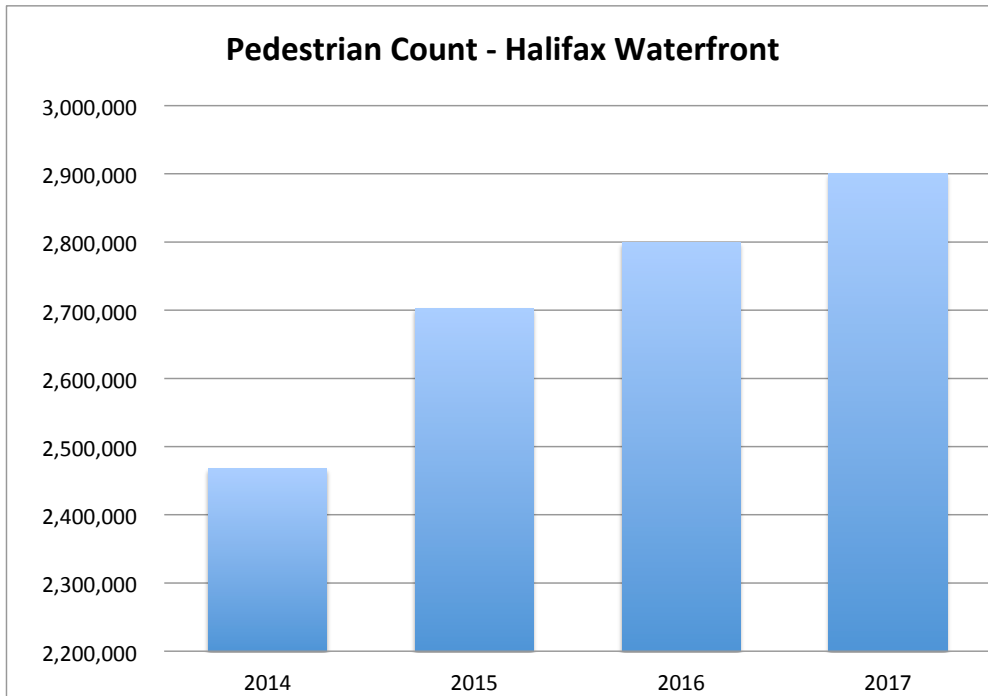
Visitation to the Halifax waterfront has been increasing year over year. International events like Rendez-Vous 2017 Tall Ships Regatta have a direct impact on visitation.

The seasonal Sea Bridge saw more than one million people crossing in its first season. Between July and October, Waterfront Development staff conducted manual counts during peak periods.

We have added pedestrian counters to the Halifax waterfront to enable more reliable measurement of visitation as well as site specific counts.

Satisfaction Surveys

In addition, we are implementing satisfaction surveys as part of important market research. Data will form a baseline for the business plan in future years.



NOTE: 2017 is based on an estimate using available data.

Key Project Activity 2017-18

Halifax

Queen's Marquee Development

Construction is well underway and excavation is substantially complete. Planning and approval of building design was accomplished and the public space planning has begun.

Sea Bridge

To support pedestrian access and construction mitigation efforts during the Queen's Marquee development, the seasonal floating Sea Bridge opened in the summer of 2017. More than one million people crossed the bridge between July and October. In addition to providing important boardwalk connectivity, it has itself become an interesting waterfront experience.

Cunard Development

We continue to work with Southwest Properties to advance this mixed-use project on the south Halifax waterfront through engineering and site challenges.

New Place / Small Business Cluster

The seasonal business cluster opened for the 2017 season in Foundation Place. Public consultation was held and new public washrooms and amenities, as well as renovations to the planters on the boardwalk were completed, creating a dynamic new place to gather on the Halifax waterfront.

Boardwalk North

In partnership with private property owners and stakeholders, we are beginning plans for Boardwalk North improvements and redevelopment.

Blue Flag Certification

Achieved certification for this internationally recognized environmental program in marina operations for the seventh consecutive year.

Halifax Harbour Master Plan

The framework for the Halifax Harbour Master Plan is advancing with substantial public and stakeholder consultation to come.

Accessible Waterfront

Through ongoing work with the Accessibility Directorate of the Province and community stakeholders, we advanced planning to make the Halifax waterfront accessible and socially inclusive for our whole community.

Dartmouth

COVE (Centre for Ocean Ventures and Entrepreneurship)

Construction for the recapitalization of the buildings and wharves, and tenant leasing were a key focus this year. We worked with partners on an implementation plan and program towards a July 2018 substantial completion.

Dartmouth Cove Master Plan

We worked with the municipality to inform policy for redevelopment for Dartmouth Cove. Began

preparation for update of the Dartmouth Cove Master Plan in anticipation of Centre Plan completion.

Public Marine Infrastructure Development Plan – Dartmouth

Advanced the partnership with the municipality regarding marine infrastructure improvements and management agreement at Alderney Landing.

Bedford

Bedford Master Plan and Development – Bedford

Continued to advance site stabilization efforts. Planning is currently on hold pending completion of municipal planning studies.

Lunenburg

Zwicker & Co. Building

Commenced building stabilization and roofing work into one of Lunenburg's best known waterfront buildings. Completed site services and temporary amenities to support visitor experience, including showers, accessible washrooms, laundry facilities, wharf power and water, and a visitor reception area. Completed a Request for Information call which will shape a Request for Proposal related to potential tenancy/businesses to operate at Zwicker.

Draft Five-Year Lunenburg Working Waterfront Plan

Advanced a draft plan and held multiple engagement sessions with key waterfront stakeholders and tenants, in preparation for public consultation on the draft plan.

Multiple Properties

Marine Marketing Partnership – Provincial

Advanced marketing planning, and continued to build marketing content with Tourism partners.

Public Amenities Plan – Halifax, Bedford, Lunenburg

Deployed new public amenities including the popular hammocks on the Halifax waterfront which were recognized with an Urban Design Award from Halifax Regional Municipality.

Visiting Ships Program – Halifax, Lunenburg

Worked with partners to grow the Visiting Ships Program to provide additional educational opportunities for the public.

Rendez-Vous 2017 Tall Ships Regatta – 11 Provincial Ports

Led the international event on behalf of the Province with multiple partners and stakeholders. The event attracted an estimated 663,000 visitors including 94,000 visitors from outside Nova Scotia. In aggregate, visitor spending directly attributable to the Tall Ships Festival, along with the operational reached \$20.2M, supporting \$30M of economic activity throughout the province of Nova Scotia, including \$25.9M in the host communities.

These expenditures supported \$9M in wages and salaries and 216 jobs throughout the province. The total net economic activity (GDP) generated by the 2017 Tall Ships Festival was \$14.4M, of which \$10.4M in new economic activity took place in the host communities.

The 2017 Tall Ships Festival supported a total of \$6.3M in tax revenues across the three levels of government, including \$2.4M for the federal government, \$3M of provincial revenues in Nova Scotia and \$424,000 in municipal tax revenues throughout the province, including \$314,000 in the host communities.

Msit No’kmaq – All My Relations

With partners, we led Msit No’Kmaq: All My Relations, providing the opportunity for 45 Indigenous youth, ages 16-24, from across Canada to sail from Halifax to Le Havre, France in the last leg of the Tall Ships Regatta. It was recognized with the International Mission Award by Sail Training International.

Waterfront Events Program – Halifax, Bedford, Lunenburg, Dartmouth

Delivered an enhanced event program together with private and public partners across our waterfronts, hosting more than 40 events, including the first Winterful Waterfront Weekend to support shoulder season activation.

Additional Activities

Art of City Building Conference

A new annual conference to invite conversations around building the city we want. Waterfront Development, and partners at Compass Commercial Realty, Downtown Halifax Business Commission, and NATIONAL Public Relations, brought together local, national, and international thought leaders to Halifax for a free public conference.

Signature Resorts Divestiture

Managing the divestiture process for Digby Pines Golf Resort and Spa, and Liscombe Lodge Resort and Conference Centre on behalf of the Province.

Cultural Hub

A collaboration of Waterfront Development, the Art Gallery of Nova Scotia, Nova Scotia College of Art and Design, and the Province to explore waterfront options for a proposed Halifax waterfront cultural hub. Led working sessions with stakeholders and development of RFP for consultancy work to develop a facility plan for this potential new cultural hub.



Consolidated Financial Statements

Waterfront Development Corporation Limited

March 31, 2018

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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 public sector accounting standards. 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 Professional Accountants report directly to the Shareholder.

Jennifer Angel
Acting President & CEO
June 12, 2018

Jeff Shute, CPA, CA
Vice President Finance & Administration
June 12, 2018



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, 2018, and the consolidated statement of operations, change in net 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 consolidated 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 consolidated 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, 2018, and the consolidated statements of operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Halifax, Canada
June 12, 2018

Grant Thornton LLP
Chartered Professional Accountants
Licensed Public Accountants

Waterfront Development Corporation Limited

Consolidated statement of operations

Year ended March 31	Budget	2018	2017
Revenues			
Provincial grant revenue	\$ 16,890,653	\$ 15,384,752	\$ 3,154,670
Federal grant revenue	7,009,000	6,546,351	446,505
Rents	3,285,000	3,312,059	4,239,321
Tall Ships Nova Scotia Festival (Schedule 4)	2,350,000	2,758,411	750,000
Lunenburg real estate and development projects (Schedule 3)	520,000	540,609	538,140
Other income	975,000	478,944	336,873
Recoveries	<u>460,000</u>	<u>292,254</u>	<u>273,667</u>
	<u>31,489,653</u>	<u>29,313,380</u>	<u>9,739,176</u>
Expenses			
Property expenses (Schedule 1)	1,900,000	2,046,018	1,963,337
Corporate expenses (Schedule 2)	2,652,000	2,659,175	2,356,480
Lunenburg real estate and development projects (Schedule 3)	520,000	415,095	605,460
Tall Ships Nova Scotia Festival (Schedule 4)	<u>2,350,000</u>	<u>2,610,160</u>	<u>758,916</u>
	<u>7,422,000</u>	<u>7,730,448</u>	<u>5,684,193</u>
Annual surplus, before other item	24,067,653	21,582,932	4,054,983
Other item			
Gain (loss) on disposal of capital asset	<u>(370,000)</u>	<u>820,192</u>	<u>(230,809)</u>
Annual surplus (note 9)	23,697,653	22,403,124	3,824,174
Accumulated surplus, beginning of year	<u>42,623,055</u>	<u>42,623,055</u>	<u>38,798,881</u>
Accumulated surplus, end of year	<u>\$ 66,320,708</u>	<u>\$ 65,026,179</u>	<u>\$ 42,623,055</u>

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of financial position

March 31

2018

2017

Financial assets

Receivables (note 3)	\$ 1,773,076	\$ 802,210
Receivable from Province of Nova Scotia (note 4)	3,625,759	3,772,642
Receivable from Federal government	<u>839,765</u>	<u>233,020</u>
	<u>6,238,600</u>	<u>4,807,872</u>

Liabilities

Bank indebtedness	1,017,862	567,007
Payables and accruals (note 5)	1,882,509	3,029,207
Loan payable (note 6)	4,454,750	1,990,000
Deferred revenue (note 7)	<u>3,486,282</u>	<u>3,928,924</u>
	<u>10,841,403</u>	<u>9,515,138</u>

Net debt(4,602,803) (4,707,266)**Non-financial assets**

Prepays	119,864	107,793
Tangible capital assets (note 8)	<u>69,509,118</u>	<u>47,222,528</u>
	<u>69,628,982</u>	<u>47,330,321</u>

Accumulated surplus (note 9)	\$ <u>65,026,179</u>	\$ <u>42,623,055</u>
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Commitments (note 14)

On behalf of the Board



Director

Director

Waterfront Development Corporation Limited
Consolidated statement of change in net debt

Year ended March 31	Budget	2018	2017
Annual surplus	\$ <u>23,697,653</u>	\$ <u>22,403,124</u>	\$ <u>3,824,174</u>
Acquisition of tangible capital assets	(23,622,000)	(22,346,515)	(4,501,698)
Proceeds on disposal of tangible capital assets	-	26,837	-
Amortization of tangible capital assets	775,000	853,280	789,591
(Gain) loss on disposal of capital asset	<u>370,000</u>	<u>(820,192)</u>	<u>230,809</u>
	<u>(22,477,000)</u>	<u>(22,286,590)</u>	<u>(3,481,298)</u>
Acquisition of prepaid expense	(107,793)	(119,864)	(107,793)
Use of prepaid expense	<u>107,793</u>	<u>107,793</u>	<u>90,874</u>
	<u>-</u>	<u>(12,071)</u>	<u>(16,919)</u>
Increase in net financial assets	<u>1,220,653</u>	<u>104,463</u>	<u>325,957</u>
Net debt, beginning of year	<u>(4,707,266)</u>	<u>(4,707,266)</u>	<u>(5,033,223)</u>
Net debt, end of year	\$ <u>(3,486,613)</u>	\$ <u>(4,602,803)</u>	\$ <u>(4,707,266)</u>

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating		
Annual surplus	\$ 22,403,124	\$ 3,824,174
Amortization	853,280	789,591
(Gain) loss on disposal of capital asset	<u>(820,192)</u>	<u>230,809</u>
	22,436,212	4,844,574
Change in non-cash operating working capital (note 11)	<u>(3,032,139)</u>	<u>(2,116,280)</u>
	<u>19,404,073</u>	<u>2,728,294</u>
Financing		
Draw on loan payable	<u>2,464,750</u>	<u>965,000</u>
Investing		
Purchase of property and equipment	(22,346,515)	(4,501,698)
Proceeds on disposal of property and equipment	<u>26,837</u>	<u>-</u>
	<u>(22,319,678)</u>	<u>(4,501,698)</u>
Net decrease in cash and cash equivalents	(450,855)	(808,404)
(Bank indebtedness) cash and cash equivalents		
Beginning of year	<u>(567,007)</u>	<u>241,397</u>
End of year	\$ <u>(1,017,862)</u>	\$ <u>(567,007)</u>

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

1. Nature of operations

Waterfront Development Corporation Limited (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 serve 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 Nova Scotia Limited, which held additional properties in the town. This was done in cooperation with the Province to revitalize 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 Nova Scotia 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 that are controlled by Waterfront Development Corporation Limited. See note 12 for a description of the controlled organization.

Revenue recognition

The Corporation accounts for leases with its tenants as operating leases as all the risks and benefits of ownership are retained. Revenue is recognized when services are provided under the terms of each lease. Recovery and other revenues are recorded on an accrual basis as earned, and collectability is reasonably assured.

The Corporation receives amounts which it will use to fund future development projects. As a result, these amounts have been recorded as deferred revenue, and will be recognized as expenses are incurred on the future development projects.

Provincial and federal grant revenues are accounted for as government transfers. Government transfers are recognized as revenue when the transfer is authorized, and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. The assistance is accounted for as a deferred capital grant when amounts have been received but not all eligibility criteria have been met.

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.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Non-financial assets

Tangible capital assets are recorded at cost, which include 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.

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

Assets under construction are not amortized as they are not available for use.

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.

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

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

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.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

2. Summary of significant accounting policies (continued)

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:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. Waterfront Development Corporation Limited:
 - is directly responsible; or
 - accepts responsibility;
- iv. a reasonable estimate of the amount can be made; and
- 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; and
- 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.

Waterfront Development has completed responsibilities for site remediation as per the terms of the land lease with Armour Group. The land lease was signed and is effective August 1, 2017.

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

Cash and cash equivalents are comprised of cash on hand, cash held in banks and bank overdrafts. There is an operating line loan, with credit available up to \$6 million at prime rate plus 1%, which expires on June 15, 2018.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of receivables, receivables from Province of Nova Scotia and Federal government, bank indebtedness, payables and accruals and loan payable.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

2. Summary of significant accounting policies (continued)

Financial instruments (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 bank indebtedness, 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.

Non-monetary transactions

Non-monetary transactions are measured at the fair value of the assets or goods and services received or provided, whichever is more reliably determined.

3. Receivables	<u>2018</u>	<u>2017</u>
Receivables	\$ 452,749	\$ 350,286
Harmonized sales tax receivable	1,344,737	467,510
Less: provision for doubtful accounts	<u>(24,410)</u>	<u>(15,586)</u>
	<u>\$ 1,773,076</u>	<u>\$ 802,210</u>

4. Receivable from Province of Nova Scotia	<u>2018</u>	<u>2017</u>
Capital and operating grant receivable	<u>\$ 3,625,759</u>	<u>\$ 3,772,642</u>

Amount includes the insurance proceeds due from the Province of Nova Scotia for the loss incurred on the Lunenburg asset in 2014 as a result of a fire of \$831,456.

5. Payables and accruals	<u>2018</u>	<u>2017</u>
Payables and accruals	\$ 1,582,861	\$ 2,696,430
Salaries and benefits payable	26,272	142,966
Marketing payable	75,137	41,567
Other	<u>198,239</u>	<u>148,244</u>
	<u>\$ 1,882,509</u>	<u>\$ 3,029,207</u>

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

6. Loan payable

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the revolving operating line loan at prime rate plus 1%. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$4,454,750 to \$6,499,615 through additional borrowings and other available funding as illustrated below:

	<u>2018</u>	<u>2017</u>
Demand loan	\$ 4,454,750	\$ 1,990,000
Bedford waterfront project (note 7)	<u>2,044,865</u>	<u>2,490,336</u>
	<u>\$ 6,499,615</u>	<u>\$ 4,480,336</u>

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2018:

	<u>Balance at beginning of year</u>	<u>Receipts during year</u>	<u>Related expense incurred</u>	<u>Balance at end of year</u>
Deposits for project developments and programs	\$ 260,189	\$ 2,829	\$ -	\$ 263,018
Bedford waterfront project	2,490,336	-	445,471	2,044,865
Development of Halifax waterfront	346,943	-	-	346,943
Proceeds from insurance	<u>831,456</u>	<u>-</u>	<u>-</u>	<u>831,456</u>
	<u>\$ 3,928,924</u>	<u>\$ 2,829</u>	<u>\$ 445,471</u>	<u>\$ 3,486,282</u>

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 has previously received amounts from third parties for depositing 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.

Receivable 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 in 2014. Revenues will be recognized as the related expenses are incurred to construct a new asset.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

8. Tangible capital assets

March 31, 2018

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg (note 12)	Playground	Assets under Construction	2018 Total
Cost												
Opening balance	27,369,199	10,763,466	8,998,375	1,252,947	3,190,159	322,832	1,704,472	449,009	4,644,255	242,298	1,966,159	60,903,171
Additions	10,073,376	419,055	-	30,382	524,657	3,248	-	5,671	30,025	-	13,638,943	24,725,357
Disposals	(608,917)	-	(655,633)	-	-	-	-	-	(52,497)	-	(555,347)	(1,872,594)
Closing balance	36,833,658	11,182,521	8,342,542	1,283,329	3,714,816	326,080	1,704,472	454,680	4,621,783	242,298	15,049,755	83,755,934
Accumulated amortization												
Opening balance	-	6,474,663	2,680,672	-	1,981,514	167,780	1,490,794	301,071	524,238	59,911	-	13,680,643
Amortization	-	244,252	200,183	-	283,765	5,233	35,528	14,839	57,365	12,115	-	853,280
Disposals	-	-	(287,107)	-	-	-	-	-	-	-	-	(287,107)
Closing balance	-	6,718,915	2,593,748	-	2,265,279	173,013	1,526,322	315,910	581,603	72,026	-	14,246,816
Net book value	\$ 36,833,658	\$ 4,463,606	\$ 5,748,794	\$ 1,283,329	\$ 1,449,537	\$ 153,067	\$ 178,150	\$ 138,770	\$ 4,040,180	\$ 170,272	\$ 15,049,755	\$ 69,509,118

March 31, 2017

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monuments	Lunenburg (note 12)	Playground	Assets under Construction	2017 Total
Cost												
Opening balance	\$ 25,460,663	\$ 10,763,466	\$ 9,185,207	\$ 1,238,201	\$ 2,662,514	\$ 483,390	\$ 1,704,472	\$ 481,809	\$ 4,644,255	\$ 242,298	\$ -	\$ 56,866,275
Additions	1,908,536	-	-	14,746	612,257	-	-	-	-	-	1,966,159	4,501,698
Disposals	-	-	(186,832)	-	(84,612)	(160,558)	-	(32,800)	-	-	-	(464,802)
Closing balance	27,369,199	10,763,466	8,998,375	1,252,947	3,190,159	322,832	1,704,472	449,009	4,644,255	242,298	1,966,159	60,903,171
Accumulated amortization												
Opening balance	-	6,249,956	2,566,205	-	1,817,261	223,631	1,455,266	298,057	466,874	47,796	-	13,125,046
Amortization	-	224,707	194,894	-	237,949	4,867	35,528	22,147	57,364	12,115	-	789,591
Disposals	-	-	(80,427)	-	(73,696)	(60,738)	-	(19,133)	-	-	-	(233,994)
Closing balance	-	6,474,663	2,680,672	-	1,981,514	167,780	1,490,794	301,071	524,238	59,911	-	13,680,643
Net book value	\$ 27,369,199	\$ 4,288,803	\$ 6,317,703	\$ 1,252,947	\$ 1,208,645	\$ 155,052	\$ 213,678	\$ 147,938	\$ 4,120,017	\$ 182,387	\$ 1,966,159	\$ 47,222,528

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.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

9. Accumulated surplus 2018 2017

The accumulated surplus is made up as follows:

Accumulated surplus	\$ 51,278,350	\$ 28,875,226
Contributed surplus	13,747,826	13,747,826
Share capital	<u>3</u>	<u>3</u>
	<u>\$ 65,026,179</u>	<u>\$ 42,623,055</u>

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.

An annual surplus of \$22,403,124 was generated during fiscal 2018 and relates to grant revenue received of \$21,931,103 for the development of specific capital projects. Development expenses related to capital projects have been capitalized to tangible capital assets resulting in the significant current year surplus. Related expenses will occur in future years in the form of amortization.

10. Employee pension plan

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Service Superannuation Plan ("PSSP"). This plan is sponsored by the Nova Scotia government, and provides benefits to the employees of multiple government organizations. Although each participating entity is responsible for its contributions to the plan, the amount for which each individual entity is obligated is not determinable based on the Province's actuarial report, and therefore no liability is recognized in these statements.

Expenses are recorded in the period when the Corporation is obligated to make contributions for services rendered by employees. During the year, the Corporation made contributions to the plan in the amount of \$102,376 (2017 - \$94,020).

As at March 31, 2017, the PSSP was 104.1% funded. Based on the trustees' review of the PSSP's funded health as at March 31, 2017, indexing at 0.85% per year was approved for January 1, 2016 to December 31, 2020 and no changes to member and employer plan contributions were made.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

11. Supplemental cash flow information

	<u>2018</u>	<u>2017</u>
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Change in non-cash operating working capital:

Receivables	\$ (1,430,728)	\$ (3,790,761)
Prepays	(12,071)	(16,919)
Payables and accruals	(1,146,698)	2,021,024
Deferred revenue	<u>(442,642)</u>	<u>(329,624)</u>
	<u>\$ (3,032,139)</u>	<u>\$ (2,116,280)</u>

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 Nova Scotia 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.

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 consolidated 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 and capital grants. Various expenditures were incurred by the Corporation for transactions with these same related parties for payroll benefits, consulting and legal services. All transactions with related parties are in the normal course of operations and are transacted at the exchange amount agreed to by related parties.

14. Commitments

- (i) The Corporation 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 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 \$Nil (2017 - \$Nil) as deferred revenue. The Corporation has cumulatively recognized \$500,000 as deferred revenue and expended \$153,057 on amenities for a net deferred balance of \$346,943 (refer to note 7).

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

14. Commitments (continued)

- (ii) During the 2013 fiscal 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. 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. The Corporation plans to update this grant request in 2018-19.
- (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 fiscal 2015. The Corporation has recognized a receivable for insurance proceeds from the Province of Nova Scotia in the amount of \$831,456 in these consolidated financial statements after expenditure of \$194,206 to demolish and remediate the property. 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, cost, and likelihood of spending approval by the Province of the replacement property is not known at present.
- (iv) During the year, the Corporation continued to execute its agreement with Armour Group Limited ("AGL") to develop the Queen's Marque on the Halifax waterfront, a \$200 million mixed use development project including residential, office, hotel, retail, significant public space and 3 new piers. Under the agreement the Corporation will continue to own the land and manage the public space through a 99-year land lease with AGL. The Province approved a capital grant to the Corporation for \$6,569,513 to bring the site to a development-ready state. The approved grant was increased to \$9,955,554 during the fiscal year in order to complete the excavation and remediation of the site. Construction is substantially complete as of March 31, 2018.
- (v) During the year, the Corporation continued the recapitalization of the Centre for Ocean Ventures and Entrepreneurship site ("COVE" site) on the Dartmouth side of Halifax Harbour at the site of the former Canadian Coast Guard Base. The property was purchased by the Corporation in 2015, and the \$19.7 million project will be funded through a federal / provincial cost share (\$7.1 million federal and \$12.6 million provincial). The capital budget was increased by \$2,759,460 to \$22,483,403 during the year to fund information technology requirements, civil engineering and other infrastructure. The Corporation is leading design and construction in partnership with the Nova Scotia Community College, and the facility is expected to open in 2018.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2018

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:

Jennifer Angel, Acting President & CEO	\$ 147,583
Jeff Shute, Vice President Finance	\$ 128,512
Peter Bigelow, Director of Planning & Development	\$ 115,970
Adam Langley, Director of Operations	\$ 108,065

16. Non-monetary transactions

During the year, the Corporation entered into agreements with third parties for the purpose of exchanging parcels of land in order to further develop the Queen's Marque property. Parcel A was appraised by a third party and the appraisal value was used to measure fair value of the land received. For Parcel B an appraisal was not obtained therefore the assessment value was used to measure the fair value of the land received. The gain on exchange of the land was accounted for as follows:

	<u>Fair value of land received</u>	<u>Cost of land exchanged</u>	<u>Gain on exchange</u>
Parcel A	\$ 1,100,000	\$ (608,917)	\$ 491,083
Parcel B	<u>805,291</u>	<u>(81,796)</u>	<u>723,495</u>
	<u>\$ 1,905,291</u>	<u>\$ (690,713)</u>	<u>\$ 1,214,578</u>

The gain on exchange has been recorded on the statement of operations within the gain (loss) on disposal of capital asset line.

17. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 consolidated financial statements.

Waterfront Development Corporation Limited
Schedule 1 – Property expenses

Year ended March 31	Budget	2018	2017
Expense			
Amortization	\$ 775,000	\$ 795,915	\$ 732,226
Bedford development		-	36,753
Equipment and supplies	75,000	99,625	105,114
Insurance	130,000	139,957	123,752
Landscaping and waste removal	231,000	263,726	282,767
Miscellaneous	-	2,239	38,773
Property taxes	24,000	19,796	22,846
Repairs and maintenance	300,000	300,264	223,112
Security	170,000	137,496	152,349
Utilities	<u>195,000</u>	<u>287,000</u>	<u>245,645</u>
Total expenditures	\$ 1,900,000	\$ 2,046,018	\$ 1,963,337

Waterfront Development Corporation Limited
Schedule 2 - Corporate expenses

Year ended March 31	Budget	2018	2017
Expense			
Directors' fees and expenses	\$ 30,000	\$ 34,992	\$ 18,325
Doubtful accounts	6,000	8,825	-
Loan interest	40,000	58,439	8,855
Office operations	237,000	258,596	283,534
Professional fees			
Programs	150,000	235,500	174,026
Audit	30,000	22,133	20,502
Consulting	30,000	46,900	31,507
Legal fees	20,000	18,057	12,827
Salaries, contracts and benefits	1,859,000	1,663,827	1,661,365
Waterfront promotions and public relations	<u>250,000</u>	<u>311,906</u>	<u>145,539</u>
Total expenditures	\$ 2,652,000	\$ 2,659,175	\$ 2,356,480

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

Year ended March 31	Budget	2018	2017
Revenue			
Rents	\$ 207,000	\$ 227,609	\$ 225,140
Operating grant (note 12)	313,000	313,000	313,000
	<u>520,000</u>	<u>540,609</u>	<u>538,140</u>
Expense			
Administration	25,000	18,377	15,873
Amortization	-	57,365	57,365
Operating	415,000	256,099	429,007
Professional fees	80,000	83,254	103,215
	<u>520,000</u>	<u>415,095</u>	<u>605,460</u>
Excess (deficiency) of revenue over expenses (note 12)	\$ -	\$ 125,514	\$ (67,320)

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

Year ended March 31	Budget	2018	2017
Revenue			
Provincial grant revenue	\$ 750,000	\$ 800,000	\$ 750,000
Federal grant revenue	500,000	600,000	-
Municipal grant revenue	500,000	540,000	-
Other income	600,000	818,411	-
	<u>2,350,000</u>	<u>2,758,411</u>	<u>750,000</u>
Expense			
Administration and management	200,000	341,344	167,746
Marketing	98,000	258,380	196,243
Operating	550,000	538,572	4,790
Program	1,502,000	1,471,864	390,137
	<u>2,350,000</u>	<u>2,610,160</u>	<u>758,916</u>
Excess (deficiency) of revenue over expenses	\$ -	\$ 148,251	\$ (8,916)