

## Background

The Corporation prepares its financial statements in accordance with Canadian public sector accounting standards for not for profit organizations. The attached statements are quarter-end statements at June 30, 2017 and do not include the full set of accounting policies that accompany the year-end statements. Some of the significant accounting policies are as follows:

- **Assets under Development:** The Corporation capitalizes as “Assets under Development” infrastructure investments such as parkland, utilities, roads and public realm, that the Corporation has been mandated to develop and has actual or beneficial ownership over, during their development. Such assets are typically transferred to the City of Toronto upon project completion.
- **Deferred Contributions:** The Corporation follows a deferral method of accounting for restricted contributions. Under this method, restricted contributions (such as those received from contributions with governments) are recognized as revenue in the year in which the expenditures are incurred. Funding which has been received but not yet expensed is recorded as deferred contributions – a liability on the Statement of Financial Position.
- **Restricted Cash:** Certain cash balances held by the Corporation are subject to restrictions that prevent its use for general operating purposes and such funds are classified as Restricted Cash and Investments on the Statement of Financial Position i.e. construction holdbacks, deposits received for Broadband services, public art contributions, etc.
- **The Bentway:** The Corporation is the administrator of a trust created for The Bentway (Project Under Gardiner). Although the financial statements of the trust are not consolidated with those of the Corporation, details regarding the financial position of the trust are provided in Note 18 of the financial statements.

## Summary of significant items for the quarter ended June 30, 2017

The Corporation makes a distinction between assets capitalized in the Statement of financial position (i.e. infrastructure investments) and amounts expensed through Statement of financial activities (i.e. precinct planning, due diligence costs etc.). During the quarter ended June 30, 2017, Waterfront Toronto continued to deliver on its mandate, investing a total of \$6.4M of which:

- \$4.5M was on projects that were capitalized primarily Bayside Phase 2, East Bayfront Soil and Environmental Management, Stormwater Infrastructure and External Sanitary Servicing, Cherry Street Stormwater and Lakefilling project preliminary design costs and Quayside development.
- \$1.9M was spent on projects that were not capitalized namely Port Lands Due Diligence and Project Planning, project management costs associated with WT 2.0 initiatives, Lower Yonge Precinct Plan, Mimico Park and Queens Quay.

**Statement of Financial Position** - The key components are summarized below:

- **Net assets:** The increase of \$4.8M in net assets is primarily driven by the continuing investment in roads, public realm, utilities and infrastructure (primarily Bayside) and Cherry Street Stormwater and Lakefilling project.

**Statement of Financial Activities** - The key components are summarized below:

- Revenues: There is no significant increase in revenues for the quarter ending June 30, 2017 compared to FY 16/17. The slight increase is as a result of funding for design and construction of Jack Layton Ferry Terminal Phase 1A.
- Excess of revenues over expenses: The excess of revenue over expenses of \$2M primarily relates to Waterfront Toronto Stormwater Infrastructure project as well as parking, rental revenues and interest income.

### **Board Action Required**

Approval of the June 30, 2017 unaudited interim financial statements.

### **Proposed Motion**

**ON MOTION**, duly made, seconded and carried, be it **RESOLVED** that the Board of Directors hereby approves the unaudited, interim financial statements for the quarter ended June 30, 2017.

Financial statements of

**Toronto Waterfront Revitalization Corporation**  
(c.o.b. as Waterfront Toronto)

June 30, 2017

# Toronto Waterfront Revitalization Corporation

June 30, 2017

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# Toronto Waterfront Revitalization Corporation

## Statement of financial position

as at June 30, 2017

	June 30, 2017	March 31, 2017
	\$	\$
<b>Assets</b>		
Current assets		
Cash (Note 9)	20,531,964	16,966,265
Short-term investments	17,025,388	15,052,356
Receivables (Note 3)	7,535,727	18,072,577
Deposits, prepaid expenses, rent receivable and other assets (Note 4)	4,953,797	4,785,016
	<b>50,046,876</b>	<b>54,876,214</b>
Restricted cash & investments (Note 5)	11,526,044	11,484,278
Assets under development (Note 6)	304,706,582	300,135,354
Capital assets (Note 7)	87,663,156	87,699,936
Other assets (Note 8)	34,181	26,625
	<b>453,976,839</b>	<b>454,222,407</b>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	6,402,671	6,700,489
Deferred contributions and grants (Note 11)	41,280,345	45,446,291
Other liabilities and settlements (Note 12)	476,048	466,631
	<b>48,159,064</b>	<b>52,613,411</b>
Other liabilities and settlements (Note 12)	5,033,659	5,491,844
	<b>53,192,723</b>	<b>58,105,255</b>
Net assets (Note 13)	400,784,116	396,117,152
	<b>453,976,839</b>	<b>454,222,407</b>

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

# Toronto Waterfront Revitalization Corporation

## Statement of financial activities

Period ended June 30, 2017

	Three months ended June 30, 2017	Three months ended June 30, 2016
	\$	\$
<b>Revenue</b>		
Restricted contributions	2,007,337	1,966,450
	2,007,337	1,966,450
Less: Government contributions for land and/or assets under development	(2,892,514)	(3,523,576)
Decrease in deferred contributions for continuing operations related to future periods	4,165,946	3,970,054
	3,280,769	2,412,928
<b>Expenses (Note 14)</b>		
Waterfront-Wide Initiatives	1,406,929	1,708,054
Port Lands	356,572	982,659
East Bayfront	152,062	408,386
Central Waterfront	57,832	752,403
West Don Lands	45,802	178,132
	2,019,197	4,029,634
Excess (deficiency) of revenues over expenses before other items	1,261,572	(1,616,704)
Net other operating income (Note 17)	605,027	690,112
<b>Excess (deficiency) of revenues over expenses</b>	<b>1,866,599</b>	<b>(926,592)</b>

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

## Toronto Waterfront Revitalization Corporation

Statement of remeasurement gains and losses  
period ended June 30, 2017

	Three months ended June 30, 2017	Three months ended June 30, 2016
	\$	\$
Accumulated remeasurement gains, beginning of the year	127,371	1,635
Unrealized gains (losses) attributable to:		
Short term investments	(92,149)	(33,908)
<b>Net remeasurement (losses) gains for the period</b>	<b>(92,149)</b>	<b>(33,908)</b>
<b>Accumulated remeasurement gains, end of the period</b>	<b>35,222</b>	<b>(32,273)</b>

### Statement of changes in net assets period ended June 30, 2017

	Three months ended June 30, 2017	Three months ended June 30, 2016
	\$	\$
Net assets, beginning of period	396,117,152	404,781,843
Add: Excess (deficiency) of revenue over expenses	1,866,599	(926,592)
Add: Net remeasurement gains (losses)	(92,149)	(33,908)
Add: Government contributions for assets under development	2,892,514	3,523,576
<b>Net assets, end of the period</b>	<b>400,784,116</b>	<b>407,344,918</b>

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

# Toronto Waterfront Revitalization Corporation

## Statement of cash flows

period ended June 30, 2017

	June 30, 2017	June 30, 2016
	\$	\$
<b>Cash flows from operating activities</b>		
Cash received from:		
Government and other restricted contributions for operating activities	618,336	-
Unrestricted contributions for operating activities	174,729	4,449,607
Investment income received for operating activities	45,727	33,890
Sales tax rebates	514,364	206,289
Net rental income received for operating activities	339,007	330,356
	<b>1,692,164</b>	5,020,142
Cash paid for:		
Planning and implementation expenses	(3,870,063)	(2,400,219)
Project support expenses	(2,474,895)	(1,988,066)
Transfer payments	-	(493,122)
	<b>(6,344,958)</b>	(4,881,407)
<b>Net cash received from operating activities</b>	<b>(4,652,795)</b>	138,734
<b>Cash flows from capital activities</b>		
Cash received from government contributions for assets under development	-	14,500,000
Cash received from sale of the parking facility at 51 Dockside Drive	11,687,382	-
Cash used to acquire capital assets	(10,312)	-
Cash used to acquire assets under development	(1,416,895)	(4,143,609)
<b>Net cash (paid) received for capital activities</b>	<b>10,260,175</b>	10,356,391
<b>Cash flows from investing activities</b>		
Cash received from short term investments redemption	-	-
Cash used to purchase additional security investments	(2,000,000)	(2,200,000)
Invested in restricted cash	(41,681)	(166,218)
<b>Net cash paid from investment activities</b>	<b>(2,041,681)</b>	(2,366,218)
Increase (decrease) in cash	3,565,699	8,128,907
Cash, beginning of the period	16,966,265	6,167,082
<b>Cash, end of the period</b>	<b>20,531,964</b>	14,295,989

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



# Toronto Waterfront Revitalization Corporation

## Notes to the financial statements

June 30, 2017

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### 1. Interim financial statements

The unaudited interim financial statements of the Toronto Waterfront Revitalization Corporation (the "Corporation" or "TWRC") have been prepared by management in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods in their applications as the most recent annual financial statements. All disclosure required for annual financial statements has not been included in these financial statements. These financial statements should therefore be read in conjunction with the March 31, 2017 audited financial statements.

### 2 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.

# Toronto Waterfront Revitalization Corporation

Notes to the financial statements

June 30, 2017

## 3. Receivables

	June 30, 2017	March 31, 2017
	\$	\$
Sale of parking facility (Note 18)	-	11,687,382
Developer receivables	4,000,000	4,000,000
Rent and other receivables	794,595	1,787,386
City of Toronto	2,599,363	435,329
HST receivable	141,769	162,480
	<b>7,535,727</b>	<b>18,072,577</b>

Developer receivables relate to the sale of land, are non-interest bearing and are collectible on March 31, 2018. This receivable is secured by an irrevocable letter of credit.

## 4. Deposits and prepaid expenses

	June 30, 2017	March 31, 2017
	\$	\$
Construction deposits	4,464,939	4,464,939
Prepaid expenses	470,862	287,610
Current portion of prepaid expenses and rent receivables (Note 8)	17,996	32,467
	<b>4,953,797</b>	<b>4,785,015</b>

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 (2016 - \$2,181,199) are non-interest bearing; and the construction deposits outstanding from Toronto Hydro of \$2,283,740 (2016 - \$2,232,858) will be returned to TWRC including interest at the Prime Business Rate set by the Bank of Canada less two percent.

## 5. Restricted cash and investments

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

	June 30, 2017	March 31, 2017
	\$	\$
East Bayfront public art	3,139,187	3,130,500
Deposit - Broadband services	2,803,370	2,803,370
Deposit - Bayside project agreement	2,131,751	2,125,852
West Don Lands security fund	1,574,638	1,574,638
East Bayfront child care facility	1,452,165	1,448,147
Escrow Account - River City development	264,726	291,642
Holdbacks payable (including HST)	160,207	110,129
	<b>11,526,044</b>	<b>11,484,278</b>

WDL Security funds of \$1,574,638 represents financial security for municipal infrastructure necessary for West Don Lands Phase 1 development to be released to Waterfront Toronto in FY 2017/18.

# Toronto Waterfront Revitalization Corporation

Notes to the financial statements

June 30, 2017

## 6. Assets under development

The following table details assets under development by category:

	June 30, 2017	March 31, 2017
	\$	\$
Roads, public realm, utilities	246,880,799	244,640,620
Parkland	15,896,063	15,656,307
Land under development	41,929,720	39,838,237
	<b>304,706,582</b>	<b>300,135,354</b>

The following table details assets under development by precinct:

	East Bayfront	Central Waterfront	West Don Lands	Port Lands	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2017	197,492,732	11,277,229	89,900,664	1,464,729	300,135,354
Capital additions	1,641,820	44,594	444,216	1,171,741	3,302,372
Direct project management - Note 14	480,955	56,496	40,966	128,785	707,201
General and support expenses - Note 14	412,031	4,200	35,095	110,329	561,655
<b>Closing balance, June 30, 2017</b>	<b>200,027,538</b>	<b>11,382,519</b>	<b>90,420,941</b>	<b>2,875,584</b>	<b>304,706,582</b>

There were no transfers of completed assets during the period ended June 30, 2017.

## 7. Capital assets

	June 30, 2017		March 31, 2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	87,305,565	-	87,305,565	-
Computer hardware and software	3,232,314	2,912,051	3,224,739	2,874,875
Leasehold improvements	716,881	685,328	720,569	681,895
Furniture and fixtures	665,536	660,040	665,536	660,040
Office equipment	269,053	268,774	269,053	268,717
	92,189,349	4,526,193	92,185,463	4,485,527
<b>Cost less accumulated amortization</b>		<b>87,663,156</b>		<b>87,699,936</b>

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 (2016 - \$Nil).

# Toronto Waterfront Revitalization Corporation

## Notes to the financial statements

June 30, 2017

### 8. Other assets

	June 30, 2017	March 31, 2017
	\$	\$
Developer receivable	34,181	26,625
Prepaid expenses and rent receivables	17,996	32,467
	52,177	59,092
Less: current portion (Note 4)	(17,996)	(32,467)
	34,181	26,625

### 9. Credit facility

In 2015 the Corporation secured a revolving credit facility which provides for a maximum borrowing amount of \$40 million. The facility bears interest at the Canadian Prime less 0.25%. The interest rate was 2.45% at June 30, 2017 (2016 - 2.45%). 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 June 30, 2017 the available borrowing limit was reduced to \$37 million as a result of a Letter of Credit issued by Waterfront Toronto to the Department of Fisheries and Oceans for the Cherry Street Stormwater and Lakefilling project.

Under the current financing agreement, the Corporation is subject to a financial covenant. The revolving credit facility stipulates that the Corporation must ensure that the most recent appraised value of the properties which secure the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at June 30, 2017, 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

	June 30, 2017	March 31, 2017
	\$	\$
Accrued liabilities	3,847,915	5,555,936
Accounts payable	2,394,549	1,047,093
Holdbacks payable	160,207	97,460
	6,402,671	6,700,489

### 11. Deferred contributions and grants

Deferred contributions and grants represent project specific contributions from Governments which have not been applied to eligible costs at June 30, 2017, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	June 30, 2017	March 31, 2017
	\$	\$
Expenditures of future periods		
Balance, beginning of year	45,051,919	50,925,223
Additional contributions	(889,064)	2,235,715
Less: amounts recognized as revenue	(3,240,103)	(8,109,019)
Balance, end of period	40,922,752	45,051,919
Capital contributions		
Balance, beginning of year	394,372	7,417,618
Add: contributions for acquisition of capital assets and assets under development	2,896,401	11,596,053
Less: direct contribution to net assets	(2,892,514)	(11,471,822)
Less: amount amortized to revenue	(40,666)	(7,147,477)
Balance, end of period	357,593	394,372
	41,280,345	45,446,291

# Toronto Waterfront Revitalization Corporation

## Notes to the financial statements

June 30, 2017

### 12. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	June 30, 2017	March 31, 2017
	\$	\$
Deposit - broadband services	2,525,038	2,989,064
Deposit - Bayside project agreement	2,137,499	2,131,658
Deposit - rent and other	476,048	466,631
Accrued benefit liability	371,122	371,122
Total other liabilities	5,509,707	5,958,475
Less: current portion	(476,048)	(466,631)
	<b>5,033,659</b>	<b>5,491,844</b>

### 13. Net assets

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

	June 30, 2017	March 31, 2017
	\$	\$
Invested in capital assets (net of deferred capital contributions)	87,305,565	87,305,565
Invested in assets under development	304,706,582	300,135,354
Unrestricted surplus/(deficit) (Note 13b)	8,736,747	8,548,861
Accumulated re-measurement gains	35,222	127,371
	<b>400,784,116</b>	<b>396,117,151</b>

b) Unrestricted surplus/(deficit)

	June 30, 2017	March 31, 2017
	\$	\$
Unrestricted surplus/(deficit), opening balance	8,548,861	(1,390,549)
Excess (deficiency) of revenue over expenses	1,866,599	6,387,299
Contributed capital for parking facility	-	9,750,638
Transfer to assets under development	(1,678,713)	(6,198,527)
Unrestricted surplus/(deficit), closing balance	<b>8,736,747</b>	<b>8,548,861</b>

# Toronto Waterfront Revitalization Corporation

Notes to the financial statements

June 30, 2017

## 14. Expenses by Precinct and Function

	Waterfront Wide- Initiatives	Port Lands	Central Waterfront	East Bayfront	West Don Lands	Total Jun 30, 2017
	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>						
Project planning and implementation costs	299,231	154,068	(83,716)	60,810	(31,715)	398,678
Project management - salaries, fees and benefits	567,552	226,272	103,623	504,294	78,689	1,480,430
Less project management - salaries, fees and benefits related to assets under development (Note 6)	-	(128,785)	(56,496)	(480,956)	(40,966)	(707,203)
	866,783	251,555	(36,589)	84,148	6,008	1,171,905
<i>General expenses:</i>						
Salaries, fees and benefits	319,363	127,324	58,309	283,768	44,278	833,042
General and office administration	149,976	59,793	27,383	133,261	20,794	391,208
Communications, marketing and government relations	21,840	8,707	3,988	19,406	3,028	56,969
Information technology	34,976	13,944	6,386	31,078	4,849	91,233
Amortization	13,991	5,578	2,554	12,432	1,940	36,495
	540,146	215,346	98,621	479,945	74,889	1,408,947
Less general & support costs allocated to assets under development (Note 6)	-	(110,329)	(4,200)	(412,031)	(35,095)	(561,655)
	<b>1,406,929</b>	<b>356,572</b>	<b>57,832</b>	<b>152,062</b>	<b>45,802</b>	<b>2,019,197</b>

General expenses for the period ending June 30, 2017 have been allocated to precincts using an overhead burden rate of 0.95 (2016 - 2.06) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$2,313,472 for the period ending June 30, 2017 (2016 - \$2,564,598) comprising direct project management salaries, fees and benefits of \$1,480,430 (2016 - \$1,058,977) and general salaries, fees and benefits of \$833,042 (2016 - \$1,505,621).

Waterfront-wide initiatives include Gardiner/Lakeshore, Mimico Park, Port Union Waterfront Park.

# Toronto Waterfront Revitalization Corporation

Notes to the financial statements

June 30, 2017

## 14. Expenses by Precinct and Function (Cont.)

	Waterfront Wide- Initiatives	Port Lands	Central Waterfront	East Bayfront	West Don Lands	Total Jun 30, 2016
	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>						
Transfer payments and grants	398,446	-	-	50,233	-	448,679
Project planning and implementation costs	156,891	302,052	461,759	(13,035)	90,392	998,060
Amortization	-	-	-	311,419	-	311,419
Project management - salaries, fees and benefits	377,085	222,645	114,136	276,736	68,375	1,058,977
Less Project management - salaries, fees and benefits related to assets under development (Note 6)	-	-	(19,473)	(267,120)	(41,351)	(327,944)
	932,422	524,697	556,422	358,233	117,416	2,489,191
<i>General expenses:</i>						
Salaries, fees and benefits	536,128	316,550	162,275	393,455	97,213	1,505,621
General and office administration	133,675	78,927	40,461	98,102	24,239	375,403
Communications, marketing and government relations	66,993	39,555	20,278	49,165	12,148	188,139
Information Technology	35,131	20,743	10,634	25,782	6,370	98,660
Amortization	3,704	2,187	1,121	2,718	672	10,402
	775,632	457,962	234,768	569,222	140,642	2,178,225
Less general & support costs allocated to assets under development (Note 6)	-	-	(38,787)	(519,069)	(79,926)	(637,782)
	<b>1,708,054</b>	<b>982,659</b>	<b>752,403</b>	<b>408,386</b>	<b>178,132</b>	<b>4,029,634</b>

# Toronto Waterfront Revitalization Corporation

Notes to the financial statements

June 30, 2017

## 15. Commitments

The Corporation has corporate lease commitments of \$5,230,710 until May 31, 2023.

## 16. Risk disclosures

### (i) Credit risk:

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

### (ii) Liquidity risk:

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities; by focusing on debtor collection; and by requesting government funding in advance.

### (iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's operations. The Corporation is exposed to changes in interest rates, which may impact interest revenue on short term investments. At March 31, 2017 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 \$84,098 (2016 - \$173,891).

## 17. Net other operating income

	June 30, 2017	June 30, 2016
Rental, parking and other income	\$ 1,005,543	\$ 1,229,668
Less: operating expenses	(723,461)	(662,081)
Interest	282,082	567,587
Other Income	175,317	122,525
Net other operating income	147,628	-
	605,027	690,112



# Toronto Waterfront Revitalization Corporation

## Notes to the financial statements

June 30, 2017

### 18. Trust under administration

In February of 2016, the Corporation became the administrator of the Project Under Gardiner fund (The Bentway). Based on the Memorandum of Understanding dated December 22, 2015, the total cost of the Project Under Gardiner is expected to total \$25,000,000, of which \$23,500,000 will flow to the Corporation to be used towards the execution of the project. Up until June 30, 2017 the Corporation has received \$20,500,000.

During the period ended June 30, 2017, the total cost to the Corporation for management of the Project Under Gardiner was \$80,359 in direct payroll charges, of which \$45,000 was charged to the fund (see project management fees below), the balance of \$35,359 being in-kind contributions.

The trust is entitled to any interest earned on the balance of funds. A summary of the trust's financial position, as at June 30, 2017, is as follows:

#### Financial Position as at June 30, 2017

	June 30, 2017	March 31, 2017
	\$	\$
Cash and accounts receivable	16,450,598	17,405,555
Assets under development	5,557,343	3,371,952
Total assets	22,007,941	20,777,507
Accounts payable and accrued liabilities	(1,073,098)	(250,816)
Net assets	20,934,843	20,526,690

#### Expenditures as of June 30, 2017

	June 30, 2017	Inception to Mar 31, 2017
	\$	\$
Direct Project Costs		
Planning and implementation	2,140,391	2,977,340
Public consultation and marketing	-	169,612
Project management fees	45,000	225,000
Total expenditures	2,185,391	3,371,952
Cumulative expenditure (from inception of trust)	5,557,343	3,371,952

### 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

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- (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.

## 20. Comparatives

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