

TOGETHER

2014/2015

WE'RE BUILDING ON

ACCOUNTABILITY REPORT


THE GREATNESS

OF THE OCEAN

FOR NOVA SCOTIANS.



Waterfront Development



OUR PLACE BY THE OCEAN GIVES THE WORLD A REASON TO KNOW US.

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WATERFRONT DEVELOPMENT NOW

FROM THE CHAIR & 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 can achieve the goals of increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships. An example of this work is the purchase of the former Coast Guard lands in Dartmouth. Waterfront Development purchased the site this year following substantial analysis, and is leading this project, working with industry, government and our post-secondary institutions. The strategy is to build on Nova Scotia's competitive advantages in the ocean sector, and stimulate the growth of an Ocean Innovation Ecosystem.

This same model is applied to our work in the tourism sector. The Halifax and Lunenburg waterfronts are thoughtfully planned and designed to create quality public spaces with access to the water's edge, as well as platforms on which business can thrive. They have become centres of our communities, drivers of tourism visitation, and space where our community and visitors can gather to celebrate Nova Scotia.

Well-designed cities or towns are attractive, safe, inclusive and invigorating. They are places that attract people to live, create diversity and spur entrepreneurial activity. They become magnets for growth, in our population and our economy. Waterfront Development strives to create the optimal mix of private sector businesses, public infrastructure and community partners to flourish.

A handwritten signature in white ink that reads "Dale Godsoe".

Dale Godsoe
Chair of the Board

A handwritten signature in white ink that reads "Colin MacLean".

Colin MacLean
President & CEO



WATERFRONT DEVELOPMENT LEADERSHIP

BOARD

Dale Godsoe, Chair
University of King's College,
the Symphony Nova Scotia Foundation,
the Ka'anata Foundation,
Inspirit Foundation, and Chair of
the Queen Elizabeth II Foundation

Joyce Carter, Vice Chair
President and Chief Executive Officer
of Halifax International Airport
Authority (HIAA)

Bernard O'Rourke
Senior Vice President and Chief Legal
Officer of I.M.P. Group International Inc.

Colin MacLean, ex-officio
President & CEO

David Chisholm
Former President of MacDonald
Chisholm Insurance

Denise King
Vice President of Amirix Systems Inc.

Lydia Bugden
Chief Executive Officer and Managing
Partner of Stewart McKelvey

Mike Roberts
Chief Human Resources Officer of
Emera Inc.

Stephanie Nowe-Morris
President of SNM Architect Limited

Wadih Fares
President & CEO of WM Fares Group

William Gates
Consultant

MANAGEMENT

Colin MacLean, President & CEO

Andy Fillmore, Vice President,
Planning & Development

Jennifer Angel, Vice President,
Operations & Marketing

ABOUT US

OUR MANDATE

Waterfront Development exists for the purpose of redeveloping and revitalizing the lands surrounding Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

OUR MISSION

Waterfront Development harnesses the waterfront's potential by developing ideas, infrastructure and experiences that stimulate business investment and community pride.

DEVELOPING VALUE

At Waterfront Development, we build partnerships and platforms that unlock the opportunities our geography provides us.

As a place to live, work and play, our place by the ocean holds our potential to prosper. The extent to which we are able to make use of this natural competitive advantage will determine the future of our province.

We ensure that everything we do along the ocean contributes to the People, Place and Prosperity of Nova Scotia.

THE OCEAN IS OUR GREATEST
COMPETITIVE ADVANTAGE. AT
WATERFRONT DEVELOPMENT, WE BUILD
PARTNERSHIPS AND PLATFORMS
FOR PROSPERITY.



MANAGEMENT DISCUSSION & ANALYSIS

PLANNING & OPERATING CONTEXT

The OneNS “Now or Never” Report highlighted major challenges facing the Nova Scotia economy, but it also expressed its belief that we have the ability to change our path. Over the past year, and looking forward, key projects and enhanced external demand are expected to continue to drive higher levels of economic growth in Nova Scotia than we have seen in the past several years.

STRATEGIC OVERVIEW

Waterfront Development is a Nova Scotia Crown corporation that contributes to economic growth by investing in the redevelopment of properties surrounding Halifax and Lunenburg harbours.

Waterfront Development acquires strategically important waterfront properties, and prepares the land for development by private sector partners. The revenue that Waterfront Development generates through these partnerships is re-invested in waterfront infrastructure for Nova Scotian businesses, and the public at large.

In the early 1980s and 1990s, Waterfront Development’s focus on city building resulted in a string of high quality developments along a signature public boardwalk in the heart of Nova Scotia’s capital city.

This city building work continues, and Waterfront Development has now positioned itself to apply this development expertise to growing two high potential sectors of the Nova Scotia economy that depend upon waterfront infrastructure: ocean industries and tourism.

Our strategy is to provide a “platform” for business clustering in these sectors, which we believe are built upon a unique competitive advantage for Nova Scotia – our place alongside the ocean.

PERFORMANCE MEASURES

Waterfront Development has developed a set of Performance Measures that track the process of our business model: develop land with infrastructure that provides businesses with commercial opportunities, generating economic activity and revenue to sustain Waterfront Development’s partnership responsibilities.

Development of the waterfront takes thoughtful planning. While construction stimulates economic activity, it does not provide revenue to Waterfront Development, as businesses and the public are not able to use the site. This requires us to make the path for our private sector development partners as clear and predictable as possible, and to stage the developments to allow for as much commercial and public activity before, during, and after the development process.

We are advancing planning on large scale waterfront development projects with substantial private investment. Along with a number of small and medium size public infrastructure projects, a series of new business tenancies and events, and growth in visitation by tourists and our community, we believe this mix is achieving the right balance of uses and development in our property portfolio.

OUTLOOK

Waterfront Development's business model for economic development focuses on infrastructure with a high potential for sector development and business growth. Multiple businesses can take advantage of this model, free from any direct government involvement in their operations.

The economic sectors we are positioned to support are ones universally recognized as priority areas for Nova Scotia: City Building, Ocean Economy, and Tourism. The years ahead will see multiple projects in our development pipeline move forward to provide private sector opportunities for expansion and growth.

PERFORMANCE SCORECARD 2015

OUTCOME	MEASURE	RESULT 2014-15
INTERNATIONAL CENTRE FOR THE MARINE AND OCEAN ECONOMY	Revenue growth for business partners/ tenants	Work to plan and develop a centre for ocean sector development is currently underway and therefore this measure cannot be reported on at this time.
HALIFAX GROWTH	Economic impact of waterfront infrastructure projects	While the overall economic impact is not available, the indicator of a 10% increased growth in small business rent has been identified to convey the activity in the core business area.
TOURISM DESTINATION	Out-of-province visitors to waterfront	While the overall economic impact is not available, the indicator of visitation has been identified to convey the activity in the core business area. Visitation on the Halifax waterfront was 2.1 million pedestrians, although this number cannot all be attributed to out of province visitors.
FINANCIAL SELF-SUSTAINABILITY	% Revenue guaranteed by commercial activity	For core operations, it is self-funded. On a consolidated basis related to Lunenburg and special operating grants, it is better than 85% funded.

OUR WORK

Placemaking empowers community through the “making” process; the interactive actions and collaborations inherent in the making of places nourish communities and empower people. The fact that placemaking happens in public spaces, not corporate or domestic domains, is a key component to its impact on cities and communities.

PlacesintheMaking:Howplacemakingbuilds places and communities. Massachusetts Institute of Technology, Silberberg.

CITY BUILDING

Waterfront Development strives to attract and retain people to live and work in Nova Scotia by developing infrastructure that stimulates economic growth and fosters innovation and entrepreneurship through partnerships with the private sector. By developing our waterfronts we aim to create vibrant and attractive public spaces that preserve public access to the ocean for work and play.

2014-15 KEY PROJECT ACTIVITY

Cunard Development - Halifax

Advanced development and open public space plans with our partner

WDC-1 Development - Dartmouth

Finalized concept plan and worked with city to remove view plane restriction

Queen's Marque Development - Halifax

Advanced concept plan and negotiations with our partner

Bedford Master Plan - Bedford

Led public engagement on redesigned draft concept

Dartmouth Cove Master Plan - Dartmouth

Worked with Halifax Planning to have the required land use amendments included in the upcoming Centre Plan

Began discussions on a revised internal street pattern

Public Amenities Plan - Halifax, Lunenburg

Commenced the First Impressions partnership project including streetscaping, signage and public amenities in Lunenburg

Initiated development of public amenities plan for the Halifax waterfront

Public WiFi - Halifax, Lunenburg

Worked with broad public and private sector to advance free public wifi in urban centre

McNabs Island Improvements Plan - Halifax

Initiated planning for improvements on the island

Salter/Foundation Place Massing Study - Halifax

Initiated concept planning for the site

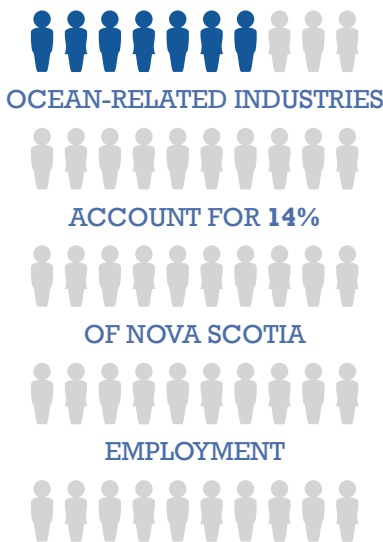
For more information on Waterfront Development and our projects, please visit our web site: my-waterfront.ca



WE BUILD INSPIRING PLACES THAT SERVE
AS OUR PREMIER PLATFORMS FOR BUSINESS,
RECREATION, AND CULTURE. IT'S OUR JOB
TO MAKE SURE THE PLACES WE ARE BUILDING,
NEAR THE WATER, IN THE WATER, ON THE WATER,
REFLECT OUR GREATNESS.

Ocean Economy by the **NUMBERS**

\$5 OCEAN TECH IN GDP:
BILLION



 **450** PHDS
IN OCEAN-RELATED DISCIPLINES

DEPTH OF THE
HALIFAX
HARBOUR: **18** METRES
AT LOW TIDE

OCEAN ECONOMY

Nova Scotia is rich in marine history, the ocean serving as a source of pride and economic advancement for our province. Our ocean economy holds high commercial potential, including shipbuilding, aerospace and defence, offshore energy, ocean and tidal technology and research. Waterfront Development is working with marine partners to encourage innovation, education, marine infrastructure development and prosperity at the water's edge.

2014-15 KEY PROJECT ACTIVITY

Coast Guard Base Purchase - Dartmouth

Identified and negotiated purchase of former Coast Guard Base on the Dartmouth waterfront

Initiated planning for a centre for ocean sector development

Marine Marketing Partnership - Provincial

Completed an economic impact study and 3 year marketing strategy and launched new Nova Scotia guide for boaters

Visiting Ships Program

Worked with partners to grow the visiting ship program and educational opportunity for the public

Scotia Trawler Site Replacement Project - Lunenburg

Released RFP seeking a partner for redevelopment of the site

Zwicker Recapitalization Project - Lunenburg

Advanced negotiations with prospective tenants for the redevelopment of the Zwicker property

Blue Flag Certification - Halifax

Achieved certification for internationally recognized environmental program

Marina Infrastructure Upgrade - Halifax, Bedford, Lunenburg

Expanded publically accessible berths and service on these waterfronts

For more information on Waterfront Development and our projects, please visit our web site:
my-waterfront.ca

30,000 NOVA SCOTIANS DIRECTLY
EMPLOYED IN OCEAN AND MARINE
ECONOMIES. THE ANNUAL GLOBAL
MARKET VALUE FOR OCEAN-RELATED
GOODS AND SERVICES IS \$3 TRILLION.



Tourism by the **NUMBERS**

2,000,000⁺

NUMBER OF PEDESTRIANS ON
THE HALIFAX BOARDWALK LAST YEAR

217,305

NUMBER OF CRUISE SHIP
PASSENGERS VISITING HALIFAX IN 2014

134

NUMBER OF CRUISE SHIPS
VISITING HALIFAX IN 2014

3.8

LENGTH IN KILOMETRES OF
THE HALIFAX BOARDWALK

TOURISM

Our seacoast is the largest driver of tourism visitation to our province. At Waterfront Development, we strive to create high quality destinations and experiences for tourists and our residents. We do this by engaging with the public and determining the best use of public space to develop world-class infrastructure on our waterfronts. We approach tourism opportunities strategically to capitalize on our competitive advantage: our place by the sea.

2014-15 KEY PROJECT ACTIVITY

Waterfront Events Program - Halifax, Bedford, Lunenburg, Dartmouth

Supporting the work of event companies and partners to bring high quality events to the water's edge

Georges Island - Halifax

Continued correspondence with the federal government regarding lighthouse divestiture and support to Parks Canada on infrastructure planning

First Impressions Project - Lunenburg

Commenced the First Impressions partnership project including streetscaping, signage and public amenities in Lunenburg

McNabs Island Improvements Plan - Halifax

Initiated planning for improvements on the island

For more information on Waterfront Development and our projects, please visit our web site: my-waterfront.ca



TOURISM IN NOVA SCOTIA
SUPPORTS MORE THAN 24,000
JOBS AND PROVIDES ALMOST
\$800M IN ANNUAL HOUSEHOLD
INCOME FOR NOVA SCOTIANS
LIVING IN EVERY REGION
IN THE PROVINCE.

CONSOLIDATED FINANCIAL STATEMENTS

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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 accountability 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 16, 2015



Mike Roberts, *Finance, Audit and Risk Management Chair*
June 16, 2015

INDEPENDENT AUDITOR'S REPORT

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, 2015, and the consolidated statement of operations, changes in net financial 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, 2015, and the consolidated statement of operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Halifax, Canada
June 16, 2015


Chartered Accountants

Waterfront Development Corporation Limited

Consolidated statement of operations

Year ended March 31

	Budget (unaudited)	2015	2014
Revenue			
Rents	\$ 3,690,000	\$ 3,776,162	\$ 3,562,899
Provincial grant revenue (note 17)	4,676,000	6,882,410	276,000
Recoveries	261,400	253,022	231,279
Other income (note 17)	—	507,253	209,124
	8,627,400	11,418,847	4,279,302
Expenses			
Property expenses (Schedule 1)	2,008,000	2,198,339	1,949,311
Corporate expenses (Schedule 2)	2,265,400	2,402,068	2,114,758
Lunenburg real estate and development projects (Schedule 3)	52,500	57,365	(89,174)
	4,325,900	4,657,772	3,974,895
Annual surplus, before other item	4,301,500	6,761,075	304,407
Other Item			
Loss on disposal of capital asset	(130,000)	—	(247,500)
Annual surplus	4,171,500	6,761,075	56,907
Accumulated surplus, beginning of year	32,469,455	32,469,455	32,412,548
Accumulated surplus, end of year	\$ 36,640,955	\$ 39,230,530	\$ 32,469,455

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited

Consolidated statement of financial position

March 31

	2015	2014
Financial Assets		
Cash and cash equivalents	\$ 137,338	\$ 135,692
Receivables (note 3)	321,121	325,006
Receivable from Province of Nova Scotia (note 4)	800,794	995,000
	1,259,253	1,455,698
Liabilities		
Payables and accruals (note 5)	1,438,341	976,330
Loan payable (note 6)	405,000	885,000
Deferred revenue (note 7)	4,451,028	5,064,739
	6,294,369	6,926,069
Net financial debt	(5,035,116)	(5,470,371)
Non-financial assets		
Tangible capital assets (note 8)	44,207,458	37,884,494
Prepays	58,188	55,332
	44,265,646	37,939,826
Accumulated Surplus (note 9)	\$ 39,230,530	\$ 32,469,455

Commitments (note 14)

Subsequent event (note 18)

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 debt

Year ended March 31

	Budget (unaudited)	2015	2014
Annual surplus	\$ 4,171,500	\$ 6,761,075	\$ 56,907
Aquisition of tangible capital assets (note 17)	(5,045,000)	(7,198,222)	(740,928)
Amortization of tangible capital assets	926,300	875,259	857,767
Loss on disposal of capital assets	130,000	—	247,500
	(3,988,700)	(6,322,963)	364,339
Aquisition of prepaid expense	(143,585)	(151,290)	(152,054)
Use of prepaid expense	143,585	148,433	160,057
	—	(2,857)	8,003
Increase in net financial assets	182,800	435,255	429,249
Net financial debt, beginning of year	(5,470,371)	(5,470,371)	(5,899,620)
Net financial debt, end of year	\$ (5,287,571)	\$ (5,035,116)	\$ (5,470,371)

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited

Consolidated statement of cash flows

Year ended March 31

	2015	2014
Increase (decrease) in cash and cash equivalents		
Operating		
Annual surplus	\$ 6,761,075	\$ 56,907
Amortization	875,259	857,767
Loss on disposal of capital asset	—	247,500
	7,636,334	1,162,174
Repayment of loans payable	(480,000)	(795,000)
Change in non-cash operating working capital (note 11)	657,246	(756,616)
	7,813,580	(389,442)
Investing		
Purchase of property and equipment	(7,198,223)	(740,928)
Deferred revenue	(613,711)	1,069,148
	(7,811,934)	328,220
Net increase in cash and cash equivalents	1,646	(61,222)
Cash and cash equivalents		
Beginning of year	135,692	196,914
End of year	\$ 137,338	\$ 135,692

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

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, recovery and other revenues are recorded on an accrual basis as earned, and collectability is reasonably assured.

The Corporation receives amounts for 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.

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.

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, 2015

2. Summary of accounting policies (continued)

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.

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, 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, 2015

2. Summary of 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; 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 financial statements.

Prepays

Prepays 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.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

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

	2015	2014
Receivables		
	\$ 340,666	\$ 336,766
Less: provision for doubtful accounts	(19,545)	(11,760)
	\$ 321,121	\$ 325,006

4. Receivable from the Province of Nova Scotia

Amount relates to 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.

5. Payables and accruals

	2015	2014
Payables and accruals		
	\$ 1,244,309	\$ 855,470
Salaries and benefits payable	58,507	57,178
Marketing (recovery) payable	13,386	(546)
Other	122,139	64,228
	\$ 1,438,341	\$ 976,330

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

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 less 1%. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$405,000 to \$3,333,690 through additional borrowings and other available funding as illustrated below:

	2015	2014
Demand loan	\$ 405,000	\$ 885,000
Bedford waterfront project (note 7)	2,928,690	3,351,136
	\$ 3,333,690	\$ 4,236,136

The operating line loan is available up to \$6 million, and expires on June 15, 2017.

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2015:

	Balance at beginning of year	Receipts during year	Related expense incurred	Balance at end of year
Deposits for project developments and programs	\$ 253,673	\$ 2,941	\$ —	\$ 256,614
Bedford waterfront project	3,351,136	—	(422,446)	2,928,690
Development of Halifax waterfront	464,930	—	—	464,930
Proceeds from insurance	995,000	—	(194,206)	800,794
	\$ 5,064,739	\$ 2,941	\$ (616,652)	\$ 4,451,028

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 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 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, 2015

8. Tangible capital assets

March 31, 2015	Land	Buildings	Wharves and walkways	Waterlots
Cost				
Opening balance	\$ 20,812,388	\$ 9,798,849	\$ 9,126,932	\$ —
Additions	4,585,005	948,824	22,494	1,238,201
Disposals	—	—	—	—
Closing balance	25,397,393	10,747,673	9,149,426	1,238,201
Accumulated Amortization				
Opening balance	—	5,797,685	2,109,524	—
Amortization	—	226,085	226,155	—
Disposals	—	—	—	—
Closing balance	—	6,023,770	2,335,679	—
Net book value	\$ 25,397,393	\$ 4,723,903	\$ 6,813,747	\$ 1,238,201
March 31, 2014				
Cost				
Opening balance	\$ 20,810,777	\$ 9,798,849	\$ 8,853,793	\$ —
Additions	1,611	—	273,139	—
Disposals	—	—	—	—
Closing balance	20,812,388	9,798,849	9,126,932	—
Accumulated Amortization				
Opening balance	—	5,571,713	1,907,832	—
Amortization	—	225,972	201,692	—
Disposals	—	—	—	—
Closing balance	—	5,797,685	2,109,524	—
Net book value	\$ 20,812,388	\$ 4,001,164	\$ 7,017,408	\$ —

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.

Equipment	Paving	Capital lease	Monument	Lunenburg (note12)	Playground	2015 Total
\$ 2,162,472	\$ 483,390	\$ 1,704,472	\$ 417,228	\$ 4,644,255	\$ 242,298	\$ 49,392,284
369,851	—	—	33,848	—	—	7,198,223
—	—	—	—	—	—	—
2,532,323	483,390	1,704,472	451,076	4,644,255	242,298	56,590,507
1,443,465	206,583	1,384,210	190,614	352,144	23,566	11,507,791
256,372	8,524	35,528	53,114	57,365	12,115	875,258
—	—	—	—	—	—	—
1,699,837	215,107	1,419,738	243,728	409,509	35,681	12,383,049
\$ 832,486	\$ 268,283	\$ 284,734	\$ 207,348	\$ 4,234,746	\$ 206,617	\$ 44,207,458
\$ 2,003,283	\$ 448,134	\$ 1,704,472	\$ 294,645	\$ 4,803,320	\$ 234,083	\$ 48,951,356
159,189	35,256	—	122,583	140,935	8,215	740,928
—	—	—	—	- (300,000)	—	(300,000)
2,162,472	483,390	1,704,472	417,228	4,644,255	242,298	49,392,284
1,177,578	198,132	1,348,681	139,380	348,215	10,993	10,702,524
265,887	8,451	35,529	51,234	56,429	12,573	857,767
—	—	—	—	(52,500)	—	(52,500)
1,443,465	206,583	1,384,210	190,614	352,144	23,566	11,507,791
\$ 719,007	\$ 276,807	\$ 320,262	\$ 226,614	\$ 4,292,111	\$ 218,732	\$ 37,884,494

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

9. Accumulated surplus

	2015	2014
The accumulated surplus is made up as follows:		
Accumulated surplus	\$ 25,482,701	\$ 18,721,626
Contributed surplus	13,747,826	13,747,826
Share capital	3	3
	\$ 39,230,530	\$ 32,469,455
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 \$105,965. The most recent actuarial valuation was conducted on December 31, 2013, 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

	2015	2014
Change in non-cash operating working capital		
Receivables	\$ 198,091	\$ (475,169)
Prepays	(2,856)	8,003
Payables and accruals	462,011	(289,450)
	\$ 657,246	\$ (756,616)

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.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

12. Lunenburg investment (continued)

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 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 (2014 — \$170,820) 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 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.
- (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 \$800,794 in these 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) The Corporation resolved a dispute with Halifax Water relating to a problem that had arisen with sewer pipes running under a recent extension of Waterfront Drive in Bedford, Nova Scotia. A settlement of \$125,000 is owed and has been accrued by the Corporation to Halifax Water and has been agreed to by both parties. The costs related to this settlement have been drawn from the deferred revenue balance of the Bedford waterfront project with the corresponding revenue recognized in other income (see note 7).

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

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:

Colin MacLean, President and CEO	\$ 164,288
Jennifer Angel, VP Operations and Marketing	\$ 136,460
Andy Fillmore, VP Planning and Development	\$ 133,057

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. Provincial grant revenue and other income

The uncertain timing of the commencement of planned developments, as well as opportunistic purchases that may not have been contemplated at the beginning of the fiscal period, costs for the acquisition of tangible assets and possible grant funding thereon, can sometimes vary significantly from budget. The primary factors impacting the variance from budget for fiscal 2015 were: a delay in the spending for the Queen's Marque development on the Halifax waterfront (\$4,250,000 budget) and the unbudgeted purchase of the former Dartmouth Coast Guard base (\$6,500,000).

Included in Other income and Bedford development expense, are gross revenues and expenses that were funded by the accumulated deferred revenue from the Bedford waterfront project, as per Note 7 to the financial statements. The portion of Other income pertaining to the Bedford operations is \$422,446 (\$237,442 for land purchase and \$185,004 for Bedford development expense).

18. Subsequent event

Subsequent to March 31, 2015, the Province of Nova Scotia announced, as part of its fiscal 2015/2016 budget address that the Corporation will be amalgamating with Nova Scotia Lands Inc. The details of this amalgamation, including the legal name and the impact on the mandate and operations of the new entity going forward are unclear as of the balance sheet date.

19. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Waterfront Development Corporation Limited

Schedule 1 — Property expenses

Year ended March 31

	Budget (unaudited)	2015	2014
Expense			
Amortization	\$ 873,800	\$ 817,894	\$ 801,336
Bedford Development (note 17)	—	185,004	99,798
Equipment and supplies	101,000	191,201	86,367
Insurance	110,000	101,715	96,212
Landscaping and waste removal	231,100	254,421	208,049
Miscellaneous	24,000	24,713	24,020
Property taxes	26,400	20,816	26,566
Repairs and maintenance	291,800	237,848	280,939
Security	166,500	174,555	157,548
Utilities	183,400	190,172	168,476
Total expenditures	\$ 2,008,000	\$ 2,198,339	\$ 1,949,311

Waterfront Development Corporation Limited

Schedule 2 — Corporate expenses

Year ended March 31

	Budget (unaudited)	2015	2014
Expense			
Directors' fees and expenses	\$ 45,000	\$ 26,110	\$ 45,393
Doubtful accounts	6,000	9,451	5,450
Loan interest	30,000	9,835	21,251
Office operations	241,400	258,630	247,165
Professional fees			
Programs	165,000	197,030	130,754
Audit	25,000	22,851	19,582
Consulting	30,000	27,314	(568)
Legal fees	20,000	2,116	5,958
Salaries, contracts and benefits	1,529,000	1,572,445	1,347,829
Waterfront promotions and public relations	174,000	276,286	291,944
Total expenditures	\$ 2,265,400	\$ 2,402,068	\$ 2,114,758

Waterfront Development Corporation Limited

Schedule 3 —

Revenue and expense for the Lunenburg real estate and development projects

Year ended March 31

	Budget (unaudited)	2015	2014
Revenue			
Rents	\$ 197,000	\$ 400,122	\$ 249,073
Operating grants	374,200	341,000	357,659
	571,200	741,122	606,732
Expense			
Administration	17,500	21,045	15,188
Amortization	52,500	57,365	56,431
Operating	473,700	631,463	386,524
Professional fees	80,000	88,614	59,415
	623,700	798,487	517,558
Excess of (expenditures over revenue) revenue over expenditures	\$ (52,500)	\$ (57,365)	\$ 89,174

NOTES:



Bedford
Dartmouth
Halifax

Lunenburg

Every Waterfront Development
project contributes to the
people, place and
prosperity of Nova Scotia.



Waterfront Development

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Photo: Jarrell Whisen