Financial statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2016

Toronto Waterfront Revitalization Corporation

March 31, 2016

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Management's Responsibility for the Financial Statements

June 29, 2016

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

BDO

Tel: 905 270-7700
Fax: 905 270-7915
Toll-free: 866 248 6660
www.bdo.ca

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, 2016, 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, 2016, 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 Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 29, 2016

Toronto Waterfront Revitalization Corporation

Statement of financial position
as at March 31, 2016

	March 31, 2016	March 31, 2015
	$	$
Assets		
Current assets		
Cash (Note 9)	**6,167,082**	8,838,072
Short-term investments	**7,872,765**	33,121,013
Receivables (Note 3)	**21,836,537**	23,653,033
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	**6,214,540**	9,441,035
	42,090,924	75,053,153
Restricted cash & investments (Note 5)	**16,691,071**	24,695,273
Assets under development (Note 6)	**309,114,553**	391,734,680
Capital assets (Note 7)	**104,473,822**	106,119,033
Other assets (Note 8)	**4,095,155**	8,369,275
	476,465,525	605,971,414
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	**8,004,294**	31,130,219
Deferred contributions and grants (Note 11)	**58,342,841**	50,608,189
Other liabilities and settlements (Note 12)	**267,151**	257,574
	66,614,286	81,995,982
Other liabilities and settlements (Note 12)	**5,069,396**	2,544,981
	71,683,682	84,540,963
Net assets (Note 13)	**404,781,843**	521,430,451
	476,465,525	605,971,414

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, 2016

	March 31, 2016	March 31, 2015
	$	$
Revenue		
Province of Ontario	**20,223,287**	9,979,800
City of Toronto	**18,225,859**	63,679,947
Other restricted contributions	**14,112,480**	26,039,225
	52,561,626	99,698,972
Less: Government contributions for land and/or assets under development	**(19,941,311)**	(94,010,939)
Decrease/(increase) in deferred contributions for continuing operations related to future periods	**(7,734,652)**	23,452,901
	24,885,663	29,140,934
Expenses (Note 14)		
Waterfront-Wide Initiatives	**13,842,907**	22,535,359
Port Lands	**7,124,034**	2,015,596
East Bayfront	**5,026,858**	5,926,603
Central Waterfront	**3,232,028**	623,298
West Don Lands	**863,764**	827,577
	30,089,591	31,928,433
Excess of expenses over revenues before other items	**(5,203,928)**	(2,787,499)
Net other operating income (Note 17)	**1,310,505**	3,594,933
Net gain from the sale of land	**-**	19,917,081
Excess (deficiency) of revenues over expenses	**(3,893,423)**	20,724,515

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, 2016

	March 31, 2016	March 31, 2015
	$	$
Accumulated remeasurement gains, beginning of the year	**19,850**	124,650
Unrealized losses attributable to:		
Short term investments	**(13,032)**	(22,880)
Net remeasurement losses for the year	**(13,032)**	(22,880)
Amounts reclassified to the statement of financial activities	**(5,183)**	(81,920)
Accumulated remeasurement gains, end of the year	**1,635**	19,850

Statement of changes in net assets

year ended March 31, 2016

	March 31, 2016	March 31, 2015
	$	$
Net assets, beginning of year	**521,430,451**	406,799,797
Add: Excess (deficiency) of revenue over expenses	**(3,893,423)**	20,724,515
Add: Net remeasurement losses	**(13,032)**	(22,880)
Less: Remeasurement gains reclassified to the statement of financial activities	**(5,183)**	(81,920)
Less: transfer of assets to Government (Note 6)	**(132,678,281)**	-
Add: Government contributions for assets under development	**19,941,312**	94,010,939
Net assets, end of the period	**404,781,843**	521,430,451

Toronto Waterfront Revitalization Corporation

Statement of cash flows

year ended March 31, 2016

	March 31, 2016	March 31, 2015
	$	$
Cash flows from operating activities		
Cash received from:		
Government contributions for operating activities	**12,831,113**	14,615,617
Other restricted contributions for operating activities	**39,021,433**	22,730,688
Investment income received for operating activities	**96,288**	173,105
Sales tax rebates	**5,993,107**	8,488,576
Net rental income received for operating activities	**2,379,172**	4,510,757
	60,321,113	50,518,743
Cash paid for:		
Planning and implementation expenses	**(29,370,868)**	(12,126,539)
Project support expenses	**(7,372,812)**	(7,371,747)
Transfer payments	**(20,147,600)**	(16,087,530)
	(56,891,280)	(35,585,815)
Net cash received from operating activities	**3,429,833**	14,932,928
Cash flows from capital activities		
Cash received from government contributions for assets under development	**11,118,033**	59,044,130
Cash used to acquire capital assets	**(158,182)**	(122,296)
Cash used to acquire assets under development	**(51,534,241)**	(89,218,527)
Net cash paid for capital activities	**(40,574,390)**	(30,296,693)
Cash flows from investing activities		
Cash received from short term investments redemption	**34,559,363**	40,527,883
Cash used to purchase additional security investments	**-**	(20,629,243)
Invested in restricted cash	**-**	(4,370,757)
Cash paid for borrowings costs	**(85,797)**	-
Net cash received from investment activities	**34,473,566**	15,527,883
Increase (decrease) in cash	**(2,670,990)**	164,118
Cash , beginning of the period	**8,838,072**	8,673,954
Cash , end of the year	**6,167,082**	8,838,072

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)

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.

(ii) Property 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 acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

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

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 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

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 mature in March 2017. 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.

2. Significant accounting policies (con't)

(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.

(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
Computer hardware and software	3 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.

2. Significant accounting policies (con't)

(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 City of Toronto receivable, the amortization 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, 2016	March 31, 2015
	$	$
Province of Ontario	**14,500,000**	-
City of Toronto	**3,336,537**	18,425,497
HST receivable	**-**	929,796
Other receivables/receivable from sale of land	**4,000,000**	4,297,740
	21,836,537	23,653,033

Contributions receivable primarily consists of amounts receivable from the City of Toronto under delivery agreements entered into for the Waterfront Sanitary Servicing Infrastructure, the Martin Goodman Trail West and East Bayfront Queens Quay Interim Improvements projects. Other receivables primarily relate to the sale of land, are non-interest bearing and are collectible on March 31, 2017. Other receivables are secured by an irrevocableletter of credit.

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

	March 31, 2016	March 31, 2015
	$	$
Construction deposits	**4,414,057**	7,932,770
Developer receivables, rent and other	**1,474,556**	1,064,925
Prepaid expenses	**293,460**	410,873
Current portion of prepaid expenses and rent receivables (Note 8)	**32,467**	32,467
	6,214,540	9,441,035

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 (2015 - $2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of $2,232,858 (2015 - $5,751,571) will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada less two percent.

During the year ended March 31, 2016, the Corporation wrote off $3,518,713 of construction deposits held by Toronto Hydro. In order for these deposits to be released, a set level of demand for hydro services needed to be achieved within a fixed term which expired during the period. As such, collection of the deposits are no longer reasonably expected.

5. Restricted cash & investments

The Corporation has cash which is subject to restrictions imposed by external third parties that prevent its use for operating purposes, as outlined below:

	March 31, 2016	March 31, 2015
	$	$
West Don Lands security fund	7,873,190	7,873,190
Funds restricted for holdbacks payable (including HST)	2,124,267	12,966,834
Funds in escrow	2,458,753	2,435,249
Funds restricted for East Bayfront child care facility	1,431,491	1,420,000
Intelligent Communities restricted funds (including HST)	2,803,370	-
	16,691,071	24,695,273

6. Assets under development

The following table details assets under development by category:

	March 31, 2016	March 31, 2015
	$	$
Roads, public realm, utilities	**235,387,536**	326,868,745
Parkland	**41,643,663**	38,669,694
Land under development	**32,083,354**	26,196,241
	309,114,553	391,734,680

6. Assets under development (cont.)

The following table details assets under development by precinct:

	East Bayfront	Central Waterfront	West Don Lands	Total
	$	$	$	$
Opening balance, March 31, 2015	156,042,361	125,656,281	110,036,038	391,734,680
Capital additions	22,681,130	16,895,002	4,314,237	43,890,369
Direct project management - Note 14	1,483,073	466,518	353,409	2,303,000
General and support expenses - Note 14	2,944,330	219,447	701,008	3,864,785
Transfers of completed assets to Government	-	(132,678,281)	-	(132,678,281)
Closing balance, March 31, 2016	**183,150,894**	**10,558,967**	**115,404,692**	**309,114,553**

During the year ended March 31, 2016, construction was substantially completed on portions of Martin Goodman Trail and Queen's Quay. Pursuant to the relevant handover documents executed with the City, these assets, costing $132,678,281, were formally transferred to the City. This transfer has been recorded as a reduction to assets under development and included as a distribution of net assets for the year in the statement of changes in net assets.

7. Capital assets

	March 31, 2016		March 31, 2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	$	$	$	$
Land	87,305,565	-	87,305,565	-
Parking facility	21,200,570	4,464,883	21,200,570	3,218,766
Computer hardware and software	3,124,283	2,693,938	2,992,309	2,485,193
Leasehold improvements	676,298	675,569	1,177,570	996,688
Furniture and fixtures	659,867	658,934	659,867	655,983
Office equipment	269,053	268,490	438,345	298,562
	113,235,636	8,761,814	113,774,225	7,655,192
Cost less accumulated amortization		**104,473,822**		106,119,033

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 (2015 - $Nil).

8. Other assets

	March 31, 2016	March 31, 2015
	$	$
Prepaid expenses	**100,997**	375,117
Rent receivable/receivable from sale of land	**4,026,625**	8,026,625
	4,127,622	8,401,742
Less: Current portion (Note 4)	**32,467**	32,467
	4,095,155	8,369,275

Receivable from the sale of land represents the long term portion that is collectible on March 31, 2018 and is non-interest bearing. These are secured by an irrevocable letter of credit.

9. Credit facility

On September 25, 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 less 0.25%. The interest rate was 2.45% at March 31, 2016. 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, 2016 the Corporation had not drawn on the Facility and the full $40,000,000 remained available.

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, 2016, the Corporation is in compliance with this covenant, and expects to be in compliance for the next 12 months.

10. Accounts payable and accrued liabilities

	March 31, 2016	March 31, 2015
	$	$
Accrued liabilities	**5,373,463**	17,552,305
Accounts payable	**637,227**	2,102,839
Holdbacks payable	**1,879,883**	11,475,074
HST payable	**113,721**	-
	8,004,294	31,130,219

11. 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, 2016, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2016	March 31, 2015
	$	$
Expenditures of future periods		
Balance, beginning of year	**41,545,360**	63,747,419
Additional contributions	**33,158,903**	5,324,202
Less: amounts recognized as revenue	**(23,779,040)**	(27,526,261)
Balance, end of period	**50,925,223**	41,545,360
Capital contributions		
Balance, beginning of year	**9,062,829**	10,313,671
Add: contributions for acquisition of capital assets and assets under development	**19,402,723**	94,374,770
Less: direct contribution to net assets	**(19,941,312)**	(94,010,939)
Less: amount amortized to revenue	**(1,106,622)**	(1,614,673)
Balance, end of period	**7,417,618**	9,062,829
	58,342,841	50,608,189

12. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2016	March 31, 2015
	$	$
Deposits received	**4,965,425**	2,431,433
Accrued benefit liability	**371,122**	371,122
Total other liabilities	**5,336,547**	2,802,555
Less: current portion	**(267,151)**	(257,574)
	5,069,396	2,544,981

13. Net assets

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

	March 31, 2016	March 31, 2015
	$	$
Invested in capital assets (net of deferred capital contributions)	**97,056,205**	97,056,205
Invested in assets under development	**309,114,553**	391,734,680
Unrestricted surplus (deficit) (Note 13b)	**(1,390,549)**	32,619,716
Accumulated re-measurement gains	**1,635**	19,850
	404,781,843	521,430,451

b) Unrestricted surplus

	March 31, 2016	March 31, 2015
	$	$
Unrestricted surplus, opening balance	**32,619,716**	6,612,282
Transfer from invested in capital assets	**-**	5,282,919
Excess (deficiency) of revenue over expenses	**(3,893,423)**	20,724,515
Transfer to assets under development	**(30,116,842)**	-
Unrestricted surplus (deficit), closing balance	**(1,390,549)**	32,619,716

14. Expenses by Precinct and Function

	Waterfront Wide-Initiatives	Port Lands	East Bayfront	Central Waterfront	West Don Lands	Total Mar 31, 2016
	$	$	$	$	$	$
Direct project costs:						
Transfer payments and grants	11,477,800	-	36,493	-	42,709	11,557,002
Project planning and implementation costs	1,654,081	3,831,477	3,567,102	1,653,172	266,568	10,972,400
Amortization	-	-	1,246,117	-	-	1,246,117
Project management - salaries, fees and benefits	232,481	1,076,552	1,505,528	740,518	526,056	4,081,135
Less project management - salaries, fees and benefits related to assets under development (Note 6)	-	-	(1,483,073)	(466,518)	(353,409)	(2,303,000)
	13,364,362	4,908,029	4,872,167	1,927,172	481,924	25,553,654
General expenses:						
Salaries, fees and benefits	276,233	1,279,156	1,788,864	879,881	625,058	4,849,193
General and office administration	133,884	619,979	867,023	426,459	302,952	2,350,297
Communications, marketing and government relations	37,639	174,295	243,747	119,891	85,169	660,741
Information technology	18,677	86,487	120,950	59,491	42,262	327,867
Amortization	12,112	56,088	78,437	38,580	27,407	212,624
	478,545	2,216,005	3,099,021	1,524,303	1,082,848	8,400,722
Less general & support costs allocated to assets under development (Note 6)	-	-	(2,944,330)	(219,447)	(701,008)	(3,864,785)
	13,842,907	**7,124,034**	**5,026,858**	**3,232,028**	**863,764**	**30,089,591**

General expenses for the year ending March 31, 2016 have been allocated to precincts using an overhead burden rate of 2.06 (2015 - 1.27) for every $1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were $8,930,328 for the year ending March 31, 2016 (2015 - $9,021,928) comprising direct project management salaries, fees and benefits of $4,081,135 (2015 - $5,393,141) and general salaries, fees and benefits of $4,849,193 (2015 - $3,628,787).

Waterfront-wide initiatives include Union Station Second Platform, Mimico Park , Port Union Waterfront Park .

14. Expenses by Precinct and Function (Cont.)

	Waterfront Wide-Initiatives	Port Lands	East Bayfront	Central Waterfront	West Don Lands	Total Mar 31, 2015
	$	$	$	$	$	$
Direct project costs:						
Transfer payments and grants	21,469,115	-	2,244,105	-	-	23,713,220
Project planning and implementation costs	549,608	551,069	312,303	235,271	527,487	2,175,738
Amortization	-	-	1,246,447	-	-	1,246,447
Project management - salaries, fees and benefits	227,949	646,176	2,863,036	1,119,338	536,642	5,393,141
Less project management - salaries, fees and benefits related to assets under development	-	-	(1,924,466)	(942,434)	(403,915)	(3,270,815)
	22,246,672	1,197,245	4,741,425	412,175	660,214	29,257,731
General & support expenses:						
Salaries, fees and benefits	153,376	434,781	1,926,400	753,149	361,081	3,628,787
General and office administration	85,908	243,526	1,079,000	421,848	202,246	2,032,528
Communications, marketing and government relations	23,458	66,498	294,634	115,191	55,226	555,007
Information technology	15,744	44,629	197,741	77,309	37,064	372,487
Amortization	10,201	28,917	128,123	50,091	24,015	241,347
	288,687	818,351	3,625,898	1,417,588	679,632	6,830,156
Less general & support costs allocated to assets under development	-	-	(2,440,720)	(1,206,465)	(512,269)	(4,159,454)
	22,535,359	**2,015,596**	**5,926,603**	**623,298**	**827,577**	**31,928,433**

15. Commitments

The Corporation has commitments of $30,244,479 of which Project Commitments total $ 23,808,650 and Corporate commitments total $6,435,829 until March 31, 2023.

16. 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. At March 31, 2016 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 (2015 - $217,778).

17. Net other operating income

	March 31, 2016	March 31, 2015
	$	$
Rental, parking and other income	**4,571,985**	7,698,286
Less: operating expenses	**(3,713,790)**	(5,425,902)
	858,195	2,272,384
Interest and other income	**452,310**	1,322,549
Net other operating income	**1,310,505**	3,594,933

18. Compensation of Senior Executive

The former President and CEO's contract as a consultant concluded on December 31, 2015. The fees paid (net of recoverable taxes) under this Consulting Agreement for the period April 1, 2015 to December 31, 2015 were 336,095(Fees $ 328,200, Air fare - $745, Accommodation - $881, Other Transportation - $189, Meals & Incidentals - $791, Professional Development - $3,029, Other - $2,260) (2015 - $396,777).

19. Trust under administration

In February of 2016, the Corporation became the administrator of a $3,000,000 fund to be used for expenditures relating to the Project Under Gardiner. 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, 2016, is as follows:

	March 31, 2016
	$
Cash and accounts receivable	2,961,429
Assets under development	619,596
Total assets	3,581,025
Accounts payable and accrued liabilities	(578,752)
Net assets	3,002,273

These funds have not been included in the statement of financial position nor have their operations been included in the statement of financial activities.

20. Comparatives

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

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

21. Contingent liabilities (con't)

(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.