Grant Thornton

Consolidated Financial Statements

Waterfront Development Corporation Limited

March 31, 2012

Contents

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Management statement on financial reporting

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To the Shareholder of
Waterfront Development Corporation Limited

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

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

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

Colin MacLean, President
June 19, 2012

John Holm, Chair - Board of Directors
June 19, 2012

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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 financial position as at March 31, 2012, and the results of operations, changes in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 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 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, 2012, and the consolidated results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Halifax, Canada
June 19, 2012

Chartered accountants

Waterfront Development Corporation Limited
Consolidated statement of operations

Year ended March 31	Budget	2012	2011
Revenue			
Rents	$ 3,729,000	**$ 3,580,266**	$ 3,661,975
Provincial grant revenue	285,000	**273,300**	351,367
Recoveries	313,700	**330,379**	176,838
Investment income	42,000	**24,028**	43,122
Other income	9,300	**7,792**	19,264
	4,379,000	**4,215,765**	4,252,566
Expenses			
Property expenses (Schedule 1)	2,021,600	**2,226,473**	1,841,214
Corporate expenses (Schedule 2)	2,045,400	**1,854,237**	1,954,332
Lunenburg real estate and development projects (Schedule 3)	-	**(221,350)**	91,039
Tall Ships Nova Scotia Festival (Schedule 4)	-	**-**	-
	4,067,000	**3,859,360**	3,886,585
Annual surplus	312,000	**356,405**	365,981
Accumulated surplus, beginning of year	31,386,193	**31,386,193**	31,020,212
Accumulated surplus, end of year	$ 31,698,193	**$ 31,742,598**	$ 31,386,193

See accompanying notes to the consolidated financial statements.

Waterfront Development Corporation Limited
Consolidated statement of financial position

March 31	2012	2011	April 1 2010
Financial assets			
Receivables (note 4)	$ **782,752**	$ 675,115	$ 304,094
Capital grant receivable – Province of Nova Scotia	**-**	56,967	10,000
Mortgage receivable (note 5)	**199,000**	1,100,622	873,617
	981,752	1,832,704	1,187,711
Liabilities			
Bank indebtedness	**48,271**	300,087	489,393
Payables and accruals (note 6)	**1,349,420**	1,272,132	1,518,661
Loan payable (note 7)	**1,245,000**	1,970,647	1,720,647
Deferred revenue (note 8)	**4,337,194**	3,358,903	2,743,017
Deferred proceeds on sale of property	**275,000**	1,239,072	964,072
	7,254,885	8,140,841	7,435,790
Net financial assets (debt)	**(6,273,133)**	(6,308,137)	(6,248,079)
Non-financial assets			
Tangible capital assets (note 9)	**37,822,312**	37,643,796	37,201,864
Prepaids	**193,419**	50,534	66,427
	38,015,731	37,694,330	37,268,291
Accumulated surplus (note 10)	$ **31,742,598**	$ 31,386,193	$ 31,020,212

Commitments (note 15)

On behalf of the Board

_________________ Director _________________ Director

See accompanying notes to the consolidated financial statements

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

March 31	Budget	2012	2011
Annual surplus (deficit)	$ 312,000	**$ 356,405**	$ 365,981
(Acquisition) / disposal of tangible capital assets	(1,010,000)	**(948,056)**	(1,131,884)
Amortization of tangible capital assets	690,000	**769,540**	689,952
	$ (320,000)	**$ (178,516)**	$ (441,932)
Acquisition of prepaid expense	$ -	**$ (142,885)**	$ -
Use of prepaid expense	-	**-**	15,893
	-	**(142,885)**	15,893
Decrease (increase) in net financial assets (debt)	(8,000)	**35,004**	(60,058)
Net financial assets (debt) beginning of year	(6,308,137)	**(6,308,137)**	(6,248,079)
Net financial assets (debt) end of year	$ (6,316,137)	**$ (6,273,133)**	$ (6,308,137)

See accompanying notes to the consolidated financial statements

Waterfront Development Corporation Limited
Consolidated statement of cash flows

Year ended March 31		2012		2011
Increase (decrease) in cash and cash equivalents				
Operating				
Annual surplus	$	**356,405**	$	365,981
Depreciation and amortization		**769,540**		689,952
		1,125,945		1,055,933
Change in non-cash operating working capital (note 12)		**(116,267)**		(648,624)
		1,009,678		407,309
Financing				
Decrease (increase) in mortgage receivable		**901,622**		(227,005)
(Decrease) increase in loans payable		**(725,647)**		250,000
		175,975		22,995
Investing				
Purchase of property and equipment		**(948,056)**		(1,131,884)
Deferred revenue		**978,291**		615,886
Deferred proceeds on the sale of property		**(964,072)**		275,000
		(933,837)		(240,998)
Net increase in cash and cash equivalents		**251,816**		189,306
Bank indebtedness				
Beginning of year		**(300,087)**		(489,393)
End of year	$	**(48,271)**	$	(300,087)

See accompanying notes to the consolidated financial statements.

1. Nature of operations

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

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

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

2. Conversion to Public Sector Accounting Standards

Commencing with the April 1, 2011 fiscal year, Waterfront Development Corporation Limited adopted Canadian public sector accounting ("PSA") standards. These consolidated financial statements are the first consolidated financial statements for which the Corporation has applied Canadian public sector accounting standards.

The impact of the conversion to Canadian public sector accounting standards on the accumulated surplus/deficit at the date of transition and the comparative annual surplus is presented in note 10. These changes have been applied retroactively with restatement in prior periods. The following changes have been implemented to comply with PSA standards:

	Previously Stated April 1, 2010	Adjustment April 1, 2010	Restated April 1, 2010
Deferred capital grants related to real estate and development projects	$ 5,772,083	$ (5,772,083)	$ -

Waterfront Development Corporation Limited has elected to use the following exemption on transition:

a. Business combinations – exemption allows for the Corporation to prospectively adopt PS 2510 and as a result, business combinations prior to transition have not been restated.

3. Summary of significant accounting policies

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.

3. Summary of significant accounting policies (continued)

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 13 for a description of the controlled organization.

Revenue recognition
Rent and recovery revenues are recorded on an accrual basis as earned.

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

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

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

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	50 years
Equipment	5 years
Paving	10-50 years
Capital lease	45 years
Monuments	10 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.

3. Summary of significant accounting policies (continued)

Measurement uncertainty
The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, rates for amortization, and allowance for doubtful accounts.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

Mortgage receivable
Mortgage receivable is recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Interest is accrued on the mortgage receivable to the extent it is deemed collectable.

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

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

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

There are no environmental liabilities that warrant being recognized in the financial statements.

Prepaids
Prepaids include prepaid insurance and prepaids relating to the Tall Ships festival, 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.

3. Summary of significant accounting policies (continued)

Financial instruments

Financial assets are classified as either held for trading, available for sale, held to maturity or loans and receivables. Financial liabilities are classified as either held for trading or other financial liability. All financial instruments, including any derivatives, are subsequently measured on the balance sheet at fair value, except for loans and receivables, held to maturity financial assets and other financial liabilities which are measured at amortized cost.

Changes in fair values of financial assets and liabilities classified as held for trading are recognized in net earnings. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, or credit risks arising from financial instruments.

The Corporation has classified its financial instruments and liabilities as follows:

Financial asset/liability	Classification	Subsequent measurement
Cash and cash equivalents, Bank indebtedness on hand	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized costs
Mortgage receivable	Loans and receivables	Amortized costs
Payables and accruals	Other liabilities	Effective interest method
Loan payable	Other liabilities	Effective interest method
Marketing payable	Other liabilities	Effective interest method

4. Receivables

	2012	2011	April 1 2010
Receivables	$ **828,542**	$ 699,572	$ 326,566
Less: provision for doubtful accounts	**(45,790)**	(24,457)	(22,472)
	$ **782,752**	$ 675,115	$ 304,094

5. Mortgage receivable

	2012	2011	April 1 2010
Mortgage receivable bearing interest at 3%, repayable in monthly installments of $2,000, with principal due March 31, 2012	$ **199,000**	$ 221,000	$ -
Mortgage receivable, repaid during the year	**-**	879,622	873,617
	$ **199,000**	$ 1,100,622	$ 873,617

Subsequent to year end, the mortgage receivable balance of $199,000 has been fully collected by the Corporation.

6. **Payables and accruals**		**2012**		2011		April 1 2010
Payables and accruals	$	**1,146,922**	$	1,090,552	$	1,382,466
Salaries and benefits payable		**41,940**		28,375		29,259
Marketing payable		**61,571**		60,377		28,168
Other		**98,987**		92,828		78,768
	$	**1,349,420**	$	1,272,132	$	1,518,661

7. **Loan payable**		**2012**		2011		April 1 2010
Demand loan	$	**1,245,000**	$	875,000	$	625,000
Nova Scotia Department of Economic and Rural Development and Tourism, repaid during the year		**-**		1,095,647		1,095,647
	$	**1,245,000**	$	1,970,647	$	1,720,647

Cash flow resulting from the following has been used to temporarily repay the revolving operating line loan. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from $1,245,000 to $5,268,085 through additional borrowings and other available funding as illustrated below:

		2012		2011		April 1 2010
Demand loan	$	**1,245,000**	$	875,000	$	625,000
Bedford infill (note 8)		**4,023,085**		2,866,926		2,152,785
		5,268,085		3,741,926		2,777,785
Nova Scotia Department of Economic and Rural Development and Tourism		**-**		1,095,647		1,095,647
	$	**5,268,085**	$	4,837,573	$	3,873,432

8. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2012:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Deposits for project developments and programs	$ 210,000	$ 20,000	$ (210,000)	$ 20,000
Bedford infill	2,866,926	1,558,969	(402,810)	4,023,085
Development of Halifax waterfront	281,977	12,252	(120)	294,109
	$ 3,358,903	$ 1,591,221	$ (612,930)	$ 4,337,194

The Corporation receives funds in advance from regional and provincial governing bodies for various waterfront development projects, with the intention to develop these projects in future periods. The Corporation receives amounts from third parties for dumping fill in Bedford. The intent is to develop the Bedford infill property and utilize this long term deferred revenue in that development over future periods. 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.

9. Tangible Capital Assets

March 31, 2012

	Land	Buildings	Wharves and walkways	Equipment	Paving	Capital lease	Other	Lunenburg (note 13)	2012 Total
Cost									
Opening balance	$ 20,079,191	$ 9,689,690	$ 8,567,858	$ 1,570,799	$ 435,016	$ 1,704,472	$ 331,511	$ 4,365,742	$ 46,744,279
Additions	139,662	52,223	211,354	280,352	13,117	-	-	316,171	1,012,879
Disposals	-	-	-	-	-	-	(21,793)	(43,030)	(64,823)
Closing balance	20,218,853	9,741,913	8,779,212	1,851,151	448,133	1,704,472	309,718	4,638,883	47,692,335
Accumulated Amortization									
Opening balance	-	5,129,201	1,517,590	704,564	183,021	1,277,625	51,320	237,162	9,100,483
Amortization	-	220,667	182,853	225,730	7,468	35,528	45,504	51,790	769,540
Disposals	-	-	-	-	-	-	-	-	-
Closing balance	-	5,349,868	1,700,443	930,294	190,489	1,313,153	96,824	288,952	9,870,023
Net book value	**$ 20,218,853**	**$ 4,392,045**	**$ 7,078,769**	**$ 920,857**	**$ 257,644**	**$ 391,319**	**$ 212,894**	**$ 4,349,931**	**$ 37,822,312**

March 31, 2011

	Land	Buildings	Wharves and walkways	Equipment	Paving	Capital lease	Other	Lunenburg (note 13)	2011 Total
Cost									
Opening balance	$ 20,075,191	$ 9,458,796	$ 8,234,239	$ 1,208,376	$ 435,016	$ 1,704,472	$ 92,072	$ 4,430,759	$ 45,638,921
Additions	4,000	230,894	333,619	362,423	-	-	239,439	97,951	1,268,326
Disposals	-	-	-	-	-	-	-	(162,968)	(162,968)
Closing balance	20,079,191	9,689,690	8,567,858	1,570,799	435,016	1,704,472	331,511	4,365,742	46,744,279
Accumulated Amortization									
Opening balance	-	4,916,764	1,342,632	522,445	167,791	1,242,097	33,762	211,140	8,436,631
Amortization	-	212,437	174,958	182,119	15,230	35,528	17,558	52,122	689,952
Disposals	-	-	-	-	-	-	-	(26,100)	(26,100)
Closing balance	-	5,129,201	1,517,590	704,564	183,021	1,277,625	51,320	237,162	9,100,483
Net book value	**$ 20,079,191**	**$ 4,560,489**	**$ 7,050,268**	**$ 866,235**	**$ 251,995**	**$ 426,847**	**$ 280,191**	**$ 4,128,580**	**$ 37,643,796**

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.

10. Accumulated surplus

The accumulated surplus is made up as follows:

	2012	2011	2010
Accumulated surplus	**$ 17,994,769**	$ 17,638,364	$ 17,272,383
Contributed surplus	**13,747,826**	13,747,826	13,747,826
Share capital	**3**	3	3
	$ 31,742,598	$ 31,386,193	$ 31,020,212

Accumulated surplus

	2011
Accumulated surplus beginning of year as originally reported	$ 11,500,300
Adjustment to accumulated surplus on PSA transition related to previously deferred capital grants	5,772,083
Accumulated surplus beginning of year as restated	17,272,383
Annual surplus for the year as originally reported	459,637
Adjustment to annual surplus for the 2011 fiscal year on PSA transition related to:	
• previously reported amortization of deferred capital grants	(111,706)
• capital grants previously deferred now recognized as revenue	297,453
• loss on sale of Lunenburg property	(4,403)
• sale proceeds payment to Province of Nova Scotia	(275,000)
Annual surplus for the year as restated	365,981
Accumulated surplus end of year	**$17,638,364**

	2012	2011	April 1 2010
Authorized:			
5,000 shares without nominal or par value			
Issued:			
3 shares	**$ 3**	$ 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.

11. Employee pension plan

The Corporation is a participant in a Multi-Employer Pension Plan, the Nova Scotia Public Service Superannuation Plan.

Any unfunded liability of the Plan applicable to the Corporation is not determinable and should not be significant as its participation includes only thirteen employees.

12. Supplemental cash flow information

		2012		2011
Change in non-cash operating working capital				
Receivables	$	(50,670)	$	(417,988)
Prepaids		(142,885)		15,893
Payables and accruals		77,288		(246,529)
	$	(116,267)	$	(648,624)

13. 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.

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 9 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.

14. 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.

15. Commitments

(i) The Corporation has entered into an agreement with an existing combined residential and commercial building on the Halifax waterfront to allow partial early conversion of the complex into condominium units. The Corporation will receive total compensation of $500,000 over a five year period, the timing of payments being contingent on the sale of condo units. Payment will be either by way of direct cash payment to the Corporation or by the construction of amenities on the Halifax waterfront by the vendor of the condo units. The Corporation has committed to use the direct cash compensation received on the construction of amenities on the Halifax waterfront. In the current fiscal year, the Corporation has recognized $12,252 as deferred revenue. The Corporation has cumulatively recognized $314,573 as deferred revenue and expended $20,464 on amenities for a net deferred balance of $294,109 (refer to note 8).

(ii) During 2008, the Corporation sold land in Bedford. Under the terms of the purchase and sale agreement, the Corporation is required to provide a public walkway on a portion of the anticipated development. Management's estimate of this cost is approximately $250,000. This commitment would be subject to capital budget approval by the Province and funded as any other capital item, that is, either internally through cash flow or credit facility, or through a capital grant. The commitment is expected to be realized in fiscal 2013.

15. Commitments (continued)

(iii) The Corporation is hosting a Tall Ships event in July 2012. Expenditures will be approximately $2.5 million and are expected to be covered by revenue generated from grants, sponsorships, and earned income. The most recent Tall Ships event was in 2009 and the event experienced a financial breakeven. The majority of both revenues and expenditures are committed.

16. 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	$151,834
Eric Burchill, Director of Planning and Development	$115,134

17. 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.

18. Comparative figures

Certain of the comparative figures for 2011, have been reclassified to conform with the financial statement presentation adopted for 2012.

19. Credit facility

In fiscal 2008, the Corporation entered into a credit facility agreement with the Royal Bank of Canada. The facility provides a $6 million revolving operating line at RBC prime rate, less 1.125%. The facility is a five year agreement expiring in June 2012, and is guaranteed by the Province of Nova Scotia.

Subsequent to year end, the Royal Bank of Canada provided an accepted quote for a renewed credit facility commencing with the expiration of the current agreement. The new agreement will include a $6 million revolving operating line bearing interest at 1% that will not be guaranteed by the Province of Nova Scotia.

Waterfront Development Corporation Limited
Schedule 1 - Property expenses

Year ended March 31	Budget	2012	2011
Expense			
Depreciation and amortization	$ 690,000	$ **717,750**	$ 637,830
Repairs and maintenance	310,000	**405,171**	376,702
Landscaping and waste removal	162,600	**269,386**	135,024
Wages and labour	244,500	**201,693**	175,589
Security	166,500	**159,119**	113,922
Utilities	124,000	**149,746**	104,443
Equipment and supplies	106,000	**108,835**	81,257
Insurance	98,400	**91,825**	90,895
Miscellaneous	97,600	**99,092**	98,512
Property taxes	22,000	**23,856**	27,040
Total expenditures	$ 2,021,600	$ **2,226,473**	$ 1,841,214

Waterfront Development Corporation Limited
Schedule 2 - Corporate expenses

Year ended March 31	Budget	2012	2011
Expense			
Salaries, contracts and benefits	$ 1,174,000	$ **1,155,763**	$ 1,110,544
Professional fees			
Programs	350,000	**204,818**	270,342
Audit	25,000	**18,360**	24,677
Consulting	30,000	**44,400**	97,323
Legal fees	40,000	**2,482**	22,596
Office operations	193,300	**217,229**	189,725
Waterfront promotions and public relations	144,500	**146,377**	187,324
Directors' fees and expenses	57,600	**42,394**	48,515
Doubtful accounts (recovery)	6,000	**7,651**	(4,337)
Loan interest	25,000	**14,763**	7,623
Total expenditures	$ 2,045,400	$ **1,854,237**	$ 1,954,332

Waterfront Development Corporation Limited
Schedule 3 - Revenue and expense for the Lunenburg Real Estate and Development Projects

Year ended March 31	Budget	2012	2011
Revenue			
Rents	$ 248,500	$ **374,493**	$ 349,706
Operating grant	390,000	**364,784**	368,316
	638,500	**739,277**	718,022
Expense			
Administration	-	**1,063**	806
Depreciation	-	**51,790**	52,122
Professional fees	-	**76,488**	54,742
Operating	638,500	**345,555**	421,988
	638,500	**474,896**	529,658
Excess of revenue over expenditures before other items	$ -	$ **264,381**	$ 188,364
Other items			
Loss on sale of property	-	**35,852**	4,403
Sale proceeds payment to Province of Nova Scotia	-	**7,179**	275,000
Excess of revenue over expenditures	$ -	$ **221,350**	$ (91,039)

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

Year ended March 31	Budget	2012	2011
Revenue			
Government grant	$ -	$ **386,815**	$ -
Expense			
Administration and management	-	**261,859**	-
Marketing	-	**96,930**	-
Office and supplies	-	**5,821**	-
Website	-	**22,205**	-
	-	**386,815**	-
Excess of revenue over expenditures	$ -	$ **-**	$ -