

Building the Foundation

*Toronto Waterfront
Revitalization Corporation*



Annual Report 2002/03



Table of Contents

Corporate Overview	1
Chairman's Message	2
2002/03 Accomplishments	4
Moving Forward – TWRC Strategic Plan	10
Auditors' Report	18
Statements of Financial Position	19
Statements of Operations	20
Statements of Cash Flows	21
Notes to Financial Statements	22
Corporate Information	28



Corporate Overview

Revitalizing Toronto's Waterfront

Toronto is one of an elite group of world cities which act as gateways to commerce, culture and tourism for their respective countries.

Our Toronto Waterfront: Gateway to the New Canada, 2000

The revitalization of Toronto's waterfront provides the city, the province and the country with an unprecedented opportunity to ensure Toronto remains among the best places in the world to live, work, visit and conduct business. At its core, revitalization is an infrastructure project driving an economic model that will help redefine Canada on the world stage. Waterfront revitalization is a significant key to Canada's future prosperity and much envied standard of living.

In November 2001, the Government of Canada, Province of Ontario, and City of Toronto established the Toronto Waterfront Revitalization Corporation (TWRC) to oversee and lead waterfront renewal. The development of successful waterfront projects in other cities such as London, New York, and Barcelona has shown that a separate corporation with a strong mandate to lead and oversee an integrated strategy is crucial to making waterfront revitalization a reality.

Mission

To put Toronto at the forefront of global cities in the 21st century by transforming the waterfront into beautiful, accessible new communities, parks and public spaces, fostering economic growth in knowledge-based, creative industries and ultimately, re-defining how the city, province and country are perceived by the world.

Vision

Working with the community and public and private sector partners, the Corporation will create spectacular waterfront public spaces, cultural institutions and diverse and sustainable commercial and residential communities that offer a quality of life second to none. We will capitalize on Toronto's existing globally competitive economic clusters to establish a Portlands District for Creativity and Innovation and strive to ensure that Toronto is the city where the world desires to live.

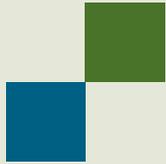
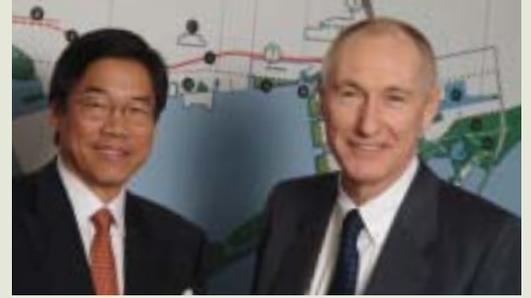
Overall Corporate Objectives

- Develop accessible, new and improved waterfront communities and public spaces that offer a high quality of life for residents and visitors alike
- Attract innovative, knowledge-based industries to the Portlands
- Engage the community as an active partner in revitalization
- Develop strategic partnerships to attract private sector investment

Governance

TWRC is governed by a 10-member Board of Directors appointed by the federal and provincial governments and the City of Toronto. Corporate authorities and accountabilities are set out in the Toronto Waterfront Revitalization Corporation Act, 2002.





To our Community and government partners:

The Toronto Waterfront Revitalization Corporation's 2002/03 Annual Report provides an accounting of the Corporation's first year of operation. During the year, the Corporation's main objective was to build the foundation for the estimated 30 years it will take to completely transform Toronto's waterfront. Specifically, we focused on establishing the corporation, initiating revitalization and engaging the public in waterfront renewal. Importantly, in April 2003, John W. Campbell came on board as the Corporation's first President and Chief Executive Officer.

I am pleased to report that we accomplished what we set out to do despite the fact that we were building an organization from the ground up. And, what's more, we met our objectives with the support and cooperation of all three levels of government—something that is highly desirable, but not easily achieved on a project with the complexity of waterfront revitalization.

In carrying out our work, we are making sure that we stay focused on the project's potential to recast Canada's role internationally and put Toronto at the forefront of 21st century cities. To realize this potential, revitalization must deliver results that can compete globally with the very best.

To this end, TWRC is casting the net widely for high quality talent and innovative new ideas. Our search for a CEO was international, although I am pleased to say that we found the best candidate here at home. And, in October, we kicked off the detailed block by block or precinct planning for the waterfront by inviting world renowned urban designers from Canada, the United States and Europe to provide us with their ideas on what new waterfront neighbourhoods and public spaces might look like.

Thinking globally and delivering the best the world has to offer will be a hallmark of the way that TWRC will continue to do business.



Chairman's letter

In addition to the Corporation's accomplishments, I would also like to take this opportunity to acknowledge another important waterfront milestone — the City of Toronto's adoption of the Central Waterfront Secondary Plan. Throughout the year, the Corporation worked closely with City staff to refine and improve the plan. Now that it is approved, TWRC can get on with the job of precinct planning which in turn will bring us that much closer to making the development of vibrant new waterfront communities and public spaces a reality.

The Corporation's first year of operation was not without its challenges. Although the three levels of government met their financial commitments for this year, we are still in the process of securing ongoing stable funding and developing a process for transferring publicly owned waterfront lands to TWRC. The Corporation anticipates that in 2003/04 these issues will be resolved through the negotiation of a permanent Operating Agreement among TWRC and the three levels of government.

The foundation for waterfront revitalization has been laid. Building from this base we can now begin work on implementing the 30-year vision that will transform Toronto's waterfront into an international architectural, cultural, entertainment and recreational calling card and most importantly, provide the people of Toronto, Ontario and Canada with the great waterfront community, we need, want and deserve. What we do on the waterfront could set new standards for best practices not only in Canada but throughout the world.

The Corporation's focus for 2003/04 will be implementation. The overall strategic directions for the year are to:

- Deliver tangible and visible results on waterfront projects
- Make the development of parks and public spaces a top priority
- Continue to engage the community in revitalization initiatives

In 2003/04, as we focus on implementation, waterfront revitalization will provide many opportunities to advance important public policy objectives which are supported and promoted by the three levels of government.

Last year, the City of Toronto adopted a new Official Plan the goals of which are consistent with waterfront revitalization and include supporting a dynamic downtown, attracting young families into the city's core, cultivating economic clusters and developing more parks and public spaces. Waterfront revitalization also supports the provincial government's Smart Growth strategy. Smart Growth like the City's Official Plan, puts a strong emphasis on compact and sustainable urban development, expanding public transit and the redevelopment of brownfields, all of which are priorities for implementing waterfront revitalization. At the federal level, many of these same policies are set out in the 2002 Report of the Prime Minister's Caucus Task Force on Urban Issues and Transport Canada's recently issued national transportation vision document, Straight Ahead.

Finally, I would like to thank the Corporation's Board of Directors, staff and consultants for their focus and hard work over the last year. Through their continued commitment combined with strong public and government support, I am confident that waterfront revitalization can and will position Toronto as a major world city and gateway to the Canada of the 21st century.



Robert A. Fung
Chairman

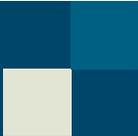
Establishing the Corporation

- November 2001—The three levels of government established TWRC as an interim corporation.
- February 2002—TWRC's Board of Directors began meeting in February 2002.
- March 2002—A small group of core staff was hired and an office was set up.
- April 2002—The Corporation retained a program manager, the Toronto Waterfront Joint Venture, to oversee implementation of waterfront projects.
- December 2002—The provincial government passed the Toronto Waterfront Revitalization Corporation Act, legislation which gives the Corporation permanent status.
- April 2003—John W. Campbell came on board as the Corporation's president and chief executive officer.

will go where, how much it will cost or how much revenue it will generate, the phasing of the development and the specific authorities TWRC requires in order to successfully implement revitalization.

The Development Plan and Business Strategy is the overall blueprint for the projects and activities that TWRC will undertake over the next three decades which in turn will provide the people of Toronto, Ontario and Canada with:

- A network of 500 acres of new and improved parks and public spaces
- New waterfront communities with public transportation as the primary mode of travel
- Over 40,000 new residential units, including affordable housing
- More than 7.6 million square feet of new commercial space



2002/03 Accomplishments

- May 2003—The provincial government enacts the Toronto Waterfront Revitalization Corporation Act, creating a permanent, independent corporation to oversee the renewal of Toronto's Central Waterfront.

Development Plan and Business Strategy

A project of the size and scope of waterfront revitalization requires a tremendous amount of upfront planning. TWRC's Development Plan and Business Strategy is the first critical piece of this work. Submitted to the three levels of government and released publicly in October, the document addresses the design, financing and implementation of waterfront renewal. It identifies what kind of development

- 194,000 person-years of employment during construction
- 30,000 permanent new jobs when complete
- 14% annual rate of return to the public sector over the life of the project

Building on work that went into the Development Plan and Business Strategy, the Corporation made further progress on planning in two important areas – improvements to the Gardiner Expressway Corridor and waterfront urban design.

Gardiner Expressway Corridor

Determining the future of the Gardiner Expressway Corridor is an important part of waterfront revitalization from both a transportation and an urban design perspective. As a significant component to the City's transportation infrastructure, improving the expressway can help ensure that the overall network of waterfront roads and transit routes operates efficiently. From an urban design perspective, improvements to the Gardiner can address the expressway's barrier effect and help reconnect the city with the lake.

This year, more work will be done to develop a wider range of options to keep the Gardiner up and further refinements will be made to the replacement option. Other approaches which fall somewhere in between these will also be considered. Once this work is complete in the fall, TWRC will communicate and consult with the public and decision-makers prior to making a formal recommendation to Toronto City Council in early-2004 on what should be done with the Gardiner.



Last year, TWRC looked at a number of options for improving the Gardiner, including replacing the expressway with a new road as well as leaving it up and enhancing it. The two best replacement options were tested at the University of Toronto's Intelligent Transportation Systems Centre and Test Bed, a research lab that has been described as one of the world's most advanced traffic research centres. Using computer simulation, engineers reconstructed the existing Gardiner Expressway along with its traffic patterns and then substituted the new road alignments to see if they could accommodate current traffic demand. The results for the most advanced option were very positive—travel times into and out of the city did not increase significantly on the replacement road network.

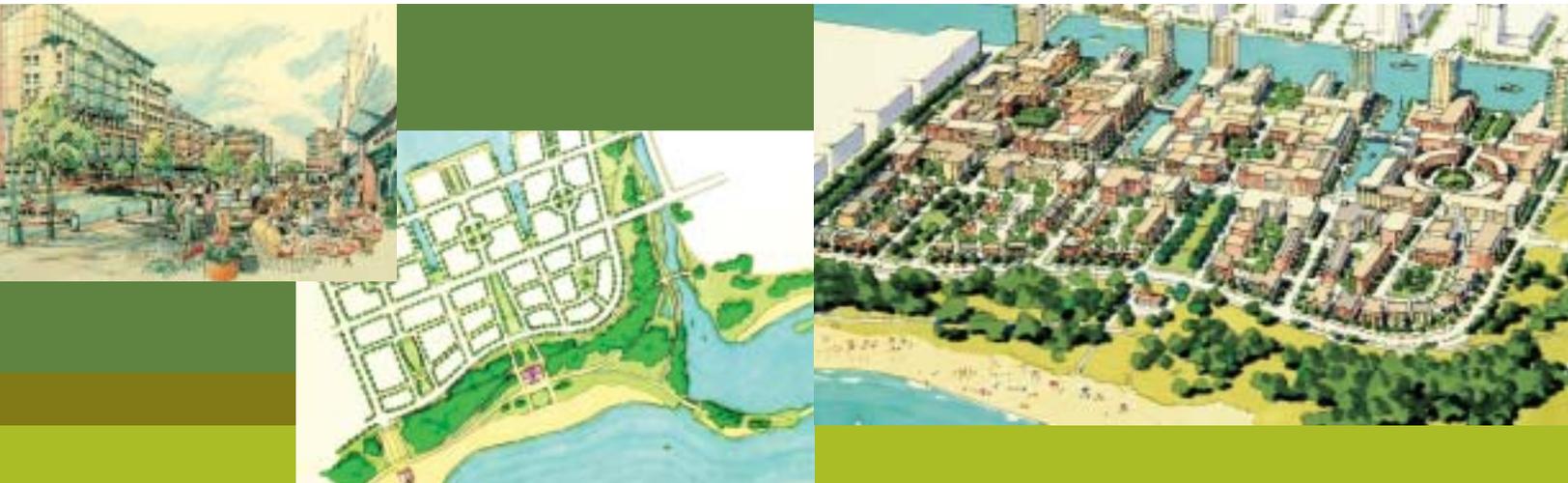
Urban Design—Toronto Waterfront Design Initiative

Toronto's waterfront offers an extraordinary opportunity to make innovative and exciting architecture and urban design an integral part of the city. In October, some of the world's top urban design experts met in Toronto to generate ideas on how this might happen. Sponsored by TWRC and the City of Toronto, the Toronto Waterfront Design Initiative brought together six design teams led by local and international architects who in just three days came up with some extraordinary plans and concepts that could be used as part of waterfront precinct planning—the process through which detailed block by block plans will be developed for the waterfront. The lead architects for the Toronto Waterfront Design Initiative were:

Mandated Projects

As critical as planning is to waterfront revitalization, in 2002/03, the Corporation did begin implementing several projects. In June, TWRC officially launched the four projects the three levels of government have mandated TWRC to carry out. Each project has a coordinating organization, or eligible recipient, that is working with the Corporation on implementation:

- Front Street Extension – Works and Emergency Services, City of Toronto
- Don River – Toronto and Region Conservation Authority
- Union Station Platform Expansion – Toronto Transit Commission
- Portlands Preparation, Cherry Beach Revitalization Project – Canada Lands Company



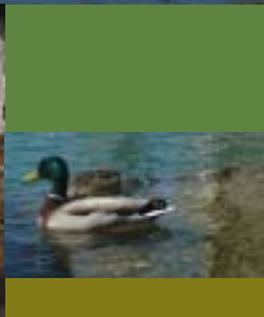
- Jack Diamond—Principal, Diamond and Schmitt Architects Inc (Toronto)
- Ken Greenberg—Principal, Greenberg Consultants Inc (Toronto)
- Erick Van Egeraat—Principal, Erick Van Egeraat Associated (Rotterdam)
- Antoine Grumbach—Principal, Société Antoine Grumbach & Associés (Paris)
- Fred Koetter—Principal, Koetter, Kim and Associates (Boston)
- Paul Ostergaard—Principal, Urban Design Associates (Pittsburgh)

Front Street Extension

Extending Front Street west to connect with the Gardiner Expressway will help ease congestion in the Central Waterfront by reducing the number of cars that access the downtown from south of the rail corridor. Right now, most cars entering the city from the west exit the Gardiner between Spadina and Jarvis. These exits require drivers to go south of the rail corridor and then loop back north across Lake Shore Boulevard to get downtown. With the Front Street Extension, drivers will be able to enter and leave downtown north of the rail corridor. In addition to improving the general flow of traffic on the waterfront transportation network, the Front Street Extension also supports potential future work to improve the Gardiner Expressway Corridor whether that means leaving it up or replacing it with surface and buried roads.

2002/03 Front Street Milestones:

- Completed environmental assessment to determine the preferred road alignment
- Based on community input, added a pedestrian connection over the new road
- Retained a project manager—Giffels—to oversee construction management
- Completed detailed work plan and construction schedule
- Put in place land acquisition strategy to create the right of way needed to build the road.



Environmental Assessments for the Flood Protection and Re-naturalization of the Don River

The West Donlands, located next to the exciting new Gooderham and Worts Distillery District, are among the first waterfront lands that TWRC will develop. Before this can happen, flood protection for this area and the downtown core is required. The Toronto and Region Conservation Authority (TRCA) is carrying out an environmental assessment to determine the most appropriate form of flood protection. Additionally, TRCA is undertaking an environmental assessment to re-naturalize the mouth of the Don River. Re-naturalization will help clean-up the mouth of river, restore natural habitat and create new public spaces.

2002/03 Don River Milestones:

- Set terms of reference for flood protection environmental assessment (EA)
- Drafted and solicited expressions of interest to carry out the EA
- Established environmental assessment technical advisory committee

Union Station Subway Platform Expansion

As the City of Toronto continues to attract more and more people, the waterfront will provide places for these new residents to live and work. TWRC is planning for public transit, not cars, to accommodate the majority of this new growth. Simply put, public transit will be the primary mode of transportation in a revitalized waterfront with Union Station at the hub. Expanding the subway platform at Union Station will provide additional passenger capacity, improve safety, make the station fully accessible and streamline the operational efficiency of the subway station. It is TWRC's intention to ensure that the scope of the project also includes improvements on the concourse level to accommodate the projected increases in both TTC and GO Transit passengers.

2002/03 Union Station Milestones:

- Established preliminary work plan and budget
- Completed initial engineering work



Portlands Preparation

Made up of approximately 1000 acres, the Portlands is the largest waterfront precinct that TWRC will revitalize. The Portlands Preparation Project is the catalyst for revitalization in the precinct and includes environmental remediation, improving access to the waterfront and recreational facilities, servicing and infrastructure development and the development of a land management and business incentives strategy.

2002/03 Portlands Milestones:

- Worked with Toronto Economic and Development Corporation, Ontario Realty Corporation and Canada Lands Company and the City of Toronto to develop overall strategy
- Launched Cherry Beach Revitalization Project
- Created GIS land data information system—inventory of property ownership, land use, and level of soil contamination—for planning and development

Work continues on the four projects all of which will be completed by 2007 with the exception of Union Station, where it is expected that the second subway platform will be serving TTC passengers in 2008.

GO Transit

In March 2003, the federal and provincial government's announced \$260 million to improve and expand GO Transit Lake Shore routes as part of an overall billion dollar GO Transit investment. Both TWRC's Development Plan and Business Strategy and the City of Toronto's Central Waterfront Secondary Plan identify the expansion of GO's Lake Shore routes as a key part of the overall waterfront transit network. The \$260 million announced by the senior levels of government includes \$130 million from their previously committed waterfront allocation as well as an additional \$130 million in new funding.



Engaging the Public

Public consultation is a key objective of TWRC and is in keeping with the Corporation's core values of accountability and transparency. In November, following closely on the release of the Development Plan and Business Strategy, the Corporation officially launched its public consultation program. Eighteen meetings focused on the Development Plan and Business Strategy and the City of Toronto's Central Waterfront Secondary Plan, were held across Toronto. Over 900 people participated in the process.

In 2003/04, TWRC will continue to engage the public on major projects, including precinct planning and improvements to the Gardiner Expressway corridor. In addition, the Corporation's Board meetings are now open to the public. Board meeting dates and agendas are posted on TWRC's web site at www.towaterfront.ca.



Listening to the Community

Last year, people from across Toronto shared their views and voiced their opinions on the kind of waterfront they want for their city. Here is some of what we heard:

- Finally something's happening!
- Focus on transit, bikes and people
- Keep the public involved
- Economic development is key to the vision
- Waterfront ideal for cultural attractions
- Need for lots of parks
- Revitalization must be clean, green and sustainable
- Include affordable housing upfront
- Make a decision on the Gardiner



The revitalization of Toronto's waterfront is necessary to make Toronto an attractive, vibrant and successful centre for the surrounding region, the province and the country. In recent years, governments around the world have increasingly agreed that large cities and city-regions drive their national economies: when a country's major city regions prosper, so do the regional and national economies of which they are a part. Cities which have focused their efforts on waterfront improvements, have demonstrated that these investments are extremely successful from an economic, social and cultural perspective.

Toronto can and will achieve the same kind of success with waterfront revitalization. And what's more, TWRC intends to capitalize on the experience from those cities that have already revitalized their waterfronts, choosing what works and equally important, avoiding what doesn't.

TWRC's Development Plan and Business Strategy is the overall road map for making this happen. It sets out the vision and provides a high level business plan for the 30 years it will take to complete waterfront renewal. With an estimated \$4.3 billion in costs and 2000 acres of land waiting to be revitalized, the Corporation's challenge in the short and medium term is to implement a revitalization strategy that:

- maximizes the initial investment by capitalizing on opportunities for early-wins
- articulates clear priorities
- develops these priorities in coherent phases to ensure the success of longer-term priorities

The three levels of government have committed a total of \$1.5 billion for waterfront revitalization. Over the next five years, TWRC will implement a strategic plan that is based on this initial investment.

Moving Forward – TWRC Strategic Plan



Priorities for 2003/04

This year, TWRC is focused on two areas — creating a critical mass for revitalization in East Bayfront and improving and expanding waterfront parks and public spaces.

Creating a Critical Mass for Revitalization - East Bayfront

East Bayfront is the waterfront precinct that runs south of the rail corridor between Jarvis and Cherry Streets. Occupying approximately 90 acres, it is about twice as large as the Harbourfront area west of Yonge Street. East Bayfront sits within a wider area of influence including the St Lawrence neighbourhood, Distillery District and the West Donlands. For planning and phasing purposes, TWRC's is including the area between Yonge and Jarvis Streets and the West Donlands with the East Bayfront precinct.

TWRC selected East Bayfront to move on first because of its close proximity to the city's core and existing development, the significant amount of publicly owned land in the district and the fact that the area is relatively well serviced. These factors allow TWRC to launch a number of projects in this precinct which in turn will create a critical mass for revitalization activities. These projects include:

- Precinct Planning
- East Bayfront Parks
- LCBO Redevelopment
- Globally Recognized Cultural Institution



East Bayfront will be a community where people live and work with an estimated 3,500 new residential units and 700,000 square feet of commercial space. As the first area to be revitalized under TWRC's mandate, the quality of East Bayfront parks and public spaces will be precedent setting.

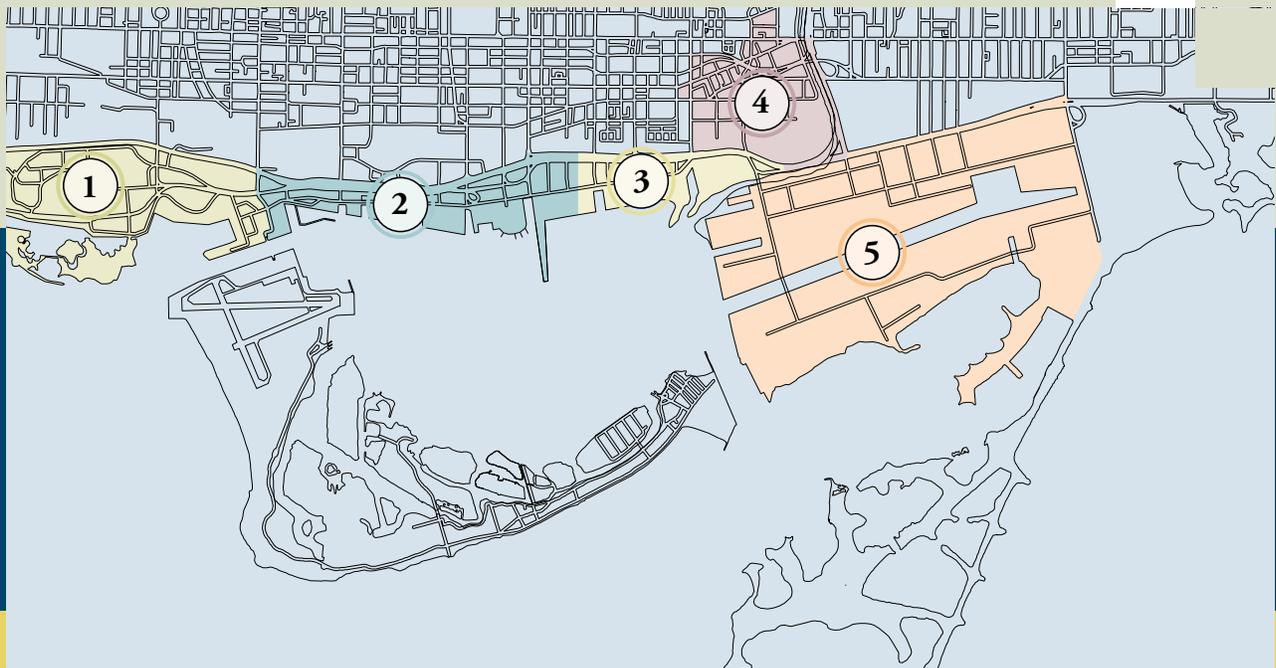
Precinct Planning

Revitalization in East Bayfront—and all new waterfront communities—will be based on precinct plans. TWRC will develop these plans in collaboration with the City of Toronto and will seek input from the community through consultation. They will deal with street and block patterns and building heights, urban design, community services and facilities including schools and local parks, and a strategy for achieving affordable housing targets and will also address business relocation requirements and financing options.

Central Waterfront Precincts

The Central Waterfront is made up of five areas or precincts:

1. Exhibition Place and Ontario Place
2. Central Area
3. East Bayfront
4. West Donlands
5. Portlands



Precincts will form the basis for urban planning and design in the waterfront. In East Bayfront and across the waterfront the design of streets, open spaces and public and private buildings will meet high standards to ensure new waterfront communities are beautiful, accessible and comfortable for all. This emphasis on excellence is essential given that exceptional design is the defining characteristic of the new generation of international city-building initiatives. New York's Battery Park City, London's Docklands and the Barcelona waterfront are all characterized by outstanding urban design and architecture.

In March 2003, TWRC issued an international call for qualifications for precinct planning. Seventy-five firms from Canada, the United States and Europe responded. Final selection for the firm that will lead East Bayfront precinct planning will likely be made in July, with the actual work getting underway shortly thereafter. Public consultation will be a key part of the precinct planning process.

Once the precinct plans for East Bayfront are complete, TWRC will submit them to the City of Toronto for approval. It is anticipated that this will take place in early-2004. Precinct plans for the West Donlands will follow in sequence so that in effect, the two areas are planned together.

East Bayfront Parks

Parks and other public spaces in East Bayfront will create a magnificent front door to the water's edge. TWRC will create exciting opportunities for distinctive and remarkable water's edge promenades and urban parks through the development of a series of public spaces at the "foot of" major north/south streets—Jarvis, Sherbourne and Parliament. TWRC will retain some of the world's best public space designers to produce detailed concepts for the East Bayfront and, after public consultation, this work will feed into the overall precinct planning process.



Master Planning of Infrastructure and Transportation

Precinct planning will be coordinated with other waterfront master planning activities that are necessary to ensure that the appropriate infrastructure and services are put in place to coincide with residential and commercial development. Master planning includes an overall public space framework, master servicing plan, master transportation plan, and a study for improving the Gardiner Expressway Corridor.

Globally Recognized Cultural Institution

The waterfront is an ideal location for a globally recognized, architecturally significant landmark building celebrating one of Toronto's and Canada's greatest strengths – our diversity. During 2003/04, TWRC will develop a strategic plan for a world-scale multicultural institution that could be located in the Central Waterfront. This institution will be on the scale of the Sydney Opera House, the Guggenheim in Bilbao and the Getty Museum in Los Angeles. Work on this project in 2003/04 will include collaborating with the City of Toronto on a feasibility study for waterfront cultural institutions. TWRC will also undertake activities required to select a site in this area.

Sustainable Development – TWRC’s Commitment

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Our Common Future, Brundtland Report, 1987

As we move into the implementation phase of revitalization, TWRC is committed to ensuring that waterfront development is carried out in a sustainable manner. In fact, the Corporation believes that waterfront revitalization provides Toronto with the opportunity to become a world leader in sustainable development. What we do on the waterfront could set new standards for best practices not only in Canada but throughout the world.

TWRC’s Development Plan and Business Strategy balances the three pillars of sustainable development — economic, social and environmental objectives. In pursuing sustainable development our goal is to find a win in each area.

In 2003/04, TWRC will develop a Sustainability Strategy for waterfront revitalization. We will examine emerging technology, review best practices and of course consult and collaborate with a broad range of stakeholders and the community.



Expanding and Improving Waterfront Parks and Public Spaces

Great cities are defined by the quality and scope of their parks and public spaces. The prominence given to parks and public spaces in TWRC's plans for the Central Waterfront, leaves little question, that they will play a key role in how the world perceives this city. There will be continuous public space along or near the water's edge from one end of the Central Waterfront to the other. Parks and public spaces figure prominently in the first phase of implementation.

While the Public Space Framework covers the entire Central Waterfront, it is focused on the area between Yonge Street and Ashbridges Bay. The Framework sets out a comprehensive plan for allocating the significant resources as identified in TWRC's Development Plan and Business Strategy. It identifies quick start projects that TWRC can move on in the short-term as well as long-term strategies to ensure that all waterfront parks and public spaces are integrated with one another and the Corporation's overall development plan.

With the Public Space Framework as the guide, TWRC is proposing a number of park and public space projects this year including:



Public Space Framework

The waterfront is a major public resource that belongs to the citizens of Toronto, Ontario and Canada. Maintaining and expanding public access to the waterfront is a priority in all revitalization projects. The Public Space Framework is the overall master plan for the more than 500 acres of beautiful new and improved parks and public spaces that will be a cornerstone of waterfront revitalization.

- East Bayfront Parks
- Cherry Beach Revitalization Project
- Harbourfront Water's Edge Improvement
- Lake Ontario Park
- Portlands Central Park
- Port Union and Mimico Creek Revitalization Projects

Copies of the Public Space Framework are available on TWRC's web site at www.towaterfront.ca.

Cherry Beach Revitalization Project

Located at the foot of Cherry Street in the Portlands, Cherry Beach has great potential to become a remarkable urban beach within easy access of many existing neighbourhoods. Eventually it will be serviced by public transit. Cherry Beach is the cleanest beach in the Central Waterfront which means that swimmers can enjoy the water here for most of the summer. Over the long-term, Cherry Beach, will become the western arm of Lake Ontario Park, the large regional park that is planned for the waterfront, (see p.15). In the short term, TWRC's objective is to increase the number of people who use the beach and surrounding area by making much needed improvements. A number of improvements are now underway, including new landscaping and the construction of a trail to Cherry Point, an overall clean-up of the area, installing proper restroom facilities and rebuilding the change houses.

Harbourfront Water's Edge Improvement Project

TWRC is funding and overseeing, in partnership with Harbourfront Centre, a water's edge revitalization project between York and John Quays. The project will increase the size of the water's edge promenade, allow the public better access to the lake and will improve the overall quality of the public realm through the installation of new lighting systems, furniture and better landscaping. Construction is planned to begin in the fall of 2003 and be completed by the spring of 2005. Construction will occur in the fall and winter months so as not to disrupt the tourism season. TWRC is investing a total of \$12.5 million in the project.

Portlands Central Park

TWRC recognizes that there is a shortage of playing fields in the City for team sports such as soccer, baseball and lacrosse. In 2003/04, the Corporation will develop a



Lake Ontario Park

Located along the Outer Harbour between Cherry Beach and Ashbridges Bay, Lake Ontario Park will be a park of the size — 250 acres — and spirit of Vancouver's famous Stanley Park. It is one of TWRC's signature projects and could include reforestation projects, botanical gardens, a butterfly house, trails and formal gardens. Given the high level of public interest in this project, planning for the park will begin this year, including an international design workshop. It is being given special attention because unlike most other proposed and existing waterfront parks and public spaces, there has not been much work done in this particular area of the waterfront.

long-term plan for the development of Central Park in the Portlands and potentially begin construction of interim outdoor/indoor active recreation spaces.

Port Union and Mimico Creek Revitalization Project

While the Corporation's principal focus is on the Central Waterfront, TWRC is supporting waterfront revitalization in Scarborough and Etobicoke through the Toronto Region Conservation Authority's Port Union and Mimico Creek projects. These initiatives are focused on making the waterfront publicly accessible and linking the waterfront from one end of the City to the other.





Auditors' Report

to the Shareholder of Toronto Waterfront Revitalization Corporation

We have audited the statements of financial position of Toronto Waterfront Revitalization Corporation as at March 31, 2003 and 2002 and the statements of operations and cash flows for the year ended March 31, 2003 and the period from November 1, 2001 (date of incorporation) to March 31, 2002. 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 audits.

We conducted our audits 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 March 31, 2003 and 2002 and the results of its operations and its cash flows for the year ended March 31, 2003 and the period from November 1, 2001 (date of incorporation) to March 31, 2002 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Toronto, Canada
April 25, 2003

Statements of Financial Position

March 31, 2003 and 2002

	2003	2002
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 1,386,335	\$ 1,219,887
Contributions receivable (note 4)	4,293,924	–
Other assets	6,672	4,845
	<hr/> 5,686,931	<hr/> 1,224,732
Capital assets (note 3)	376,196	–
	<hr/> <hr/> \$ 6,063,127	<hr/> <hr/> \$ 1,224,732

Liabilities and Shareholder's Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 886,557	\$ 363,825
Deferred contributions (note 4)	5,176,560	860,897
	<hr/> 6,063,117	<hr/> 1,224,722

Shareholder's equity:

Capital stock (note 7)	10	10
	<hr/> \$ 6,063,127	<hr/> \$ 1,224,732

See accompanying notes to financial statements.

On behalf of the Board:



Robert Fung
Chairman



Bill Farlinger
Director

Statements of Operations

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

	2003	2002
Revenue:		
Government contributions	\$ 11,284,337	\$ 639,103
Interest and other	71,542	17,637
	<hr/> 11,355,879	<hr/> 656,740
Expenses:		
Mandated projects (note 5)	4,297,198	–
Professional fees	1,986,480	221,482
Corporate governance and control	1,482,030	102,958
Urban design	682,480	69,154
Financial modelling and analysis	726,826	–
Communication	684,391	69,670
Salaries, wages and benefits	447,635	186,289
Occupancy costs	360,508	7,187
Transportation modelling and analysis	492,532	–
Amortization	87,589	–
Insurance	71,698	–
Other	36,512	–
	<hr/> 11,355,879	<hr/> 656,740
<hr/> Excess of revenue over expenses	<hr/> \$ –	<hr/> \$ –

See accompanying notes to financial statements.

Statements of Cash Flows

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

	2003	2002
Cash provided by (used in):		
<i>Operating activities:</i>		
Excess of revenue over expenses	\$ –	\$ –
Amortization which does not involve cash	87,589	–
<i>Change in non-cash operating items:</i>		
Increase in contributions receivable	(4,293,924)	–
Increase in other assets	(1,827)	(4,845)
Increase in accounts payable and accrued liabilities	522,732	363,825
Net increase in deferred contributions	4,315,663	860,897
	630,233	1,219,877
Financing activities:		
Issuance of common shares	–	10
Investing activities:		
Acquisition of capital assets	(463,785)	–
Increase in cash and cash equivalents	166,448	1,219,887
Cash and cash equivalents, beginning of period	1,219,887	–
Cash and cash equivalents, end of period	\$ 1,386,335	\$ 1,219,887

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

1. Description of the Corporation:

The Toronto Waterfront Revitalization Corporation (the "Corporation") was initially incorporated on November 1, 2001 under the Ontario Business Corporations Act with the Province of Ontario being its sole shareholder (note 7). The mandate of the Corporation is to develop and implement a long-term plan to environmentally improve and economically rejuvenate Toronto's waterfront. Under the terms of a Contribution Agreement dated July 18, 2001 and subsequent amendment on Her Majesty The Queen, in right of Canada ("Government of Canada"), Her Majesty The Queen, in right of Ontario ("Province of Ontario"), City of Toronto (the "Governments") and the Corporation, the Governments have agreed to provide the Corporation with funds to pay for Eligible Costs in respect of Mandated Activities on specified projects and corporate activities. Funding commitments by the Governments must currently be sought annually. Additional funding may be requested on a project-by-project basis.

The obligations of the Corporation under the Contribution Agreement expired on March 31, 2003. An amendment extending the terms of the Contribution Agreement is awaiting approval by the Governments. Further amendments to the Contribution Agreement to reflect the long-term needs of the Corporation are anticipated.

Upon proclamation of Bill 151 (an Act respecting the Toronto Waterfront Revitalization Corporation), the Corporation will be continued as a corporation without share capital. The Corporation is deemed not to be a Crown agency within the meaning of the Crown Agency Act.

Under Bill 151, the Corporation's mandate is 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-sustainable 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 that may be prescribed by regulation.

Notes to Financial Statements (continued)

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions from the Governments. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

(c) Contributions receivable and deferred contributions:

Annual contribution commitments by the Governments under the Contribution Agreement which have not been received by the Corporation are recorded as contributions receivable.

Under the Contribution Agreement, contributions from the Governments can be applied only towards payments of Eligible Costs in respect of Mandated Activities, as defined in the Agreement. Accordingly, all unspent funds are recorded as deferred contributions.

Contributions from the Governments for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(d) Recognition of expenditures incurred by Eligible Recipients:

The Corporation has entered into agreements with Eligible Recipients responsible for managing various projects on Toronto's Waterfront. Expenditures related to these projects are recorded in the financial statements of the Corporation on an accrual basis based upon funding requests submitted by the Eligible Recipients in accordance with approved project work plans.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash and short-term investments with maturity dates of less than 90 days.

Notes to Financial Statements *(continued)*

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

2. Significant accounting policies (continued):

(f) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	5 years
Equipment	5 years
Leasehold improvements	5 years

(g) Income taxes:

The Corporation is exempt from income taxes pursuant to paragraph 149(1)(d.3) of the Income Tax Act (Canada).

(h) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3. Capital assets:

	Cost	Accumulated amortization	2003 Net book value	2002 Net book value
Furniture and fixtures	\$ 290,463	\$ 55,708	\$ 234,755	\$ –
Equipment	112,161	19,649	92,512	–
Leasehold improvements	61,161	12,232	48,929	–
	\$ 463,785	\$ 87,589	\$ 376,196	\$ –

Notes to Financial Statements *(continued)*

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

4. Government contributions:

In accordance with the terms of the Contribution Agreement (note 1), the Governments have each committed to contribute up to \$5.2 million for the year ended March 31, 2003 and up to \$500,000 for the period ended March 31, 2002.

These contributions may only be applied to Eligible Costs in respect of Mandated Activities as defined in the Contribution Agreement. At March 31, 2003, the following contributions remained outstanding:

	Contribution commitment	Contributions received	2003 Contributions receivable	2002 Contributions receivable
Government of Canada	\$ 5,200,000	\$ 3,672,743	\$ 1,527,257	\$ –
Province of Ontario	5,200,000	4,160,000	1,040,000	–
City of Toronto	5,200,000	3,473,333	1,726,667	–
	<u>\$ 15,600,000</u>	<u>\$ 11,306,076</u>	<u>\$ 4,293,924</u>	<u>\$ –</u>

Amounts receivable from the Government of Canada and the Province of Ontario were received subsequent to year end.

Deferred contributions represent contributions from the Governments which have not been applied to Eligible Costs at March 31, 2003, as well as contributions received for the purchase of capital assets.

	2003	2002
Expenses of future periods:		
Balance, beginning of period	\$ 860,897	\$ –
Amount recognized as revenue	(860,897)	–
Amounts related to future periods	4,800,364	860,897
Balance, end of period	4,800,364	860,897
Capital contributions:		
Balance, beginning of period	–	–
Additional contributions received	463,785	–
Less amounts amortized to revenue	(87,589)	–
Balance, end of period	376,196	–
	<u>\$ 5,176,560</u>	<u>\$ 860,897</u>

Notes to Financial Statements *(continued)*

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

5. Mandated project costs:

Under the terms of the agreements with Eligible Recipients, the Corporation does not assume ownership or ongoing operational responsibility upon project completion. Expenditures for the year include costs incurred directly by the Corporation, as well as payments made pursuant to agreements with Eligible Recipients with respect to these projects.

	2003	2002
Front Street extension and interchange	\$ 3,399,555	\$ -
Union Station second platform	266,391	-
Portlands preparation	108,125	-
Lower Don River	523,127	-
	<u>\$ 4,297,198</u>	<u>\$ -</u>

The Corporation anticipates funding over \$300,000,000 in costs related to the above projects.

6. Contingencies:

Under the terms of the Contribution Agreement, the Corporation will be required to repay to the Governments, on a proportionate basis, within a reasonable time after the Toronto Waterfront Revitalization initiative will have been completed, the contributions received by the Corporation out of the excess/net revenue, if any.

7. Capital stock:

The Corporation is authorized to issue an unlimited number of common shares.

	2003	2002
Issued:		
10 common shares	\$ 10	\$ 10

It is anticipated that upon proclamation of Bill 151, these shares will be cancelled.

Notes to Financial Statements *(continued)*

Year ended March 31, 2003 and period from November 1, 2001 (date of incorporation) to March 31, 2002

8. Remuneration:

The Corporation's Board of Directors and senior management team receive annual compensation as follows:

	Salary/Director fees	Bonus	Retirement allowance and other
Chairman	\$ 150,000	\$ –	\$ –
Chief Executive Officer (effective April 21, 2003)	\$ 300,000	up to \$ 75,000	\$ 75,000
Board of Directors	\$ 5,000	\$ –	\$ 500 per meeting

In addition, the Chairman and Chief Executive Officer are entitled to participate in the benefit program sponsored by the Corporation.

9. Commitments:

The Corporation is committed to payments under operating leases for equipment and office space through 2008 in the amount of approximately \$516,882. Annual payments for the next five fiscal years are as follows:

2004	\$ 129,409
2005	127,100
2006	120,172
2007	120,172
2008	20,029
	<hr/> <hr/> \$ 516,882

In addition, the Corporation has committed to funding an additional \$940,000 in costs related to the Front Street extension and interchange.

Board of Directors

Robert Fung
Chairman
July 4, 2001

Murray Chusid
December 6, 2001

Tony Dionisio
December 6, 2001

Bill Farlinger
December 6, 2001

Jim Ginou
December 6, 2001

Marilyn Knox
December 6, 2001

Ralph Lean
December 6, 2001

John Ronson
November 1, 2003

Peter Smith
December 6, 2001

Mark Wilson
December 6, 2001

Robert Wright
December 6, 2001
resigned June 18, 2002

Committees of the Board

Audit and Finance
Bill Farlinger, Chair
John Ronson
Mark Wilson

Governance and Compensation
Peter Smith, Chair, Governance
Jim Ginou, Chair, Compensation
Murray Chusid
Tony Dionisio
Marilyn Knox

Communications and Government Relations
Ralph Lean, Chair
Murray Chusid
Jim Ginou

Management

John W. Campbell
President and Chief Executive Officer

Kristin Jenkins
Vice President, Public Affairs



TORONTO WATERFRONT
REVITALIZATION CORPORATION

Toronto Waterfront Revitalization Corporation

207 Queen's Quay West, Suite 822

Toronto, ON M5J 1A7

tel: 416-214-1344

www.towaterfront.ca

Toronto Waterfront Revitalization Corporation

