EX35.11 ATTACHMENT 2

Invest Toronto Inc.

Financial Statements
December 31, 2017

June 5, 2018

Independent Auditor's Report

To the Shareholder of Invest Toronto Inc.

We have audited the accompanying financial statements of Invest Toronto Inc., which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net debt and cash flows for the year then ended, and the related notes, which comprise 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 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 entity'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 entity'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.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Invest Toronto Inc. as at December 31, 2017 and the results of its operations, re-measurement gains and losses, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Invest Toronto Inc.
Statement of Financial Position
As at December 31, 2017

	Note	December 31, 2017	December 31, 2016
		$	$
Financial assets			
Cash	9	193,657	140,008
Restricted investments	3	-	50,049
Amounts receivable		699,813	1,069,970
		893,470	1,260,027
Liabilities			
Accounts payable and accrued liabilities		107,944	369,750
Due to related party	4b	718,828	671,727
Deferred contributions	4a	66,697	240,379
Deferred capital contributions	6	-	97,144
		893,469	1,379,000
Share capital			
Authorized and issued			
1 common share		1	1
		893,470	1,379,001
Net debt		-	(118,974)
Non-financial assets			
Tangible capital assets	5	-	97,144
Prepaid expenses		-	21,830
		-	118,974
Operating surplus		-	-

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board

______________________________ Director   ______________________________ Director

Invest Toronto Inc.
Statement of Operations
For the year ended December 31, 2017

	Note	December 31, 2017	December 31, 2016
		$	$
Revenues			
Operating grant from TPLC	4a	260,658	1,702,703
Amortization of deferred capital contributions	6	10,167	36,290
ICCI contribution	7	49,809	219,316
Other income		2,002	2,554
Total revenue		322,636	1,960,863
Expenses	4b		
Salaries and benefits	8	185,415	891,329
Professional fees and project costs		94,341	348,577
Office expenses		27,360	236,000
Promotion and marketing		7,688	110,133
Office rent		(2,335)	272,361
Meetings, seminars and conventions		-	66,173
Amortization of tangible capital assets		10,167	36,290
Total expenses		322,636	1,960,863
Operating surplus (loss)		-	-

The accompanying notes are an integral part of these financial statements.

Invest Toronto Inc.
Statement of Changes in Net Debt
For the year ended December 31, 2017

	December 31, 2017	December 31, 2016
	$	$
Operating surplus (loss)	-	-
Acquisition of tangible capital assets	-	(81,918)
Proceeds on disposal of tangible capital assets	86,977	-
Amortization of tangible capital assets	10,167	36,290
	97,144	(45,628)
Acquisition of prepaid expenses	-	(21,830)
Use of prepaid expenses	21,830	44,699
	21,830	22,869
(Increase) decrease in net debt	118,974	(22,759)
Net debt at beginning of year	(118,974)	(96,215)
Net debt at end of year	-	(118,974)

The accompanying notes are an integral part of these financial statements.

Invest Toronto Inc.
Statement of Cash Flows
For the year ended December 31, 2017

	December 31, 2017	December 31, 2016
	$	$
Operating transactions		
Operating surplus (loss)	-	-
Amortization of tangible capital assets	10,167	36,290
Amortization of deferred capital contributions	(10,167)	(36,290)
Straight-line rent adjustment	-	3,314
	-	3,314
Change in non-cash working capital balances		
Accrual of interest on restricted investments	49	9
Amounts receivable	370,157	(935,975)
Prepaid expenses	21,830	22,869
Accounts payable and accrued liabilities	(261,806)	93,092
Deferred contributions	(260,659)	240,379
Due to related party	47,101	372,511
Proceeds from sale of tangible capital assets	86,977	-
	3,649	(207,115)
Cash (used in) operating transactions	3,649	(203,801)
Investing transactions		
Proceeds from sale of investment	50,000	-
Cash provided by investing transactions	50,000	-
Financing transactions		
Deferred capital contributions applied to tangible capital assets	-	81,918
Cash provided by financing transactions	-	81,918
Capital transactions		
Acquisition of tangible capital assets	-	(81,918)
Cash provided by (applied to) capital transactions	-	(81,918)
Increase (decrease) in cash during the year	53,649	(203,801)
Cash at beginning of year	140,008	343,809
Cash at end of year	193,657	140,008

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

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 common share of the Corporation. The mandate of the Corporation is to engage in promotional activities and services to encourage economic development to and in the City of Toronto and all ancillary and collateral matters relating thereto (see Note 11). The Corporation has been classified as an other governmental organization.

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

On July 12, 2016, the City of Toronto directed that the affairs of the Corporation be wound up after an orderly transition to GTA Region Investment Attraction operating as Toronto Global, and requested the Board of Directors of the Corporation to submit for approval a proposal for the winding up of the business, affairs and distribution of the assets of the Corporation.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). The significant accounting policies are as summarized below.

Share capital

The Corporation's one issued common share is recognized as debt and presented separately in the statement of financial position.

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.

The Corporation receives transfers of funds from the Government of Canada, the City of Toronto and the Toronto Port Lands Company (TPLC), which have certain stipulations associated with the use of the funds. These transfers are recognized as revenue in the year in which these stipulations have been met, except to the extent that the transfers give rise to a liability. A liability recognized in this manner is reduced and an equivalent amount of revenue is recognized as the liability is settled.

Transfers used for the purchase of tangible capital assets are deferred and amortized into revenues at a rate corresponding to the amortization rate of the related asset.

Financial instruments

The following table presents the classification of financial instruments:

Assets/Liabilities	Measurement
Cash	fair value
Restricted investments	amortized cost
Due to related party	amortized cost
Amounts receivable	amortized cost
Accounts payable and accrued liabilities	amortized cost

Restricted investments

Restricted investments are investments set aside as security for the use of a credit facility.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Leasehold improvements	straight-line basis over the term of the lease

Impairment of tangible capital assets

The Corporation reviews the valuation of tangible capital assets whenever events or changes in circumstances indicate the carrying value may not be recoverable. When indicators of impairment of tangible capital assets exist, a writedown of the residual value is recognized in the statement of financial position. Writedowns are not reversed.

Office occupancy costs and deferred lease escalations

Rent expense is recorded in office occupancy costs on a straight-line basis over the term of the lease. Differences between the straight-line rent expense and the payments, as stipulated under the lease agreement, referred to as lease escalations, are included in accounts payable and accrued liabilities.

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on the information available at the date of preparation and reviewed annually to reflect new information as it is available.

Measurement uncertainty exists in the financial statements primarily related to impairment in accounts receivable and tangible capital assets. Actual results could differ from those estimates.

3. Restricted investments

Restricted investments had a guaranteed investment certificate (GIC) of $50,000, which was set aside as a security for a revolving credit card facility. This investment certificate had an annual yield of 0.5% (December 31, 2016 – 0.5%), and a maturity date of October 22, 2017, with a provision for redemption after 30 days of acquisition. The revolving credit card facility had a $50,000 limit, and nil (December 31, 2016 – $10,541) had been drawn on it as at December 31, 2017, which was included in accounts payable and accrued liabilities.

On November 27, 2017, the investment certificate was redeemed with interest at 0.45% covering a period from October 23 – November 26, 2017 and the credit card facility was closed.

4. Related party transactions

a) The Corporation has historically received a grant from TPLC, an affiliated company owned by the City of Toronto, to cover operating and capital expenditures incurred during the year. This is pursuant to a Grant agreement entered into by the two corporations for a five-year period starting in 2009, with a provision for an automatic renewal for subsequent periods of one year each until terminated by either party. At the end of the five-year term ended December 31, 2013, the agreement was automatically renewed for two additional one-year periods for a grant amount agreed to by the Board of Directors of both companies (see Note 11). The total value of the grant provided by TPLC in the year ended December 31, 2016 was $2,025,000. Of this, $1,702,703 was used to fund operations, $81,918 was used to fund capital additions and $240,379 was deferred as a contribution for the 2017 year. Of this, at December 31, 2017, $240,379 has been used to fund operations.

   During the year, an amount of $ 86,977 was recovered from the sale of Tangible capital assets to Toronto Global was transferred from Deferred Capital Contributions to Deferred Contributions. Of this, an amount of $ 20,279 was used to fund operations during 2017.

   No additional grants were provided by TPLC in 2017.

b) The due to related party amount of $718,828 (December 31, 2016 - $671,727) is the amount to be reimbursed by the Corporation to TPLC for funds advanced for operations. There is no set term of repayment for these amounts and no interest is being charged by TPLC. The Corporation has agreed with TPLC to share certain administrative, accounting and other corporate services on a cost allocation basis. During the year, the Corporation has paid to TPLC $26,356 (December 31, 2016 - $129,010) as shared services costs.

   The transactions for shared corporate services are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Tangible capital assets

			2016
	Cost	**Accumulated Amortization**	**Net**
	$	**$**	**$**
Computer equipment	119,977	101,884	18,093
Leasehold improvements	138,651	99,722	38,929
Furniture and fixtures	164,439	124,317	40,122
	423,067	325,923	97,144

All tangible capital assets were transferred to Toronto Global on April 1, 2017 for proceeds of $86,977.

6. Deferred capital contributions

Deferred capital contributions consist of the following:

	2017	**2016**
	$	**$**
Balance – Beginning of year	97,144	51,516
Contributions received from TPLC (Note 4a)	-	81,918
Amortization	(10,167)	(36,290)
Transferred to deferred contributions (Note 4a)	(86,977)	-
Balance – End of year	-	97,144

7. ICCI contribution

The Corporation received a contribution of $49,809 (December 31, 2016 - $219,316) from the Government of Canada toward eligible expenditures incurred pursuant to the Invest Canada-Community Initiatives (ICCI) of the Global Commerce Support Program.

8. Salaries and employee benefits

a) Included in the salaries and benefits expense are the Corporation's current service contributions to the OMERS pension plan totalling nil (December 31, 2016 - $68,676).

The Corporation makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of some of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

b) On May 31, 2017, the Corporation agreed to pay Toronto Global a sum of $177,914 in respect of potential future severance obligations with respect to the Corporation's employees that have accepted employment with Toronto Global.

9. Financial instruments

Fair value

The Corporation's financial instruments consist of cash, restricted investments, amounts receivable, accounts payable and accrued liabilities and due to related parties. The carrying values approximate their fair values due to their short-term maturity.

The Chartered Professionals Accountants of Canada Public Sector Accounting Handbook Section 3450 requires disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of a financial asset or a financial liability at the financial statement date. The three levels are defined as follows:

- Level 1 – Fair value is based on quoted market prices in active markets for identical financial assets or financial liabilities.
- Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) financial assets or financial liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for sustainability over the full term of the financial assets or financial liabilities.
- Level 3 – Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the financial assets or financial liabilities.

As at December 31, 2017, cash of $193,657 (December 31, 2016 - $140,008) is classified as Level 1.

Risk management

The Corporation's operating activities expose it to a range of financial risks. These risks include credit risk, liquidity risk and currency risk, which are described as follows:

- Credit risk

  Credit risk on financial instruments is the risk of a financial loss occurring as a result of default or insolvency of a counterparty on its obligation to the Corporation. The total carrying value of cash, restricted investments and amounts receivable as presented in the statement of financial position represents the maximum credit risk exposure as at the date of the financial statements.

  The cash deposit and GIC are held by a Schedule 1 Canadian financial institution, which reduces the Corporation's exposure to credit risk. Of the amounts receivable, $1,021 has been received subsequent to December 31, 2017.

- Liquidity risk

  Liquidity risk is the risk of being unable to settle or meet commitments as they come due. As at December 31, 2017, the Corporation expects it will meet all obligations due within one year which will be met through cash and other resources, together with funding from TPLC (Note 11).

- Currency risk

  Virtually all of the Corporation's transactions are denominated in Canadian dollars. As at December 31, 2017, the Corporation held no financial instruments that were denominated in currencies other than the Canadian dollar.

10. Commitments

The Corporation's lease for the premises was transferred to Toronto Global as of February 1, 2017.

11. Economic dependence

The Corporation does not earn sufficient revenues from sources other than TPLC to fund its current operations. As a result, the Corporation is economically dependent on TPLC to fund its ongoing operations.

The Corporation and TPLC entered into a grant agreement for a five-year period starting in 2009, with a provision for an automatic renewal for subsequent periods of one year each until terminated by either party. At the end of the five-year term ended December 31, 2013, the agreement was automatically renewed for two additional one-year periods for a grant amount agreed to by the Board of Directors of both companies. This agreement was terminated by TPLC effective December 31, 2015 pursuant to the City's decision to create a regional foreign direct investment agency and the transition of the corporation to the same.

Quarterly grant agreements were entered into by the two corporations for a period of three quarters ending September 30, 2016, for a grant amount agreed to by the Board of Directors of both companies as a transitional funding arrangement until such time that the regional agency is fully functional. The grant agreement was not renewed on October 1, 2016. There can be no assurance that further financial support will be provided. Management believes it has sufficient resources on hand for the orderly wind up of the business.