

Statement of Financial Position:

- Net assets: Although the Corporation's net assets have increased \$25M (from \$521M at March 31, 2015 to \$546M at September 30, 2015) due to an increase in the Assets under Development arising largely from continued investment in roads, public realm and utilities infrastructure (primarily construction of Queens Quay and Bayside Infrastructure (Phase 1), this has been partly offset by the transfer of Martin Goodman Trail West of YoYo Ma to Stadium Road (costing \$3.1M) to the City of Toronto in July 2015.
- Receivables: The total receivables of \$26M consist of approximately \$22M receivable from the City of Toronto, the majority of which pertains to a delivery agreement entered into for the Waterfront Stormwater Infrastructure and Sanitary Servicing project. Of the total, approximately \$5.1M has been collected till the date of this report and the City is in the process of reviewing the balance.
- Bank Indebtedness: In September 2015, the Corporation secured a revolving credit facility providing a maximum borrowing of \$40M. As at September 30, 2015, the Corporation is reflecting a net borrowing of \$2.0M in order to meet its project commitments in the short term.

Committee Action Required

Approval of the September 30, 2015 unaudited interim financial statements.

Proposed Motion

ON MOTION duly made, seconded and carried, be it **RESOLVED** that the FARM Committee hereby approves, for recommendation to the Board, the unaudited, interim financial statements for the period ended September 30, 2015.

Financial statements of

**Toronto Waterfront
Revitalization Corporation**

(c.o.b. as Waterfront Toronto)

September 30, 2015

(Unaudited)

Toronto Waterfront Revitalization Corporation

September 30, 2015

(Unaudited)

Table of contents

Statement of financial position	1
Statement of financial activities	2
Statement of remeasurement gains and losses	3
Statement of changes in net assets	3
Statement of cash flows	4
Notes to the financial statements	5-13

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at September 30, 2015

(Unaudited)

	September 30, 2015	March 31, 2015
	\$	\$
Assets		
Current assets		
Cash	-	8,810,690
Short-term investments	8,278,911	33,121,013
Receivables (Note 3)	26,131,158	23,653,033
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	10,365,662	9,441,035
	44,775,731	75,025,771
Restricted cash & short-term investments (Note 5)	25,986,114	24,722,655
Assets under development (Note 6)	427,591,140	391,734,680
Capital assets (Note 7)	105,352,476	106,119,033
Other assets (Note 8)	8,232,215	8,369,275
	611,937,676	605,971,414
Liabilities and net assets		
Current liabilities		
Bank Indebtedness (Note 9)	2,000,805	-
Accounts payable and accrued liabilities (Note 10)	22,738,042	31,130,219
Deferred contributions and grants (Note 11)	38,100,401	50,608,189
Other liabilities and settlements (Note 12)	257,574	257,574
	63,096,822	81,995,982
Other liabilities and settlements (Note 12)	2,505,294	2,544,981
	65,602,116	84,540,963
Net assets (Note 13)	546,335,560	521,430,451
	611,937,676	605,971,414

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

Toronto Waterfront Revitalization Corporation

Statement of financial activities period ended September 30, 2015

(Unaudited)

	Three Months ended September 30, 2015	Six Months ended September 30, 2015	Three Months ended September 30, 2014	Six Months ended September 30, 2014
	\$	\$	\$	\$
Revenue				
Province of Ontario	-	5,000,000	3,581,862	6,081,862
City of Toronto	5,270,762	14,022,122	15,206,160	39,627,557
Other restricted contributions	3,890,502	12,643,579	9,207,839	11,306,036
	9,161,264	31,665,701	27,995,861	57,015,455
Less: Government contributions for land and/or assets under development	(3,809,043)	(28,702,793)	(28,360,988)	(54,983,720)
Decrease/(increase) in deferred contributions for continuing operations related to future periods	2,926,395	12,507,788	5,464,799	14,016,386
	8,278,616	15,470,696	5,099,672	16,048,121
Expenses (Note 14)				
Waterfront-Wide Initiatives	6,033,613	12,480,452	4,906,608	12,032,921
Port Lands	2,505,850	3,293,373	453,465	1,401,898
East Bayfront	363,997	1,129,475	408,016	3,184,564
West Don Lands	160,097	362,619	288,397	425,468
Central Waterfront	134,874	231,386	233,476	411,425
	9,198,431	17,497,305	6,289,962	17,456,276
Excess of expenses over revenues before other items	(919,815)	(2,026,609)	(1,190,290)	(1,408,155)
Net other operating income (Note 17)	793,901	1,342,220	1,130,271	2,259,308
Excess of expenses over revenues	(125,914)	(684,389)	(60,019)	851,153

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, 2015

(Unaudited)

	Three Months ended September 30, 2015	Six Months ended September 30, 2015	Three Months ended September 30, 2014	Six Months ended September 30, 2014
	\$	\$		\$
Accumulated remeasurement gains, beginning of the year	87,093	101,770	105,170	124,650
Unrealized (losses) gains attributable to:				
Short term investments	2,348	(12,329)	(5,210)	(24,690)
Net remeasurement (losses) gains for the period	2,348	(12,329)	(5,210)	(24,690)
Accumulated remeasurement gains, end of the period	89,441	89,441	99,960	99,960

Statement of changes in net assets

period ended September 30, 2015

(Unaudited)

	Three Months ended September 30, 2015	Six Months ended September 30, 2015	Three Months ended September 30, 2014	Six Months ended September 30, 2014
	\$	\$	\$	\$
Net assets, beginning of the year	545,751,048	521,430,451	434,314,221	406,799,797
Add: Excess of revenue over expenses	(125,914)	(684,389)	(60,019)	851,153
Less: Unrealized remeasurement (losses) gains	2,348	(12,329)	(5,210)	(24,690)
Less: transfer of assets to Government (Note 6)	(3,100,967)	(3,100,967)	-	-
Add: Government contributions for assets under development	3,809,043	28,702,793	28,360,988	54,983,720
Net assets, end of the period	546,335,560	546,335,560	462,609,980	462,609,980

Toronto Waterfront Revitalization Corporation

Statement of cash flows

period ended September 30, 2015

(Unaudited)

	Three Months ended September 30, 2015	Six Months ended September 30, 2015	Three Months ended September 30, 2014	Six Months ended September 30, 2014
	\$	\$	\$	\$
Cash flows from operating activities				
Cash received from:				
Government contributions for operating activities	3,752,048	10,095,832	3,064,540	7,849,851
Other restricted contributions for operating activities	9,466,791	10,329,320	1,373,186	3,352,569
Investment income received for operating activities	22,931	60,428	59,762	60,452
Sales tax rebates	2,934,647	4,431,885	2,349,596	3,964,070
	16,176,417	24,917,465	6,847,084	15,226,942
Cash paid for:				
Planning and implementation expenses	(4,754,225)	(6,286,778)	(1,614,527)	(8,458,928)
Project support expenses	(1,641,955)	(3,972,660)	(1,663,254)	(3,925,699)
Transfer payments	(8,460,599)	(16,816,525)	(3,667,588)	(5,291,543)
	(14,856,779)	(27,075,962)	(6,945,369)	(17,676,170)
Net cash (paid for)/ received from operating activities	1,319,638	(2,158,497)	(98,285)	(2,449,228)
Cash flows from capital activities				
Cash received from government contributions for assets under development				
	1,518,713	8,926,290	15,735,465	37,871,551
Cash used to acquire capital assets				
	(20,103)	(47,836)	(69,408)	(115,459)
Cash used to acquire assets under development				
	(19,887,835)	(41,195,597)	(32,368,845)	(47,556,496)
Net cash (paid for) received from capital activities	(18,389,225)	(32,317,143)	(16,702,788)	(9,800,404)
Cash flows from investing activities				
Cash received from short term investments redemption				
	11,043,806	23,664,144	11,845,538	19,300,327
Net cash received from (paid for) investment activities	11,043,806	23,664,144	11,845,538	19,300,327
Increase/ (Decrease) in cash	(6,025,781)	(10,811,495)	(4,955,535)	7,050,696
Cash, beginning of the period	4,024,976	8,810,690	20,680,185	8,673,954
Cash / (Bank indebtedness) , end of the period	(2,000,805)	(2,000,805)	15,724,650	15,724,650

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

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, 2015 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 objects 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, 2015	March 31, 2015
City of Toronto	\$ 22,131,158	\$ 18,425,497
HST receivable	-	929,796
Other receivables/receivable from sale of land	4,000,000	4,297,740
	26,131,158	23,653,033

Contributions receivable primarily consists of amounts receivable from the City of Toronto under delivery agreements entered into for the Waterfront Sanitary Servicing Infrastructure, the Martin Goodman Trail West and East Bayfront Queens Quay Interim Improvements projects. Other receivables primarily relate to the sale of land, are non-interest bearing and are collectible on March 31, 2016. Other receivables are secured by an irrevocable letter of credit.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

4. Deposits, prepaid expenses, rent receivable and other assets

	September 30, 2015	March 31, 2015
	\$	\$
Construction deposits	7,932,771	7,932,770
Developer receivables, rent and other	1,687,386	1,064,925
Prepaid expenses	713,039	410,873
Current portion of prepaid expenses and rent receivables (Note 8)	32,467	32,467
	10,365,662	9,441,035

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 2015 - \$2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of \$5,751,571 (March 2015 - \$5,751,571) will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada less two percent.

5. Restricted cash & short-term investments

The Corporation has \$25,984,080 (March 2015 - \$24,722,655) in cash which is subject to restrictions imposed by external third parties that prevent its use for operating purposes.

	September 30, 2015	March 31, 2015
	\$	\$
West Don Lands Security fund	7,873,190	7,900,572
Funds restricted for holdbacks payable (including HST)	14,156,483	12,966,834
Funds in escrow	2,531,313	2,435,249
Funds restricted for East Bayfront child care facility	1,425,128	1,420,000
	25,986,114	24,722,655

6. Assets under development

The following table details assets under development by category:

	September 30, 2015	March 31, 2015
	\$	\$
Roads, public realm, utilities	357,536,236	326,868,745
Parkland	40,177,730	38,669,694
Land under development	29,877,174	26,196,241
	427,591,140	391,734,680

The following table details assets under development by precinct:

	East Bayfront	Central Waterfront	West Don Lands	Total
	\$	\$	\$	\$
Opening balance, March 31, 2015	156,042,361	125,656,281	110,036,038	391,734,680
Capital additions	17,237,664	15,625,030	2,306,594	35,169,288
Direct project management - Note 14	809,188	373,453	225,145	1,407,786
General and support expenses - Note 14	1,368,214	631,452	380,687	2,380,353
Transfers of completed assets to Government	-	(3,100,967)	-	(3,100,967)
Closing balance, September 30, 2015	175,457,427	139,185,249	112,948,464	427,591,140

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

6. Assets under development (cont.)

During the period ended September 30, 2015, the construction was substantially completed on the Martin Goodman Trail West Yo Yo Ma to Stadium Road and pursuant to a handover document executed with the City, these assets costing \$3,100,967 were formally transferred to the City. This transfer has been recorded a direct reduction to Net Assets.

7. Capital assets

	September 30, 2015		March 31, 2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	87,305,565	-	87,305,565	-
Parking facility	21,200,570	3,841,603	21,200,570	3,218,766
Computer hardware and software	3,027,908	2,588,962	2,992,309	2,485,192
Leasehold improvements	1,177,570	1,047,372	1,177,570	996,688
Furniture and fixtures	659,867	657,972	659,867	655,984
Office equipment	439,026	322,122	438,345	298,562
	113,810,506	8,458,031	113,774,225	7,655,192
Cost less accumulated amortization		105,352,476		106,119,033

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 (March 2015 - \$Nil).

8. Other assets

	September 30, 2015	March 31, 2014
	\$	\$
Prepaid expenses	238,057	375,117
Rent receivable/receivable from sale of land	8,026,625	8,026,625
	8,264,682	8,401,742
Less: Current portion (Note 4)	32,467	32,467
	8,232,215	8,369,275

Receivables from the sale of land represents the long term portion that is collectible in two equal instalments (\$4M each on March 31, 2017 and March 31, 2018 respectively and are non-interest bearing). These are secured by an irrevocable letter of credit.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

9. Bank Indebtedness

On September 25, 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, 2015. 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 via a contribution agreement, including accounts receivable. At September 30, 2015, the Corporation had drawn \$2,800,000 on the Facility and \$37,200,000 remained available. For presentation purposes, bank indebtedness is presented net of unrestricted cash, resulting in a balance of \$2,000,805 as at September 30, 2015.

Under the current financing agreement, the Corporation is subject to a financial and reporting covenants. 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, 2015, the Corporation is in compliance with this covenant, and expects to be in compliance for the next 12 months.

10. Accounts payable and accrued liabilities

	September 30, 2015	March 31, 2015
	\$	\$
Accrued liabilities	8,463,559	17,552,305
Accounts payable	1,417,323	2,102,839
Holdbacks payable	12,527,861	11,475,074
HST payable	329,298	-
	22,738,042	31,130,219

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, 2015, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	September 30, 2015	March 31, 2015
	\$	\$
Expenditures of future periods		
Balance, beginning of year	41,545,360	63,747,419
Less: (Drawdown)/additional contributions	2,926,627	5,324,202
Less: amounts recognized as revenue	(14,667,858)	(27,526,261)
Balance, end of period	29,804,129	41,545,360
Capital contributions		
Balance, beginning of year	9,062,829	10,313,671
Add: contributions for acquisition of capital assets and assets under development	28,739,074	94,374,770
Less: direct contribution to net assets	(28,702,793)	(94,010,939)
Less: amount amortized to revenue	(802,838)	(1,614,673)
Balance, end of period	8,296,272	9,062,829
	38,100,401	50,608,189

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

12. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	September 30, 2015	March 31, 2015
	\$	\$
Deposits received	2,391,746	2,431,432
Accrued benefit liability	371,122	371,122
Total other liabilities	2,762,868	2,802,554
Less: current portion	257,574	257,574
	2,505,294	2,544,981

13. Net assets

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

	September 30, 2015	March 31, 2015
	\$	\$
Invested in capital assets (net of deferred capital contributions)	97,056,205	97,056,205
Invested in assets under development	427,591,140	391,734,680
Unrestricted surplus (Note 12b)	21,564,827	32,537,796
Accumulated re-measurement gains	93,778	101,770
	546,305,950	521,430,451

b) Unrestricted surplus

	September 30, 2015	March 31, 2015
	\$	\$
Unrestricted surplus, opening balance	32,537,796	6,612,282
Transfer from invested in capital assets	-	5,282,919
Excess of revenue over expenses	(718,337)	20,642,595
Transfer to assets under development	(10,254,632)	-
Unrestricted surplus, closing balance	21,564,827	32,537,796

Toronto Waterfront Revitalization Corporation

Notes to the financial statements
September 30, 2015
(Unaudited)

14. Expenses by Precinct and Function

	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	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
Less general & support costs allocated to assets under development (Note 6)	239,422	894,725	1,406,781	527,271	756,651	3,824,850
	-	-	(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

General expenses for the period ending September 30, 2015 have been allocated to precincts using an overhead burden rate of 1.71 (1.37 for the period September 30, 2014) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$4,422,025 for the period ending September 30, 2015 (\$4,291,291 - September 30, 2014) comprising direct project management salaries, fees and benefits of \$2,241,183 (\$2,457,799 - September 30, 2014) and general salaries, fees and benefits of \$2,180,842 (\$1,833,492 - September 30, 2014).

Waterfront-wide initiatives include Union Station Second Platform, Mimico Park, Port Union Waterfront Park and Port Lands Flood Protection Due Diligence and Project Planning.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements
September 30, 2015
(Unaudited)

14. Expenses by Precinct and Function (Cont.)

	Waterfront						Total Sep 30, 2014 \$
	Wide- Initiatives \$	Port Lands \$	East Bayfront \$	West Don Lands \$	Central Waterfront \$		
<i>Direct project costs:</i>							
Transfer payments and grants	11,464,180	-	341,491	3,348	-		11,809,019
Project planning and implementation costs	292,415	375,312	3,320,007	271,044	174,183		4,432,962
Amortization	-	-	622,838	-	-		622,838
Project management - salaries, fees and benefits	116,569	433,069	1,054,118	277,281	576,762		2,457,799
less Project management - salaries, fees and benefits related to assets under development	-	-	(992,568)	(213,549)	(471,568)		(1,677,685)
	11,873,164	808,381	3,100,211	338,124	279,377		16,399,257
<i>General expenses:</i>							
Salaries, fees and benefits	86,959	323,065	786,361	206,849	430,258		1,833,492
General and office administration	46,261	171,866	418,333	110,041	228,891		975,391
Communications, marketing and government relations	10,478	38,926	94,748	24,923	51,841		220,916
Information Technology	9,971	37,044	90,167	23,718	49,335		210,235
Amortization	6,088	22,616	55,050	14,481	30,121		128,355
	159,757	593,517	1,444,658	380,011	790,446		3,368,389
less general & support costs allocated to assets under development	-	-	(1,360,305)	(292,667)	(658,398)		(2,311,370)
	12,032,921	1,401,898	3,184,564	425,468	411,425		17,456,276

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

15. Commitments

The Corporation has commitments of \$33,565,832 of which Project commitments total \$32,389,172 and Corporate commitments total \$1,176,660 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, 2015 had prevailing interest rates raised or lowered by 1% with all other variables held constant excess revenues over expenses would have increased or decreased, respectively by \$217,778 (2014 - \$394,069).

17. Net other operating income

	September 30, 2015		September 30, 2014	
	3 months	6 months	3 months	6 months
Rental, parking and other income	1,483,178	2,636,353	\$ 1,881,046	\$ 4,939,134
Less: operating expenses	(813,038)	(1,620,175)	(1,050,298)	(3,392,203)
	670,140	1,016,178	830,748	1,546,931
Interest and other income	123,761	326,042	299,523	712,377
Net other operating income	793,901	1,342,220	1,130,271	2,259,308

18. Comparatives

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

September 30, 2015

(Unaudited)

19. 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.

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.