



CFO Report

Board of Directors Meeting

September 8, 2006



TORONTO WATERFRONT
REVITALIZATION CORPORATION

Agenda

- Q1 2006/07 Results
- Q2 2006/07 Forecast
- Unaudited Interim Financial Statements
- Funding Update
- Revised Long Term Plan

Q1 2006/07 Results

Quarter Ended
June 30, 2006

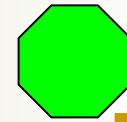


Q1 Results Summary

	Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)
COMPLETE PROJECTS	\$ 6,651	\$ 4,629	\$ 2,022
ON-GOING, ON SCHEDULE PROJECTS	7,436	5,049	2,387
TWRC CORPORATE	2,191	1,792	399
TEMPORARILY DELAYED PROJECTS	11,746	2,718	9,029
LAND ACQUISITION PROJECTS	29,961	82	29,879
GRAND TOTAL	\$ 57,985	\$ 14,270	\$ 43,716

The majority of the Q1 06/07 actual-to-budget variance (68%) relates to land acquisition.

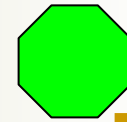
Completed Projects in Q1 06/07



The following projects were complete/ substantially complete in Q1 2006/07:

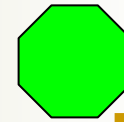
	Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)	Variance Explanation
Western Beaches Watercourse Facility	\$ 3,741	\$ 1,993	\$ 1,748	Substantially complete at Jun 30/06. Subject to additional costs, \$1M of variance represents overall cost savings from the original \$24M project budget.
Harbourfront Waters Edge	2,254	2,514	(260)	Variance due to timing - greater costs in 06/07 instead of 05/06 as anticipated. Overall, project on/under budget.
PL Permanent Beautification - Unwin Demolitions	556	54	502	Unwin demolitions 100% complete and \$500K under-budget due largely to a higher price of scrap steel.
Humanitas Festival	100	69	31	Humanitas Festival held in May, 2006; Project under-budget overall.
<i>Sub-total - Substantially Complete Projects</i>	\$ 6,651	\$ 4,629	\$ 2,022	

Ongoing, On Schedule Projects







	Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)	Variance Explanation
Martin Goodman Trail	\$ 2,560	\$ 2,207	\$ 353	Project under-budget overall to date. Marilyn Bell Park construction 82% complete at Jun 30/06.
PL Permanent Beautification - Leslie St. Streetscaping	1,158	900	\$ 258	Leslie St Phase 1 Streetscaping is 80% complete at Jun 30/06.
Central Waterfront Public Realm	552	350	\$ 202	Focus for Q1 has been on "Quay to City" event (held Aug/06).
Don River Park Design	464	333	\$ 131	Project is on schedule and on budget.
Port Union Waterfront	1,043	332	\$ 711	Project overall under-budget to date.
UPEACE	500	258	\$ 242	Variance due to timing of advances requested by UPEACE.

Ongoing, On Schedule Projects (cont.)









	Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)	Variance Explanation
WDL & EBF Transit EA's	\$ 109	\$ 253	\$ (144)	Project is slightly ahead of schedule and is on budget overall.
Lake Ontario Park Plan	134	120	14	Project substantially on schedule/ budget.
Individual EA for Naturalization of Don River	180	100	81	Project substantially on schedule/ budget.
Interim (Transitional) Sports Fields	341	75	266	Project substantially on schedule/ budget.
Mimico Park	75	40	35	Project substantially on schedule.
Other Projects	145	72	73	Project substantially on schedule.
PL Regional Sports Complex Feasibility	100	4	96	Project on schedule. Variance results as feasibility study awarded late Jun/06.
Parks/ Public Space Endowment Study	75	4	71	Variance due to project anticipated to be under-budget overall.
<i>On Schedule Projects</i>	\$ 7,436	\$ 5,048	\$ 2,388	

Temporarily Delayed Projects

	Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)	Variance Explanation
West Don Lands Phase 1 Implementation 	\$ 6,483	\$ 2,170	\$ 4,313	Variance due to the bridge enlargement contract (part of flood protection works being managed by TRCA) behind schedule due to limited availability of CN flagging services. TRCA anticipates schedule will catch-up by Mar 31/07.
East Bayfront Phase 1 Implementation 	2,037	404	1,632	Project not fully initiated as CA funding not yet secured. Costs to date reflect largely legal/prof. fees associated with Sec 37 development charges as and zoning bylaw change.
Tommy Thompson Park 	473	167	306	Implementation not initiated due to outstanding Federal CEAA (Canadian Environmental Assessment Act) approval. Approval received August, 2006
Union Station Second Platform 	924	108	817	Construction of lower level sewer relocation not started due to proposal for an alternative pipe. If successful, construction will be complete by early 2007 (instead of spring/07).

Temporarily Delayed Projects

		Original Q1 06/07 Budget	Actual Q1 06/07 Costs	Variance Under / (Over)	Variance Explanation
Commissioners Park Remediation		\$ 200	\$ -	\$ 200	Not initiated as no land yet acquired.
Gardiner/Lakeshore Scoping		\$ 64	\$ 0	\$ 64	Public consultation phase not initiated due to outstanding direction from Council.
District Energy Detailed Design		\$ 350	\$ -	\$ 350	Not initiated as CA funding not yet secured.
Harbourfront Canada Square		\$ 200	\$ -	\$ 200	Not initiated as CA funding not yet secured.
Shakespeare Works		\$ 200	\$ (89)	\$ 289	ER has delayed utilities services work until next year.
Port Lands Permanent Beautification (Other)		\$ 816	\$ (43)	\$ 859	Due largely to delays on Unwin streetscaping, site preparation, off-site migration due to TEDCO resource/priority issues.
Temporarily Delayed Projects		\$ 11,746	\$ 2,718	\$ 9,029	

Forecast Expenditures to Sep 30/06

The Corporation's plans to spend approx. \$22.3M in the three months to Sep 30/06 concentrated on the following key projects:

- West Don Lands Phase 1 Implementation \$6.7M (largely bridge enlargement)
- Mimico and Port Union Waterfronts \$2.8M
- Union Station Second Platform \$1.8M
- Port Lands Permanent Beautification \$1.2M
- Central Waterfront Public Realm \$1.1M
- Interim Sports Fields \$0.4M
- Don River Park Design \$0.4M



Unaudited Interim Financial Statements

Quarter Ended
June 30, 2006



TORONTO WATERFRONT
REVITALIZATION CORPORATION

Management Discussion & Analysis

- Q1 2006/07 interim financial statements are unaudited
- Q1 2006/07 spending concentrated largely on construction activities (60%), specifically:
 - Harbourfront Water's Edge \$2.5M (substantially complete at Jun 30/06)
 - Martin Goodman Trail improvements \$2.2M (primarily Marilyn Bell Park area)
 - West Don Lands Phase 1 \$2.2M (largely focused on flood protection activities)
 - Western Beaches Watercourse \$2M (substantially complete at Jun 30/06)
 - Leslie St. Streetscaping \$0.9M (Phase 1 substantially complete Jul 31/06)
 - Port Union Waterfront \$0.3M (Phase 1 anticipated to be completed by fall/06)
- Strong cash position (\$36M) and project funding for Q2 2006/07 (\$25M deferred contributions)
- Outstanding corporate costs contribution agreement critical risk management issue

Statement of Financial Position

- Total Assets of \$55.5M – increase of \$8.5M from Mar 31/06 (primarily Cash and Contributions Receivable)
- Total Liabilities of \$43M – increase of \$8.5M from Mar 31/06 (primarily Deferred Contributions)
- No change in net assets

Statement of Financial Activities

- \$19.8M received/receivable in Government Contributions for quarter to Jun 30/06 (up from \$nil for same period in prior year)
- \$6M of Government Contributions deferred to future periods as not spent in Q1 06/07
- \$14.3M in Expenditures for quarter to Jun 30/06
 - \$7.9M (55%) eligible recipient-managed projects
 - \$6.4M (45%) TWRC-managed projects
 - Majority (60%) of expenditures focused on construction/implementation activities

Statement of Cash Flows


- Cash balance increased \$6.6M to \$36.1M in three month period to Jun 30/06
- Largely due to government contributions received for future periods (Q2 06/07)
- Large cash balance at Jun 30/06 represents the fact that TWRC is in the implementation phase of waterfront revitalization

Cash and Liquidity

Cash on Hand June 30, 2006	\$ 36,089,969
Add: Other Current Assets	\$ 5,688,210
Less: Accounts Payable and Accruals June 30, 2006	(17,773,680)
Add back 9 Hanna 1/3 accrual not expected to pay this quarter	4,695,873
Net Working Capital - June 30, 2006	\$ 28,700,372
Forecast expenditures three months to Sept 30, 2006	22,303,363
Forecast additional funding to Sept 30, 2006	9,639,590
Estimated Surplus Funding to Sept 30, 2006	16,036,599

Resolution

That the interim, unaudited financial statements for the quarter ended June 30, 2006 be approved by the Board of Directors.



Funding Update

Board of Directors

September 8, 2006



TORONTO WATERFRONT
REVITALIZATION CORPORATION

Funding Update as at Jun 30/ 06

Funding	Share of Eligible Costs to Jun-30-06*	Actual Funding Received / Rec'ble to Jun-30-06	Balance - Deferred Contributions
Government of Canada	\$ 64,428,414	\$ 67,413,243	\$ (2,984,829)
Province of Ontario	37,048,094	44,735,215	(7,687,121)
City of Toronto	35,801,307	49,861,489	(14,060,182)
TOTAL	\$ 137,277,815	\$ 162,009,947	\$ (24,732,132)

* Based on share of funding per Sep-05 IGSC-approved long-term plan

The above over-funding balance is reflected as Deferred Contributions on the Corporation's balance sheet at year-end reflecting funding received but not spent.

The significant projects in an over-funding situation include West Don Lands Phase 1 (\$11M), Commissioners Park Land (\$5.5M), Core Projects (\$4.4M) and Priority Projects (\$2.4M). These are offset by an under-funding situation for Corporate Costs of \$2M.

Funding Issues

- TWRC is under-funded for Corporate Costs \$2M at June 30/06 (federal contribution), forecast to be \$6.6M to Sep/30
- The federal government cannot release funding for TWRC corporate costs until the Corporate Cost CA is signed
- As a result, TWRC is temporarily using funds from other projects in an over-funding situation to fund Corporate costs
- The City of Toronto and the Province of Ontario authorized TWRC to use unspent funds on other projects to fund the required corporate costs to June 30, 2006
- The Corporate Costs CA is expected to be signed before Sept 30, 2006 to cover costs since inception to March 31, 2007

Signed Contribution Agreements

CONTRIBUTION AGREEMENT	TORONTO	ONTARIO	CANADA	TOTAL
1 Priority Projects				
Dev. Plan & Bus. Strategy	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000
Front Street Extension	56,666,667	56,666,667	56,666,667	170,000,000
Lower Don River EA's	1,000,000	1,000,000	1,000,000	3,000,000
Portlands Preparation	20,233,333	20,233,333	20,233,333	60,700,000
Total Priority Projects	\$ 78,900,000	\$ 78,900,000	\$ 78,900,000	\$ 236,700,000
2 Core Projects				
Harbourfront Water's Edge	\$ 6,200,000	\$ 6,200,000	\$ 6,200,000	\$ 18,600,000
Mimico Park	2,166,667	2,166,667	2,166,667	6,500,000
Port Union	5,333,333	5,333,333	5,333,333	16,000,000
Precinct Planning	2,352,333	2,352,333	2,352,333	7,057,000
Total Core Projects	\$ 16,052,333	\$ 16,052,333	\$ 16,052,333	\$ 48,157,000
3 Commissioners Park Land	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 10,000,000
4 WB Watercourse Facility Feasibility	\$ -	\$ -	\$ 200,000	\$ 200,000
5 WB Watercourse Facility	\$ 4,000,000	\$ 4,000,000	\$ 19,000,000	\$ 27,000,000
6 Shakespeare Works	\$ -	\$ -	\$ 1,475,576	\$ 1,475,576
SUB-TOTAL	\$ 102,285,667	\$ 102,285,667	\$ 118,961,243	\$ 323,532,576

Signed Contribution Agreements

CONTRIBUTION AGREEMENT	TORONTO	ONTARIO	CANADA	TOTAL
SUB-TOTAL	\$ 102,285,667	\$ 102,285,667	\$ 118,961,243	\$ 323,532,577
7 Tommy Thompson Park	\$ -	\$ -	\$ 8,000,000	\$ 8,000,000
8 Lake Ontario Park Plan	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
9 PL Permanent Beautification	\$ 2,580,000	\$ 2,580,000	\$ 10,000,000	\$ 15,160,000
10 West Don Lands Phase 1	\$ 54,410,000	\$ 24,290,000	\$ -	\$ 78,700,000
11 University of Peace	\$ -	\$ -	\$ 2,938,267	\$ 2,938,267
12 Strategic Land Acquisition	\$ -	\$ -	\$ 13,237,906	\$ 13,237,906
13 Interim Sports Fields	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
14 Don River Park Phase 1	\$ -	\$ -	\$ 1,485,000	\$ 1,485,000
15 PL Reg. Sports Complex Feas.	\$ -	\$ -	\$ 200,000	\$ 200,000
16 Union Station Second Platform	\$ 40,000,000	\$ 30,000,000	\$ 19,334,000	\$ 89,334,000
GRAND TOTAL	\$ 199,275,667	\$ 159,155,667	\$ 180,156,416	\$ 538,587,750

37%

30%

33%

100%



CA's in the Pipeline

■	Agreements in final drafting/submission stage	
○	District Energy	\$ 30.0M
○	Canada Square Feasibility Study	\$ 0.4M
○	<u>Corporate Costs (to March 31, 2007)</u>	<u>\$ 11.6M</u>
○	Subtotal	\$ 42.0M
■	Agreements in drafting/ early submission stage	
○	East Bayfront Phase I Implementation (infrastr. design)	\$ 24.0M
○	Sherbourne Park	TBD
○	Central Waterfront Public Realm (MGT II)- detailed design	2.8M
○	Mimico Park (increase from \$6.5M to \$10.6M)	4.1M
○	Port Union Waterfront (increase from \$16M to \$29M)	16.0M
○	<u>Lower Don EA's (increase from \$3M to \$4.2M)</u>	<u>1.2M</u>
○		
■	<u>Total CA's in the Pipeline</u>	<u>\$90.1M+</u>

Funding Summary

Contribution Agreements signed	\$ 538.6 M
Contribution Agreements in the pipeline	\$ 90.1 M
Total Contribution Agreements signed or at different stages in the pipeline	\$ 628.7M
Total TWRC long-term funding per IGSC-approved funding plan dated Sept. 6, 2005 (excluding flow-through projects of \$167M)	\$1,519.4M
% of TWRC Long-term Plan with Contribution Agreements in Place or Close to be In place	41.4%

Review of Internal Audit Findings and Follow up

Board of Directors
September 8, 2006



Contribution Agreement Compliance Internal Audit Report

- Completed by PricewaterhouseCoopers (PWC) Q1 2006/07
- Findings reviewed by Audit Committee and Finance & Risk Management Committee
- Overall conclusion by PWC:
 - “Although there were a few exceptions, TWRC has maintained an acceptable level of compliance with the Contribution Agreements”



Long Term Plan

Board of Directors
September 8th, 2006



TORONTO WATERFRONT
REVITALIZATION CORPORATION

Long Term Plan - Summary

- Proposed revisions do not require changes to total approved funding
- Reflect a refocus of priorities:
 - 1) East Bayfront
 - 2) West Don Lands
 - 3) Central Waterfront
 - 4) Sustainability
 - 5) Marketing

Long Term Plan – Approval Status

2006 Long Term Plan Approval Process

- Approved by Toronto Waterfront Secretariats
- City Council – Approved July 26, 2006
- Provincial Approval
- Federal Treasury Board Approval

Long Term Plan – Gov't Funding Source

■ Government Funding Sources

Total Government Contributions	\$1,500.0M
Total Project Revenues	\$318.1M
Total Funding Sources	\$1,818.1M

Long Term Plan - Summary

APPLICATION OF FUNDS	Original	Current Proposed	Variance
Existing Project (Cost Increases)	\$301.9M	\$426.5M	(\$124.6M)
New Projects	\$29.5M	\$31.5M	(\$2.0M)
TOTAL APPLICATION OF FUNDS	\$331.6	\$459.8	(\$126.6M)
SOURCE OF FUNDS			
Existing Project (Cost Reductions)	\$416.9M	\$393.3M	\$23.6M
City Reserves (Unallocated)	\$102.6M	\$94.7M	\$7.9M
Revenues	\$78.5M	\$173.6M	\$95.1M
TOTAL SOURCE OF FUNDS	\$445.8M	\$431.7M	\$126.6M

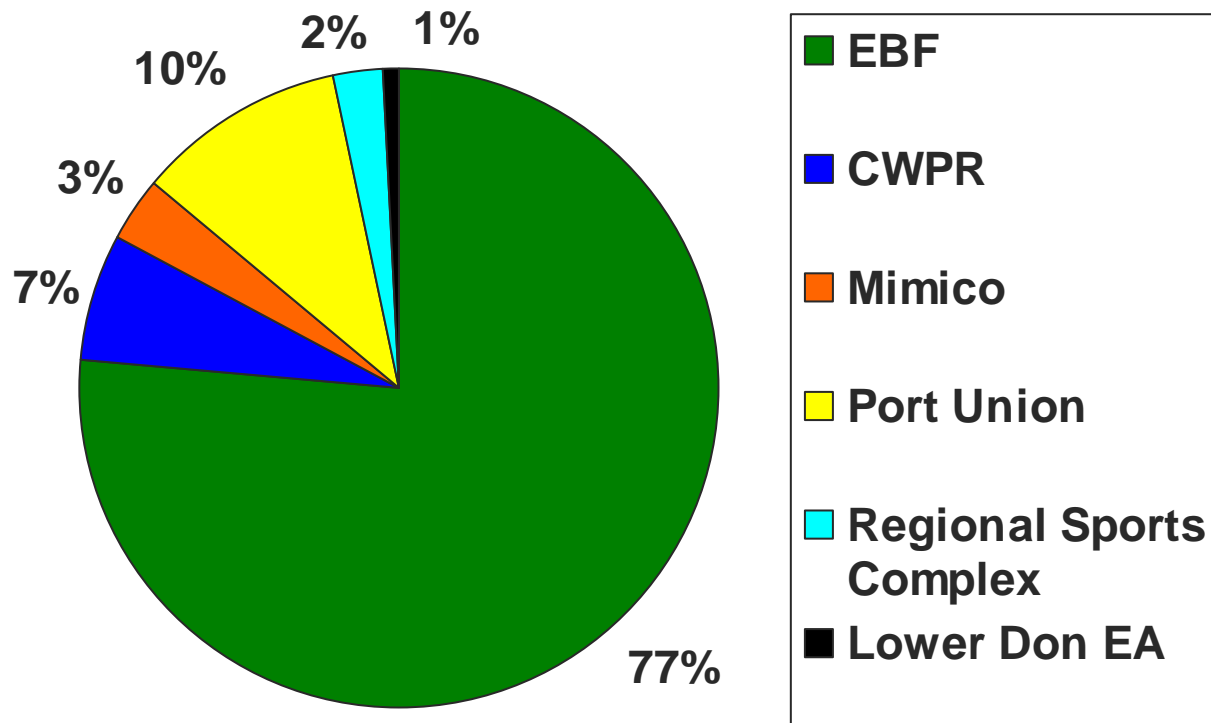
Long Term Plan – Application of Funds

■ Existing Projects – Cost Increases

Project Description	Original	Current Proposed	Variance
East Bayfront	\$230.3M	\$325.4M	(\$95.1M)
CWPR	\$20.1M	\$28.3M	(\$8.2M)
Business Relocation	\$10.0M	\$10.0M	-
Mimico	\$6.5M	\$10.6M	(\$4.1M)
Port Union	\$16.0M	\$29.0M	(\$13.0M)
Regional Sports Complex	\$16.0M	\$19.0M	(\$3.0M)
Lower Don EA	\$3.0M	\$4.2M	(\$1.2M)
Project Total	\$301.9M	\$426.5M	(\$124.6M)

Long Term Plan – Application of Funds

Existing Projects – Cost Increases



Long Term Plan – New Projects

■ New Projects – Application of Funds

Project Description	Original	Current Proposed	Variance
Waterfront Marketing / Sustainability Centre	n/a	\$0	-
International Marketing Strategy	n/a	\$0	-
District Energy	\$29.5M	\$30M	(\$0.5M)
Environ. Insr. & 3 rd Party Indm.	n/a	\$0	-
Sustainability Implementation	n/a	\$0	-
Vacuum Waste	n/a	\$0	-
Pier 4 Rehabilitation	n/a	\$1.5M	(\$1.5M)
Project Total	\$29.5M	\$31.5M	(\$2.0M)

Long Term Plan – New Projects

Summary

- 7 New Projects Proposed
- 2 New Projects Approved – Pier 4 and EBF DE combined with WDL DE
- Remaining 5 to be considered in next year's Long Term Plan process

Long Term Plan – Existing Projects

- Source of Funds – Cost Reductions

Project Description	Original	Current Proposed	Variance
Naturalization of Don River	\$85.9M	\$65.9M	\$20.0M
Western Beaches	\$27M	\$24.0M	\$3.0M
Lower Yonge Strategic Land	\$50M	\$50M	-
Transitional Sports Fields	\$5.2M	\$5.0M	\$0.2M
Harbourfront Water's Edge	\$18.6M	\$18.5M	\$0.1M
Other Projects	\$230.2M	\$229.9M	\$0.3M
Project Total	\$416.9M	\$393.3M	\$23.6M

Long Term Plan – Funding Sources

■ City Reserve

Project Description	Original	Current Proposed	Variance
City Reserves	\$102.6M	\$94.7M	\$7.9M

- Reserve was intended to pay for Water's Edge, Transit and Transportation initiatives
- Proposal is that most of the \$10M from the City's Reserve be allocated to Mimico Park, Naturalization of Mouth of Don River and Pier 4 Rehabilitation

Long Term Plan – Financing

Project Revenues

Current Project Revenues (Beginning Balance)	\$318.1M
Applied to EBF	(\$114.7M)
Applied to Corporate Costs	(\$7.6M)
Applied to Front Street Extension	(\$26.6M)
Applied to West Don Lands	(\$17.2M)
Applied to District Energy	(\$7.5M)
Total Applied to Projects	(\$173.6M)
Unallocated Project Revenues (Ending Balance)	\$144.5M

- Total Current Project Revenues from EBF & WDL \$318.1M
- Original Project Revenues \$186.4M and \$78.5M was allocated
- Difference of \$95.1M in additional funds allocated to EBF