Financial Statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2025

Toronto Waterfront Revitalization Corporation

March 31, 2025

Table of Contents

WATERFRONToronto

Management's Responsibility for the Financial Statements

June 26, 2025

The integrity and objectivity of the accompanying financial statements of the Toronto Waterfront Revitalization Corporation ("the Corporation") is the responsibility of management. These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies of the Corporation are described in Note 2 to the financial statements.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements.

Management meets with the external auditors, the Finance, Audit and Risk Management Committee and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, the independent external auditors appointed by the Board of Directors. The accompanying Independent Auditor's Report outlines Management's responsibilities, the auditor's responsibilities, the scope of its examination and its opinion on the Corporation's financial statements.

George Zegarac

President and CEO

Chief Financial Officer

Tel: 289 881 1111
Fax: 905 845 8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Board of Directors of Toronto Waterfront Revitalization Corporation

Opinion

We have audited the financial statements of Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC"), which comprise the statement of financial position as at March 31, 2025, and the statements of financial activities, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2025, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 26, 2025

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at March 31, 2025

	March 31, 2025	March 31, 2024
	$	$
Assets		
Current assets		
Cash	**66,817,029**	46,809,481
Receivables (Note 3)	**89,511,962**	117,675,251
Deposits and prepaid expenses and other assets (Note 4)	**3,548,397**	4,363,582
	159,877,388	168,848,314
Restricted cash (Note 5)	**52,773,753**	61,900,024
Assets under development (Note 6)	**1,772,890,683**	1,539,907,578
Capital assets (Note 7)	**70,258,389**	70,461,403
Term receivables (Note 19)	**23,267,792**	23,267,792
	2,079,068,005	1,864,385,111
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**85,028,266**	93,680,828
Deferred contributions (Note 10)	**112,038,549**	114,608,515
Other liabilities and settlements (Note 11)	**1,099,733**	1,544,298
	198,166,548	209,833,641
Other liabilities and settlements (Note 11)	**423,416**	222,543
Environmental and contaminated sites liability (Note 16)	**2,218,637**	2,218,637
	200,808,601	212,274,821
Net assets (Note 12)	**1,878,259,404**	1,652,110,290
	2,079,068,005	1,864,385,111

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

Approved on behalf of the Board:

______________________ Director

______________________ Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities

year ended March 31, 2025

	March 31, 2025	March 31, 2024
	$	$
Restricted Revenues:		
City of Toronto	**147,738,593**	154,291,255
Province of Ontario (Note 20)	**50,232,310**	27,523,716
Government of Canada	**38,416,666**	16,583,333
Other restricted contributions	**5,745,527**	9,268,101
	242,133,096	207,666,405
Less: Government contributions for assets under development	**(228,463,967)**	(223,245,988)
Decrease in deferred contributions for continuing operations related to future periods	**2,569,966**	20,602,006
	16,239,095	5,022,423
Expenses (Note 13)		
The Port Lands	**7,697,112**	3,787,126
Eastern Waterfront Transit	**7,659,182**	479,976
Complete Communities	**6,152,201**	5,783,762
Strategic Initiatives	**1,840,633**	2,446,293
Public Places	**1,254,604**	1,815,069
Signature Projects	**735,204**	1,347,330
	25,338,936	15,659,556
Deficiency of revenue over expenses before other items	**(9,099,841)**	(10,637,133)
Net other operating income (Note 17)	**6,785,466**	9,721,003
Deficiency of revenues over expenses	**(2,314,375)**	(916,130)

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

Toronto Waterfront Revitalization Corporation

Statement of remeasurement gains and losses

year ended March 31, 2025

	March 31, 2025	March 31, 2024
	$	$
Accumulated remeasurement loss, beginning of the year	**(59,424)**	(73,692)
Unrealized (loss) gain attributable to foreign currency transactions	**(478)**	14,268
Accumulated remeasurement loss, end of the year	**(59,902)**	(59,424)

Statement of changes in net assets

year ended March 31, 2025

	March 31, 2025	March 31, 2024
	$	$
Net assets, beginning of the year	**1,652,110,290**	1,502,423,543
Add: Deficiency of revenues over expenses	**(2,314,375)**	(916,130)
Add: Net remeasurement (loss) gain	**(478)**	14,268
Add: Government contributions for assets under development	**228,463,967**	223,245,988
Less: Transfer of assets to Government (Note 6)	**-**	(72,657,379)
Net assets, end of the year	**1,878,259,404**	1,652,110,290

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

Toronto Waterfront Revitalization Corporation
Statement of cash flows
year ended March 31, 2025

	March 31, 2025	March 31, 2024
	$	$
Cash flows from operating activities		
Deficiency of revenues over expenses	**(2,314,375)**	(916,130)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities;		
Amortization of capital assets	**744,224**	1,430,051
Unrealized (loss) gain attributable to foreign currency transactions	**(478)**	14,268
Changes in non-cash working capital balances;		
Net decrease in deferred contributions	**(2,569,966)**	(20,602,006)
Current assets (Receivables, Deposits and prepaid expenses)	**28,978,474**	(17,410,984)
Current liabilities (Payables, Other liabilities and settlements)	**(8,896,254)**	(12,871,970)
Net cash received (paid) from operating activities	**15,941,624**	(50,356,771)
Cash flows from capital activities		
Cash received from government contributions for assets under development	**228,463,967**	223,245,988
Cash used to acquire assets under development	**(232,983,105)**	(240,797,921)
Cash used to acquire capital assets	**(541,210)**	(5,441,427)
Net cash paid from capital activities	**(5,060,348)**	(22,993,359)
Cash flows from investing activities		
Cash received from restricted cash and investments	**9,126,272**	766,266
Cash received from short-term investments	**-**	80,000,000
Net cash received from investment activity	**9,126,272**	80,766,266
Increase in cash	**20,007,548**	7,416,136
Cash, beginning of the year	**46,809,481**	39,393,345
Cash, end of the year	**66,817,029**	46,809,481

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

1. Description of Corporation

The Toronto Waterfront Revitalization Corporation 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.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance Canadian public sector accounting standards for not-for-profit organizations including the 4200 series of standards contained in the Chartered Professional Accountants (CPA) handbook.

(b) Revenue recognition

The Corporation follows the deferral method of accounting for restricted contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions.

Contributions used for the purchase of amortized capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions for the purchase of non-amortized capital assets such as land as well as assets under development which will be transferred to government(s) upon completion are recognized as a direct contribution to net assets.

Under the Contribution Agreements, contributions from the Governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the Contribution Agreements. Unrestricted contributions such as other operating items are recognized as revenue in the current period.

In addition to contributions, the Corporation has several other revenue streams, which it accounts for as follows:

(i) Property Operations: Property revenues primarily consist of rental revenues from leasing activities and parking operations. Revenues from parking operations are recognized at the point of service on a cash basis. Property rental income is recognized as it is earned over the course of a tenants lease or license agreement. Waterfront Toronto has retained substantially all of the risks and benefits of ownership of the properties which it rents out and therefore accounts for leases with its tenants as operating leases. Rental revenue includes recoveries of operating expenses, including property, capital and similar taxes. Operating expense recoveries are recognized in the period that they are chargeable to tenants.

(ii) Land Sales: The gain or loss from the sale of real property owned by the Corporation is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

(iii) Delivery Agreements: The Corporation has entered into certain agreements to deliver construction management and development services. Under these agreements, the Corporation bills eligible costs to clients as they are incurred. Revenue from delivery agreements is recognized at the time of billing, when the costs become measurable and collection is reasonably assured.

2. Significant accounting policies (con't)

(c) Financial instruments

Financial instruments are recorded at cost when acquired, except for contributions and cash that are recorded at fair value. In subsequent periods, investments traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

(ii) Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability ,either directly (i.e. as prices) or indirectly (i.e derived from prices); and

(iii) Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Allocation of general support expenses

The Corporation incurs a number of general support expenses that are common to the administration of the organization and each of its projects. General support expenses are incurred to support the functional areas of construction/implementation, planning, design and approvals, and project management. These expenses are allocated to projects using a "blended rate" i.e. hourly rate incorporating both direct and indirect cost.

(e) Taxes and Charitable Status

The Corporation is exempt from income taxes pursuant to paragraph 149(1) (d.3) of the Income Tax Act (Canada) and is eligible to claim a rebate of approximately 86.5% for HST paid on property and services acquired pursuant to section 123(1)(b) of the Excise Tax Act. The Corporation is registered with the Canada Revenue Agency as a qualified donee and is eligible to issue official donation receipts and receive gifts from registered charities.

(f) Assets under development

Assets under development represent those investments in assets which the Corporation has been directed to develop under an executed agreement and the Corporation has actual or beneficial ownership over during the development stage. Assets under development also includes Land under Development which represents all costs associated with getting a parcel of land site ready for development, including costs associated with contracting with a developer, rezoning, and soil management and treatment. Upon substantial completion and/or warranty period, these assets are either transferred to a respective government who assumes ownership and ongoing operational responsibility, transferred to capital assets for those assets the Corporation continues to have actual or beneficial ownership over, or sold to a third party. The assets transferred to a respective government are considered a related party transaction and the difference between cost and proceeds is recorded directly to net assets. Any gain or loss on assets sold to a third party is recorded through the statement of financial activities. Upon completion of performance obligations associated with individual developments within a precinct, Land under Development costs are expensed through the statement of financial activities in proportion to the cumulative land sale revenues realized. Assets under development are recognized at cost, are not amortized and include both direct project costs as well as general support costs directly attributable to the asset under development.

(g) Capital assets

Capital assets are recorded at cost less accumulated amortization, with the exception of land which is not amortized. Capital assets less residual value are amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	3 - 5 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Office equipment	5 years

The cost incurred to enhance the service potential of a capital asset, including land, is a betterment and capitalized to the asset. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

2. Significant accounting policies (con't)

(h) Use of estimates

The preparation of financial statements 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. The items subject to the most significant estimates are the amortization and impairment of capital assets, accrued liabilities, deferred revenue, and environmental and contaminated sites liability.

(i) Liabilities for contaminated sites

The Corporation recognizes a liability for remediation of contaminated sites on land owned by Waterfront Toronto when all of the following criteria has been met : there is evidence that contamination exceeds an environmental standard, the Corporation is directly responsible or accepts responsibility for the contamination, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

(j) Asset retirement obligations

On April 1, 2022, the Corporation adopted Public Accounting Standard PS3280 - Asset Retirement Obligations. A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. At March 31, 2025, the Corporation has not identified any instances that meet the criteria for a liability of an asset retirement obligation.

3. Receivables

	March 31, 2025	March 31 2024
	$	$
City of Toronto	**45,131,943**	62,946,470
Government of Canada	**23,049,999**	-
Province of Ontario	**16,990,783**	27,523,716
Accrued interest and other receivables	**3,307,426**	8,464,223
HST receivable	**1,311,932**	1,991,029
Developer receivable - due Feb 27, 2025	**-**	18,432,418
Allowance for doubtful debts	**(280,121)**	(1,682,605)
	89,511,962	117,675,251

4. Deposits and prepaid expenses

	March 31, 2025	March 31 2024
	$	$
Construction deposits	**2,181,199**	2,181,199
Prepaid expenses	**1,367,198**	2,182,383
	3,548,397	4,363,582

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to guarantee satisfactory performance, completion of work, and related obligations required for construction of municipal 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 31, 2022 - $2,181,199) are non-interest bearing.

5. Restricted cash

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

	March 31, 2025	March 31 2024
	$	$
Holdbacks payable	**44,209,179**	51,647,745
Developer contributions - East Bayfront public art	**7,995,040**	9,713,777
Developer deposit - East Bayfront child care facility	**270,708**	253,877
Other	**298,826**	284,625
	52,773,753	61,900,024

5. Restricted cash (Contd.)

In addition to the above, $14,616,260 (March 31, 2024 - $13,180,422) included under Cash in the Statement of financial position has been designated as Capital Reserve to cover program level contingencies and to support continued operations. The account is funded primarily from sale of land and other unrestricted revenue sources. Of this amount, $230,166 (March 31, 2024 - $8,680,422) has been allocated to priorities but not yet spent, $6,500,000 was previously allocated by Waterfront Toronto's Board of Directors and is now funded from government funding, resulting in $11,358,000 (March 31, 2024 - $4,500,000) unallocated and available for use.

6. Assets under development

The following table details assets under development by category:

	March 31, 2025	March 31 2024
	$	$
Roads, Bridges, Services, Structures	**851,423,703**	734,299,377
Flood Protection Features	**701,717,079**	638,917,677
Parks and Public Realm	**152,295,015**	105,611,830
Land under development	**67,454,886**	61,078,694
	1,772,890,683	1,539,907,578

The following table details assets under development by Priority Initiatives:

	The Port Lands	Complete Communities	Quayside	Public Places	Total
	$	$	$	$	$
Opening balance, April 1, 2024	1,140,827,933	323,511,488	49,107,790	26,460,367	**1,539,907,578**
Capital additions	175,092,092	19,430,440	23,432,953	2,438,034	**220,393,519**
Direct project management - Note 13	3,897,737	1,218,568	4,077,960	819,198	**10,013,463**
General and support expenses - Note 13	1,006,624	308,873	1,052,258	208,368	**2,576,123**
Closing balance, March 31, 2025	**1,320,824,386**	**344,469,369**	**77,670,961**	**29,925,967**	**1,772,890,683**

During the year, no assets were formally transferred to the City of Toronto (March 31, 2024 - $72,657,379).

7. Capital assets

	March 31, 2025		March 31 2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
	$	$	$	$
Land	65,033,472	-	65,033,472	-
Computer hardware and software	3,819,645	3,076,175	5,230,415	4,391,010
Leasehold improvements	5,179,820	1,236,689	5,921,607	2,040,263
Furniture and fixtures	845,663	339,642	1,194,116	522,818
Office equipment	35,883	3,588	181,447	145,563
	74,914,483	4,656,094	77,561,057	7,099,654
Cost less accumulated amortization		**70,258,389**		**70,461,403**

The Corporation owns land containing environmental contamination. As of March 31, 2025, the Corporation has a provision of $2,218,637 (March 31, 2024 - $2,218,637) for remediation cost of contaminated site (Note 16).

8. Credit facility

The Corporation has a revolving credit facility of $90 million with a Canadian commercial bank. The facility bears interest at the Canadian Prime Lending Rate less 1.0%. The Corporation's interest rate was 3.95% at March 31, 2025 (March 31, 2024 - 6.20%). The facility is secured by a first lien interest over real property owned by the Corporation 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 relating to real properties. At March 31, 2025 the available borrowing limit is $90 million.

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 property which secures the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at March 31, 2025, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

9. Accounts payable and accrued liabilities

	March 31, 2025	March 31 2024
	$	$
Holdbacks payable	**44,415,324**	51,858,234
Accrued liabilities	**38,311,757**	32,859,254
Accounts payable	**2,301,185**	8,963,340
	85,028,266	93,680,828

10. Deferred contributions

Deferred contributions as at March 31, 2025 represent project specific contributions from Governments which have not been applied to eligible costs as well as other unspent restricted contributions and contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2025	March 31 2024
	$	$
Expenditures of future periods		
Balance, beginning of year	**114,608,515**	135,210,520
Additional contributions	**12,924,906**	(17,009,634)
Less: amounts recognized as revenue	**(15,494,872)**	(3,592,372)
Balance, end of period	**112,038,549**	114,608,515
Capital contributions		
Balance, beginning of year	**-**	-
Add: contributions for acquisition of capital assets and assets under development	**226,561,618**	230,117,465
Less: direct contribution to net assets	**(225,817,394)**	(228,687,414)
Less: amount amortized to revenue	**(744,224)**	(1,430,051)
Balance, end of period	**-**	-
	112,038,549	114,608,515

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2025	March 31 2024
	$	$
Prepaid expenses and other	**1,099,733**	1,544,298
Deposit - broadband services	**423,416**	-
Deposit - Bayside project agreement	**-**	222,543
Total other liabilities	**1,523,149**	1,766,841
Less: current portion	**(1,099,733)**	(1,544,298)
	423,416	222,543

12. Net assets

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

	March 31, 2025	March 31 2024
	$	$
Invested in non-amortizable capital assets	**65,033,472**	65,033,472
Invested in assets under development	**1,772,890,683**	1,539,907,578
Unrestricted surplus (Note 12b)	**40,395,151**	47,228,664
Accumulated re-measurement loss	**(59,902)**	(59,424)
	1,878,259,404	1,652,110,290

b) Unrestricted surplus

	March 31, 2025	March 31 2024
	$	$
Unrestricted surplus, opening balance	**47,228,664**	65,696,726
Deficiency of revenues over expenses	**(2,314,375)**	(916,130)
Investment in assets under development	**(4,519,138)**	(17,551,932)
Unrestricted surplus, closing balance	**40,395,151**	47,228,664

13. Expenses by Priority Initiative and Function

	The Port Lands	Eastern Waterfront Transit	Complete Communities	Strategic Initiatives	Public Places	Signature Projects	Quayside	Total March 31, 2025
	$	$	$	$	$	$	$	$
Direct project costs:								
Project planning and implementation costs	7,655,311	6,556,387	2,082,090	644,014	166,550	61,549	-	17,165,901
Salaries, fees and benefits	3,841,428	856,484	4,347,328	929,352	1,643,093	523,193	3,984,373	16,125,251
Less salaries, fees and benefits related to assets under development (Note 6)	(3,897,737)	-	(1,218,568)	-	(819,198)	-	(4,077,960)	(10,013,463)
	7,599,002	7,412,871	5,210,850	1,573,366	990,445	584,742	(93,587)	23,277,689
General and support expenses:								
General and office administration	514,958	114,815	582,776	124,583	220,263	70,136	534,120	2,161,651
Information technology	323,459	72,118	366,057	78,254	138,353	44,054	335,495	1,357,790
Amortization	177,292	39,529	200,641	42,892	75,833	24,147	183,890	744,224
Communications and public engagement	89,026	19,849	100,750	21,538	38,079	12,125	92,338	373,705
	1,104,734	246,311	1,250,224	267,267	472,528	150,462	1,145,844	4,637,370
Less general & support costs allocated to assets under development (Note 6)	(1,006,624)	-	(308,873)	-	(208,369)	-	(1,052,257)	(2,576,123)
	7,697,112	**7,659,182**	**6,152,201**	**1,840,633**	**1,254,604**	**735,204**	**-**	**25,338,936**

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the year ending March 31, 2025 have been allocated to priority initiatives using an overhead burden rate of 0.29 (2024 - 0.35) for every $1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were $16,125,251 for the year ending March 31, 2025 (2024 - $15,350,871).

13. Expenses by Priority Initiative and Function (Cont.)

	The Port Lands	Eastern Waterfront Transit	Complete Communities	Strategic Initiatives	Public Places	Signature Projects	Quayside	Total March 31, 2024
	$	$	$	$	$	$	$	$
Direct project costs:								
Project planning and implementation costs	3,779,718	108,110	2,195,258	916,460	426,918	465,497	-	7,891,961
Project management - salaries, fees and benefits	4,209,117	275,916	4,142,433	1,135,100	1,407,736	654,299	3,526,270	15,350,871
Less project management - salaries, fees and benefits related to assets under development (Note 6)	(4,719,445)	-	(1,660,359)	-	(419,749)	-	(3,956,714)	- (10,756,268)
	3,269,390	384,026	4,677,332	2,051,560	1,414,904	1,119,796	(430,444)	12,486,565
General and support expenses:								
General and office administration	583,740	38,265	574,492	157,421	195,231	90,741	489,039	2,128,929
Amortization	392,111	25,705	385,899	105,743	131,141	60,953	328,499	1,430,051
Information technology	377,168	24,724	371,193	101,713	126,144	58,630	315,980	1,375,552
Communications, marketing and government relations	110,709	7,257	108,955	29,856	37,027	17,210	92,749	403,762
	1,463,729	95,950	1,440,539	394,733	489,543	227,534	1,226,267	5,338,294
Less general & support costs allocated to assets under development (Note 6)	(945,993)	-	(334,109)	-	(89,378)	-	(795,823)	(2,165,303)
	3,787,126	**479,976**	**5,783,762**	**2,446,293**	**1,815,069**	**1,347,330**	**-**	**15,659,556**

14. Commitments

On December 15, 2022, the Corporation executed a lease for office space effective April 1, 2024 for a ten year term. The Corporation has a one time option to terminate this lease should the Corporation's mandate not be extended past the current May 2028 legislative term. Assuming the Corporation's mandate is extended, the Corporation has lease commitments of $11,054,749 until March 31, 2034.

15. Risk disclosures

(i) Credit risk:
Credit risk arises from cash and restricted cash 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.

(ii) 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 where the funding agreements allow.

(iii) Currency risk: The Corporation has cash denominated in U.S. dollars and is exposed to currency risk. Included in the statement of financial position is $797,479 (March 31, 2024 - $58,401) of cash and $1,835 (March 31, 2024 - $292,674) of payables which has been translated from its U.S. denominated amount.

16. Environmental and contaminated sites liability

The Corporation assesses all of its owned properties on an ongoing basis to determine if contamination, as defined under the standard and regulatory requirements, is present on any of its lands. The Corporation made a provision for liability of contaminated sites of $2,218,637 (March 31, 2024 - $2,218,637) representing one Waterfront Toronto owned property zoned for parkland and not intended for development. As of March 31, 2025, there has been no change to management's estimates of the liabilities and remediation costs incurred.

17. Net other operating income

	March 31, 2025	March 31 2024
	$	$
Parking and lease revenue	**1,395,515**	1,461,740
Less: operating expenses and changes in provision for doubtful debts	**(314,072)**	(367,428)
	1,081,443	1,094,312
Interest	**5,255,096**	8,450,313
Realized (loss) gain on foreign currency transactions	**(20,168)**	(12,676)
Other Income	**469,095**	189,054
Net other operating income	**6,785,466**	9,721,003

18. Related Party Transactions

By virtue of the TWRC Act, the Governments of Canada and Ontario, the City of Toronto and Waterfront Toronto are related parties. The Corporation receives funding and renders services to these entities in the normal course of carrying out its business. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. Term receivables

As of March 31, 2025, the Corporation has land sale related term receivables of $23,267,792 (March 31, 2024 - $23,267,792) related to a prior year transaction. The term receivables are payable to the Corporation in March 31, 2027.

20. Restricted revenues - Province of Ontario

Revenues recognized from the Province of Ontario includes $20,032,310 (March 31, 2024 - $2,523,716) funded from the Investing in Canada Infrastructure Program (ICIP), a federal infrastructure program.

21. Contingent Liabilities

(a) Under the terms and conditions of the Contribution Agreements and Delivery 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 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.

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.

(b) 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.

(c) During the current fiscal year, the Corporation identified a construction warranty gap period related to certain assets for the Port Lands Flood Protection project, where the Corporation's obligation to provide warranty to the government accepting the assets extends beyond the warranty provided to the Corporation by its contractor, leaving the Corporation liable for any potential deficiencies during the warranty gap period. As of the financial statement date, no liability associated with the warranty gap period has been identified as potential construction defects and costs cannot be reasonably estimated at this time.

(d) As part of its normal operations, the Corporation is involved in certain construction related claims related to some of its projects currently in progress. An amount based on management's assessment of the liability has been accrued in the financial statements. Management believes the claims are being appropriately addressed and that the liability associated with the expected settlement amount will be absorbed within the existing project budgets. The Corporation continues to monitor the matter and will recognize any additional liabilities in excess of the accrued amount upon settlement of these claims.

22. Project Agreement

In the year ending March 31, 2023, the Corporation executed a Project Agreement with a third party to develop a 12 acre (4.9 hectare) site at Parliament and Queens Quay into an all-electric, zero-carbon master planned community.

As a result of executing this agreement, the Corporation has certain development and servicing contractual obligations to December 1, 2033. The Corporation also has contractual rights to economic resources. In the event that the Development Partner is unable to fulfill its contractual obligations, the Corporation is entitled to parental guarantee payments and repurchase of land under certain agreement conditions. Any loss or liability is recognized when the Corporation considers it likely for the Development Partner to default on its obligations and the amount can be estimated, (see Note 15(i) on credit risk). For the year ending March 31, 2025, no land sale revenues (March 31, 2024 - $NIL) were recognized for the Project Agreement. The Corporation anticipates recognizing further land sale revenues on or before December 31, 2033.

23. PlayPark Fund

In May of 2024 the Corporation entered into an agreement with Toronto Foundation to establish PlayPark Fund (the Fund). Charitable donations received through the Fund will flow to the Corporation and be used towards the development of PlayPark. The Fund is entitled to investment returns and is subject to service fees. Contributions received from the Fund by the Corporation are considered restricted contributions and will follow the deferral method of accounting. As at March 31, 2025, the balance of the Fund was $1,000, representing an initial deposit of the Corporation.