Financial statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2011

Toronto Waterfront Revitalization Corporation
March 31, 2011

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Management's Responsibility for the Financial Statements

June 29, 2011

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 generally accepted accounting principles for Not-for-Profit organizations established by the Canadian Institute of Chartered Accountants. Significant accounting policies of the Corporation are described in Note 2 to 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 auditor, 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 Deloitte & Touche LLP, the independent external auditor 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.

President and CEO

C. McClean

Chief Financial Officer

Deloitte.

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Independent Auditor's Report

To the Board of Directors of the
Toronto Waterfront Revitalization Corporation

We have audited the accompanying financial statements of the Toronto Waterfront Revitalization Corporation, which comprise the statement of financial position as at March 31, 2011, and the statements of financial activities and net assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Toronto Waterfront Revitalization Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 29, 2011

Toronto Waterfront Revitalization Corporation

Statement of financial position
as at March 31, 2011

	2011	2010
	$	$
Assets		
Current assets		
Cash	**33,067,712**	85,045,263
Short-term investments	**59,393,870**	-
HST/GST receivable	**2,127,453**	1,119,598
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	**10,140,455**	8,889,300
	104,729,490	95,054,161
Restricted cash (Note 5)	**4,770,156**	4,731,400
Capital assets (Note 6)	**108,471,835**	110,136,630
Other assets (Note 7)	**287,798**	3,042,814
	218,259,279	212,965,005
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**54,133,067**	27,299,693
Deferred contributions and grants (Note 10)	**58,449,736**	80,605,161
Other liabilities and settlements (Note 9)	**1,547,154**	16,091
	114,129,957	107,920,945
Accrued benefit liability (Note 13)	**65,356**	103,001
Other liabilities and settlements (Note 9)	**997,738**	1,898,725
	115,193,051	109,922,671
Commitments (Note 14)		
Net assets (Note 11)	**103,066,228**	103,042,334
	218,259,279	212,965,005

Approved by the Board

____________________ Director

____________________ Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities and net assets
year ended March 31, 2011

	2011	2010
	$	$
Revenue		
Government contributions		
Government of Canada	**53,558,686**	107,724,351
Province of Ontario	**63,979,803**	13,840,237
City of Toronto	**4,623,640**	34,373,817
	122,162,129	155,938,405
Less:		
Contributions for land acquisition	**(23,894)**	(8,599,010)
Decrease (increase) in deferred contributions and grants related to future periods	**22,155,425**	(51,932,460)
Net government contributions	**144,293,660**	95,406,935
Rent	**2,706,157**	3,005,599
Interest and other	**550,229**	126,642
	147,550,046	98,539,176
Expenses (Note 12)		
Construction/implementation (Note 6)	**110,348,852**	64,356,683
Design and contract management	**15,902,856**	17,652,942
Planning and approvals	**7,376,911**	7,626,127
Project management	**11,212,153**	6,703,644
Land holding expenses	**2,709,274**	2,199,780
	147,550,046	98,539,176
Excess of revenue over expenses	**-**	-
Net assets, beginning of year	**103,042,334**	94,443,324
Add government contributions for land acquisition	**23,894**	8,599,010
Net assets, end of year	**103,066,228**	103,042,334

Toronto Waterfront Revitalization Corporation

Statement of cash flows
year ended March 31, 2011

	2011	2010
	$	$
Operating activities		
Excess of revenue over expenses	**-**	-
Items that do not involve cash		
Amortization of capital assets	**1,970,452**	1,746,388
Capital assets written off (Note 6)	**623,183**	-
	2,593,635	1,746,388
Changes in non-cash operating items		
Decrease in contributions receivable	**-**	5,250,000
Increase in HST/GST receivable	**(1,007,855)**	(408,837)
Decrease (increase) in deposits, prepaid expenses, rent receivable and other assets	**1,503,861**	(8,396,605)
Increase in accounts payable and accrued liabilities	**26,833,374**	6,697,914
Increase in other liabilities and settlements	**630,076**	340,487
(Decrease) increase in accrued benefit liability	**(37,645)**	2,750
(Decrease) increase in deferred contributions and grants	**(22,155,425)**	51,932,460
	8,360,021	57,164,557
Investing activities		
Acquisition of capital assets	**(928,840)**	(11,015,805)
Purchase of short-term investments	**(59,393,870)**	-
Increase in restricted cash	**(38,756)**	(4,731,400)
	(60,361,466)	(15,747,205)
Financing activity		
Government contributions for non-amortized capital assets	**23,894**	8,599,010
Net (outflow) inflow of cash	**(51,977,551)**	50,016,362
Cash, beginning of year	**85,045,263**	35,028,901
Cash, end of year	**33,067,712**	85,045,263

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 with Canadian generally accepted accounting principles for Not-for-Profit organizations contained in Part V of the Canadian Institute of Chartered Accountants (CICA) handbook.

(b) Revenue recognition

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

(c) Financial instruments

The Corporation’s financial assets and financial liabilities are classified and measured as follows:

Asset/liability	Category	Measurement
Cash and short-term investments	Held for trading	Fair value
Contributions receivable	Loans and receivables	Amortized cost
Rent receivable	Held for trading	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Other liabilities and settlements	Other financial liabilities	Amortized cost

Short term investments are comprised of guaranteed investment certificates.

Held for trading items are measured at fair value, with changes in their fair value recognized in the Statement of Financial Activities and Net Assets in the current period. Loans and receivables are measured at amortized cost, using the effective interest method, net of any impairment. Other financial liabilities are measured at amortized cost, using the effective interest method.

The carrying value of cash, short-term investments, contributions receivable, rent receivable, accounts payable and accrued liabilities and other liabilities approximate their fair values due to the relatively short term to their maturity.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

Other accounts noted on the Statement of Financial Position, such as HST/GST receivable, prepaid expenses and deposits, capital assets, other assets, deferred contributions and grants, and accrued benefit liability are not financial instruments.

As allowed under Section 3855 “Financial Instruments - Recognition and Measurement”, the Corporation has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The Corporation has elected to follow the disclosure requirements of Section 3861 “Financial Instruments - Disclosure and Presentation” of the CICA Handbook.

(d) Contributions receivable and deferred contributions

Annual contribution commitments by the Governments under signed contribution agreements which have not been received by the Corporation are recorded as contributions receivable when the amount is determinable and the ultimate collection is likely.

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. Accordingly, all unspent funds are recorded as deferred contributions.

Contributions from the Governments 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, are recognized as a direct contribution to net assets.

(e) Payroll costs

Project management expenses include payroll costs for employees whose activities are directly attributed to specific projects as well as an allocation of all other employees’ payroll costs, which are disclosed in “Salaries, fees and benefits” in Note 12.

(f) Recognition of expenditures incurred by eligible recipients

The Corporation has entered into agreements with eligible recipients responsible for managing various projects on Toronto's Waterfront. expenditures related to these projects are recorded in the financial statements of the Corporation on an accrual basis based upon actual funding requests and estimated funding requests submitted by the eligible recipients in accordance with approved project work plans. Under the terms of the agreements, the Corporation does not assume ownership or ongoing operational responsibility upon project completion.

(g) Capital assets

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

Leasehold improvements	5 years
Furniture and fixtures	5 years
Computer hardware and software	3 years
Office equipment	5 years
District Energy	
Interim Plant	3 years
Energy Transfer Stations	25 years
Energy Distribution System	40 years

2. Significant accounting policies (continued)

(g) Capital assets (continued)

Construction in progress, which is not amortized, comprises capital assets under construction, assets not yet placed in service and pre-construction activities related to specific projects expected to be constructed. Betterments, which extend the estimated life of an asset, are capitalized. Repairs and maintenance costs are charged to expense.

Capital costs incurred by the Corporation on assets for which the Corporation does not have legal title are charged to expense.

(h) 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.

(i) 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, design and contract management, planning and approvals and project management. The expenses are allocated proportionately on the basis of the total costs of the functional area excluding support expenses.

(j) Executive pension plan

The Corporation accrues its obligations under the Pension Plan for Presidents of TWRC (the “Plan”) and the related costs, net of plan assets. The Corporation has adopted the following policies:

- The cost of pension benefits earned is actuarially determined using the projected unit credit method pro-rated on service and management’s best estimate of expected plan performance, salary escalation and retirement age of the President.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets for the year or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over 6 years.

(k) 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 of capital assets, accrued liabilities, deferred revenue and accrued benefit liability.

3. Future accounting changes

In December 2010, the CICA issued a new accounting framework applicable to Not-for-Profit Organizations. Effective for fiscal years beginning on or after January 1, 2012, government Not-for-Profit Organizations must adopt Public Sector Accounting (PSA) Standards as their new underlying accounting framework and will have to choose between (a) the Not-for-Profit accounting standards which are incorporated into the CICA PSA Handbook; or (b) the CICA PSA Handbook without the Not-for-Profit accounting standards. The Corporation currently plans to apply the Not-for-Profit accounting standards which are incorporated into the CICA PSA Handbook (for its fiscal year beginning on April 1, 2012). The impact of transitioning to these new standards has not been determined at this time.

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

	2011	2010
	$	$
Construction deposits	**7,840,065**	7,840,065
Prepaid expenses	**145,700**	165,177
Rent receivable	**559,035**	825,846
Advance to the Toronto and Region Conservation Authority (the "TRCA") and current portion of environmental liability insurance and rent receivable (Note 7)	**1,595,655**	58,212
	10,140,455	8,889,300

The Corporation has provided the City of Toronto (the "City") and Toronto Hydro with certain construction deposits to guarantee satisfactory performance, completion of work and related obligations required for the construction of municipal and hydro infrastructure by the Corporation. The construction deposits will be released to Waterfront Toronto at the expiration of all performance and guarantee periods. The construction deposits paid to the City are non-interest bearing and the construction deposits paid to Toronto Hydro of $5,658,866 will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada, less two percent.

5. Restricted cash

The Corporation has $4,770,156 (2010 - $4,731,400) in cash which is subject to restrictions that prevent its use for current purposes. This cash balance forms part of a security fund set up with the City for a TWRC development initiative. Under the terms of the agreement, TWRC cannot withdraw funds from the security fund without the authorization of the City, and the City, can only draw on the security fund subject to certain conditions and providing sufficient and appropriate notice to TWRC.

6. Capital assets

			2011	2010
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	$	$	$
Land	**103,066,228**	**-**	**103,066,228**	103,042,334
Leasehold improvements	**611,747**	**513,794**	**97,953**	193,764
Furniture and fixtures	**637,698**	**561,039**	**76,659**	155,441
Computer hardware and software	**2,083,752**	**1,215,588**	**868,164**	729,318
Office equipment	**253,267**	**160,564**	**92,703**	139,505
District Energy				
Interim Plant	**5,651,324**	**2,637,439**	**3,013,885**	4,291,074
Energy Transfer Stations	**579,882**	**32,271**	**547,611**	533,060
Energy Distribution System	**740,484**	**31,852**	**708,632**	-
Construction in progress	**-**	**-**	**-**	1,052,134
	113,624,382	**5,152,547**	**108,471,835**	110,136,630

Included in construction/implementation expenses for the year ended March 31, 2011 is an amount of $623,183 (2010 - $Nil), representing the net book value of capital assets relating to District Energy which were written off during the year.

6. Capital assets (continued)

The Corporation owns land containing environmental contamination. As the Corporation does not have any legal obligation to remediate the lands, no environmental remediation liability has been recognized in these financial statements. 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 (2010 - $Nil).

7. Other assets

	2011	2010
	$	$
Advance to the TRCA	**1,500,000**	2,650,000
Environmental impairment liability insurance	**230,562**	288,774
Rent receivable	**152,891**	162,252
Total other assets	**1,883,453**	3,101,026
Less: current portion (Note 4)	**1,595,655**	58,212
	287,798	3,042,814

The advance given to the TRCA is to be applied to various projects expected to continue until December 2011.

8. Accounts payable and accrued liabilities

	2011	2010
	$	$
Accounts payable	**4,296,779**	4,898,736
Accrued liabilities	**44,736,856**	18,540,504
Holdbacks payable	**5,099,432**	3,860,453
	54,133,067	27,299,693

9. Other liabilities and settlements

Other liabilities and settlements at March 31, 2011 total $2,544,892 (2010 - $1,914,816) and represent a tenants leasehold improvement allowance, future obligations related to business relocation and District Energy operating receipts for which the Corporation does not yet have the authority to earn, and therefore cannot recognize as revenue.

	2011	2010
	$	$
Tenant leasehold improvement allowance	**4,021**	20,105
Business relocation future obligations	**1,543,133**	1,543,133
District Energy operating receipts	**997,738**	351,578
Total other liabilities	**2,544,892**	1,914,816
Less: current portion	**1,547,154**	16,091
	997,738	1,898,725

10. Deferred contributions and grants

Deferred contributions and grants represent contributions from the Governments which have not been applied to eligible costs at March 31, 2011, as well as contributions received for the acquisition of capital assets.

	2011	2010
	$	$
Expenses of future periods		
Balance, beginning of period	**73,530,965**	22,268,912
Additional contributions received/receivable	**121,213,189**	144,922,600
Less amounts recognized as revenue	**(141,700,025)**	(93,660,547)
Balance, end of period	**53,044,129**	73,530,965
Capital contributions		
Balance, beginning of period	**7,074,196**	6,403,789
Contributions for acquisition of capital assets	**948,940**	11,015,805
Less direct contribution to net assets	**(23,894)**	(8,599,010)
Less amount amortized to revenue	**(2,593,635)**	(1,746,388)
Balance, end of period (Note 11b)	**5,405,607**	7,074,196
	58,449,736	80,605,161

11. Net assets

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

	2011	2010
	$	$
Invested in capital assets (Note 11b)	**103,066,228**	103,042,334
Unrestricted	**-**	-
	103,066,228	103,042,334

b) Invested in capital assets represents the following:

	2011	2010
	$	$
Capital assets	**108,471,835**	110,136,630
Less:		
Amount financed by deferred capital contributions (Note 10)	**(5,405,607)**	(7,074,196)
Amount financed by accounts payable and accrued liabilities	**-**	(20,100)
	103,066,228	103,042,334

12. Allocation of general support expenses

	Construction/ implementation	Design and contract management	Planning and approvals	Project management	2011 Total	2010 Total
	$	$	$	$	$	$
Salaries, fees and benefits	**3,147,594**	**453,614**	**210,419**	**319,816**	**4,131,443**	5,030,392
Legal fees	**1,772,114**	**255,387**	**118,467**	**180,059**	**2,326,027**	2,561,778
Office and other	**2,467,190**	**355,558**	**164,934**	**250,682**	**3,238,364**	1,937,194
Audit, finance and other professional fees	**299,040**	**43,096**	**19,991**	**30,384**	**392,511**	735,978
Amortization	**1,501,215**	**216,347**	**100,357**	**152,533**	**1,970,452**	1,746,388
	9,187,153	**1,324,002**	**614,168**	**933,474**	**12,058,797**	12,011,730
Direct expenses	**101,161,699**	**14,578,854**	**6,762,743**	**10,278,679**	**132,781,975**	84,327,666
Land holding expenses	**-**	**-**	**-**	**-**	**2,709,274**	2,199,780
Total	**110,348,852**	**15,902,856**	**7,376,911**	**11,212,153**	**147,550,046**	98,539,176

13. Executive pension plan

The Corporation maintains a registered pension plan. The Plan is a defined benefit plan and was transferred from the President's previous employer to the Corporation, pursuant to the President's employment contract. The Plan was registered in the Corporation's name April 21, 2003 with no assets or liabilities until January 1, 2005 when a transfer was affected from the President's previous employer. The Plan provides pension benefits based on length of service and final average earnings.

The Corporation measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial update of the plan was as of March 31, 2011. The last valuation for funding purposes was as of January 1, 2009.

A reconciliation of the funded status of the Plan to the amount recorded in the financial statements is as follows:

	2011	2010
	$	$
Accrued benefit obligation	**1,399,000**	1,256,275
Fair value of plan assets	**1,396,029**	1,281,481
Funded status - plan (deficit) surplus	**(2,971)**	25,206
Unamortized net actuarial gain	**(62,385)**	(128,207)
Accrued benefit liability	**(65,356)**	(103,001)

Details of the accrued benefit obligation are as follows:

	2011	2010
	$	$
Accrued benefit obligation, beginning of year	**1,256,275**	1,182,078
Current service cost	**31,695**	30,595
Interest cost on accrued benefit obligation	**77,278**	72,760
Actuarial loss (gain) on accrued benefit obligation	**33,752**	(29,158)
Accrued benefit obligation, end of year	**1,399,000**	1,256,275

13. Executive pension plan (continued)

The Plan expense for the year is determined as follows:

	2011	2010
	$	$
Current service cost	**31,695**	30,595
Interest cost on accrued benefit obligation	**77,278**	72,760
Expected return on plan assets	**(78,919)**	(71,328)
Amortization of net actuarial gain	**(30)**	-
Plan expense	**30,024**	32,027

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2011	2010
	%	%
Discount rate	**6.00**	6.00
Expected long-term rate of return on plan assets	**6.00**	6.00
Rate of salary escalation	**2.50**	2.50

14. Commitments

The Corporation is committed to payments under operating leases for equipment and office space through 2017 in the amount of $3,448,491. Annual payments are as follows:

	$
2012	769,493
2013	774,771
2014	763,746
2015	672,667
2016	374,251
2017	93,563
	3,448,491

In addition, the Corporation has other commitments of $89,472,509. These commitments comprise contracts directly entered into by the Corporation, commitments under Development Agreements, and/or delivery agreements with eligible recipients who are responsible for managing various projects on Toronto's waterfront, and a commitment to the City for road realignment.

15. Capital management

In managing capital, the Corporation focuses on liquid resources available for operations and project implementation. The need for sufficient resources is considered in the preparation of an annual long term expenditure plan ("LTEP") and in the monitoring of cash flows and actual expenditures compared to the LTEP. In addition, the Corporation has established a target of having three months of project implementation and operating costs held in available liquid assets. As at March 31, 2011, the Corporation believes it has met its objective of having sufficient liquid resources to meet its current obligations.

16. Contingent liabilities

(a) Under the terms and conditions of the Contribution Agreements, the Corporation provides an indemnity to the City, Province of Ontario (the "Province") 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 of damage has been caused by the City, Province 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 three Development Agreements with three 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 two development agreements the amounts are not determinable, they are limited to the amount up to the respective builder's carrying costs and/or out of pocket expenses incurred on the development. No amount for these representations has been accrued in these financial statements. Management attempts to limit the Corporation's potential exposure under these guarantees through appropriate schedule, cost and scope management practices.

(d) During the year, the Corporation recorded an accrued expense for $1.3 million relating to the potential future removal costs of capital assets which were written off during the year. The Corporation believes that removal is likely and has measured this liability as at March 31, 2011.

17. Comparatives

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