

Financial Statements

Invest Toronto Inc.
December 31, 2009

1. **General**
Invest Toronto Inc. ("Invest Toronto") is a public company incorporated in Ontario, Canada. It is a subsidiary of the Government of Ontario. Invest Toronto's primary business is to invest in and manage real estate assets on behalf of the Government of Ontario. Invest Toronto's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

AUDITORS' REPORT

To the Shareholder of
Invest Toronto Inc.

We have audited the balance sheet of **Invest Toronto Inc.** as at December 31, 2009 and the statements of operations and surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Toronto, Canada,
May 11, 2010.

Chartered Accountants
Licensed Public Accountants

Invest Toronto Inc.

BALANCE SHEET

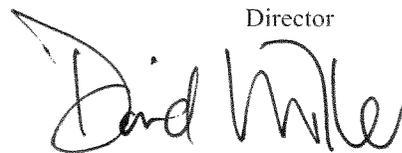
As at December 31

	2009	2008
	\$	\$
ASSETS		
Current		
Cash	156,401	—
Prepaid expenses	75,771	—
Due from related party <i>[note 4]</i>	12,884	—
Total current assets	245,056	—
Equipment, net <i>[note 3]</i>	4,818	—
	249,874	—
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	7,125	—
Due to related party <i>[note 4]</i>	12,929	31,956
Deferred contributions <i>[note 4]</i>	225,000	—
Total current liabilities	245,054	31,956
Shareholder's equity (deficiency)		
Share capital		
Authorized and issued		
1 common share	1	1
Surplus (deficit)	4,819	(31,957)
Total shareholder's equity (deficiency)	4,820	(31,956)
	249,874	—

See accompanying notes

Approved on behalf of the Board:

Director Director

Invest Toronto Inc.

**STATEMENT OF OPERATIONS
AND SURPLUS (DEFICIT)**

	Year ended December 31, 2009	Period from November 13, 2008 to December 31, 2008
	\$	\$
Revenue <i>[note 4]</i>	<u>898,390</u>	<u>—</u>
	<u>898,390</u>	<u>—</u>
Expenses		
Salaries and employee benefits	382,769	—
Professional fees	299,892	16,737
Office expenses	18,376	—
Promotion and marketing	121,163	—
Office rent	6,295	—
Meetings, seminars and conventions	32,167	15,220
Amortization	952	—
	<u>861,614</u>	<u>31,957</u>
Excess (deficiency) of revenue over expenses for the period	36,776	(31,957)
Surplus (deficit), beginning of period	<u>(31,957)</u>	<u>—</u>
Surplus (deficit), end of period	<u>4,819</u>	<u>(31,957)</u>

See accompanying notes

Invest Toronto Inc.

STATEMENT OF CASH FLOWS

	Year ended December 31, 2009 \$	Period from November 13, 2008 to December 31, 2008 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the period	36,776	(31,957)
Add non-cash item Amortization	952	—
	<u>37,728</u>	<u>(31,957)</u>
Changes in non-cash working capital balances related to operations		
Prepaid expenses	(75,771)	—
Deferred contributions <i>[note 4]</i>	225,000	—
Accounts payable and accrued liabilities	7,125	—
Due from related party <i>[note 4]</i>	(12,884)	—
Due to related party <i>[note 4]</i>	(19,027)	31,956
Cash provided by (used in) operating activities	<u>162,171</u>	<u>(1)</u>
FINANCING ACTIVITIES		
Issue of common share	—	1
Cash provided by financing activities	<u>—</u>	<u>1</u>
INVESTING ACTIVITIES		
Purchase of equipment	(5,770)	—
Cash used in investing activities	<u>(5,770)</u>	<u>—</u>
Net increase in cash during the period	<u>156,401</u>	<u>—</u>
Cash, beginning of period	—	—
Cash, end of period	<u>156,401</u>	<u>—</u>

See accompanying notes

Invest Toronto Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. INCORPORATION

Invest Toronto Inc. [the "Corporation"] was incorporated on November 13, 2008 under the *Business Corporations Act* (Ontario) pursuant to s.148 of *City of Toronto Act, 2006* and Ontario Regulation 609/06, *City Services Corporations*.

The City of Toronto owns the one issued share of Invest Toronto Inc.

As a municipal corporation under Section 149(1) of the *Income Tax Act* (Canada), the Corporation is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for profit-oriented organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Board. The significant accounting policies are as summarized below:

Future accounting policy changes

In September 2009, the Public Sector Accounting Standards Board ["PSAB"] approved an amendment to the Introduction to Public Sector Accounting Standards. Under the amendment, Government business enterprises will adhere to standards for publicly accountable profit-oriented enterprises, meaning the adoption of International Financial Reporting Standards ["IFRS"], for fiscal periods beginning on or after January 1, 2011. Government business-type organizations ["GBTOs"] classification in the Public Sector Accounting Handbook would be eliminated and government organizations currently classified as GBTOs may be categorized as other government organizations ["OGOs"], or government not-for-profit organizations ["GNFPOs"]. The Corporation has been identified as a GBTO, which under these new rules, is an OGO and as such will adopt Public Sector Accounting Standards or IFRS. Management is currently addressing which option to choose.

Revenue recognition

Revenue is reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes measurable, and collection is reasonably assured.

Invest Toronto Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

4. RELATED PARTY TRANSACTIONS

- [a] Due from related party of \$12,884 is from Toronto Port Lands Company, an affiliated company, which is owned by the City of Toronto.
- [b] Deferred contributions are amounts received from the City of Toronto of \$225,000 [2008 - nil] as cost-share expenses for certain studies and costs such as the joint participation in Marché International des Professionnels d'Immobilier (MIPIM), and Global Sector Targeting Strategy, for expenses to be incurred in 2010.
- [c] The Corporation has agreed with Build Toronto Inc., an affiliated company owned by the City of Toronto, to share certain administrative, accounting and other corporate services on a cost allocation basis. Due to related party of \$12,929 is amount owing to Build Toronto Inc. for corporate services used. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.
- [d] The Corporation has received a grant from Toronto Port Lands Company to cover operating and capital expenditures incurred during the year. The Toronto Port Lands Company has been directed by City of Toronto Council to support the Corporation in its early years of operations.

5. CAPITAL MANAGEMENT

In managing capital, the Corporation focuses on liquid resources available for operations. The Corporation's objective is to have sufficient liquid resources to continue operating despite adverse financial events, and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget, and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2009, the Corporation has met its objective of having sufficient liquid resources and financing facilities to meet its current obligations.

Invest Toronto Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

6. FINANCIAL INSTRUMENTS

[a] Fair value

The carrying amounts of cash, due from related party, accounts payable and accrued liabilities and due to related party approximate their fair values due to their short-term maturity.

[b] Risk management

It is management's opinion that the Corporation is not exposed to significant interest rate and liquidity risk. Management believes the affiliated corporation from which revenue is derived is reputable and as such, the due from related party balance carries no credit risk. Management believes credit risk associated with cash is low as cash is deposited with a reputable financial institution.

