Financial statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2014

Toronto Waterfront Revitalization Corporation

March 31, 2014

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Management's Responsibility for the Financial Statements

June 25, 2014

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 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.

President and CEO

Chief Financial Officer

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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Board of Directors of
Toronto Waterfront Revitalization Corporation

We have audited the accompanying financial statements of Toronto Waterfront Revitalization Corporation, which comprise the statement of financial position as at March 31, 2014, and the statements of financial activities, remeasurement gains and losses, changes in net assets and 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 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.

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 auditors' 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 Toronto Waterfront Revitalization Corporation as at March 31, 2014, 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.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Mississauga, Ontario
June 25, 2014

Toronto Waterfront Revitalization Corporation

Statement of financial position
as at March 31, 2014

	March 31, 2014	March 31, 2013
	$	$
Assets		
Current assets		
Cash	**8,673,954**	6,603,334
Short-term investments	**63,817,965**	33,018,279
Contributions receivable (Note 3)	-	15,920,635
HST receivable	**889,461**	586,723
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	**10,024,704**	8,490,189
	83,406,084	64,619,160
Restricted cash (Note 5)	**7,385,064**	8,987,394
Assets under development (Note 6)	**297,723,741**	236,976,694
Capital assets (Note 7)	**112,652,795**	114,557,753
Other assets (Note 8)	**389,673**	343,455
	501,557,357	425,484,456
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**17,911,692**	26,529,606
Deferred contributions and grants (Note 10)	**74,061,090**	50,525,363
Other liabilities and settlements (Note 11)	**257,574**	523,320
	92,230,356	77,578,289
Other liabilities and settlements (Note 11)	**2,527,204**	3,912,082
	94,757,560	81,490,371
Net assets (Note 12)	**406,799,797**	343,994,085
	501,557,357	425,484,456

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

Approved on behalf of Board:

_______________ Director

_______________ Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities

year ended March 31, 2014

	March 31, 2014	March 31, 2013
	$	$
Revenue		
Province of Ontario	**58,911,600**	60,068,101
City of Toronto	**57,893,132**	36,093,140
Government of Canada	**-**	10,557,005
Non-government organizations	**3,701,380**	1,498,803
	120,506,112	108,217,049
Less: Government contributions for land and/or assets under development	**(60,747,047)**	(58,542,300)
Increase in deferred contributions for continuing operations related to future periods	**(23,535,727)**	(470,228)
	36,223,338	49,204,521
Expenses (Note 13)		
Waterfront -Wide Initiatives	**29,022,637**	35,361,555
Port Lands	**2,740,076**	4,110,688
East Bayfront	**2,060,532**	3,915,687
West Don Lands	**1,597,764**	3,197,956
Central Waterfront	**992,733**	1,802,161
	36,413,742	48,388,047
Excess of (expenses over revenue)/revenue over expenses before other operating items	**(190,404)**	816,474
Net other operating income (Note 16)	**2,210,374**	1,303,029
Excess of revenue over expenses	**2,019,970**	2,119,503

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, 2014

	March 31, 2014	March 31, 2013
	$	$
Accumulated remeasurement gains, beginning of the year	**85,955**	-
Unrealized gains attributable to:		
Short term investments	**38,695**	85,955
Net remeasurement gains for the year	**38,695**	85,955
Accumulated remeasurement gains, end of year	**124,650**	85,955

Statement of changes in net assets

year ended March 31, 2014

	March 31, 2014	March 31, 2013
	$	$
Net assets, beginning of the year	**343,994,085**	287,099,458
Add: Excess of revenue over expenses	**2,019,970**	2,119,503
Add: Unrealized remeasurement gains	**38,695**	85,955
Less: Transfer of completed assets under development to governments	-	(3,853,131)
Add: Government contributions for assets under development	**60,747,047**	58,542,300
Net assets, end of year	**406,799,797**	343,994,085

Toronto Waterfront Revitalization Corporation

Statement of cash flows

year ended March 31, 2014

	March 31, 2014	March 31, 2013
	$	$
Cash flows from operating activities		
Cash received from:		
Government contributions for operating activities	**71,712,073**	32,391,395
Non government contributions for operating activities	**2,174,403**	3,573,182
Investment income received for operating activities	**239,550**	209,464
Sales tax rebates	**6,762,332**	7,738,503
	80,888,358	43,912,544
Cash paid for:		
Planning and implementation expenses	**(29,146,773)**	(22,440,073)
Project support expenses	**(7,716,197)**	(7,498,313)
Transfer payments	**(29,618,341)**	(35,756,061)
	(66,481,311)	(65,694,447)
Net cash (paid for) received from operating activities	**14,407,047**	(21,781,903)
Cash flows from capital activities		
Cash received from government contributions for assets under development	**60,747,047**	58,542,300
Cash used to acquire capital assets	**(365,404)**	(250,593)
Cash used to acquire assets under development	**(42,287,332)**	(53,503,370)
Net cash received from capital activities	**18,094,311**	4,788,337
Cash flows from investing activities		
Cash received from short term investments redemption	**12,569,292**	30,694,629
Cash used to purchase additional security investments	**(43,000,030)**	(12,282,881)
Net cash (paid for) received from investment activities	**(30,430,738)**	18,411,748
Increase in cash	**2,070,620**	1,418,182
Cash, beginning of the year	**6,603,334**	5,185,152
Cash, end of the year	**8,673,954**	6,603,334

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 with 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.

2. Significant accounting policies (con't)

(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:

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;
Level 2 fair value measurements are those derives 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
Level 3 fair value measurements are those derived from valuation techniques that include inputes 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 short-term cashable bonds with maturities ranging from April 2014 to November 2015. The 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. The 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. The expenses are allocated using a burden rate based on general support expenses as a proportion of direct labour costs.

(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.

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 during the development stage. Land 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 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. These 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:

Parking facility	10 years
Leasehold improvements	5 years
Furniture and fixtures	5 years
Computer hardware and software	3 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.

(i) *Executive pension plan*

The Corporation has accrued its obligations under the executive pension plan (the "Plan") and the related costs, net of plan assets up to December 31, 2013. 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 executive.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The Corporation is in the process of transferring the Plan to a third party employer effective January 1, 2014 in order to obsolve the Corporation of any future liability.

(j) *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 contributions recoverable, the amortization of capital assets, accrued liabilities, deferred revenue and accrued benefit liability.

3. Contributions receivable

	March 31, 2014	March 31, 2013
	$	$
Province of Ontario	-	15,920,635

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

	March 31, 2014	March 31, 2013
	$	$
Construction deposits	**5,851,903**	6,456,997
Developer receivables, rent and other	**3,731,934**	1,727,895
Prepaid expenses	**408,400**	272,830
Current portion of prepaid expenses and rent receivables (Note 8)	**32,467**	32,467
	10,024,704	8,490,189

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 certain performance and guarantee periods. The construction deposits paid to the City of $2,181,199 (2013 - $2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of $3,670,179 (2013 - $4,275,273) 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 $7,385,064 (2013 - $8,987,394) in cash which is subject to restrictions that prevent its use for current purposes. Of this cash balance $4,728,290 forms part of a security fund set up with the City for infrastructure works being completed by the Corporation in West Don Lands. 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. The remaining balance of $2,656,774 pertains to funds in escrow required to satisfy Waterfront Toronto's future obligations to third party developers.

6. Assets under development

The following table details assets under development by category:

	March 31, 2014	March 31, 2013
	$	$
Roads, public realm, utilities	**239,234,380**	188,010,824
Parkland	**36,378,635**	33,809,427
Land under development	**22,110,726**	15,156,443
	297,723,741	236,976,694

6. Assets under development (con't)

The following table details assets under development by precinct:

	East Bayfront	West Don Lands	Central Waterfront	Total
	$	$	$	$
Opening balance, March 31, 2013	101,144,001	95,912,180	39,920,513	236,976,694
Capital additions	13,663,507	5,261,766	33,411,567	52,336,840
Direct project management - Note 13	1,705,168	528,860	951,285	3,185,313
General and support expenses - Note 13	2,783,423	863,284	1,578,187	5,224,894
Closing balance, March 31, 2014	**119,296,099**	**102,566,090**	**75,861,552**	**297,723,741**

7. Capital assets

	March 31, 2014		March 31, 2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	$	$	$	$
Land	92,588,484	-	92,588,484	-
Parking facility	21,200,570	1,972,319	21,169,329	726,644
Computer hardware and software	2,759,757	2,263,850	2,538,322	1,964,199
Direct energy assets	-	-	6,971,690	6,513,071
Leasehold improvements	1,176,055	894,574	1,176,055	780,211
Furniture and fixtures	659,867	647,008	655,884	632,429
Office equipment	308,580	262,767	308,580	234,037
	118,693,313	6,040,518	125,408,344	10,850,591
Cost less accumulated amortization		**112,652,795**		114,557,753

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 (2013 - $Nil).

During the year, the Corporation disposed of its direct energy assets with a net book value of $458,619 for procceds of $106,900. The resulting loss on disposal was recorded in the statement of financial activities.

8. Other assets

	March 31, 2014	March 31, 2013
	$	$
Prepaid expenses	**360,800**	335,359
Rent receivable	**61,340**	40,563
	422,140	375,922
Less: Current portion (Note 4)	**32,467**	32,467
	389,673	343,455

9. Accounts payable and accrued liabilities

	March 31, 2014	March 31, 2013
	$	$
Accrued liabilities	13,016,248	21,857,574
Accounts payable	707,688	1,417,485
Holdbacks payable	4,187,756	3,254,547
	17,911,692	26,529,606

10. Deferred contributions and grants

Deferred contributions and grants represent project specific contributions from Governments which have not been applied to eligible costs at March 31, 2014, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2014	March 31, 2013
	$	$
Expenses of future periods		
Balance, beginning of year	38,306,733	37,323,916
Add: additional contribution received/receivable	59,961,024	48,824,873
Less: amounts recognized as revenue	(34,520,338)	(47,842,056)
Balance, end of year	63,747,419	38,306,733
Capital contributions		
Balance, beginning of year	12,218,630	12,731,219
Add: contributions for acquisition of capital assets and assets under development	60,545,087	59,392,176
Less: direct contribution to net assets	(60,747,047)	(58,542,300)
Less: amount amortized to revenue	(1,702,999)	(1,362,465)
Balance, end of year	10,313,671	12,218,630
	74,061,090	50,525,363

11. Other liabilities and settlements

Other liabilities and settlements at March 31, 2014 total $2,784,778 (2013 - $4,435,402) largely represent security and developer deposits.

	March 31, 2014	March 31, 2013
	$	$
Deposits received	2,567,875	2,978,249
Business relocation future obligations	-	1,281,925
Accrued benefit liability	216,903	175,228
Total other liabilities	2,784,778	4,435,402
Less: current portion	257,574	523,320
	2,527,204	3,912,082

12. Net assets

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

	March 31, 2014	March 31, 2013
	$	$
Invested in capital assets (net of deferred capital contributions)	**102,339,124**	102,339,124
Invested in assets under development	**297,723,741**	236,976,694
Unrestricted surplus (Note 12b)	**6,612,282**	4,592,312
Accumulated re-measurement gains	**124,650**	85,955
	406,799,797	343,994,085

b) Unrestricted surplus

	March 31, 2014	March 31, 2013
	$	$
Unrestricted surplus, opening balance	**4,592,312**	2,472,809
Excess of revenue over expenses	**2,019,970**	2,119,503
Unrestricted surplus, closing balance	**6,612,282**	4,592,312

13. Expenses by Precinct and Function

	Waterfront Wide-Initiatives	Port Lands	East Bayfront	West Don Lands	Central Waterfront	Total Mar 31, 2014
	$	$	$	$	$	$
Direct project costs:						
Transfer payments and grants	25,035,943	-	397,932	(558,561)	-	24,875,314
Project planning and implementation costs	2,821,806	1,430,177	-	1,845,733	435,312	6,533,028
Amortization	-	-	1,245,675	-	-	1,245,675
Project management - salaries, fees and benefits	436,617	490,969	1,838,658	638,210	1,157,012	4,561,466
less Project management - salaries, fees and benefits related to assets under development (Note 6)	-	-	(1,705,168)	(528,860)	(951,285)	(3,185,313)
	28,294,366	1,921,146	1,777,097	1,396,522	641,039	34,030,170
General & support expenses:						
Salaries, fees and benefits	456,938	513,820	1,924,233	667,914	1,210,862	4,773,767
General and office administration	154,002	173,173	648,524	225,107	408,097	1,608,902
Communications, marketing and government relations	64,026	71,996	269,623	93,588	169,666	668,900
Information Technology	21,060	23,681	88,686	30,783	55,807	220,018
Amortization	32,246	36,260	135,791	47,134	85,449	336,879
	728,271	818,930	3,066,858	1,064,526	1,929,881	7,608,466
less general & support costs allocated to assets under development (Note 6)	-	-	(2,783,423)	(863,284)	(1,578,187)	(5,224,894)
	29,022,637	**2,740,076**	**2,060,532**	**1,597,764**	**992,733**	**36,413,742**

General and support expenses for the year ending March 31, 2014 have been allocated to precincts using an overhead burden rate of 1.67 (2013 -1.81) for every $1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were $9,335,233 for the year ending March 31, 2014 (2013 - $9,108,938) comprising direct project management salaries, fees and benefits of $4,561,466 (2013 - $4,141,253) and general support salaries, fees and benefits of $4,773,767 (2013 - $4,967,685).

Waterfront-wide initiatives include Union Station Second Platform, Mimico Park and Port Union Waterfront Park. Port Lands include Tommy Thompson Park and Lower Don Lands.

13. Expenses by Precinct and Function (cont.)

	Waterfront Wide-Initiatives	Port Lands	East Bayfront	West Don Lands	Central Waterfront	Total Mar 31, 2013
	$	$	$	$	$	$
Direct project costs:						
Transfer payments and grants	34,492,698	-	632,647	869,962	-	35,995,307
Project planning and implementation costs	-	2,268,110	2,466,174	1,314,165	1,725,301	7,773,750
Amortization	-	-	726,644	-	-	726,644
Project management - salaries, fees and benefits	308,532	654,302	1,104,766	993,632	1,080,021	4,141,253
less Project management - salaries, fees and benefits						-
related assets under development	-	-	(1,072,846)	(633,620)	(1,052,728)	(2,759,194)
	34,801,230	2,922,412	3,857,385	2,544,139	1,752,594	45,877,760
General & support expenses:						
Salaries, fees and benefits	370,103	784,875	1,325,234	1,191,922	1,295,551	4,967,685
General and office administration	104,348	221,290	373,641	336,055	365,272	1,400,606
Communications, marketing and government relations	41,488	87,983	148,557	133,613	145,229	556,870
Information technology	10,644	22,572	38,112	34,278	37,259	142,865
Amortization	33,742	71,556	120,820	108,666	118,114	452,898
	560,325	1,188,276	2,006,364	1,804,534	1,961,425	7,520,924
less general & support costs allocated to assets						
under development	-	-	(1,948,062)	(1,150,717)	(1,911,858)	(5,010,637)
	35,361,555	4,110,688	3,915,687	3,197,956	1,802,161	48,388,047

14. Commitments

The Corporation is committed to payments under operating leases for equipment and office space through 2017 in the amount of $1,145,450. Annual payments are as follows:

2015	**673,899**
2016	**377,988**
2017	**93,563**
	$ 1,145,450

In addition, the Corporation has other commitments of $122,289,055. These commitments comprise contracts directly entered into by the Corporation, and/or Delivery Agreements with Eligible Recipients who are responsible for managing various projects on Toronto's waterfront.

15. Risk disclosures

Credit risk
Credit risk arises from cash and short term 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.

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.

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. As at March 31, 2014, had prevailing interest rates raised or lowered by 1.0%, with all other variables held constant, excess revenues over expenses would have increased or decreased, respectively, by $394,069 (2013 - $341,000).

16. Net other operating income

	March 31, 2014	March 31, 2013
	$	$
Rental, parking and other income	**4,043,461**	3,433,903
Less: operating expenses	**(3,408,587)**	(3,274,278)
	634,874	159,625
Interest and other income	**1,575,635**	1,133,352
Realized investment gains (losses)	**(135)**	10,052
Net other operating income	**2,210,374**	1,303,029

17. Compensation of Senior Executive

As of January 1, 2014 the President and CEO's employment contract was replaced with a Consulting Agreement, the rate of which is based on historical compensation and is not anticipated to result in any increased costs to the Corparation. The fees paid and/or accrued under this Consulting Agreement for the period January 1, 2014 to March 31, 2014 were $104,864.

18. Comparatives

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

19. 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.

(d) The Corporation has a municipal access agreement with the City of Toronto for the ongoing maintenance and potential removal of district energy pipes in West Don Lands. Management estimates the maximum potential liability to be $1,600,000. These costs are currently unfunded.