Financial statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2020

Toronto Waterfront Revitalization Corporation

March 31, 2020

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Management's Responsibility for the Financial Statements

June 25, 2020

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

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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"), which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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
Mississauga, Ontario
June 25, 2020

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at March 31, 2020

	March 31, 2020	March 31, 2019
	$	$
Assets		
Current assets		
Cash	**87,249,424**	75,377,644
Short-term investments	**-**	10,189,542
Receivables (Note 3)	**86,795,715**	28,523,480
Deposits and prepaid expenses and other assets (Note 4)	**4,850,089**	5,460,143
	178,895,228	119,550,809
Restricted cash and investments (Note 5)	**27,693,933**	18,997,365
Assets under development (Note 6)	**685,913,187**	483,092,645
Capital assets (Note 7)	**90,692,130**	90,141,657
	983,194,478	711,782,476
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**45,084,203**	24,927,688
Deferred contributions (Note 10)	**176,108,768**	101,652,189
Other liabilities and settlements (Note 11)	**948,086**	805,133
	222,141,057	127,385,010
Other liabilities and settlements (Note 11)	**4,560,003**	4,499,793
	226,701,060	131,884,803
Net assets (Note 12)	**756,493,418**	579,897,673
	983,194,478	711,782,476

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, 2020

	March 31, 2020	March 31, 2019
	$	$
Restricted Revenues:		
City of Toronto	**90,523,194**	101,615,893
Government of Canada	**45,076,297**	58,501,904
Province of Ontario	**116,440,200**	-
Other restricted contributions	**14,734,058**	10,581,547
	266,773,749	170,699,344
Less: Government contributions for assets under development	**(191,126,483)**	(122,565,588)
Increase in deferred contributions for continuing operations related to future periods	**(74,456,579)**	(44,222,908)
	1,190,687	3,910,848
Expenses (Note 13)		
Complete Communities	**1,322,103**	1,760,549
Strategic Initiatives	**1,331,304**	4,505,557
Eastern Waterfront Transit	**1,122,781**	1,093,964
Signature Projects	**559,814**	-
Public Places	**177,011**	25,319
	4,513,013	7,385,389
Deficiency of revenue over expenses before other items	**(3,322,326)**	(3,474,541)
Net other operating income (Note 16)	**2,976,715**	2,275,881
Land sale proceeds and/or other income (Note 17)	**360,150**	29,252,829
Excess of revenues over expenses	**14,539**	28,054,169

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, 2020

	March 31, 2020	March 31, 2019
	$	$
Accumulated remeasurement gains, beginning of the year	**252,025**	135,385
Unrealized loss attributable to foreign currency transactions	**(22,408)**	(222,740)
Unrealized (loss) gain attributable to forward exchange contracts (Note 19)	**(260,869)**	305,429
Unrealized gain attributable to short term investments	**52,602**	33,951
Net remeasurement (loss) gain for the year	**(230,675)**	116,640
Accumulated remeasurement gain, end of the year	**21,350**	252,025

Statement of changes in net assets
year ended March 31, 2020

	March 31, 2020	March 31, 2019
	$	$
Net assets, beginning of the year	**579,897,673**	429,161,276
Add: Excess of revenues over expenses	**14,539**	28,054,169
Add: Net remeasurement (loss) gain	**(230,675)**	116,640
Add: Government contributions for assets under development	**191,126,483**	122,565,588
Less: Transfer of assets to Government (Note 6)	**(14,314,602)**	-
Net assets, end of the year	**756,493,418**	579,897,673

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

Toronto Waterfront Revitalization Corporation

Statement of cash flows

year ended March 31, 2020

	March 31, 2020	March 31, 2019
	$	$
Cash flows from operating activities		
Excess of revenues over expenses	**14,539**	28,054,169
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash provided by operating activities		
Amortization of capital assets	**489,621**	259,992
Unrealized loss attributable to foreign currency transactions	**(22,408)**	(222,740)
Unrealized (loss) gain attributable to forward exchange contracts	**(260,869)**	305,429
Unrealized gain attributable to short term investments	**52,602**	33,951
Changes in non-cash working capital balances		
Net increase in deferred contributions	**74,456,579**	44,222,908
Current assets (Receivables, Deposits and prepaid expenses)	**(57,662,181)**	(24,325,601)
Current liabilities (Payables, Other liabilities and settlements)	**20,359,679**	2,612,326
Net cash received from operating activities	**37,427,562**	50,940,433
Cash flows from capital activities		
Cash received from government contribution for assets under development	**191,126,483**	122,565,588
Cash used to acquire assets under development	**(217,135,144)**	(139,081,873)
Cash used to acquire capital assets	**(1,040,093)**	(1,677,619)
Net cash paid from capital activities	**(27,048,756)**	(18,193,904)
Cash flows from investing activities		
Invested in restricted cash and investments	**(8,696,568)**	(6,500,969)
Cash received from short-term investments	**10,189,542**	6,942,224
Net cash received from investment activities	**1,492,974**	441,255
Increase in cash	**11,871,780**	33,187,784
Cash, beginning of the year	**75,377,644**	42,189,860
Cash, end of the year	**87,249,424**	75,377,644

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

1. Description of Corporation

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

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

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

(a) implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and create an accessible and active waterfront for living, working and recreation and to do so in a fiscally and environmentally responsible manner;

(b) ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner;

(c) promote and encourage involvement of the private sector in the development of the designated waterfront area;

(d) encourage public input into the development of the designated waterfront area; and

(e) engage in such other activities as may be prescribed by regulation.

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. 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.

2. Significant accounting policies (con't)

(ii) Land Sales: The gain or loss from the sale of real property owned by TWRC 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, TWRC 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.

(c) Financial instruments

Financial instruments are recorded at cost when acquired, except for contributions 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 acquisiton, 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).

Short-term investments consist of guaranteed investment certificates (GICs) and cashable bonds, which matured in December 2019. GICs are classified as Level 1 in the fair value hierarchy whereby their fair value is based on quoted prices in active markets for identical assets.Cashable bonds are classified as level 2 in the fair value hierarchy whereby their fair value is based on inputs other than quoted prices included in level 1 that are observable for the asset either directly or indirectly.There have been no transfers from Level 1, Level 2 or Level 3.

(d) Transfer payments and grants

The Corporation has entered into agreements with third parties who are responsible for managing various projects on Toronto's Waterfront. Expenditures related to these projects are recorded in the statement of financial activities as transfer payments and grants. Under the terms of the agreements, the Corporation does not assume ownership or ongoing operational responsibility during development or upon project completion.

(e) 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 using a "blended rate" i.e. hourly rate incorporating both direct and indirect cost.

(f) Taxes

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. TWRC 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.

2. Significant accounting policies (con't)

(g) 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. Land under development under this category 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 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.

Assets under development are recognized at cost, are not amortized and include both direct project costs as well as overhead costs directly attributable to the asset under development.

(h) 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	5 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.

(i) 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 accrued benefit liability.

(j) Trusts under administration

Trusts administered by TWRC are not consolidated in the financial statements as they are not controlled by the Corporation.

3. Receivables

	March 31, 2020	March 31, 2019
	$	$
City of Toronto	**40,556,151**	2,744,082
Province of Ontario	**39,299,452**	-
HST receivable	**4,906,356**	1,452,032
Rent and other receivables	**2,033,756**	3,372,223
Government of Canada	**-**	20,955,143
	86,795,715	28,523,480

4. Deposits and prepaid expenses

	March 31, 2020	March 31, 2019
	$	$
Prepaid expenses	**2,668,890**	3,278,944
Construction deposits	**2,181,199**	2,181,199
	4,850,089	5,460,143

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to gurantee 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 (2019 - $2,181,199) are non-interest bearing.

5. Restricted cash and investments

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

	March 31, 2020	March 31, 2019
	$	$
Holdbacks payable (including HST)	**15,533,261**	7,645,053
East Bayfront public art	**5,372,534**	3,069,938
Deposit - Broadband services	**2,803,370**	2,803,370
Deposit - Bayside project agreement	**2,236,081**	2,189,786
East Bayfront child care facility	**1,523,235**	1,491,698
Escrow Account - River city development	**225,452**	222,882
West Don Lands security fund	**-**	1,574,638
	27,693,933	18,997,365

6. Assets under development

The following table details assets under development by category

	March 31, 2020	March 31, 2019
	$	$
Roads, Bridges, Services, Structures	**354,420,300**	301,598,643
Land under development	**73,574,721**	55,897,592
Parks and Public Realm	**32,740,102**	29,728,728
Flood Protection Features	**225,178,064**	95,867,682
	685,913,187	483,092,645

6. Assets under development (cont'd)

The following table details assets under development by Priority Initiatives:

	Complete Communities	The Port Lands	Public Places	Quayside	Total
	$	$	$	$	$
Opening balance, April 1, 2019	322,534,971	135,100,718	12,702,115	12,754,841	483,092,645
Capital additions	26,528,137	170,792,716	1,625,632	2,240,046	201,186,532
Direct project management - Note 13	1,076,379	3,341,171	405,179	4,570,306	9,393,035
General and support expenses - Note 13	807,437	2,317,950	297,673	3,132,518	6,555,577
Transfer of completed assets to Governments	(12,385,256)	-	(1,929,346)	-	(14,314,602)
Closing balance, March 31, 2020	**338,561,668**	**311,552,555**	**13,101,253**	**22,697,711**	**685,913,187**

During the year, assets (i.e. Queens Quay Jarvis to Parliament, Sherbourne Park Public Art, Underpass Public Art, Eastern Sumach Public Art, Mill Street Public Art, Don River Park) costing $14,314,602 were formally transferred to the City of Toronto. This transfer has been recorded as a reduction to assets under development and included as a distribution of net assets in the statement of changes in net assets.

7. Capital assets

	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
		March 31, 2020		March 31, 2019
	$	**$**	$	$
Land	87,305,565	-	87,305,565	-
Computer hardware and software	3,935,523	1,441,273	3,658,836	1,051,466
Leasehold improvements	1,415,514	719,519	833,294	630,460
Furniture and fixtures	534,047	337,727	344,455	318,567
Office equipment	145,563	145,563	145,563	145,563
	93,336,212	2,644,082	92,287,713	2,146,056
Cost less accumulated amortization		**90,692,130**		**90,141,657**

Land is recorded at cost in accordance with the significant accounting policy 2(h). Certain land, known as Quayside, has approximately 2,700,000 square feet zoned for development.

The Corporation owns land containing environmental contamination. The costs associated with the Corporation's environmental remediation, which depends on the ultimate use of the lands, will be recognized in the period when an obligation arises.
The Corporation owns buildings on a number of its properties. As none of the buildings are intended for use other than on a temporary rental basis and all will ultimately be demolished, they have been recorded at a carrying value of $Nil (2019 - $Nil).

8. Credit facility

In 2015 the Corporation secured a revolving credit facility which provides for a maximum borrowing amount of $40 million. The facility bears interest at the Canadian Prime Lending Rate less 0.25%. The Corporation's interest rate was 1.95% at March 31, 2020 (2019 - 3.70%). The facility is secured by a first lien interest over several of the Corporation's real properties in the City of Toronto and a General Security Agreement creating a first priority interest over property of the Corporation not obtained through a contribution agreement, including accounts receivable. At March 31, 2020 the available borrowing limit is $37 million as a result of a Letter of Credit reissued by Waterfront Toronto during 2019 to the Department of Fisheries and Oceans for the Cherry Street Stormwater and Lakefilling project.

Under the current financing agreement, the Corporation is subject to a financial covenant. The revolving credit facility stipulates that the Corporation must ensure that the most recent appraised value of the properties which secure the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at March 31, 2020, 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, 2020	March 31, 2019
	$	$
Accrued liabilities	**26,518,973**	17,962,206
Holdbacks payable	**15,458,583**	6,765,533
Accounts payable	**3,106,647**	199,949
	45,084,203	24,927,688

10. Deferred contributions

Deferred contributions represent project specific contributions from Governments which have not been applied to eligible costs at March 31, 2020, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2020	March 31, 2019
	$	$
Expenditures of future periods		
Balance, beginning of year	101,652,189	57,385,232
Additional contributions	75,157,645	47,917,813
Less: amounts recognized as revenue	(701,066)	(3,650,856)
Balance, end of year	176,108,768	101,652,189
Capital contributions		
Balance, beginning of year	-	44,049
Add: contributions for acquisition of capital assets and assets under developmen	191,616,104	122,781,531
Less: direct contribution to net assets	(191,126,483)	(122,565,588)
Less: amount amortized to revenue	(489,621)	(259,992)
Balance, end of year	-	-
	176,108,768	101,652,189

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2020	March 31, 2019
	$	$
Deposit - broadband services	2,303,930	2,303,930
Deposit - Bayside project agreement	2,256,073	2,195,863
Deposits - rent and other	948,086	805,133
Total other liabilities	5,508,089	5,304,926
Less: current portion	(948,086)	(805,133)
	4,560,003	4,499,793

12. Net assets

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

	March 31, 2020	March 31, 2019
	$	$
Invested in non-amortisable capital assets	87,305,565	87,305,565
Invested in assets under development	685,913,187	483,092,645
Unrestricted (deficit)/surplus (Note 12b)	(16,746,684)	9,247,438
Accumulated re-measurement gain	21,350	252,025
	756,493,418	579,897,673

b) Unrestricted (deficit)/surplus

	March 31, 2020	March 31, 2019
	$	$
Unrestricted (deficit)/surplus, opening balance	9,247,438	(2,290,446)
Excess of revenues over expenses	14,539	28,054,169
Investment in assets under development	(26,008,661)	(16,516,285)
Unrestricted (deficit)/surplus, closing balance	(16,746,684)	9,247,438

13. Expenses by Priority Initiative and Function

	Complete Communities	Strategic Initiatives	Eastern Waterfront Transit	Signature Initiatives	Public Places	Quayside	The Port Lands	Total Mar. 31, 2020
	$	$	$	$	$	$	$	$
Direct project costs:								
Project planning and implementation costs	615,762	211,946	640,137	212,729	128,648	-	-	1,809,218
Project management - salaries, fees and benefits	1,533,606	662,761	285,769	205,506	444,786	4,570,306	3,341,171	11,043,905
Less project management - salaries, fees and benefits related to assets under development (Note 6)	(1,076,379)	-	-	-	(405,179)	(4,570,306)	(3,341,171)	(9,393,035)
	1,072,989	874,707	925,906	418,235	168,255	-	-	3,460,088
General expenses:								
Salaries, fees and benefits	517,658	223,710	96,459	69,367	150,134	1,534,780	1,135,681	3,727,791
General and office administration	391,461	169,173	72,944	52,456	113,534	1,160,624	858,819	2,819,012
Communications, marketing and government relations	53,452	23,100	9,960	7,163	15,503	158,477	117,269	384,924
Information technology	93,980	40,614	17,512	12,593	27,257	278,637	206,181	676,775
	1,056,551	456,597	196,875	141,579	306,428	3,132,518	2,317,950	7,608,502
Less general & support costs allocated to assets under development (Note 6)	(807,437)	-	-	-	(297,672)	(3,132,518)	(2,317,950)	(6,555,577)
	1,322,103	**1,331,304**	**1,122,781**	**559,814**	**177,011**	**-**	**-**	**4,513,013**

General expenses for the year ending March 31, 2020 have been allocated to priority initiative using an overhead burden rate of 0.69 (2019 - 1.16) for every $1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were $14,771,696 for the year ending March 31, 2020 (2019 - $13,809,131) comprising direct project management salaries, fees and benefits of $11,043,905 (2019 - $8,382,157) and general salaries, fees and benefits of $3,727,791 (2019 - $5,426,974).

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

	Complete Communities	Strategic Initiatives	Eastern Waterfront Transit	Signature Initiatives	Public Places	Quayside	The Port Lands	Total Mar. 31, 2019
	$	$	$	$	$	$	$	$
Direct project costs:								
Transfer payments and grants								
Project planning and implementation costs	1,935,404	154,624	746,344	-	92,375	-	-	2,928,747
Project management - salaries, fees and benefits	1,251,602	1,724,722	161,158	-	242,318	2,855,694	2,146,662	8,382,157
Less Project management - salaries, fees and				-				-
benefits related to assets under development (Note 6)	(968,880)	-	-		(241,131)	(2,855,694)	(2,146,662)	(6,212,367)
	2,218,126	1,879,346	907,502	-	93,562	-	-	5,098,538
General expenses:								
Salaries, fees and benefits	413,710	1,464,165	104,049	-	157,141	2,242,252	1,045,658	5,426,974
General and office administration	229,742	782,322	55,265	-	87,821	1,205,384	555,199	2,915,733
Communications, marketing and government relations	40,752	141,940	10,228	-	15,114	218,381	101,264	527,679
Information technology	67,877	237,784	16,920	-	25,708	364,863	169,584	882,736
	752,081	2,626,211	186,462	-	285,784	4,030,880	1,871,705	9,753,122
Less general & support costs allocated to assets								
under development (Note 6)	(1,209,658)	-	-	-	(354,027)	(4,030,880)	(1,871,705)	(7,466,271)
	1,760,549	**4,505,557**	**1,093,964**	**-**	**25,319**	**-**	**-**	**7,385,389**

14. Commitments

The Corporation has corporate lease commitments of $3,811,723 until May 31, 2023

15. Risk disclosures

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

(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.

(iii) Market risk:
Market risk is the risk that changes in market prices, such as interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's operations. The Corporation is exposed to changes in interest rates, which may impact interest revenue on short term investments. At March 31, 2020 had prevailing interest rates raised or lowered by 1% with all other variables held constant excess revenues over expenses would have increased or decreased by $NIL (2019 - $81,645).

(iv) 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 $90,248 (2019 - $1,475,932) of cash and $1,212,039 (2019 - $86,817) of payables which has been translated from its U.S. denominated amount.

16. Net other operating income

	March 31, 2020	March 31, 2019
	$	$
Rental, parking and other income	**3,962,881**	4,417,801
Less: operating expenses	**(3,325,458)**	(3,565,462)
	637,423	852,339
Interest	**2,181,490**	1,329,354
Other Income	**157,802**	94,188
Net other operating income	**2,976,715**	2,275,881

17. Land sale proceeds and other income

During the year ended March 31, 2020, the Corporation received $245,625 (2019 - $1,604,100) in revenues from a sub-contractor for delivery of fill to the Cherry Street Lakefilling project site and $114,525 (2019 - $27,648,729) as closing payment associated with the sale of land in East Bayfront owned by the City of Toronto.

18. Trust under administration

In February of 2016, the Corporation became the administrator of the Project Under Gardiner fund (The Bentway). Based on the Memorandum of Understanding dated December 22, 2015, the total cost of the Project Under Gardiner was expected to total $25,000,000, of which $23,500,000 will flow to the Corporation from the City of Toronto to be used towards the execution of the project. The current estimated cost of the project is $26,194,499 due to additional scope pursuant to the delivery agreement between the Corporation and the City of Toronto for the Events Dock and Garisson project and the Bentway Conservancy project agreement. Up until March 31, 2020 the Corporation has received $25,730,259.

The trust is entitled to any interest earned on the balance of funds. A summary of the trust's financial position, as at March 31, 2020, is as follows:

Financial Position as at March 31, 2020

	March 31, 2020	March 31, 2019
	$	$
Cash and accounts receivable	**543,949**	935,736
Assets under development	**25,638,547**	25,189,440
Total assets	**26,182,496**	26,125,176
Accounts payable and accrued liabilities	**303,904**	-
Net assets	**25,878,592**	26,125,176

Revenues and expenditures as of March 31, 2020

	March 31, 2020	March 31, 2019
Revenues	**$**	$
Philanthropic revenue	**-**	35,000
Restricted revenue	**(213,352)**	830,096
Total revenues	**(213,352)**	865,096
Cumulative revenues (from inception of trust)	**25,730,259**	25,943,611

	March 31, 2020	March 31, 2019
Direct Project Costs	**$**	$
Planning and design	**-**	206,167
Implementation and construction	**449,107**	3,433,546
Project management fees	**-**	135,000
Total expenditures	**449,107**	3,774,713
Cumulative expenditures (from inception of trust)	**25,638,547**	25,189,440

19. Forward Exchange Contracts

The Corporation uses forward exchange contracts to reduce its exposure to fluctuations in exchange rates that result from certain transactions in foreign currencies. The Corporation does not enter into forward exchange contracts for trading or speculative purposes. The Corporation recognizes any unrealized gains/losses related to unsettled future transactions in the Statement of Remeasurement Gains and Losses. Any realized gains/losses related to foreign exchange transactions are recorded in the Statement of Financial Activities. The unrealized (loss) gain on forward contracts included in the Statement of Remeasurement Gains and Losses for the year ended March 31, 2020 is $(260,869) (2019 - $305,429). As at March 31, 2020, the Corporation has notional swing forward exchange contracts of US$3,700,000 outstanding with settlements occuring monthly until June, 2020.

20. Qualified Donee Status

In 2017, TWRC was registered with the Canada Revenue Agency as a qualified donee and is now eligible to issue official donation receipts and receive gifts from registered charities. The status is effective June 24, 2016 and as at March 31, 2020, the Corporation had not received any donation or gifts.

21. Contingent Liabilities

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

The Corporation requires all Eligible Recipients to indemnify the Corporation from and against liability on the same basis outlined above.
The Corporation requires most third party contractors to indemnify each level of government and the Corporation, its officers, employees and agents against all claims, liabilities and demands with respect to any injury to persons (including death), damage to, loss or destruction of property or infringement of rights caused by or arising directly from:
(i) the breach of any term or condition of the contract by the third party contractor or its officers, employees or agents; or
(ii) any omission or any willful or negligent act of the third party contractor or its officers, employees or agents in relation to the applicable project.

(b) Under the Delivery Agreement with each Eligible Recipient respectively, the Corporation provides an indemnity to the Eligible Recipient and its respective officers, employees and agents, from and against any claims with respect to direct loss arising from:

(i) any breach by the Corporation of the Delivery Agreement or documents or certificates given pursuant to the Agreement, or
(ii) any negligent or willful acts or omissions of the Corporation, its officers, directors, employees or agents, in relation to the project.
Management attempts to limit the Corporation's exposure under these indemnifications through the purchase of directors and officers insurance, the allocation of risk to Eligible Recipients and contractors (outlined above) and through enforcing the Corporation's and Eligible Recipients' policies and procedures, as well as intense oversight where appropriate.

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

22. Comparatives

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

23. Subsequent Event

On May 7, 2020, Sidewalk Labs announced its decision to withdraw from the Corporation's planned development at Quayside on Toronto's waterfront. This event is not expected to have any immediate adverse impact on the Corporation's operations.

24. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. On April 3, 2020 the Ontario Provincial government Emergency Management Act ordered the shut-down of non-essential workplaces. All of Waterfront Toronto's major projects, including the Port Lands Flood Protection project, were determined to be essential workplaces and as such, continued construction activities. On May 1, 2020 the Ontario Provincial government eased the restrictions under the Emergency Management Act and Waterfront Toronto's remaining projects were also determined to be essential workplaces. To date, while there has been some impacts to Waterfront Toronto's projects as a result of increased health and safety requirements and some delays in supply chain, there has been no material impact to assets, expenses and/or liabilities as of the date of these financial statements.