



Finance, Audit and Risk Management Committee – November 30, 2016
Item 4 – September 30, 2016 Interim Financial Statements
Sampada Chandane

Summary

Significant Items:

- During the 6 month period ended September 30, 2016, Waterfront Toronto continued to deliver on its mandate, investing a total of \$17.3M of which:
 - \$9.5M on projects that were capitalized that primarily included East Bayfront Soil and Environmental Management, Stormwater Infrastructure and External Sanitary Servicing and Bayside Phase 2; and
 - \$7.8M on projects that were not capitalized primarily Port Lands Due Diligence and Project Planning, Lower Yonge Precinct Plan, Mimico Park and Queens Quay.
- Note 18 – Trust under administration, has been expanded to provide further information regarding expenditures.

Statement of Financial Position:

Receivables: Collection of receivables continued to improve throughout the period with the overall balance decreasing to \$4M as at September 30, 2016, down from \$22M at March 31, 2016, improving the Corporation's overall cash position.

Statement of Financial Activities:

- Revenues: Revenue for the six months ending September 30, 2016 decreased by \$26.9M to \$4.8M from 2015/16 as a result of diminishing Government contributions.
- Excess of expenses over revenues before other items: The excess of expenses over revenues before other items at September 30, 2016 of \$3.4M primarily represents those costs intended to be funded from a land sale related transaction expected to close in Q4 2016/17. As such by fiscal year end March 2017, the deficit will be reversed.

Committee Action Required

Approval of the September 30, 2016 interim financial statements.

Proposed Motion

ON MOTION, duly made, seconded and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee hereby approves, for recommendation to the Board of Directors, the interim financial statements for the period ended September 30, 2016.

Financial statements of

**Toronto Waterfront
Revitalization Corporation**

(c.o.b. as Waterfront Toronto)

September 30, 2016

Toronto Waterfront Revitalization Corporation

September 30, 2016

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Toronto Waterfront Revitalization Corporation

Statement of financial position

as at September 30, 2016

	September 30, 2016	March 31, 2016
	\$	\$
Assets		
Current assets		
Cash (Note 9)	9,244,519	6,167,082
Short-term investments	10,198,569	7,872,765
Receivables (Note 3)	5,966,497	21,836,537
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	5,268,314	6,214,540
	30,677,898	42,090,924
Restricted cash & investments (Note 5)	16,967,155	16,691,071
Assets under development (Note 6)	318,611,015	309,114,553
Capital assets (Note 7)	103,776,118	104,473,822
Other assets (Note 8)	4,026,625	4,095,155
	474,058,811	476,465,525
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	7,575,306	8,004,294
Deferred contributions and grants (Note 11)	49,970,368	58,342,841
Other liabilities and settlements (Note 12)	76,856	267,151
	57,622,530	66,614,286
Other liabilities and settlements (Note 12)	5,349,042	5,069,396
	62,971,572	71,683,682
Net assets (Note 13)	411,087,239	404,781,843
	474,058,811	476,465,525

Toronto Waterfront Revitalization Corporation

Statement of financial activities

period ended September 30, 2016

	Three Months ended September 30, 2016	Six Months ended September 30, 2016	Three Months ended September 30, 2015	Six Months ended September 30, 2015
Revenue				
Province of Ontario	-	-	-	5,000,000
City of Toronto	1,490,982	1,490,982	5,270,762	14,022,122
Other restricted contributions	1,307,770	3,274,220	3,890,502	12,643,579
	2,798,752	4,765,202	9,161,264	31,665,701
Less: Government contributions for land and/or assets under development	(5,233,678)	(8,757,254)	(3,809,043)	(28,702,793)
Decrease/(increase) in deferred contributions for continuing operations related to future periods	4,402,419	8,372,473	2,926,395	12,507,788
	1,967,493	4,380,421	8,278,616	15,470,696
Expenses (Note 14)				
Waterfront-Wide Initiatives	1,491,993	3,200,047	6,033,613	12,480,452
Port Lands	944,584	1,927,243	2,505,850	3,293,373
Central Waterfront	565,771	1,318,173	134,874	231,386
East Bayfront	629,931	1,038,318	363,997	1,129,475
West Don Lands	105,722	283,854	160,097	362,619
	3,738,001	7,767,635	9,198,431	17,497,305
Excess of expenses over revenues before other items	(1,770,511)	(3,387,214)	(919,815)	(2,026,609)
Net other operating income (Note 17)	247,906	938,018	793,901	1,342,220
Excess of expenses over revenues	(1,522,604)	(2,449,196)	(125,914)	(684,389)

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

Toronto Waterfront Revitalization Corporation

Statement of remeasurement gains and losses

period ended September 30, 2016

(Unaudited)

	Three months ended September 30, 2016	Six months ended September 30, 2016	Three Months ended September 30, 2015	Six Months ended September 30, 2015
	\$	\$		\$
Accumulated remeasurement gains/(losses), beginning of the period	(32,273)	1,635	87,093	101,770
Unrealized losses attributable to:				
Short term investments	32,539	(1,411)	2,348	(12,329)
Net remeasurement losses for the year	32,539	(1,411)	2,348	(12,329)
Amounts reclassified to the statement of financial activities	(1,293)	(1,252)	-	-
Accumulated remeasurement gains/(losses), end of the period	(1,027)	(1,027)	89,441	89,441

Statement of changes in net assets

period ended September 30, 2016

	Three months ended September 30, 2016	Six months ended September 30, 2016	Three Months ended September 30, 2015	Six Months ended September 30, 2015
	\$	\$		\$
Net assets, beginning of year	407,344,919	404,781,843	545,751,048	521,430,451
Add: Excess (deficiency) of revenue over expenses	(1,522,604)	(2,449,196)	(125,914)	(684,389)
Add: Net remeasurement losses	32,539	(1,411)	2,348	(12,329)
Less: Remeasurement gains reclassified to the statement of financial activities	(1,293)	(1,252)	-	-
Less: transfer of assets to Government (Note 6)	-	-	(3,100,967)	(3,100,967)
Add: Government contributions for assets under development	5,233,678	8,757,254	3,809,043	28,702,793
Net assets, end of the period	411,087,239	411,087,239	546,335,560	546,335,560

Toronto Waterfront Revitalization Corporation

Statement of cash flows

period ended September 30, 2016

	Three Months ended September 30, 2016	Six Months ended September 30, 2016	Three Months ended September 30, 2015	Six Months ended September 30, 2015
			\$	\$
Cash flows from operating activities				
Cash received from:				
Government contributions for operating activities	1,586,273	1,586,273	3,752,048	10,095,832
Other restricted contributions for operating activities	2,303,652	6,753,259	9,466,791	10,329,320
Investment income received for operating activities	37,632	71,522	22,931	60,428
Sales tax rebates	671,140	877,428	2,934,647	4,431,885
Net rental income received for operating activities	594,647	925,003	-	-
	5,193,344	10,213,485	16,176,417	24,917,465
Cash paid for:				
Planning and implementation expenses	(2,428,891)	(4,829,111)	(4,754,225)	(6,286,778)
Project support expenses	(2,601,797)	(4,589,863)	(1,641,955)	(3,972,660)
Transfer payments	-	(493,122)	(8,460,599)	(16,816,525)
	(5,030,688)	(9,912,096)	(14,856,779)	(27,075,963)
Net cash received/ (paid for) from operating activities	162,656	301,389	1,319,638	(2,158,498)
Cash flows from capital activities				
Cash received from government contributions for assets under development				
	(95,291)	14,404,709	1,518,713	8,926,290
Cash used to acquire capital assets	-	-	(20,103)	(47,836)
Cash used to acquire assets under development	(5,006,135)	(9,149,744)	(19,887,835)	(41,195,597)
Net cash received/ (paid for) from capital activities	(5,101,426)	5,254,965	(18,389,225)	(32,317,143)
Cash flows from investing activities				
Cash received from short term investments redemption				
	-	-	11,043,806	23,664,144
Cash used to purchase additional security investments	(152,868)	(2,352,868)	-	-
Invested in restricted cash	40,169	(126,049)	-	-
Net cash (paid for)/ received from investment activities	(112,699)	(2,478,917)	11,043,806	23,664,144
Increase (decrease) in cash	(5,051,470)	3,077,437	(6,025,781)	(10,811,495)
Cash, beginning of the period	14,295,989	6,167,082	4,024,976	8,810,690
Cash, end of period	9,244,519	9,244,519	(2,000,805)	(2,000,805)

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

1. Interim financial statements

The unaudited interim financial statements of the Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC") have been prepared by management in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods in their applications as the most recent annual financial statements. All disclosure required for annual financial statements has not been included in these financial statements. These financial statements should therefore be read in conjunction with the March 31, 2016 audited financial statements.

2. Description of Corporation

The Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC") was initially incorporated on November 1, 2001 under the Ontario Business Corporations Act with the Province of Ontario being its sole shareholder.

Pursuant to the Toronto Waterfront Revitalization Corporation Act, 2002 (the "Act"), the Corporation was continued as a corporation without share capital on May 15, 2003. The Corporation is deemed not to be a Crown Agency within the meaning of the Crown Agency Act.

Under the Act, the Corporation's objectives are to:

- (a) implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and create an accessible and active waterfront for living, working and recreation and to do so in a fiscally and environmentally responsible manner;
- (b) ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner;
- (c) promote and encourage involvement of the private sector in the development of the designated waterfront area;
- (d) encourage public input into the development of the designated waterfront area; and
- (e) engage in such other activities as may be prescribed by regulation.

3. Receivables

	September 30, 2016	March 31, 2016
Province of Ontario	\$ -	\$ 14,500,000
Developer receivables	4,000,000	4,000,000
Rent and other receivables	1,625,350	1,474,556
HST receivable	252,949	-
City of Toronto	88,198	3,336,537
	5,966,497	23,311,093

Developer receivables primarily relate to the sale of land, are non-interest bearing and are collectible on March 31, 2017. This receivable is secured by an irrevocable letter of credit.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

4. Deposits and prepaid expenses

	September 30, 2016	March 31, 2016
	\$	\$
Construction deposits	4,465,514	4,414,057
Prepaid expenses	770,333	293,460
Current portion of prepaid expenses and rent receivables (Note 8)	32,467	32,467
	5,268,314	4,739,984

The Corporation has provided the City of Toronto (the "City") and Toronto Hydro with certain construction deposits to guarantee satisfactory performance, completion of work and related obligations required for the construction of municipal and hydro infrastructure by the Corporation. The construction deposits will be released to Waterfront Toronto at the expiration of certain performance and guarantee periods. The construction deposits paid to the City of \$2,181,199 (March 2016 - \$2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of \$2,284,315 (March 2016 - \$2,232,858) will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada less two percent.

5. Restricted cash and investments

The Corporation has received deposits that are subject to restrictions that prevent its use for operating purposes, as outlined below:

	September 30, 2016	March 31, 2016
	\$	\$
West Don Lands security fund	7,873,190	7,873,190
Deposit - Broadband services	2,803,370	2,803,370
Holdbacks payable (including HST)	2,444,899	2,124,267
Deposit - Bayside project agreement	2,114,295	2,098,817
East Bayfront child care facility	1,440,273	1,431,491
Escrow Account - River City development	291,128	359,935
	16,967,155	16,691,071

WDL Security funds of \$7.8M represents financial security for municipal infrastructure necessary for WDL Phase 1 development to be released to Waterfront Toronto in 2017/18.

6. Assets under development

The following table details assets under development by category:

	September 30, 2016	March 31, 2016
	\$	\$
Roads, public realm, utilities	240,255,336	235,387,536
Parkland	41,909,419	41,643,663
Land under development	36,446,260	32,083,354
	318,611,015	309,114,553

The following table details assets under development by precinct:

	East Bayfront	Central Waterfront	West Don Lands	Total
	\$	\$	\$	\$
Opening balance, March 31, 2016	183,150,894	10,558,967	115,404,692	309,114,553
Capital additions	7,069,752	66,582	401,062	7,537,396
Direct project management - Note 14	620,413	44,523	95,561	760,497
General and support expenses - Note 14	977,468	70,893	150,208	1,198,569
Closing balance, September 30, 2016	191,818,527	10,740,965	116,051,523	318,611,015

There were no transfers of completed assets during the period ended September 30, 2016.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

7. Capital assets

	September 30, 2016		March 31, 2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	87,305,565	-	87,305,565	-
Parking facility	21,200,570	5,087,720	21,200,570	4,464,883
Computer hardware and software	3,142,516	2,786,173	3,124,283	2,693,938
Leasehold improvements	676,298	675,822	676,298	675,569
Furniture and fixtures	659,867	659,433	659,867	658,933
Office equipment	269,053	268,603	269,053	268,491
	113,253,869	9,477,751	113,235,636	8,761,814
Cost less accumulated amortization		103,776,118		104,473,822

The Corporation owns land containing environmental contamination. The costs associated with the Corporation's environmental remediation, which depends on the ultimate use of the lands, will be recognized in the period when an obligation arises.

The Corporation owns buildings on a number of its properties. As none of the buildings are intended for use other than on a temporary rental basis and all will ultimately be demolished, they have been recorded at a carrying value of \$Nil (2015 - \$Nil).

8. Other assets

	September 30, 2016	March 31, 2016
	\$	\$
Developer receivable	4,026,625	4,026,625
Prepaid expenses and rent receivables	32,467	100,997
	4,059,092	4,127,622
Less: current portion (Note 4)	32,467	32,467
	4,026,625	4,095,155

Developer receivable from the sale of land represents the long term portion that is collectible on March 31, 2018 and is non-interest bearing. This is secured by an irrevocable letter of credit.

9. Credit facility

In 2015, the Corporation secured a revolving credit facility which provides for a maximum borrowing amount of \$40 million. The facility bears interest at the Canadian Prime less 0.25%. The interest rate was 2.45% at September 30, 2016. The facility is secured by a first lien interest over several of the Corporation's real properties in the City of Toronto and a General Security Agreement creating a first priority interest over property of the Corporation not obtained through a contribution agreement, including accounts receivable. At September 30, 2016 the Corporation had not drawn on the Facility and the full \$40,000,000 remained available.

Under the current financing agreement, the Corporation is subject to a financial covenant. The revolving credit facility stipulates that the Corporation must ensure that the most recent appraised value of the properties which secure the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at September 30, 2016, the Corporation is in compliance with this covenant, and expects to be in compliance for the next 12 months.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

10. Accounts payable and accrued liabilities

	September 30, 2016	March 31, 2016
	\$	\$
Accrued liabilities	4,890,468	5,373,463
Holdbacks payable	2,163,628	1,879,883
Accounts payable	521,210	637,227
HST payable	-	113,721
	7,575,306	8,004,294

11. Deferred contributions and grants

Deferred contributions and grants represent project specific contributions from Governments which have not been applied to eligible costs at September 30, 2016, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	September 30, 2016	March 31, 2016
	\$	\$
Expenditures of future periods		
Balance, beginning of year	50,925,223	41,545,360
Additional contributions	-	33,158,903
Less: amounts recognized as revenue	(7,674,769)	(23,779,040)
Balance, end of period	43,250,454	50,925,223
Capital contributions		
Balance, beginning of year	7,417,618	9,062,829
Add: contributions for acquisition of capital assets and assets under development	8,775,487	19,402,723
Less: direct contribution to net assets	(8,757,254)	(19,941,312)
Less: amount amortized to revenue	(715,937)	(1,106,622)
Balance, end of period	6,719,914	7,417,618
	49,970,368	58,342,841

12. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	September 30, 2016	March 31, 2016
	\$	\$
Deposit - broadband services	2,465,222	2,465,222
Deposit - Bayside project agreement	2,114,295	2,098,817
Deposit - rent and other	475,260	401,386
Accrued benefit liability	371,122	371,122
Total other liabilities	5,425,898	5,336,547
Less: current portion	(76,856)	(267,151)
	5,349,042	5,069,396

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

13. Net assets

a) Net assets recorded on the Statement of Financial Position are comprised of the following:

	September 30, 2016	March 31, 2016
	\$	\$
Invested in capital assets (net of deferred capital contributions)	97,056,204	97,056,204
Invested in assets under development	318,611,015	309,114,553
Unrestricted surplus/(deficit) (Note 13b)	(4,578,953)	(1,390,549)
Accumulated re-measurement gains/(losses)	(1,027)	1,635
	411,087,239	404,781,843

b) Unrestricted surplus

	September 30, 2016	March 31, 2016
	\$	\$
Unrestricted surplus/(deficit), opening balance	(1,390,549)	32,619,716
Excess (deficiency) of revenue over expenses	(2,449,196)	(3,893,423)
Transfer to assets under development	(739,208)	(30,116,842)
Unrestricted surplus/(deficit), closing balance	(4,578,953)	(1,390,549)

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

14. Expenses by Precinct and Function

	Waterfront Wide- Initiatives	Port Lands	Central Waterfront	East Bayfront	West Don Lands	Total Sep 30, 2016
	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>						
Transfer payments and grants	523,532	-	-	-	-	523,532
Project planning and implementation costs	345,017	662,123	847,756	173,764	90,559	2,119,219
Amortization	-	-	-	622,838	-	622,838
Project management - salaries, fees and benefits	881,768	478,466	221,561	695,732	166,053	2,443,580
Less project management - salaries, fees and benefits related to assets under development (Note 6)	-	-	(44,523)	(620,413)	(95,561)	(760,497)
	1,750,317	1,140,589	1,024,794	871,921	161,051	4,948,672
<i>General expenses:</i>						
Salaries, fees and benefits	901,277	489,052	226,463	711,125	169,727	2,497,643
General and office administration	294,865	160,000	74,090	232,654	55,528	817,138
Communications, marketing and government relations	153,227	83,144	38,501	120,899	28,855	424,627
Information technology	66,780	36,236	16,780	52,691	12,576	185,062
Amortization	33,582	18,222	8,438	26,496	6,324	93,062
	1,449,730	786,654	364,272	1,143,865	273,011	4,017,532
Less general & support costs allocated to assets under development (Note 6)	-	-	(70,893)	(977,468)	(150,208)	(1,198,569)
	3,200,047	1,927,243	1,318,173	1,038,318	283,854	7,767,635

General expenses for the period ending September 30, 2016 have been allocated to precincts using an overhead burden rate of 1.64 (1.71 for the period September 30, 2015) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$4,941,223 for the period ending September 30, 2016 (\$4,422,025 - September 30, 2015) comprising direct project management salaries, fees and benefits of \$2,443,580 (\$2,241,183 - September 30, 2015) and general salaries, fees and benefits of \$2,497,643 (\$2,180,842 - September 30, 2016).

Waterfront-wide initiatives include Gardiner/Lakeshore, Mimico Park, Port Union Waterfront Park.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

14. Expenses by Precinct and Function (Cont.)

	Waterfront Wide- Initiatives	Port Lands	East Bayfront	West Don Lands	Central Waterfront	Total Sep 30, 2015
	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>						
Transfer payments and grants	11,413,146	-	13,511,00	42,409	-	11,469,066
Project planning and implementation costs	687,594	1,874,381	439,439	89,815	36,278	3,127,507
Amortization	-	-	622,838	-	-	622,838
Project management - salaries, fees and benefits	140,290	524,267	824,308	308,956	443,362	2,241,183
Less Project management - salaries, fees and benefits related to assets under development (Note 6)	-	-	(809,188)	(225,145)	(373,453)	(1,407,786)
	12,241,030	2,398,648	1,090,908	216,035	106,187	16,052,808
<i>General expenses:</i>						
Salaries, fees and benefits	136,513	510,152	802,115	300,638	431,425	2,180,842
General and office administration	67,496	252,233	396,587	148,643	213,308	1,078,266
Communications, marketing and government relations	19,178	71,669	112,685	42,235	60,609	306,375
Information Technology	9,580	35,802	56,291	21,098	30,277	153,048
Amortization	6,655	24,871	39,104	14,656	21,033	106,319
	239,422	894,725	1,406,781	527,271	756,651	3,824,850
Less general & support costs allocated to assets under development	-	-	(1,368,214)	(380,687)	(631,452)	(2,380,353)
	12,480,452	3,293,373	1,129,475	362,619	231,386	17,497,305

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

15. Commitments

The Corporation has commitments of \$22,578,138 of which Project Commitments total \$ 17,315,067 and Corporate commitments total \$5,201,501 until March 31, 2023.

16. Risk disclosures

Credit risk

Credit risk arises from cash and short term investments held with banks and credit exposure to governments and other debtors, including accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Corporation assesses the credit quality of funding partners and debtors, taking into account their financial position, past experience and other factors.

Liquidity risk

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities; by focusing on debtor collection; and by requesting government funding in advance.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's operations. The Corporation is exposed to changes in interest rates, which may impact interest revenue on short term investments. At March 31, 2016 had prevailing interest rates raised or lowered by 1% with all other variables held constant excess revenues over expenses would have increased or decreased by \$ nil (2015 - \$217,778).

17. Net other operating income

	September 30, 2016		September 30, 2015	
	3 months	6 months	3 months	6 months
Rental, parking and other income	1,082,100	2,311,768	\$ 1,483,178	\$ 2,636,353
Less: operating expenses	(1,050,236)	(1,712,863)	(813,038)	(1,620,175)
	31,864	598,905	670,140	1,016,178
Interest and other income	214,749	337,861	123,761	326,042
Realized investment gains (losses)	1,293	1,252	-	-
Net other operating income	247,906	938,018	793,901	1,342,220

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

18. Trust under administration

In February of 2016, the Corporation became the administrator of the Project Under Gardiner fund. Based on the Memorandum of Understanding dated December 22, 2015, the total cost of the Project Under Gardiner is expected to total \$25,000,000, of which \$23,500,000 will flow to the Corporation to be used towards the execution of the project. Up until Sep 30, 2016, the Corporation has received \$3,000,000. An additional \$2,000,000 was reflected as a receivable in Sep 2016 was subsequently received in Oct 2016.

During the period ended September 30, 2016, the total cost to the Corporation for management of the Project Under Gardiner was \$228,186 in direct payroll charges, of which \$90,000 was charged to the fund (see project management fees below), the balance of \$138,186 being in-kind contributions.

The trust is entitled to any interest earned on the balance of funds. A summary of the trust's financial position, as at September 30, 2016, is as follows:

Financial Position as at September 30, 2016	September 30, 2016	March 31, 2016
Cash and accounts receivable	\$ 2,980,221	\$ 2,961,429
Assets under development	2,377,378	619,596
Total assets	5,357,599	3,581,025
Accounts payable and accrued liabilities	(347,507)	(578,752)
Net assets	5,010,092	3,002,273

Expenditures for the period ended September 30, 2016	September 30, 2016	February 17 to March 31, 2016
<i>Direct Project Costs</i>	\$	\$
Planning and implementation	2,091,660	524,661
Public consultation and marketing	150,719	49,934
Project management fees	135,000	45,000
Total expenditure	2,377,378	619,596
Cumulative expenditure (from inception of trust)	2,996,974	619,596

19. Comparatives

Certain comparative amounts have been reclassified to conform with the current year's method of presentation.

20. Contingent liabilities

- (a) Under the terms and conditions of the Contribution Agreements, the Corporation provides an indemnity to the City, Province of Ontario and Government of Canada and their respective officers, employees and agents, from and against all claims, losses, damages, costs, expenses, actions and other proceedings related to any injury to or death of a person or damage to or loss of property, infringement of rights or any other loss or damages whatsoever arising directly or indirectly from any willful or negligent act, omission or delay on the part of the Corporation, the Corporation's directors, officers, employees, contractors, agents or Third Party Contractors, in carrying out a project or as a result of the project, except to the extent that the injury, loss or damage has been caused by the City, Province of Ontario and/or Government of Canada or their respective officers, employees or agents.

The Corporation requires all Eligible Recipients to indemnify the Corporation from and against liability on the same basis outlined above.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2016

20. Contingent liabilities (con't)

The Corporation requires most third party contractors to indemnify each level of government and the Corporation, its officers, employees and agents against all claims, liabilities and demands with respect to any injury to persons (including death), damage to, loss or destruction of property or infringement of rights caused by or arising directly from:

- (i) the breach of any term or condition of the contract by the third party contractor or its officers, employees or agents; or
 - (ii) any omission or any willful or negligent act of the third party contractor or its officers, employees or agents in relation to the applicable project.
- (b) Under the Delivery Agreement with each Eligible Recipient respectively, the Corporation provides an indemnity to the Eligible Recipient and its respective officers, employees and agents, from and against any claims with respect to direct loss arising from:
- (i) any breach by the Corporation of the Delivery Agreement or documents or certificates given pursuant to the Agreement, or
 - (ii) any negligent or willful acts or omissions of the Corporation, its officers, directors, employees or agents, in relation to the project.

Management attempts to limit the Corporation's exposure under these indemnifications through the purchase of directors and officers insurance, the allocation of risk to Eligible Recipients and contractors (outlined above) and through enforcing the Corporation's and Eligible Recipients' policies and procedures, as well as intense oversight where appropriate.

- (c) The Corporation has entered into a number of Development Agreements with third party builders with respect to lands located in the West Don Lands and East Bayfront. Under these agreements, the Corporation has provided the builders certain milestone representations based on specific Corporation development obligations. The representations primarily relate to schedule delays. The maximum potential future liability related to these representations is \$7.5 million under one development agreement with one builder and although under the other development agreements the amounts are not determinable, they are limited to the amount up to the respective builder's carrying costs and/or out of pocket expenses incurred on the development. No amount for these representations has been accrued in these financial statements. Management attempts to limit the Corporation's potential exposure under these guarantees through appropriate schedule, cost and scope management practices.
- (d) The Corporation has a municipal access agreement with the City of Toronto for the ongoing maintenance and potential removal of district energy pipes in West Don Lands. Management estimates the maximum potential liability to be \$1,600,000. These costs are currently unfunded.