



WATERFRONTToronto

Finance, Audit & Risk Management Committee Meeting

Agenda and Meeting Book

THURSDAY, FEBRUARY 24, 2022 FROM 9:00 AM TO 11:30 AM

MICROSOFT TEAMS MEETING



Meeting Book - Finance, Audit & Risk Management Committee Meeting

Agenda - February 24, 2022 FARM Committee Meeting

PUBLIC SESSION AGENDA

9:00 a.m.	1. Land Acknowledgement	Information	K. Sullivan
9:05 a.m.	2. Motion to Approve Meeting Agenda	Approval	K. Sullivan
9:05 a.m.	3. Declaration of Conflicts of Interest	Declaration	K. Sullivan
9:10 a.m.	4. Consent Agenda		
	(a) Highlights of Key Messages - 5	Information	All
	(b) 2022 FARM Committee Workplan & Annual Mandate Review	Approval	L. Taylor / I. Ness
	Coversheet - 7		
	2022 FARM Committee Workplan - 8		
	FARM Mandate - 13		
	(c) DRAFT FARM Minutes - Open Session FARM Meeting November 25, 2021 - 21	Approval	All
	(d) Q3 2021/22 Macro Dashboard (Corporate & Project Reporting):	Information	L. Taylor
	Coversheet - 26		
	Macro Dashboard - 27		
	i. Finance & Administration Dashboards:		
	(a) Q3 2021/22 Corporate Plan Performance Dashboard - 28	Information	L. Taylor
	(b) Enterprise Risk Management Dashboard - 30	Information	L. Taylor / M. Santos
	(c) Audit Dashboard - 31	Information	L. Taylor / M. Santos
	(d) Liquidity and Cash Flow Forecast - 33	Information	L. Taylor
	(e) December 31, 2021 Unaudited Financial Statements	Information	S. Chandane
	Coversheet - 35		
	Financial Statements and Notes - 36		
	ii. Capital Projects:		
	(a) Port Lands Flood Protection (PLFP) Dashboard	Information	D. Kusturin

Executive Summary Q3 2021-2022 - 52

PLFP Dashboard - 54

(b) Lake Shore Blvd East (LSBE) Dashboard

Information

D. Kusturin

Executive Summary Q3 2021-2022 - 63

Lake Shore Blvd E Bridge Public Realm - 64

(e) Quarterly Procurement Report - 66

Information

M. Boboc

(f) Regulatory & Operational Compliance Report - 67

Information

D. Kusturin / I.
Ness / L.
Taylor
I. McMullan

(g) Fundraising Action Plan

Information

Coversheet - 71

Budget and Forecast Dashboard - 72

(h) COVID-19 Impact Update - 74

Information

D. Kusturin /
L. Taylor
BDO Canada
LLP

9:40 a.m.

5. 2021/22 External Audit Plan

Approval

Coversheet - 86

BDO 2022-03-31 TWRC Planning Letter re 2022 Audit - 87

9:50 a.m.

6. Port Lands Flood Protection (PLFP) Update

(a) PLFP Program Update - 130

Information

D. Kusturin

(b) Report of the Independent Capital Monitor

Information

D. Kusturin

Coversheet - 153

CPMAS Report #14 Executive Summary - 155

10:05 a.m.

7. Delegations of Authority

Approval

L. Taylor / I.
Ness

Coversheet - 162

Delegations of Authority - with Revisions - 165

10:10 a.m.

8. Motion to go into Closed Session

Approval

All

CLOSED SESSION AGENDA

The Committee will discuss items 9, 10, 11, 12, 13, 14 and 15 being, consideration of the draft minutes of the Closed Session of the November 25, 2021 FARM meeting, Annual Review – Risk Appetite, Internal Audit Report, Cybersecurity Risk Profile, Update on Government Reviews, Interim Use and Events Strategy Update, Port Lands Risk Update and the Committee Chair Discussion, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied upon for the discussion on item 9(a) is Section 6.1.1(a) provided in the minutes of the Open Session November 25, 2021 FARM Committee meeting under item 4(c) of this agenda, for items 9(b) & 11 is Section 6.1.1(a), for items 10, 12 & 13 is Section 6.1.1(k) and for items 14 & 15 is Section 6.1.1(l) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to vote on any resolutions pertaining to the Closed Session.

Closed Session - 177

11:25 a.m.

16. Motion to go into Open Session

Approval

All

PUBLIC SESSION AGENDA

11:25 a.m.

17. Resolution(s) Arising from the Closed Session

Approval

All

11:30 a.m.	18. Motion to Terminate the Meeting	Approval	All
Next Meeting	Thursday, May 26, 2022		
FYI	Upcoming Board & Committee Meetings		

Schedule - 179

Agenda Item	Key Message
4 b) 2022 FARM Committee Workplan & Annual Mandate Review (For Approval)	2022 Finance, Audit and Risk Management (FARM) Committee Workplan outlines the key items of the FARM Committee mandate and how these are addressed for review and approval at each of the quarterly Committee meetings, as well as annual review of FARM Committee mandate.
4 d) Macro Dashboard (FI)	Macro dashboard provides the Q3 2021/22 status summary of three core of FARM Committee mandate, namely Corporate Plan Performance, Finance and Administration (including enterprise risk, audit and liquidity) and capital projects, all of which are supported by individual dashboards under Items 4 d) i) a) to 4 d) ii).
4 d i a) 2021/22 Corporate Plan Performance (FI)	<p>As of this report WT is on track to achieve the following for 2021/22:</p> <ul style="list-style-type: none"> • 81% (Q2: 88%) of annual capital investment plan (\$332M of \$413M) • 61% (Q2: 64%) of annual revenues (\$318M of \$523M) • 64% (Q2: 64%) of key deliverables (25 out of 39) • 79% (Q2: 74%) of Performance KPI Targets (15 out of 19) <p>Revenue is anticipated to be lower than Plan primarily due to timing of certain land sales revenues shifting from Q4 2021/22 to 2022/23. Up to 14 key deliverables may be deferred to next year due to events outside WT's control such as changes in partner requirements, supply chain challenges and delays in scheduling. Four KPI targets may not be met until 2022/23 due to scheduling.</p>
4 d i b) Enterprise Risk Management (ERM) (FI)	One new high residual risk this quarter related to the financial ERP system; mitigation plan is in place to address this within the next six weeks. Remaining enterprise risk portfolio is stable with top risk areas under management being business continuity, cyber security, financial self-sustainability, liquidity, climate, and Port Lands Flood Protection project delivery.
4 d i c) Audit Environment (FI)	Resource and Succession Planning Review completed by WT's internal auditor, MNP LLP (refer to Item 9). Internal Audit Plan to be revisited at next FARM Committee meeting. Refer to Item 12 for update regarding ongoing Government Reviews.
4 d i d) Cash Flow / Liquidity Forecast (FI)	Positive cash balance > \$50M with no requirement to drawdown line of credit. Continued requirement for notional external borrowing from unspent project funds for certain projects. Increase in borrowing term/limit requested from governments (Apr/2021) – Toronto approval secured (Nov 2021), Ontario and Canada approvals remain pending, anticipated on/ before March 31 2022.
4 d i e) Dec 31, 2021 Unaudited Financial Statements (FI)	The financial activities for the nine months ended Dec 31, 2021 had slightly lower investment levels for the same period last year (\$199M compared to \$220M). Revenues are 58% higher (\$231M compared to \$146M), largely due to the timing of funding for the Port Lands Flood Protection.
4 d ii) Capital Projects (FI)	All projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2021/22 – 2025/26). There continues to be elevated schedule and budget risks for the Port Lands Flood Protection related to utilities. The Lake Shore Blvd East – Bridge & Public Realm project (budget \$163.2M fully funded by City of Toronto) is progressing as planned.
4 e) Quarterly Procurement Report (FI)	One exception to the Procurement Policy for single source goods and services contract over \$25,000. One contract over \$5 million was awarded this quarter related to Quayside Infrastructure and Public Realm Design.
4 f) Regulatory and Operational Compliance (FI)	All required actions by the Corporation for regulatory compliance obligations have been performed as of Dec 31, 2021.

4 g) Fundraising Action Plan Update (FI)	Implementation of the Fundraising Action Plan is proceeding in accordance with the approved Rolling Five-Year Strategic Plan 2021/22-2025/26, overall costs incurred remain under- budget largely due to less reliance on third party advisors.
4 h) COVID-19 Impact Update (FI)	Summary report on construction project and financial/ accounting impacts from COVID-19. Total cost to date (since March 2020) approx. \$2.2 M, net of ~\$1.0M savings resulting from reduced travel and office costs.
5) External Audit Plan 2021/22 (For Approval)	Planning Report from WT's external auditors, BDO LLP, regarding the audit of the Corporation's year end March 31, 2021 financial statements. Audit materiality of \$4.0 million.
6 a) Port Lands Flood Protection (PLFP) Update (FI)	Visual Progress Report from Chief Project Officer regarding the PLFP project.
6 b) PLFP Independent Capital Monitor Report (FI)	Report of the Independent Capital Monitor (BTY) notes that the PLFP project continues to be on budget, has no material scope changes and that realized schedule risks are likely to delay the March 2024 substantial completion date.
7) Delegations of Authority (For Approval)	Management will present proposed changes to the Corporation's Delegations of Authority document to ensure alignment with the recently updated Board Committee mandates and more clearly articulate the delegation process in the absence of the CEO or C-level executive, among other changes.
9 b) Annual Review – Risk Appetite Statement (FI)	Management is proposing no change to the Corporation's risk appetite level however has updated some of the risk tolerance descriptions and the appendix on current and past innovation projects.
10) Internal Audit Report (FI)	Presentation from WT's internal auditor, MNP LLP, regarding the completion of the Resource & Succession Planning review, the second audit of the three-year FARM Committee-approved internal audit plan.
11) Cybersecurity Risk Profile (FI)	Update of the Corporation's cybersecurity program, current risk profile and mitigation strategies.
12) Update on Government Reviews (FI)	Management will provide an update regarding the status of the government reviews, including the Waterfront Strategic Review and Audacity project.
13) Interim Use & Events Strategy (FI)	Management will provide an update with respect to the first pilot project for the Corporation's Interim Use and Events Strategy.
14) Port Lands Risk Discussion (FI)	Update from management regarding certain elevated risks associated with the Port Lands Flood Protection project.



Finance, Audit & Risk Management Committee – February 24, 2022
Item 4 b – 2022 FARM Committee Workplan and Annual
Mandate Review
Lisa Taylor/ Ian Ness

Purpose	For Committee Approval
Areas of note/ Key issues	<p>The 2022 Finance, Audit and Risk Management (FARM) Committee Workplan outlines the key items of the FARM Committee mandate and how these are addressed for review and approval at each of the following quarterly FARM Committee meetings:</p> <ul style="list-style-type: none"> • February 24, 2022 • May 26, 2022 • September 22, 2022, and • November 24, 2022. <p>The core responsibilities of the FARM Committee mandate include financial reporting, internal controls, external and internal auditor appointments, government audits, financial planning, enterprise risk management, project risk management, fundraising, Environmental, Social and Governance (ESG) and other duties and obligations.</p> <p>In line with good governance, the mandate of the FARM Committee is to be reviewed annually. As such, attached is the current mandate for review by the Committee.</p>
Resolution/ Next Steps	<p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves the 2022 FARM Committee Workplan.</p> <p>The next review of the FARM Committee mandate and annual workplan is anticipated to take place in February 2023.</p>

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan - 2022

Duties and Responsibilities

The Finance, Audit and Risk Management Committee (the “Committee”), will review and make recommendations to the Board of Directors (the “Board”) with respect to, or approve as indicated, the following matters, consistent with the Committee mandate:

Quarterly Meeting Schedule:	Feb 24/2022	May 26/2022	Sep 22/2022	Nov 24/2022	As required
(a) General Responsibilities. The Committee will:					
(i) Approve an Annual Committee Workplan	2022 Workplan				
(ii) Review and assess mandate annually	X				
(iii) Review and report to the Board of Directors periodically on compliance by the Corporation with the matters provided for in this Mandate, including without limitation, matters relating to Environmental, Social and Governance considerations.					X
(b) Financial Reporting. The Committee will:					
(i) Review with management the Corporation’s annual and quarterly financial statements of the Corporation;	Q3 Interim Financial Statements Dec 31, 2021	Year-End Financial Statements Mar 31, 2022	Q1 Interim Financial Statements June 30, 2022	Q2 Interim Financial Statements Sept 30, 2022	
(ii) Review reports from the external auditors concerning the annual financial statements and any other matters, and management’s response to such reports, if appropriate;		2021/22 External Audit Results Report			
(iii) Recommend to the Board the approval of the audited annual financial statements ;	Receive	Approval	Receive	Receive	
(iv) Review reports on any litigation, claim or other contingency that could have a material effect on the financial statements of the Corporation;					X
(v) Review any public disclosures containing audited or unaudited financial information; and		2021/22 Integrated Annual Report			
(vi) Review with the external auditors and the Board of Directors any material issues that arise with respect to the quality or integrity of the Corporation’s financial statements and the Corporation’s compliance with the legal and regulatory requirements related thereto.					X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2022

	Feb 24/2022	May 26/2022	Sep 22/2022	Nov 24/2022	As required
<p>(c) Internal Controls</p> <p>The Committee will periodically review, with assistance from the external auditor or internal auditor of the Corporation if requested by the Committee, the adequacy of financial internal controls and provide reports or recommendations to the Board of Directors on such adequacy.</p>					X
<p>(d) External Auditors. The Committee will:</p> <p>(i) Recommend external auditors for appointment by the Board of Directors, including their compensation for all services; such external auditors shall report directly to the Committee and be independent of the Corporation;</p>					X
<p>(ii) Review the performance of the external auditors at least annually and meet with the external auditor on such basis as the Committee may determine;</p>		X			
<p>(iii) If appropriate, recommend the removal of external auditors and their replacement;</p>					X
<p>(iv) Pre-approve all services (audit and non-audit services) to be provided to the Corporation by the external auditors; and</p>					X
<p>(v) Review and approve the scope of the external audit plans at least annually.</p>	2021/22 External Audit Plan Approval				
<p>(e) Internal Auditors. The Committee may:</p> <p>(i) Approve the appointment of internal auditors, including their compensation; if so appointed, such internal auditors shall report directly to the Committee and be independent of the Corporation;</p>					X
<p>(ii) Review and approve the overall scope of the internal audit plan and ensure the coordination of the internal auditors with the external auditors;</p>	X				X
<p>(iii) Review reports issued by internal auditors and management’s response to the reports, meet with the internal auditors as the Committee may determine, and monitor actions taken in respect of the reports; and</p>	Internal Audit Report (MNP) <i>HR Capacity Planning</i>	X	X	X	X
<p>(iv) Review the performance of the internal auditors at least annually.</p>					X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2022

	Feb 24/2022	May 26/2022	Sep 22/2022	Nov 24/2022	As required
(f) Government Audits. The Committee will:					
(i) Review the reports issued by a government auditor and management's response to these reports, and monitor actions taken in respect of the reports;					X
(ii) Meet, if necessary, with government auditors after the completion of their audits, or have the Committee Chair do so, and provide a report on such report and meeting to the Committee; and					X
(iii) Ensure the coordination of government auditors' involvement with the work of the external and internal auditors of the Corporation.					X
(g) Finance The Committee will regularly review significant matters involving the financial status of the Corporation and make recommendations to the Board of Directors with respect to various material financial matters affecting the Corporation, such as:					
(i) The financial aspects of annual and longer-term budgets and any significant variances thereon;	2021/22 Corporate Plan Performance Report (Q3)	2021/22 Integrated Annual Report Approval	2022/23 Corporate Plan Performance Report (Q1)	2022/23 Corporate Plan Performance Report (Q2)	
(ii) The annual corporate plan and five-year strategic plan, periodic forecasts, long term financial plans and revisions thereto; and key performance indicators adopted by, or applicable to, the Corporation;				Rolling Five Year Business Plan Approval	
(iii) Consideration of capital approval requests that require approval of the Board of Directors;					X
(iv) The adequacy of financial resources and cash flow of the Corporation; and	Liquidity Forecast	Liquidity Forecast	Liquidity Forecast	Liquidity Forecast	
(v) Review reports from management on various financial measures and reports requested by the Board of Directors.					X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2022

	Feb 24/2022	May 26/2022	Sep 22/2022	Nov 24/2022	As required
<p>(h) Enterprise Risk Management. The Committee will:</p> <p>(i) Provide oversight of the enterprise risk management program of the Corporation, which shall include cybersecurity risk management, including overseeing the identification, measurement, monitoring and controlling of enterprise risks and ensuring that implementation and function of appropriate risk management systems are consistent with the determined risk appetite of the Corporation; and</p> <p>(ii) Without limiting the generality of the foregoing, review and consider annually the insurance coverage to be procured and maintained, approve insurance policies recommended by management to appropriately and effectively protect the interests of the Corporation and its Directors.</p>	<p>Enterprise Risk Dashboard</p> <p>Cyber Security Risk Profile</p> <p>Risk Appetite Statement</p> <p>Regulatory & Operational Compliance and Procurement Reports</p>	<p>Enterprise Risk Dashboard</p> <p>Regulatory & Operational Compliance and Procurement Reports</p> <p>Insurance Program Review</p>	<p>Enterprise Risk Dashboard</p> <p>Cyber Security Risk Profile</p> <p>Regulatory & Operational Compliance and Procurement Reports</p>	<p>Enterprise Risk Dashboard</p> <p>Regulatory & Operational Compliance and Procurement Reports</p>	
<p>(i) Project Risk Management</p> <p>The Committee will review and make recommendations to the Board of Directors, in accordance with the policies and procedures approved by the Board of Directors in respect of:</p> <p>(i) projects (including capital projects) of the Corporation and whether the Committee should monitor the projects; and</p> <p>(ii) requests to approve the budget, scope, or schedule of projects (including capital projects) and material changes to the same.</p> <p>The Committee will consider the following criteria when determining whether it should monitor any projects:</p> <ul style="list-style-type: none"> • a budget in excess of \$50 million; • high complexity and potential for numerous unknown risks. • compressed timeline or work schedule; • self-insurance; • multiple stakeholders; and • high public profile or visibility. <p>The Committee will coordinate its activities with similar ones being undertaken by the Investment and Real Estate Committee.</p>	<p>Independent Project Capital Monitor Report – Port Lands Flood Protection</p> <p>Q3 2021/22 Project Reporting</p>	<p>Independent Project Capital Monitor Report - Port Lands Flood Protection</p> <p>Q4 2021/22 Project Reporting</p>	<p>Independent Project Capital Monitor Report - Port Lands Flood Protection</p> <p>Q1 2022/23 Project Reporting</p>	<p>Independent Project Capital Monitor Report - Port Lands Flood Protection</p> <p>Q2 2022/23 Project Reporting</p>	X

WATERFRONT TORONTO
Finance, Audit and Risk Management Committee Workplan – 2022

	Feb 24/2022	May 26/2022	Sep 22/2022	Nov 24/2022	As required
(j) Fundraising. The committee will:					
(i) Review and make recommendations to the Board of Directors, in coordination, as appropriate, with the Human Resources, Governance and Stakeholder Relations Committee of the Board, regarding fundraising (including strategy) of the Corporation, in accordance with the policies and procedures approved by the Board of Directors. Fundraising by the Corporation may include donations, sponsorship, and government grants; and					X
(ii) Monitor the implementation by the Corporation of the approved fundraising strategies, including in respect of project status, expenditures, deliverables, and risks.	X Fundraising Dashboard	X Fundraising Dashboard	X Fundraising Dashboard	X Fundraising Dashboard	
(k) Other Duties and Obligations. The committee will undertake such other duties and obligations, and have such other powers, as may be assigned to it by the Board of Directors from time to time.					X

FINANCE, AUDIT, AND RISK MANAGEMENT COMMITTEE MANDATE
OF
TORONTO WATERFRONT REVITALIZATION CORPORATION





TORONTO WATERFRONT REVITALIZATION CORPORATION

Finance, Audit, and Risk Management Committee Mandate

Effective Date: October 7, 2021

Purpose

The Finance, Audit and Risk Management Committee (the "**Committee**") is a committee of the board of directors (the "**Board of Directors**") of the Toronto Waterfront Revitalization Corporation (the "**Corporation**"). The primary function of the Committee is to assist the Corporation in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board of Directors with respect to:

- (i) Financial Planning;
- (ii) Financial reporting;
- (iii) Internal controls;
- (iv) External auditor, including performance, qualifications, independence, and their audit of the financial statements of the Corporation;
- (v) Internal audit function;
- (vi) Government audit recommendations;
- (vii) Enterprise risk management;
- (viii) Project risk Management;
- (ix) Fundraising; and
- (x) Procurement.

The management of the Corporation is responsible for preparing the financial statements, and the external auditor of the Corporation are responsible for auditing those financial statements.

Authority of the Committee

1. The Board of Directors authorizes the Committee to:
 - (a) Perform its responsibilities under this Mandate;

- (b) Provide strategic review and advice in respect of, and monitor compliance by the Corporation with, the matters described in this Mandate;
 - (c) Oversee the Corporation's risk management policies relevant to this Mandate and ensure that those policies are implemented appropriately;
 - (d) Require the Chief Executive Officer of the Corporation (the "**Chief Executive Officer**"), the Chief Financial Officer of the Corporation (the "**Chief Financial Officer**"), and other senior officers of the Corporation, and invite any others it deems to have relevant experience and expertise, to attend, or participate in, any meeting of the Committee (each, a "**Meeting**") from time to time;
 - (e) Communicate expectations and the nature, timing and extent of the Committee's informational needs to management of the Corporation; and
 - (f) Oversee any specific risk-related task assigned to the Committee by the Board of Directors.
2. The Committee may access all records and information of the Corporation that it considers necessary or desirable for the performance of its duties. The Committee may gather information relevant to any matters within its scope of responsibility and retain, at the expense of the Corporation, independent advisors to assist the Committee in performing its duties. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the accuracy of information provided by persons from within or from outside the Corporation provided that the member acts in good faith and exercises their judgement reasonably in the circumstances.

Composition and Procedures of the Committee

- 3. The Committee will be appointed by the Board of Directors and will be composed of no fewer than three Directors (each, a "**Member**"). The Committee will be chaired by a member of the Board of Directors (each, a "**Director**") appointed by the Board of Directors (the "**Chair of the Committee**"). The Corporate Secretary of the Corporation (the "**Corporate Secretary**") will be the secretary of the Committee and may appoint a nominee to act as recording secretary for a Meeting.
- 4. At least one Member should be a member in good standing of a recognized professional accounting body.
- 5. Each Member will be financially literate, meaning that he or she is able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the financial statements of the Corporation. Where appropriate, Members should enhance their familiarity with financial, audit, accounting, risk management and other areas relevant to their responsibilities by maintaining an awareness and understanding of trends and best practices in these areas. The Corporation and its internal and external auditors will support Members in these efforts.
- 6. Each Member will serve at the pleasure of the Board of Directors and will cease to be a Member (i) when determined by the Board of Directors, (ii) upon removal by the Board of Directors, (iii) upon termination of the Member's tenure as a Director for any reason whatsoever, or (iv) as required the by-laws or policies of the Corporation or by law.

7. The Board of Directors may fill vacancies in the Committee from time to time, and for the period of time that a vacancy exists the remaining Members may exercise all powers of the Committee, provided that a quorum of Members is in attendance at a Meeting at which those powers are exercised.

Meetings of the Committee

8. The Chair of the Committee, the Corporate Secretary or any two Members may call Meetings. The external auditor of the Corporation may call Meetings and may participate in each Meeting unless the Chair of the Committee determines otherwise.
9. Notice of a Meeting, including the date, time, and place of the Meeting, must be provided to each Member at least two days before the date of the Meeting, unless any of these requirements is waived by all Members. The agenda of the Meeting and supporting materials (if any) must be given to each Member prior to the Meeting to allow each Member to properly review and consider the agenda and materials.
10. The Chair of the Committee, in consultation with the Members, and, as he or she considers appropriate, with any of the other Directors, the Chief Executive Officer, the Corporate Secretary and other senior officers, is responsible for establishing the agenda of each Meeting.
11. The powers and authority of the Committee may be exercised at a Meeting only if a quorum is present.
12. A quorum for a Meeting is two Members.
13. Members may attend any Meeting in person or by telephone, video or other digital means.
14. A Director, who is not a Member, may attend, but not vote at, a Meeting. The Chief Executive Officer and the Chief Financial Officer will be invited to all Meetings (other than closed Meetings), but may not vote at Meetings.
15. If the Chair of the Committee is unable to attend a Meeting, the other Members in the attendance at the Meeting may appoint a Member to chair the Meeting.
16. The Chair of the Committee or the substitute chair (as applicable) may vote on any matter at a Meeting, but will not have a second or casting vote.
17. The Corporate Secretary or his or her nominee (if applicable) will prepare and maintain minutes of each Meeting. Minutes will be available to each Member and to any other Director upon request.

Duties and Responsibilities of the Committee

The Committee will evaluate and make recommendations to the Board of Directors with respect to, or approve as indicated, the following matters:

(a) General Responsibilities

The Committee will:

- (i) Create and maintain a Committee work plan for the year, and monitor its performance;

- (ii) Review and assess this Mandate at least annually, and refer its assessment and any proposed revisions to the Human Resources, Governance and Stakeholder Relations Committee;
- (iii) Review and report to the Board of Directors periodically on compliance by the Corporation with the matters provided for in this Mandate and make recommendations, if any, in connection therewith as may be necessary or appropriate;
- (iv) Report and make recommendations periodically to the Board of Directors and any other applicable Committee of the Board on the matters covered by this Mandate, including without limitation, matters relating to Environmental, Social and Governance considerations; and
- (v) Perform any other activities consistent with this Mandate, the by-laws of the Corporation, and applicable law, as the Committee or the Board of Directors deems necessary or appropriate.

(b) Financial Reporting

The Committee will:

- (i) Review with management the annual and quarterly financial statements of the Corporation;
- (ii) Review reports from the external auditor of the Corporation concerning the annual financial statements and any other matters, and management's response to such reports, if appropriate;
- (iii) Recommend to the Board of Directors the approval of the audited annual financial statements of the Corporation;
- (iv) Review reports on any litigation, claim or other contingency that could have a material effect on the financial statements of the Corporation;
- (v) Review any public disclosures containing audited or unaudited financial information of the Corporation; and
- (vi) Review with the external auditor and the Board of Directors any material issues that arise with respect to the quality or integrity of the financial statements of the Corporation and its compliance with the legal and regulatory requirements related thereto.

(c) Internal Controls

The Committee will periodically review, with assistance from the external auditor or internal auditor of the Corporation if requested by the Committee, the adequacy of financial internal controls and provide reports or recommendations to the Board of Directors on such adequacy.

(d) External Auditor

The Committee will:

- (i) Recommend external auditor for appointment by the Board of Directors, including their compensation; such external auditor will report directly to the Committee and be independent of the Corporation;
- (ii) Review the performance of the external auditor at least annually and meet with the external auditor on such basis as the Committee may determine;
- (iii) If appropriate, recommend the removal and replacement of the external auditor;
- (iv) Pre-approve all services (audit and non-audit) to be provided to the Corporation by the external auditor; and
- (v) Review and approve the scope of the external audit plans at least annually.

(e) Internal Auditor

The Committee may:

- (i) Approve the appointment of internal auditor, including their compensation; if so appointed, such internal auditor will report directly to the Committee and be independent of the Corporation;
- (ii) Review and approve the scope of the internal audit plan and ensure the coordination of the internal auditor with the external auditor;
- (iii) Review reports issued by internal auditor and management's response to the reports, meet with the internal auditor as the Committee may determine, and monitor actions taken in respect of the reports; and
- (iv) Review the performance of the internal auditor at least annually.

(f) Government Audits

The Committee will:

- (i) Review the reports issued by a government auditor or government appointed auditor (“government auditors”) and management's response to the reports, and monitor actions taken in respect of the reports;
- (ii) Meet, if necessary, with government auditors after the completion of their audit, or have the Chair of the Committee do so, and provide a report on such report and meeting to the Committee; and
- (iii) Ensure the coordination of government auditors' involvement with the work of the external and internal auditor of the Corporation.

(g) Finance

The Committee will regularly review significant matters involving the financial status of the Corporation and make recommendations to the Board of Directors with respect to material financial matters affecting the Corporation, such as:

- (i) The financial aspects of annual and longer-term budgets, and any significant variances therein;
- (ii) The annual corporate plan and five-year strategic plan, periodic forecasts, long-term financial plans and revisions thereto, and key performance indicators adopted by, or applicable to, the Corporation;
- (iii) The adequacy of financial resources and cash flow of the Corporation; and
- (iv) Review reports from management on various financial measures and reports requested by the Board of Directors.

(h) Enterprise Risk Management

The Committee will:

- (i) Provide oversight of the enterprise risk management program of the Corporation, which shall include cybersecurity risk management, including overseeing the identification, measurement, monitoring and controlling of enterprise risks and attempting to ensure that implementation and function of appropriate risk management systems are consistent with the determined risk appetite of the Corporation; and
- (ii) Without limiting the generality of the foregoing, review and consider annually the insurance coverage to be procured and maintained and recommend for approval by the Board insurance policies to appropriately and effectively protect the interests of the Corporation and its Directors.

(i) Project Risk Management

The Committee will receive reporting from the Chief Project Officer and review and make recommendations to the Board of Directors, in accordance with the policies and procedures approved by the Board of Directors in respect of:

- (i) projects (including capital projects) of the Corporation and whether the Committee should monitor the projects; and
- (ii) requests to approve the budget, scope, or schedule of projects (including capital projects) and material changes to the same.

The Committee will consider the following criteria when determining whether it should monitor any projects:

- (iii) a budget in excess of \$50 million;
- (iv) high complexity and potential for numerous unknown risks;
- (v) compressed timeline or work schedule;
- (vi) self-insurance;
- (vii) multiple stakeholders; and
- (viii) high public profile or visibility.

(j) Fundraising

The Committee will:

- (i) Review and make recommendations to the Board of Directors regarding fundraising (including strategy) of the Corporation, in accordance with the policies and procedures approved by the Board of Directors. Fundraising by the Corporation may include donations, sponsorship, and government grants; and
- (ii) Monitor the implementation by the Corporation of the approved fundraising strategies, including in respect of project status, expenditures, deliverables, and risks.

(k) Procurement

The Committee will receive for information (i) any amendments to the Procurement Policy of the Corporation made from time to time and (ii) all reports from the Internal Auditor of the Corporation and all Government Audits, relating to the procurement practices and procedures of the Corporation.

(l) Other Duties and Obligations

The Committee will undertake such other duties and obligations, and have such other powers, as may be assigned to it by the Board of Directors from time to time.

Responsibilities of the Chair of the Committee

The Chair of the Committee is responsible for the management and effective performance of the Committee and to provide leadership to the Committee in fulfilling this Mandate. The responsibilities of the Chair of the Committee include:

- (i) Working with the Chair of the Board of Directors, the Chief Executive Officer and the Corporate Secretary to establish the frequency of Meetings and the agendas for Meetings;
- (ii) Providing leadership to the Committee and presiding over Meetings;
- (iii) Facilitating the flow of information to and from the Committee and fostering an environment in which the Members may ask questions and express their views;
- (iv) Reporting to the Board of Directors with respect to significant activities of the Committee and recommendations made by the Committee; and
- (v) Leadership in taking such other steps as may be reasonably required to ensure that the Committee carries out this Mandate.

**MINUTES of the Open Session of the
Finance Audit and Risk Management Committee Meeting of the
Toronto Waterfront Revitalization Corporation
Via Microsoft Teams Teleconference
Thursday, November 25, 2021 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Drew Fagan
Jeanhy Shim
Michael Galego

ATTENDANCE: WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
Lisa Taylor (Chief Financial Officer)
David Kusturin (Chief Project Officer)
Julius Gombos (Senior VP Project Delivery)
Rose Desrochers (VP, Human Resources and Administration)
Cameron MacKay (VP, Communications and Engagement)
Kevin Newson (Executive Director, Procurement)
Iain McMullan (Executive Director, Philanthropy)
Pina Mallozzi (VP, Design)
Sampada Chandane (Director, Financial Management)
Mary Anne Santos (Director, Financial Planning)
Jeff Ross (Director, Strategic Development)
Ian Ness (General Counsel)
Charmaine Miller (Executive Assistant)

Also, in attendance for part or all of the meeting were:

- Leslie Woo, Alysha Valenti, Directors, Waterfront Toronto
- Kira Heymans Analyst, Yassine Ben Rejeb, Portfolio Analyst, and Carina Lao, Junior Analyst from Investment, Partnerships and Innovation Branch of Infrastructure Canada
- Chris Monahan, Director, Policy and Planning Branch of Infrastructure Research and Planning Division, Louis Bitonti, Senior Policy Advisor, Jonathon Vita, A/Manager, Bhavika Kotak, Senior Policy Analyst, Agency Governance and Accountability Unit, Ontario Ministry of Infrastructure
- Veronica Bila, Partner, Enterprise Risk Services, MNP LLP
- Joanne Henson and Louis Castillo, BTY Consulting

The Chair, Kevin Sullivan, appointed Ian Ness to act as secretary of the meeting. The Chair welcomed everyone to the meeting of the Finance Audit and Risk Management (FARM) Committee (the “Committee”) of the Toronto Waterfront Revitalization Corporation (“Waterfront Toronto” or the “Corporation”).

With notice of the meeting having been sent to all members of the Committee in accordance with the Corporation's By-laws and a quorum being present, the Chair called the meeting to order at 9:02 a.m. and declared the meeting duly constituted for the transaction of business.

1. Land Acknowledgement

Kevin Sullivan acknowledged Indigenous Peoples' presence and connections to lands under revitalization by Waterfront Toronto.

2. Meeting Agenda

ON MOTION duly made by Jeanhy Shim, seconded by Drew Fagan and carried, it was **RESOLVED** that the Meeting Agenda be approved as presented.

3. Declaration of Conflicts of Interest

There were no conflicts declared.

4. Consent Agenda:

Highlights of the Key Messages were taken as read.

Draft Minutes of Open Session September 14, 2021 FARM Committee Meeting

ON MOTION duly made by Jeanhy Shim, seconded by Michael Galego and carried, it was **RESOLVED** that the Minutes of the September 14, 2021 FARM Committee meeting be approved as presented.

Management provided its quarterly dashboards and reports covering areas related to 2021/22 corporate plan performance, enterprise risk management, audit, liquidity, interim financial statements, capital projects, procurement, regulatory compliance, fundraising and COVID-19 impact.

While the reports were taken as read, the Committee Chair commented that liquidity remains strong and good progress is being made by management regarding increasing the Corporation's borrowing limit.

The Committee asked questions of management regarding the financial performance of the Corporation's interim property portfolio which is strong this year to date due to a number of new interim leases, as well as the interim parking facilities back to performing at pre-COVID levels.

5. Internal Audit Update

Veronica Bila, Partner, MNP LLP provided an update with respect to the Corporation's three-year internal audit plan, which is approximately at the mid-way point, with three of six internal audits substantially complete, including the Resourcing & Succession Management Review which will be reported at the next FARM Committee meeting.

The next internal audit relates to the Corporation's ERP system and program management related processes and internal controls.

6. Port Lands Flood Protection (PLFP) Update

a) Q3 2021 Construction Cost Forecast and Risk Update and Quantification

Management presented the Q3 2021 *Construction Cost Forecast & Risk Update and Quantification* for the PLFP project to the Committee.

The semi-annual update, which is a key part of the Corporation's project risk management framework, involves the reassessment of construction risk to ensure that the likelihood of achieving the program budget remains high as risks are realized and retired throughout the life of the project.

The Q3 2021 results indicate that the PLFP project remains on budget and on schedule however the forecast probability of delivering the project on budget has decreased from 63% (in Q1 2021) to 53% primarily due to increased utility costs and current market conditions for commodities and labour.

Additional contingency in the amount of \$5.6M (current contingency balance is \$43.1M) would increase the probability to 75%.

While management continues to identify opportunities to increase the contingency these opportunities become less available as construction continues.

As such, management has begun to review options to address the potential situation of a budget and/or schedule overrun, which at worst-case based on the current risk portfolio would be in the order of \$10M in additional cost and 5-8 months schedule delay.

b) PLFP Project Update

Waterfront Toronto's Chief Project Officer provided a visual progress report for the PLFP project.

c) Report of the Independent Capital Monitor

BTY Consulting LLP (BTY) presented their **13th report** as Independent Capital Monitor for the PLFP project and noted that:

- a. Budget remains at \$1.185 billion.
- b. The remaining contingency of \$43.1M is 3.6% of the total project budget and 6.3% of the total project cost-to-complete.
- c. Schedule and project completion date of March 31, 2024 could not be substantiated. BTY recommended that the schedule be re-baselined to revalidate the critical path and March 2024 completion date.
- d. No scope changes have been made to the project this quarter.

7. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Jeanhy Shim, seconded by Michael Galego and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 8, 9, 10, 11, 12, 13 and 14 of the agenda. The exception relied upon for the discussion on item 8 is Section 6.1.1(a) provided in the minutes of the Open Session September 14, 2021 FARM Committee meeting under item 4(b) of this agenda, for item 9 and 11 is Section 6.1.1(k), for items 10, 12 and 14 is Section 6.1.1(b) and for item 13 is Section 6.1.1(l) of By Law No. 2.

The meeting continued in closed session.

8. Consent Agenda

Draft Minutes of the Closed Session – September 14, 2021 FARM Committee Meeting

9. Interim Activation and Events Strategy

10. Fundraising Action Plan

11. Draft Rolling Five-Year Strategic Plan (2022/23 – 2026/7 (including 2022/23 Corporate Plan))

12. Update on Government Reviews

13. Port Lands Risk Update

14. Committee Chair Discussion

15. Motion to go into Open Session

ON MOTION duly made Jeanhy Shim by and seconded by Kevin Sullivan and carried, the committee **RESOLVED** to go into Open Session.

The meeting continued in Open Session.

16. Resolution(s) Arising from the Closed Session

Item 8 - Draft FARM Committee Closed Session September 14, 2021 Minutes

ON MOTION duly made by Jeanhy Shim and seconded by Drew Fagan and carried, be it **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on September 14, 2021 be approved as tabled.

Item 10a – Fundraising Strategy and Plan

ON MOTION duly made by Jeanhy Shim and seconded by Drew Fagan and carried, be it **RESOLVED** that the FARM Committee recommends that the Board approve the Fundraising Strategy and Plan, subject to the comments presented to the Committee.

Item 11 – Draft Rolling Five-Year Strategic Plan

ON MOTION duly made by Drew Fagan and seconded by Jeanhy Shim and carried, be it **RESOLVED** that the FARM Committee recommends that the Board approve the Rolling Five-Year Strategic Plan (2022/23-2026/27), as presented.

17. Termination of the Meeting

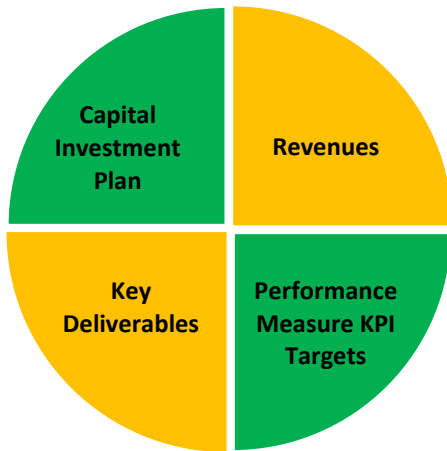
There being no further business, **ON MOTION** duly made by Jeanhy Shim, seconded by Drew Fagan and carried, it was **RESOLVED** that the meeting be terminated at 11:35 a.m. local time.

Committee Chair

Secretary

Purpose	For Committee Information.
Areas of note/ Key issues	<p>The following three areas are reported on in the attached Macro dashboard which is supported by several attached streamlined reports:</p> <ol style="list-style-type: none"> 1. <u>2021/22 Corporate Plan Performance</u> (caution areas noted – revenues and key deliverables largely driven by changes in schedule into FY 2022/23) 2. <u>Finance & Administration</u>: <ul style="list-style-type: none"> ○ <i>Enterprise Risk Management</i>: (overall no significant concerns, all high inherent risk areas are being adequately managed through mitigation plans, one new residual risk area in the red zone related to ERP system). ○ <i>Internal audit</i> (no significant concerns; resource and succession planning completed in Jan. 2022). There is a need to review timing and sequencing of remaining internal audit plan focus areas. ○ <i>Liquidity/ Cash Flow Management</i> (no significant concerns, continued notional external borrowing requirement from unspent project funds; increase in borrowing term/limit approvals from governments on track (City Council approval Nov 2021; Provincial & Federal Treasury Board approvals expected March 2022)). ○ <i>Financial reporting compliance</i> (no concerns, in line with plan) 3. <u>Capital Projects</u> (caution area noted for PLFP related to utilities relocations due to potential project delays, budget pressure largely mitigated). Individual dashboards attached.
Resolution or Next Steps	The next macro level dashboard will be provided at the next FARM Committee meeting in May 2022.

2021/22 Corporate Plan Performance



As of Q3 2021//22, on track to achieve the following for 2021/22:

- 81% (Q2: 88%) of annual capital investment plan (\$332M of \$413M)
- 61% (Q2: 64%) of annual revenues (\$318M of \$523M)
- 64% (Q2: 64%) of key deliverables (25 out of 39)
- 79% (Q2: 74%) of performance KPI targets (15 out of 19)

Annual capital investment plan is largely on track (81%). Concern areas relate to up to 14 of 39 key deliverables which are now expected to be met (or may be met) in 2022/23 rather than 2021/22 due to changes in partner requirements, supply chain challenges and/or scheduling delays. Four KPI targets will not/may not be met this year mainly due to scheduling delays. Revenue is anticipated to be lower than Plan by \$204M mainly due to timing of certain land sales revenues moved to FY 2022/23 (originally Q4 FY 2021/22). **None of these deferrals place the Corporation at risk of non-compliance with key contracts nor pose an overall budget.**

Finance & Administration



- Positive cash balance > \$50M, no current requirement to borrow; internal cash flow management being utilized for some projects. Request made to governments in Apr/21 to increase WT's current borrowing consent limit and term beyond \$40M and Mar/23 to enhance liquidity tools (City Council approval in Nov/21, Provincial/Federal government approvals proceeding).
- ERM: Overall risk portfolio continues to be relatively stable (one elevated risk related to the ERP system).
- Internal Audit: Resource and succession planning review completed in Jan/22 (refer Item 9). No action items due this quarter (Q2: 50%).
- Government Audit: Refer Item 12 for update on tri-government strategic review status.

Capital Projects



- Currently tracking to deliver all projects in the capital portfolio in accordance with contractual budget/ schedule obligations.
- **Caution** remains for the Port Lands Flood Protection project due to utility relocation risk which may impact schedule beyond baseline March 2024 completion date to later in the calendar year (budget impact largely mitigated). Mitigation options have been developed and are being actively assessed and pursued.

Refer to the Program Portfolio Dashboards.

Legend: ● No concerns: greater than or equal to 70% of plan ● Caution: some areas of plan may not be met (between 50% and 69% of plan) ● Concern: some aspects (<50%) of plan will be not met.

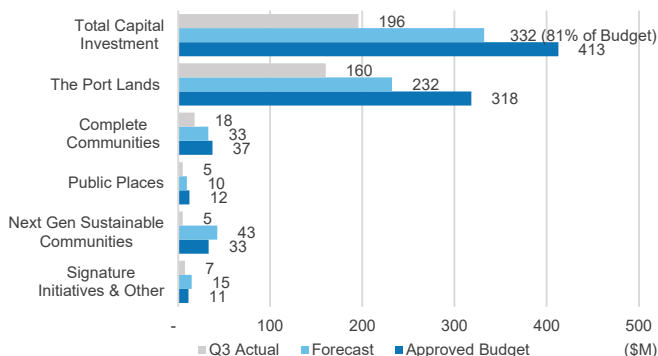
Corporate Plan Performance Dashboard as of December 31, 2021 (Q3 2021/22)

Issued as of: February 24, 2022

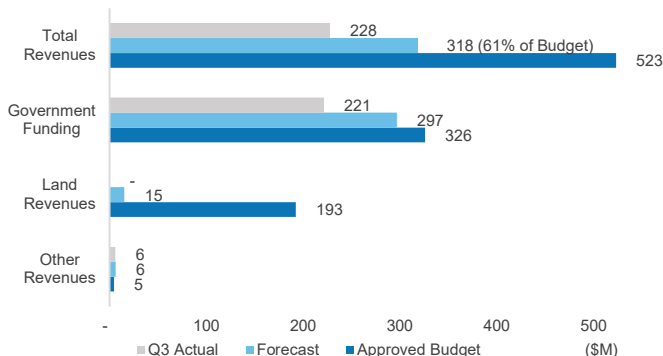
Overall 2021/22 Corporate Plan Status: ● Capital Investment Plan ● Revenues ● Key Deliverables ● KPIs/ Targets

● No material concerns, in line with plan; forecast performance greater than or equal to 70% of plan; ● Caution - some areas of plan may not be met; forecast performance between 50% - 69% of plan; ● Concern - some areas of plan will not be met; forecast performance less than 50% of plan

Capital Investments



Revenue / Funding



Overall investment is forecast at \$332M (Q2: \$362M), \$80M (19%) lower than Plan⁽¹⁾ mainly due to:

- Decrease in Port Lands Flood Protection expenditures due to construction re-sequencing caused by delays in the completion cut-off walls impacting successor activities;
- Decrease in Lakeshore Bridge expenditures due to demolition tender package coming in lower than expected; partially offset by
- Increase in property acquisition for future waterfront revitalization (including for Parliament Slip) under Next Gen Sustainable Communities.

⁽¹⁾ Investment Plan increased by Board resolution from \$372M to \$413M to account for Lakeshore Bridge & Public Realm and Parliament Slip additions.

Overall revenues are anticipated to be \$318M (Q2:\$337M), \$204M (39%) lower than Plan⁽²⁾ mainly due to timing of certain land sale revenues moved to FY 2022/23 (originally anticipated end of FY 2021/22).

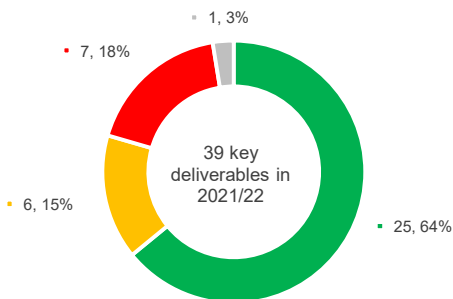
⁽²⁾ Revenue Plan increased by Board resolution from \$497M to \$523M to include revenues from the Lakeshore Bridge Construction project.

Note: gap between forecast 2021/22 expenditures and revenues of \$14M is being funded by existing WT cash reserves and WT's line of credit facility (if/as required).

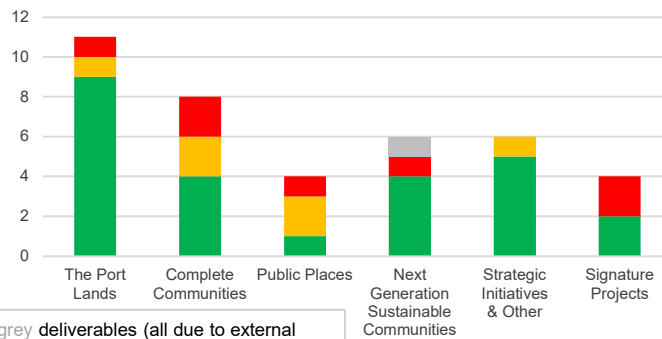
2021/22 Key Deliverables

● Achieved/ forecasted to be achieved by March 31, 2022; ● May not be achieved by March 31, 2022; ● Will not be achieved by March 31, 2022; ● N/A - key deliverable no longer applicable

Overall Status of Key Deliverables:

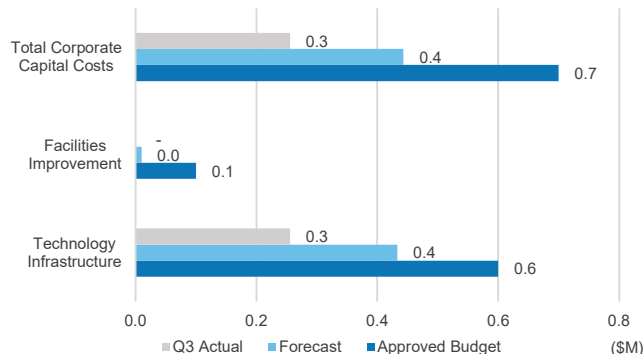
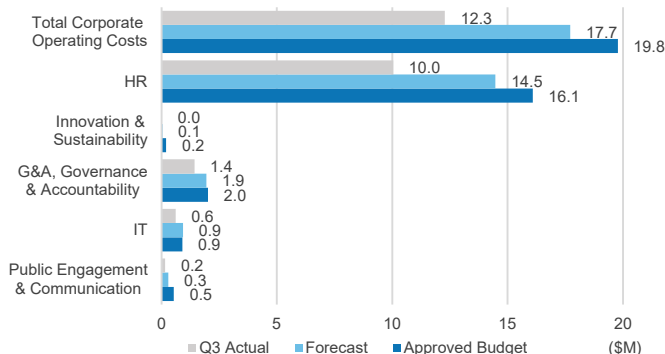


Key Deliverables by Priority Initiative:



See Appendix A for details on red and grey deliverables (all due to external influence including supply chain challenges and delays in regulatory approvals).

2021/22 Corporate Operating and Capital Costs (excl. Amortization)

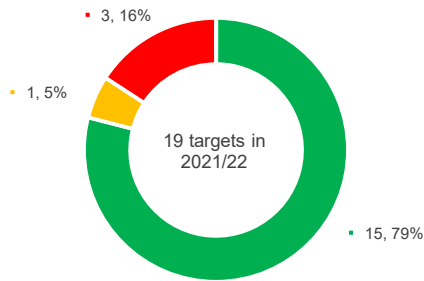


Corporate operating costs are forecast to be lower than approved budget by \$2.1M (10%). The major contributor to the anticipated savings is Human Resources due to attrition, conscious delays/ deferrals in hiring some positions as well as freezing compensation for senior employees. Notable corporate capital investments for this fiscal year include the corporate website re-design and HR module implementation. The Customer Relations Management (CRM) module implementation originally budgeted for this fiscal year will begin in Q4 and be completed early next fiscal year.

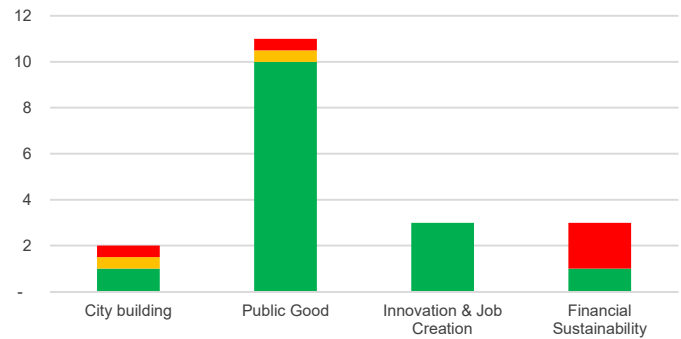
2021/22 Key Performance Indicators (KPIs)/ Targets

● No material concerns, in line with plan; ● Caution - some areas of plan may not be met; ● Concern - some areas of plan will not be met

Overall Status of KPIs:



KPIs by Strategic Priority:



Out of 19 KPIs with targets this year, 15 (79%) are on track to achieve their targets. 3 (16%) are anticipated not to be met this year as a result of shift in schedule/ timing, namely:

- Number of people working on the waterfront: occupancy for the Waterfront Innovation Centre will be delayed to Q1 2022/23 (from Q4 2021/22) as tenants still completing fit out of space (anticipated April/May 2022).
- Number of market housing units ready for occupancy: full occupancy of Block 12 is delayed to April/May 2022 due to logistical issues caused by the pandemic.
- Value of non-government sourced contributions: change in timing of certain land sale revenues from FY 21/22 to FY 22/23.

1 (5%) KPI may not be met as timing for Aquabella's LEED certification may fall after March 31, 2022 (number of sustainable developments completed and LEED certified). 2 (10%) KPIs cannot be measured until the end of FY 21/22 (diverse, equitable, inclusive work environment; new private sector developments on the waterfront) but are assumed to be on track for the purposes of this report as there is no information to the contrary.

Appendix A

Details of Deferred Deliverables for 2021/22 (note three more deliverables reported as deferred in Q3 than Q2):

Reason	Priority	Deferred Deliverable	Comments
External Influence	The Port Lands	Complete construction of sanitary pumping station.	Delayed by five months to September 2022 due to design revisions, construction coordination, and City approvals.
	Complete Communities	Complete steel structure and adjustable weirs to support the in-water pipe. [Q3 NEW]	Substantial completion date has been delayed to Q3 2022/23 due to supply chain challenges and productivity losses from winter conditions.
		With City, review Keating East Precinct Plan in light of new plan for Gardiner Expressway.	Planning early conversations with the City in 2022; anticipating a plan update in late 2022 or early 2023.
	Public Places	Complete design and construction documents for Rees Street Park. [Q3 NEW]	Due to delay in Delivery Agreement execution, design completion is now scheduled to be in March 2023.
	Next Gen Sustainable Communities	Complete planning, design and approval from City for Phase 1 infrastructure.	Due to delay in Quayside Ph1 Infrastructure Design RFP issuance, proponent was selected in December 2021 and the award is ongoing. Design work will begin in Q4 2021/22.
		Draft risk assessment for each property on record. (N/A)	This key deliverable is no longer applicable as this is now intended to be undertaken by the future developer.
	Signature Projects	Achieve 60% design of the Destination Playground and pavilion and finalize the Operations and Maintenance Strategy.	Deferral due to significant time spent on refining the concept design and ensuring integration with the Indigenous Design Consultant. 30% design is now targeted for completion in June 2022.
Launch Destination Playground Fundraising Campaign (subject to City Council approval and feasibility study). [Q3 NEW]		Due to delay in MOU Term Sheet approval, the fundraising campaign will not be launched prior to March 31, 2022.	

Enterprise Risk Management Dashboard– Q3 2021/22



Summary:

- Currently **one new risk (Enterprise Resource Planning/ERP Risk) in the red zone (medium last quarter)** due to ongoing ERP issues. **Improvement in one residual risk on business continuity (reduced medium score)** due to ability to continue business operations productively during global pandemic.
- Overall WT's **risk portfolio** however continues to be **stable**.
- Management's specific mitigation strategies to address these risks are outlined in the attached Enterprise Risk Register (Appendix 1 – Confidential Attachment).
- New confidential attachment on heat map (Appendix 2).

Risk Area	Q3 2021/22 (Current)		Q2 2021/22 (Previous)	
	Inherent Risk Score	Residual Risk Score	Inherent Risk Score	Residual Risk Score
1. Enterprise Resource Planning System Risk	16	16	12	12
2. Cyber Security	16	12	16	12
3. Financial Self-Sustainability	16	12	16	12
4. Port Lands Project Delivery	16	12	16	12
5. Liquidity Risk	16	12	16	12
6. Climate Risk	16	12	16	12
7. Government Risk	12	12	12	12
8. Procurement Process Risk	12	12	12	12
9. Project Delivery: Non-Port Lands Projects	12	12	12	12
10. Business Continuity ²	16	9	20	12

Notes:

1. Effective Q1 2021/22, cyber security risk is being tracked separately (previously combined with business continuity).
2. Refer to attached Appendix 1 on the Detailed Risk Register (Confidential Attachment).
3. Refer to Item 11 in the FARM agenda for further details on the Cyber Security risk profile.

Risk Score	
	Low (1-6)
	Medium (>6 - 14.9)
	High (15 - 25)

Audit Dashboard– Q3 2021/22



Audit	2020/21 (Prior Year)	2021/22 (Current Year)	2022/23 (Next Year)
Internal Audits	Performance Measurement Framework <i>(Completed Q2)</i>	ERP System Process General Controls & Project Mgt. Process Controls (likely to be deferred)	Communications Processes and Controls
	Cybersecurity Follow-Up Audit <i>(Completed Q4)</i>		Records and Information Management
	Independent Capital Monitor (Port Lands), <i>Quarterly</i>	Independent Capital Monitor (Port Lands), <i>Quarterly</i>	Independent Capital Monitor (Port Lands)
	HR Resource & Succession Planning (Ongoing)	HR Resource & Succession Planning (Completed Q4)	
External Audits	March 31, 2021 Financial Statements <i>(Completed Q1 21/22)</i>	March 31, 2022 Financial Statements	March 31, 2023 Financial Statements
Government Audits	ERP System Implementation <i>(Completed Q2)</i>	Contribution Agreement Compliance - Port Lands Flood Protection (PLFP) (delayed)	Outcomes Audit and/or Reconciliation/Financial Audit on PLFP (<i>Timing TBD: 2022-2024</i>)
	Value-for-Money Follow-Up Audit <i>(Completed Q3 – Report issued Dec 2020)</i>	Federal Toronto Waterfront Revitalization Initiative (TWRI) Program Evaluation	OAGO Value-for-Money Follow-Up
	Tri-Government Strategic Review <i>(Part A Background Study Completed Apr/21)</i>	OAGO Value-for-Money Follow-Up <i>(Complete – report issued Dec 2021)</i>	
	City Auditor General Risks and Opportunities Assessment <i>(Completed Q2)</i>		
Total	9 audits	7 audits	6 audits

Status of Open Audit Action Items December 31, 2021:

Overall:

- **91%** of 2020 **Provincial Value-for-Money Follow-Up** items implemented; two remaining action items planned for completion 2022 and 2024, respectively. (summary in Appendix).
- **40%** of 2020 **Performance Measurement Framework review** action items implemented.
- Refer to Confidential Attachment for an aging analysis and details of all outstanding audit action items (incl. Cybersecurity follow-up items).

This Past Quarter:

- **No internal audit and government action items** due in the past quarter.

Note: The number of audits from 2003 to December 31, 2021 totals 72 (29 internal; 19 external and 24 government).

Appendix: Recommendation Status of OAGO Value for Money Follow-Up Audit (Dec 2020)



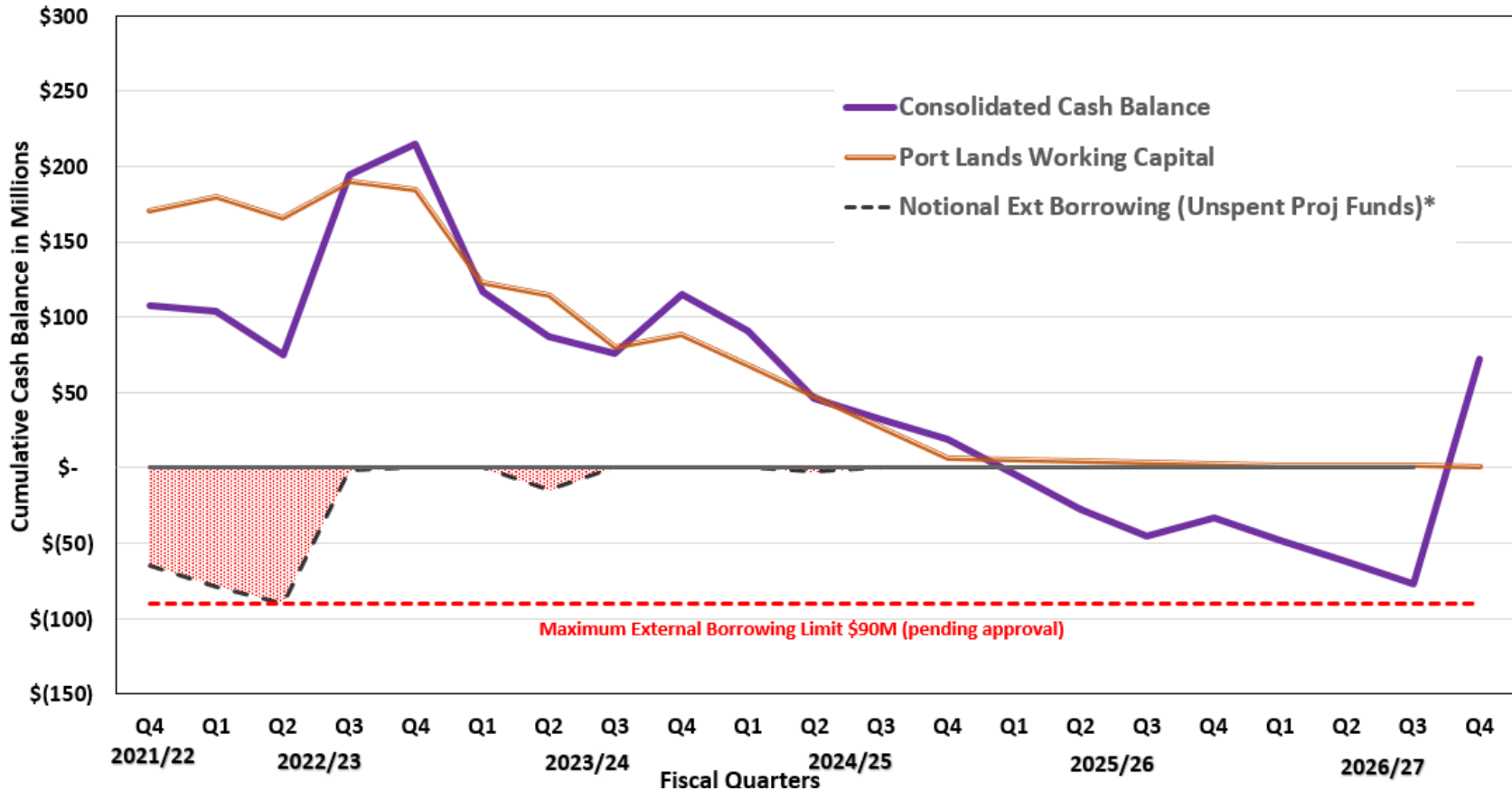
The following six recommendations (containing 22 action items) were directed towards **Waterfront Toronto** (WT), of which **20 action items** have been **fully implemented** resulting in **91% implementation rate**.

Rec. #	Recommendation Area	# of Actions Recommended	Fully Implemented	In the Process of Being Implemented	WT Notes
2	Project budget, schedule and scope management	3	3	-	
3	Project information systems, procedures and reporting	7	7	-	
4	Oversight of organizations receiving funding from WT	7	7	-	
5	Development and implementation of a financial sustainability plan	1	-	1	WT developed a fundraising action plan in Dec 2019 and is expected to substantially implement this recommendation in 2022/23.
7	Best practices and lessons learned	1	1	-	
9	Port Lands Flood Protection Project budget management	3	2	1	Remaining action item relates to the effectiveness of WT's work in reducing the impact of construction risks on final cost. This will be assessed at the end of the project (i.e. 2024).
Total		22	20	2	
%		100%	91%	9%	

Liquidity / Cash Flow Forecast (February 2022)



Cash Flow Forecast January 2022 to March 2027



Conclusion

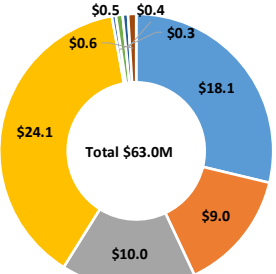
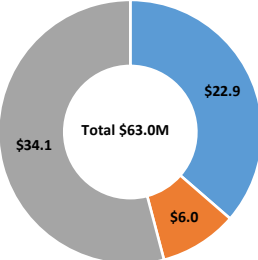
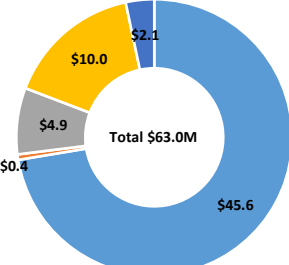
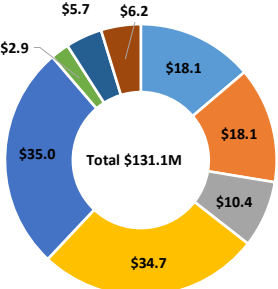
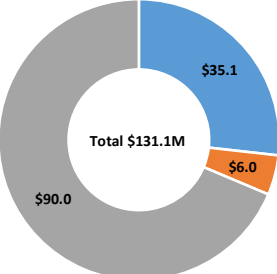
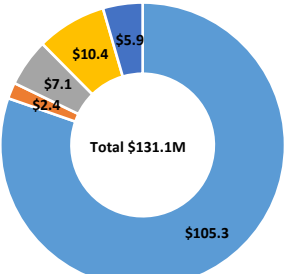
External Borrowing is not anticipated to be required by Waterfront Toronto until Q4 2024/25 due to:

- Ability to temporarily borrow internally from the Port Lands Flood Protection project working capital and other unspent funding / revenue sources.
- Ability to pool bank accounts through Centralized Cash Control Facility with bank. This assumes extension of our borrowing consent to 2028 (additional five years).

* Note – For details on the Notional External Borrowing, refer to next slide on Interim Financing Dashboard.

Interim Financing Dashboard

- Use of unspent cash resources intended for one project towards another project on a temporary basis
- Arises due to cash flow timing differences on certain projects.
- Minimizes external borrowing costs.
- **Rigorous internal controls and monitoring in place** that identify:
 - Projects and amounts requiring internal borrowing
 - Interim sources of funding
 - Ultimate sources of funding
- Current amount of government deferred contributions towards internal borrowing amounts to ~\$34M and forecast to increase to ~\$90M in Q2 2022/23 largely due to Quayside project and property acquisitions (to be repaid from land sales within FY 2022/23).

Period	Interim Financing By Project	Interim Financing Sources	Ultimate Financing Sources
Dec/ 21 (A)	 <p>Total \$63.0M</p> <ul style="list-style-type: none"> Queens Quay West Revitalization: \$18.1 Bayside Municipal Infrastructure: \$9.0 Bayside Water's Edge Promenade: \$10.0 Quayside Development & Infrastructure: \$24.1 Land Acquisitions: \$0.6 Parliament Slip Development: \$0.5 Others: \$0.4 Signature Projects: \$0.3 	 <p>Total \$63.0M</p> <ul style="list-style-type: none"> WT Ret. Earnings: \$22.9 WT Capital Reserve: \$6.0 Notional External Borrowing: \$34.1 	 <p>Total \$63.0M</p> <ul style="list-style-type: none"> Quayside Land Revenues: \$45.6 Other Section 37 Infra. Funding: \$2.1 Quayside Section 37 Infra. Funding: \$0.4 Bayside Land Revenues: \$4.9 Parkland Dedication: \$10.0
Q2 22/ 23 (F)	 <p>Total \$131.1M</p> <ul style="list-style-type: none"> Queens Quay West Revitalization: \$18.1 Bayside Municipal Infrastructure: \$18.1 Bayside Water's Edge Promenade: \$10.4 Quayside Development & Infrastructure: \$34.7 Land Acquisitions: \$2.9 Parliament Slip Development: \$5.7 Others: \$6.2 Signature Projects: \$6.2 	 <p>Total \$131.1M</p> <ul style="list-style-type: none"> WT Ret. Earnings: \$35.1 WT Capital Reserve: \$6.0 Notional External Borrowing: \$90.0 	 <p>Total \$131.1M</p> <ul style="list-style-type: none"> Quayside Land Revenues: \$105.3 Other Section 37 Infra. Funding: \$5.9 Quayside Section 37 Infra. Funding: \$2.4 Bayside Land Revenues: \$7.1 Parkland Dedication: \$10.4



<p>Purpose</p>	<p>Submitted for receipt.</p> <p>The purpose of the unaudited interim financial statements is to provide information about the results of the operations, financial position, and cash flow of the Corporation.</p>
<p>Areas of note/ Key issues</p>	<p>With respect to financial activities for the nine months ended December 31, 2021, the Corporation has:</p> <ul style="list-style-type: none"> • Spent approx. \$198.6 million (down from \$220 million for the same period last year) of which \$184.5 million was capitalized as Assets Under Development, primarily for the Port Lands Flood Protection (\$160 million) and \$14.1 million was expensed, primarily for eastern waterfront transit design (\$5.6 million). • Recognized revenues of \$231.4 million (up from \$145.7 million for the same period last year) which is primarily made up of government contributions for Port Lands Flood Protection project including Lakeshore Bridge (\$207 million), York Street park (\$5.6M), eastern waterfront transit design (\$5M), public art contributions (\$6.6M), and parking/ rental and interest revenues (\$4.3 million). The increase from prior year is largely due to government contributions for Port Lands Flood Protection project driven by timing of expenditures. • Reported a higher net operating income as a result of increased revenues from Waterfront Toronto’s interim property operations. <p>Other items of note during the period include:</p> <ul style="list-style-type: none"> • Unrestricted net assets (Note 12) is in a deficit position of \$43.3 million representing a timing difference between realization of unrestricted revenues (such as Quayside land sale revenues) and corresponding expenditures funded out of the same (also related to internal borrowing). The deficit position is expected to continue until realization of further land sale proceeds in 2022/23. • The Corporation has no off-balance sheet transactions requiring note disclosure. <p><i>Looking ahead to March 31, 2022</i></p> <p>Other initiatives underway as we approach year-end include finalizing applicable climate risk related disclosures as well as the revisiting the Corporation’s accounting policy regarding transfer of development costs capitalized under assets under development (Land under Development category).</p>
<p>Key Takeaways/ Next Steps</p>	<p>The Finance, Audit and Risk Management Committee acknowledges receipt of the unaudited interim financial statements for submission to the Board of Directors.</p> <p>The financial statements are expected to be received by the Board of Directors on March 24, 2022.</p>

Interim Financial Statements of

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

December 31, 2021

Toronto Waterfront Revitalization Corporation

December 31, 2021

Interim Financial Statements

Table of Contents

Statement of financial position	1
Statement of financial activities	2
Statement of remeasurement gains and losses	3
Statement of changes in net assets	3
Statement of cash flows	4
Notes to the financial statements	5-14

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at December 31, 2021

	December 31, 2021	March 31, 2021
	\$	\$
Assets		
Current assets		
Cash	78,578,778	104,592,114
Receivables (Note 3)	104,160,938	36,579,038
Deposits and prepaid expenses and other assets (Note 4)	3,955,707	4,784,428
	186,695,423	145,955,580
Restricted cash (Note 5)	38,974,779	40,234,509
Assets under development (Note 6)	1,139,525,727	955,012,647
Capital assets (Note 7)	89,463,223	89,882,349
	1,454,659,152	1,231,085,085
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	74,288,958	68,455,592
Deferred contributions (Note 10)	191,908,821	140,660,162
Other liabilities and settlements (Note 11)	1,199,207	1,117,303
	267,396,986	210,233,057
Other liabilities and settlements (Note 11)	1,892,287	1,890,528
Environmental and contaminated sites liability (Note 16)	2,075,900	2,075,900
	271,365,173	214,199,485
Net assets (Note 12)	1,183,293,979	1,016,885,600
	1,454,659,152	1,231,085,085

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

Toronto Waterfront Revitalization Corporation

Statement of financial activities

Nine months ended December 31, 2021

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Restricted Revenues:		
Province of Ontario	86,592,868	-
City of Toronto	85,385,148	64,442,428
Government of Canada	50,439,840	60,000,000
Other restricted contributions	4,683,195	451,404
	227,101,051	124,893,832
Less: Government contributions for assets under development	(170,127,707)	(201,740,705)
(Increase) Decrease in deferred contributions for continuing operations related to future periods	(51,248,659)	81,054,359
	5,724,685	4,207,487
Expenses (Note 13)		
Eastern Waterfront Transit	5,622,594	178,197
Complete Communities	2,745,279	1,785,392
Signature Projects	1,211,008	1,379,480
Public Places	1,168,562	168,046
Strategic Initiatives	648,521	873,665
	11,395,964	4,384,780
Deficiency of revenue over expenses before other items	(5,671,279)	(177,293)
Net other operating income (Note 17)	1,659,389	256,077
Land sale proceeds and/or other income (Note 18)	-	17,485,877
(Deficit) excess of revenues over expenses	(4,011,890)	17,564,661

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

Toronto Waterfront Revitalization Corporation
Statement of remeasurement gains and losses
Nine months ended December 31, 2021

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Accumulated remeasurement (loss) gains, beginning of the period	(517,100)	21,350
Unrealized loss attributable to foreign currency transactions	(12,361)	(144,857)
Unrealized gain (loss) attributable to forward exchange contracts (Note 20)	304,923	(306,355)
Net remeasurement gain (loss) for the period	292,562	(451,211)
Accumulated remeasurement loss, end of the period	(224,538)	(429,861)

Statement of changes in net assets
Nine months ended December 31, 2021

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Net assets, beginning of the period	1,016,885,600	756,493,418
Add: (Deficit) excess of revenues over expenses	(4,011,890)	17,564,661
Add: Net remeasurement gain (loss)	292,562	(451,211)
Add: Government contributions for assets under development	170,127,707	201,740,705
Less: Transfer of assets to Government (Note 6)	-	(3,036,729)
Net assets, end of the period	1,183,293,979	972,310,844

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

Toronto Waterfront Revitalization Corporation

Statement of cash flows

Nine months ended December 31, 2021

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Cash flows from operating activities		
(Deficit) excess of revenues over expenses	(4,011,890)	17,564,661
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash provided by operating activities		
Amortization of capital assets	674,907	637,151
Unrealized loss attributable to foreign currency transactions	(12,361)	(144,857)
Unrealized gain (loss) attributable to forward exchange contracts	304,923	(306,355)
Changes in non-cash working capital balances		
Net increase (decrease) in deferred contributions	51,248,659	(81,054,359)
Current assets (Receivables, Deposits and prepaid expenses)	(66,753,179)	71,741,185
Current liabilities (Payables, Other liabilities and settlements)	5,917,029	36,465,607
Net cash (paid) received from operating activities	(12,631,912)	44,903,033
Cash flows from capital activities		
Cash received from government contribution for assets under development	170,127,707	201,740,705
Cash used to acquire assets under development	(184,513,080)	(215,655,922)
Cash used to acquire capital assets	(255,781)	(39,126)
Net cash paid from capital activities	(14,641,154)	(13,954,343)
Cash flows from investing activities		
Invested in restricted cash and investments	1,259,730	(3,229,550)
Net cash received (paid) from investment activities	1,259,730	(3,229,550)
(Decrease) increase in cash	(26,013,336)	27,719,140
Cash, beginning of the period	104,592,114	87,249,424
Cash, end of the period	78,578,778	114,968,564

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

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, 2021 audited financial statements.

2. Description of Corporation

The Toronto Waterfront Revitalization Corporation 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.

3. Receivables

	December 31, 2021	March 31, 2021
	\$	\$
Province of Ontario	86,592,868	25,452,619
City of Toronto	14,909,206	5,004,364
Rent and other receivables	2,299,633	2,187,454
HST receivable	359,231	3,934,601
	104,160,938	36,579,038

4. Deposits and prepaid expenses

	December 31, 2021	March 31, 2021
	\$	\$
Construction deposits	2,181,199	2,181,199
Prepaid expenses	1,774,508	2,603,229
	3,955,707	4,784,428

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to guarantee satisfactory performance, completion of work, and related obligations required for construction of municipal 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 (March 31, 2021 - \$2,181,199) are non-interest bearing.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

5. Restricted cash

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

	December 31, 2021	March 31, 2021
	\$	\$
Holdbacks payable	29,800,303	30,885,475
Developer contributions - East Bayfront public art	5,750,695	5,711,584
Developer Deposit - Broadband services	1,615,014	1,615,015
Developer Deposit - East Bayfront child care facility	1,548,481	1,538,024
Other	260,286	484,411
	38,974,779	40,234,509

6. Assets under development

The following table details assets under development by category:

	December 31, 2021	March 31, 2021
	\$	\$
Roads, Bridges, Services, Structures	552,494,920	458,019,808
Flood Protection Features	440,765,262	365,789,789
Land under development	90,080,331	86,883,659
Parks and Public Realm	56,185,214	44,319,391
	1,139,525,727	955,012,647

The following table details assets under development by Priority Initiatives:

	The Port Lands	Complete Communities	Quayside	Public Places	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2021	555,591,733	357,172,152	29,842,939	12,405,823	955,012,647
Capital additions	155,310,861	14,868,980	1,687,593	3,489,420	175,356,854
Direct project management - Note 13	4,158,248	688,239	2,916,950	292,085	8,055,522
General and support expenses - Note 13	571,646	89,409	401,001	38,648	1,100,704
Closing balance, December 31, 2021	715,632,488	372,818,780	34,848,483	16,225,976	1,139,525,727

During the period, no assets were formally transferred to the City of Toronto.

7. Capital assets

	December 31, 2021		March 31, 2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	87,305,565	-	87,305,565	-
Computer hardware and software	4,296,073	2,604,954	4,040,292	2,084,367
Leasehold improvements	1,377,975	1,012,790	1,377,975	886,837
Furniture and fixtures	539,371	438,017	539,371	409,650
Office equipment	145,563	145,563	145,563	145,563
	93,664,547	4,201,324	93,408,766	3,526,417
Cost less accumulated amortization		89,463,223		89,882,349

Land is recorded at cost in accordance with the significant accounting policy 2(h). Certain land, known as Quayside, has approximately 2,700,000 square feet zoned for development.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

7. Capital assets (contd.)

The Corporation owns land containing environmental contamination. As of December 31, 2021, the Corporation has a provision of \$2,075,900 (March 31, 2021 - \$2,075,900) for remediation cost of contaminated site (Note 16) .

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 (March 31, 2021 - \$Nil).

8. Credit facility

In 2015 the Corporation secured a revolving credit facility with a Canadian commercial bank which provides for a maximum borrowing amount of \$40 million. The facility bears interest at the Canadian Prime Lending Rate less 0.5%. The Corporation's interest rate was 1.95% at December 31, 2021 (March 31, 2021 - 1.95%). 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 relating to real properties. At December 31, 2021 the available borrowing limit is \$38 million as a result of a Letter of Credit reissued by Waterfront Toronto during 2021 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 December 31, 2021, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

9. Accounts payable and accrued liabilities

	December 31, 2021	March 31, 2021
	\$	\$
Accrued liabilities	43,049,830	35,873,598
Holdbacks payable	29,420,102	27,037,500
Accounts payable	1,819,026	5,544,494
	74,288,958	68,455,592

10. Deferred contributions

Deferred contributions represent project specific contributions from Governments which have not been applied to eligible costs at December 31, 2021, as well as contributions received for the acquisition of capital assets which have yet to be amortized.

	December 31, 2021	March 31, 2021
	\$	\$
Expenditures of future periods		
Balance, beginning of year	140,660,162	176,108,768
Additional contributions	56,298,437	(30,181,259)
Less: amounts recognized as revenue	(5,049,778)	(5,267,347)
Balance, end of period	191,908,821	140,660,162
Capital contributions		
Balance, beginning of year	-	-
Add: contributions for acquisition of capital assets and assets under development	170,802,614	257,192,012
Less: direct contribution to net assets	(170,127,707)	(256,316,839)
Less: amount amortized to revenue	(674,907)	(875,173)
Balance, end of period	191,908,821	140,660,162

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	December 31, 2021	March 31, 2021
	\$	\$
Deposit - broadband services	1,615,016	1,615,016
Deposits - rent and other	1,199,207	1,117,303
Deposit - Bayside project agreement	277,271	275,512
Total other liabilities	3,091,494	3,007,831
Less: current portion	(1,199,207)	(1,117,303)
	1,892,287	1,890,528

12. Net assets

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

	December 31, 2021	March 31, 2021
	\$	\$
Invested in non-amortisable capital assets	87,305,565	87,305,565
Invested in assets under development	1,139,525,727	955,012,647
Unrestricted (deficit) (Note 12b)	(43,312,775)	(24,915,512)
Accumulated re-measurement loss	(224,538)	(517,100)
	1,183,293,979	1,016,885,600

b) Unrestricted (deficit)

	December 31, 2021	March 31, 2021
	\$	\$
Unrestricted deficit, opening balance	(24,915,512)	(16,775,254)
(Deficit) excess of revenues over expenses	(4,011,890)	13,419,710
Investment in assets under development	(14,385,373)	(21,559,968)
Unrestricted deficit, closing balance	(43,312,775)	(24,915,512)

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

13. Expenses by Priority Initiative and Function

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total December 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	4,955,205	1,127,951	472,080	957,474	83,783	-	-	7,596,492
Salaries, fees and benefits	511,130	1,834,228	565,919	414,962	432,513	2,541,101	3,622,458	9,922,310
Less salaries, fees and benefits related to assets under development (Note 6)	-	(688,239)	-	(292,085)	-	(2,916,950)	(4,158,248)	(8,055,522)
	5,466,335	2,273,939	1,037,999	1,080,351	516,296	(375,849)	(535,790)	9,463,280
<i>General and support expenses:</i>								
General and office administration	80,614	289,290	89,256	65,447	68,215	400,776	571,325	1,564,922
Amortization	34,767	124,763	38,493	28,225	29,419	172,844	246,397	674,908
Information technology	32,443	116,426	35,921	26,339	27,453	161,294	229,932	629,809
Communications and public engagement	8,435	30,270	9,339	6,848	7,138	41,936	59,782	163,749
	156,259	560,749	173,009	126,859	132,225	776,850	1,107,436	3,033,388
Less general & support costs allocated to assets under development (Note 6)	-	(89,409)	-	(38,648)	-	(401,001)	(571,646)	(1,100,704)
	5,622,594	2,745,279	1,211,008	1,168,562	648,521	-	-	11,395,964

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending December 31, 2021 have been allocated to priority initiative using an overhead burden rate of 0.31 (2020 - 0.30) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$9,922,310 for the period ending December 31, 2021 (2020 - \$10,482,413).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

13. Expenses by Priority Initiative and Function (Cont.)

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total December 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	56,131	1,131,283	729,969	43,473	156,582	-	-	2,117,438
Project management - salaries, fees and benefits	474,359	1,368,356	500,539	454,656	552,612	3,491,104	3,640,786	10,482,413
Less project management - salaries, fees and benefits related to assets under development (Note 6)	(320,039)	(747,900)	-	(303,953)	-	(3,040,578)	(3,123,146)	(7,535,616)
	210,451	1,751,739	1,230,508	194,176	709,194	450,526	517,640	5,064,235
<i>General and support expenses:</i>								
General and office administration	59,693	172,192	62,987	57,213	69,541	417,626	479,839	1,319,090
Information technology	44,307	127,810	46,752	42,467	51,616	309,985	356,163	979,100
Amortization	28,833	83,173	30,424	27,635	33,589	201,723	231,773	637,151
Communications, marketing and government relations	8,348	24,081	8,809	8,001	9,725	58,406	67,106	184,477
	141,181	407,256	148,972	135,316	164,471	987,740	1,134,881	3,119,818
Less general & support costs allocated to assets under development (Note 6)	(173,435)	(373,603)	-	(161,446)	-	(1,438,266)	(1,652,521)	(3,799,273)
	178,197	1,785,392	1,379,480	168,046	873,665	-	-	4,384,780

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

14. Commitments

The Corporation has corporate lease commitments of \$1,811,375 until May 31, 2023.

15. Risk disclosures

(i) Credit risk:

Credit risk arises from cash, 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) Currency risk: The Corporation has cash denominated in U.S. dollars and is exposed to currency risk. Included in the statement of financial position is \$2,682,958 (March 31, 2021 - \$1,043,647) of cash and \$829,387 (March 31, 2021 - \$1,309,603) of payables which has been translated from its U.S. denominated amount.

Also refer to Note 25 regarding an assessment of the impact of COVID-19 on the financial statements.

16. Environmental and contaminated sites liability

The Corporation has a provision for liability of contaminated sites of \$2,075,900 (2021 - \$2,075,900) representing one Waterfront Toronto owned property zoned as parkland and not intended for development, through the Statement of Financial Position with corresponding charge in the Statement of Financial Activities. The liability reflects the Corporation's best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date. The liability will be assessed and adjusted from time to time to any changes in management estimates and remediation costs incurred.

17. Net other operating income

	December 31, 2021	December 31, 2020
	\$	\$
Rental, parking and other income	3,597,551	2,106,971
Less: operating expenses and changes in provision for doubtful debts	(2,663,916)	(3,072,541)
	933,635	(965,570)
Interest	720,156	759,862
Realized (loss) gain on foreign currency transactions	(138,524)	297,655
Other Income	144,122	164,130
Net other operating income	1,659,389	256,077

18. Land sale proceeds and other income

During the period ended December 31, 2021, the Corporation received \$Nil (2020 - \$17,378,877) as closing payments associated with the sale of land in East Bayfront owned by the City of Toronto. Other income comprises of \$Nil (2020 - \$107,000) for sale of district energy equipment.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

19. 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 was expected to total \$25,000,000, of which \$23,500,000 will flow to the Corporation from the City of Toronto to be used towards the execution of the project. The current estimated cost of the project is \$26,194,499 due to additional scope pursuant to the delivery agreement between the Corporation and the City of Toronto for the Events Dock and Garisson project. Up until December 31, 2021 the Corporation has received \$25,656,529.

The trust is entitled to any interest earned on the balance of funds. A summary of the trust's financial position, as at December 31, 2021, is as follows:

Financial Position as at December 31, 2021

	December 31, 2021	March 31, 2021
	\$	\$
Cash and accounts receivable	427,397	289,294
Assets under development	25,729,198	25,703,984
Total assets	26,156,595	25,993,277
Accounts payable and accrued liabilities	303,865	303,865
Net assets	25,852,730	25,689,412

Revenues and expenditures as of December 31, 2021

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Revenues		
Restricted revenue	(170,476)	1,939,424
Total revenues	(170,476)	1,939,424
Cumulative revenues (from inception of trust)	27,423,323	27,593,799

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	\$	\$
Direct Project Costs		
Implementation and construction	23,007	22,625
Project management fees	2,208	8,438
Total expenditures	25,215	31,063
Cumulative expenditures (from inception of trust)	25,729,198	25,703,984

20. Forward Exchange Contracts

The Corporation uses forward exchange contracts to reduce its exposure to fluctuations in exchange rates that result from certain transactions in foreign currencies. The Corporation does not enter into forward exchange contracts for trading or speculative purposes. The Corporation recognizes any unrealized gains/losses related to unsettled future transactions in the Statement of Remeasurement Gains and Losses. Any realized gains/losses related to foreign exchange transactions are recorded in the Statement of Financial Activities. The unrealized gain on forward contracts included in the Statement of Remeasurement Gains and Losses for the period ended December 31, 2021 is \$304,923 (2020 - \$(306,355)). As at December 31, 2021, the Corporation has notional swing forward exchange contracts of US\$6,020,000 outstanding with settlements occurring monthly until March 2023.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

21. Related Party Transactions

By virtue of the TWRC Act, the Governments of Canada and Ontario, the City of Toronto and Waterfront Toronto are related parties. The Corporation receives funding and renders services to these entities in the normal course of carrying out its business. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

22. Qualified Donee Status

In 2017, TWRC was registered with the Canada Revenue Agency as a qualified donee and is now eligible to issue official donation receipts and receive gifts from registered charities. The status is effective June 24, 2016 and as at December 31, 2021, the Corporation had not received any donation or gifts.

23. 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 received a claim from a development partner for the recovery of additional costs related to environmental risk management. An amount based on management's assessment of the liability has been accrued in the December 31, 2021 financial statements. Resolution of the claim is expected by September 30, 2022.

24. Comparatives

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

December 31, 2021

25. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Amid rising infections exacerbated by variants of concern, on April 1, 2021, the Ontario Provincial government Emergency Management Act ordered the shut-down of non-essential workplaces. These restrictions were eased on June 11, 2021 until December 18, 2021 when Province of Ontario announced lowering of capacity limits amid rising concerns over Omicron variant. This included lowering of the capacity limits in more non essential businesses. When the Ontario Provincial government Emergency Management Act ordered shut-down of non-essential workplaces, all of Waterfront Toronto's major projects, including the Port Lands Flood Protection project, were determined to be essential workplaces and as such, continued construction activities. To date, while there has been some impacts to Waterfront Toronto's projects as a result of increased health and safety requirements and some delays in supply chain, there has been no material impact to assets, expenses and/or liabilities as of the date of these financial statements.

26. Subsequent Event

On February 14, 2022, pursuant to a duly executed purchase and sale agreement, the Corporation purchased property at 11 Parliament Street, Toronto for \$13,000,000 for future waterfront revitalization. The financial impact of this transaction will be reflected in the March 31, 2022 annual financial statements.



Finance, Audit & Risk Management Committee – February 24, 2022
Item 4)d)ii)a) – Port Lands Flood Protection (PLFP)
Dashboard Executive Summary
David Kusturin

Purpose	<p>For Committee Information</p> <p>The Port Lands Flood Protection (PLFP) Dashboard report is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a monthly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p>
Areas of note/ Key issues	<p>Port Lands Flood Protection Overall Program is currently on budget in accordance with Tripartite Contribution Agreement and Board Approved Capital Project Budget. The project team is currently re-evaluating the Substantial Performance date due to the realization in the last quarter of schedule risks related to the relocation of utilities.</p> <p>The following represents the financial status of the projects as of Q3 2021/22:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding remains unchanged at \$1.185 billion. • Current commitments are equal to \$960.52 million, an increase of \$97.52 million from the last quarterly report. • Costs incurred to date equal \$612.86 million. • \$41.8 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for last quarter include:</p> <ul style="list-style-type: none"> • Completed fabrication of Cherry South bridge and delivered to site • Completed welding and connection of Commissioners Street bridge • Continued with steel fabrication of Cherry North vehicular bridge for delivery to site April 2022 • Completed horizontal directional drilling (HDD) for crossing of Keating Channel at Cherry Street and for River Valley at Commissioners Street bridge • Completed construction of wet utilities on Cherry Street south of Keating Channel to Cherry South bridge • Advanced construction of new Cherry Street/Lake Shore Boulevard intersection • Completed deep excavation and progressed with installation of drainage layer and risk management measures (RMM) in Elbow area (except under Commissioners Street bridge) • Continued installation of river finishes in Central River Valley including log crib walls, fabricated encapsulated soil lifts • Completed dock wall reinforcement works on Cousins Quay (MT 35) • Completed site preparation, grading and watermain relocation in the Sediment and Debris Management Area • Commenced removal of dock wall and tie backs in Polson Slip and excavation works in Polson Slip • Completed Atlas Crane repairs and painting

Resolution or Next Steps	The next Port Lands Flood Protection & Enabling Infrastructure Program Dashboard for Q4 2021/2022 and the Q1 2022 semi-annual Estimate at Completion and Risk Quantification analysis will be presented at the next FARM committee meeting.
---------------------------------	---

PLFP Monthly Program Dashboard - as of December 2021

Issued: January 28, 2022

PROGRAM SUMMARY

Waterfront Toronto is tracking the progress of the Port Lands Flood Protection (PLFP) Program and is proceeding in accordance with the contractual budget and schedule obligations. Schedule and budget risks are being closely monitored to ensure program delivery. The overall program budget of \$1.185B remains unchanged. Projects that are forecast to exceed budget are offset by projects that are forecast to complete below budget. The Substantial Performance date of March 31, 2024 is in the process of being reconfirmed due to the realization of utilities relocation schedule risks.

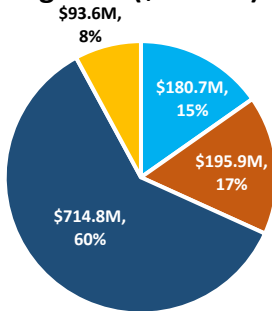
STATUS SUMMARY



Work has been re-sequenced to realize construction and cost efficiencies and to reflect changes in the schedule resulting from delays to certain components of the work, however, due to delays related to utility relocations, the schedule is now forecasting a potential three-week delay to Substantial Performance. The project team is reassessing the schedule to reconfirm the Substantial Performance date. The budget risk due to utility relocation issues has been largely mitigated and is being monitored closely. The Estimate at Completion (EAC) and contingency balance in this report reflect the updated status at month-end, based on the 90% Stage Gate EAC which was approved by the Executive Steering Committee in October 2020.

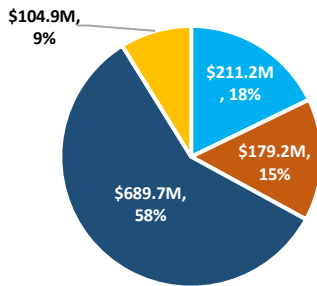
PROGRAM BUDGET ALLOCATION (Based on 30% Approved Budget)

Program Budget by Segment (\$1.185B)



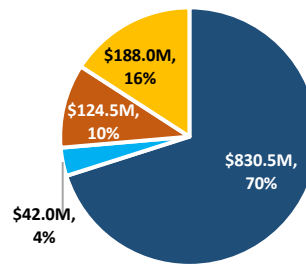
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

90% Cost Estimate by Segment (\$1.185B)



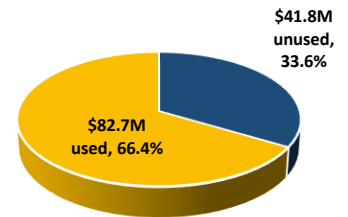
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

Program Budget by Category (\$1.185B)



- Hard Costs
- Escalation Allowance
- Risk Contingency
- Soft Costs

Contingency Allocation at Month-End (\$82.7M of \$124.5M)



- Total Contingency Unused
- Total Contingency Used

FINANCIAL SUMMARY

Project Name	Due-Diligence Budget (\$M)	Approved Changes (\$M)	Approved Budget (\$M)	Total Commitments (\$M)	Anticipated Commitments (\$M)	**Estimate At Completion (\$M)	Variance to Approved Budget (\$M)	*Costs Incurred to Date (\$M)	% Complete to Date	Status
■ Forecast to complete within budget ■ Forecast to complete within 10% of budget ■ Forecast to complete more than 10% overbudget										
Roads & Services	\$ 168.00	\$ 12.69	\$ 180.69	\$ 201.77	\$ 14.88	\$ 216.65	-\$ 35.96	\$ 96.78	45%	●
Commissioners St. West to New Cherry St.	18.00	9.86	27.86	30.18	0.06	30.25	-2.38	15.79	52%	●
Commissioners St. East to Saulters St.	7.00	-0.86	6.14	6.61	0.06	6.67	-0.53	2.68	40%	●
Cherry Street Re-alignment	22.00	15.61	37.61	28.53	0.00	28.53	9.07	12.18	43%	●
Don Roadway North	7.00	10.70	17.70	14.43	1.24	15.67	2.03	3.42	22%	●
Hydro One Integration	12.00	-2.85	9.15	6.10	0.02	6.12	3.03	5.27	86%	●
Site Wide Municipal Infrastructure	102.00	-19.77	82.23	115.91	13.50	129.41	-47.18	57.44	44%	●
Bridges & Structures	\$ 163.00	\$ 32.86	\$ 195.86	\$ 141.15	\$ 40.45	\$ 181.60	\$ 14.25	\$ 112.45	62%	●
Cherry Keating-Cherry Street Bridge North	55.00	-14.08	40.92	35.09	0.25	35.33	5.59	25.52	72%	●
Cherry Polson-Cherry Street Bridge South	42.00	-2.89	39.11	41.77	0.40	42.17	-3.06	31.63	75%	●
Commissioners Street Bridge/Don Roadway	43.00	6.22	49.22	50.05	0.11	50.16	-0.94	42.44	85%	●
Lake Shore Road & Rail Bridge Modifications	19.00	44.01	63.01	13.16	37.47	50.63	12.37	12.02	24%	●
Old Cherry St. Bridge Demolition	4.00	-0.40	3.60	1.08	2.22	3.30	0.29	0.85	26%	●
Flood Protection Features	\$ 762.00	-\$ 47.20	\$ 714.80	\$ 565.78	\$ 106.63	\$ 672.42	\$ 42.39	\$ 370.15	55%	●
River Valley System & Don Greenway	486.00	11.98	497.98	444.40	41.34	485.73	12.25	311.13	64%	●
Keating Channel Modifications	35.00	-6.45	28.55	7.75	1.87	9.63	18.92	5.56	58%	●
Polson Slip North Side Naturalization	60.00	-10.64	49.36	23.90	8.42	32.31	17.05	16.95	52%	●
Don Roadway Valley Wall Feature	27.00	-4.90	22.10	12.71	4.62	17.34	4.77	7.45	43%	●
Eastern Avenue Flood Protection	5.00	-0.88	4.12	1.40	0.11	1.51	2.61	1.15	76%	●
East Harbour Flood Protection	5.00	-4.10	0.90	0.04	0.00	0.04	0.86	0.04	103%	●
Flow Control Weirs	38.00	-15.38	22.62	6.84	1.98	8.82	13.80	5.05	57%	●
Sediment and Debris Management Area	78.00	-0.80	77.20	58.40	47.85	106.25	-29.05	17.22	16%	●
Villiers Island Grading	28.00	-16.03	11.97	10.34	0.44	10.78	1.18	5.61	52%	●
Parks & Public Realm	\$ 92.00	\$ 1.65	\$ 93.65	\$ 51.81	\$ 62.52	\$ 114.33	-\$ 20.68	\$ 33.47	29%	●
River Park North	23.00	-0.41	22.59	19.79	19.30	39.09	-16.50	13.40	34%	●
River Park South	27.00	-8.14	18.86	10.44	8.63	19.07	-0.21	6.33	33%	●
Promontory Park South	42.00	10.21	52.21	21.59	34.59	56.18	-3.97	13.75	24%	●
Cumulative	\$ 1,185.00	\$ 0.00	\$ 1,185.00	\$ 960.52	\$ 224.48	\$ 1,185.00	\$ 0.00	\$ 612.86	52%	●

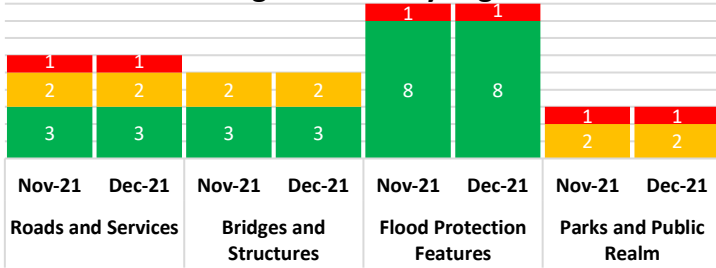
*Actual costs do not include accrued costs.
 **Estimate at Completion at Month's End.

PLFP Monthly Program Dashboard - as of December 2021

Issued: January 28, 2022

PROGRAM BUDGET STATUS

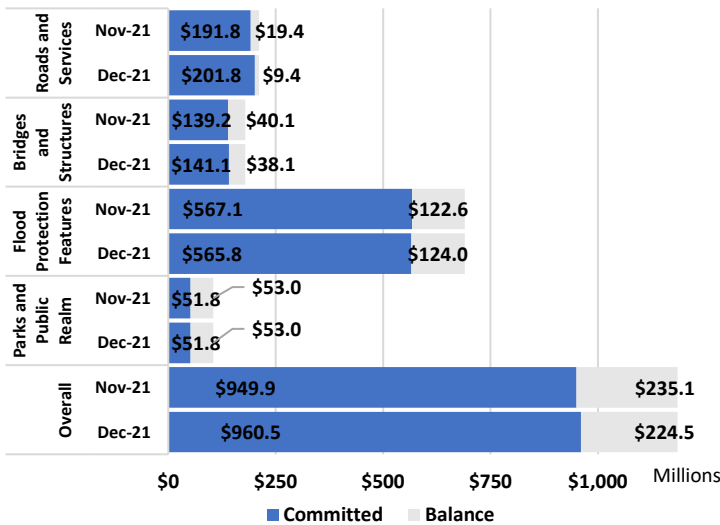
Budget Status - by Segment



- - Forecast to complete within approved budget
- - Forecast to complete within 10% of approved budget
- - Forecast to complete more than 10% over approved budget

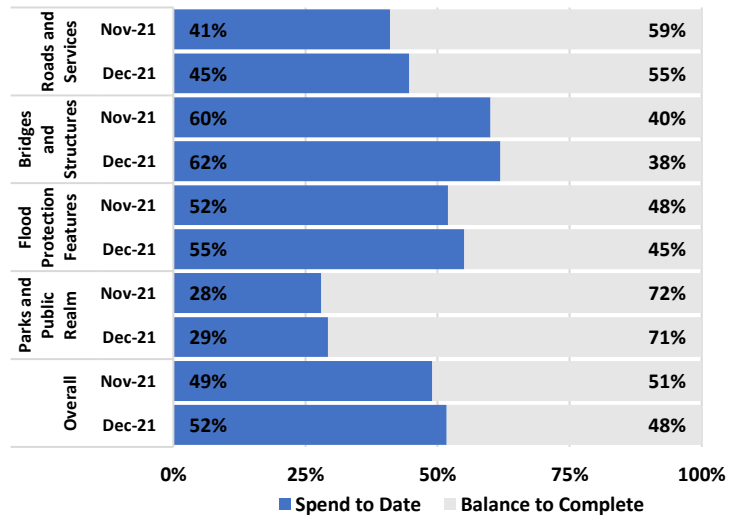
Commitments and Balance to Complete (\$M)

(Based on Month-End EAC)



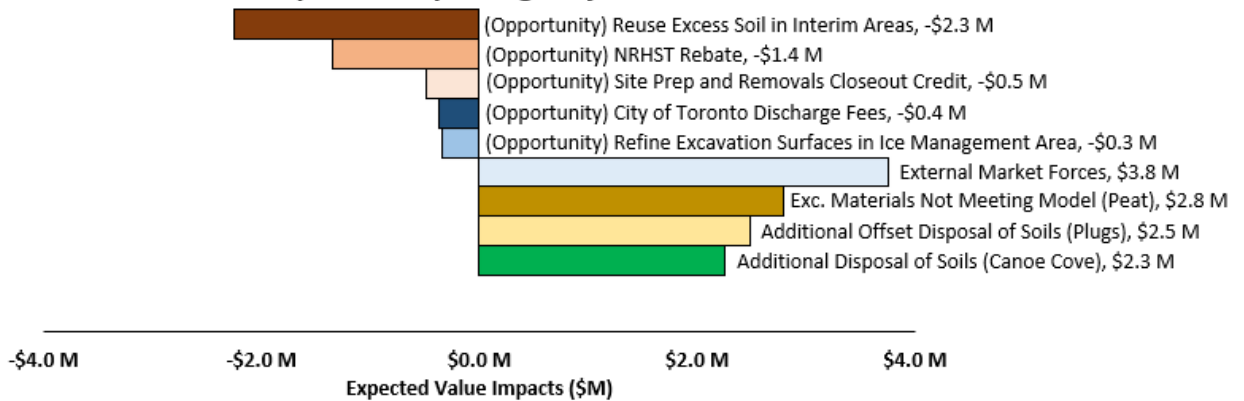
Program Progress - by Segment

(Based on Month-End EAC)



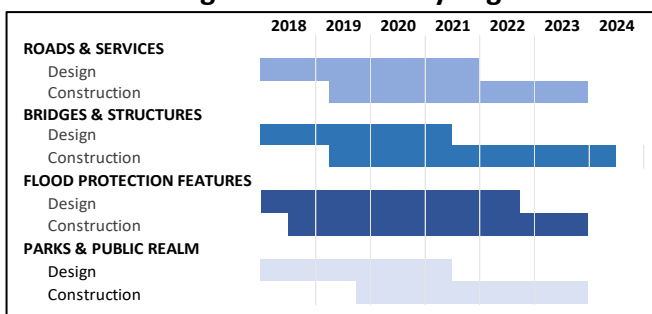
KEY BUDGET RISKS & IMPACTS

Top Risks Impacting Project Cost



PROGRAM SCHEDULE STATUS

Program Timeline - By Segment



Key Communications Milestones

Cherry South Bridge	Fall/Winter 2021
Cherry North (Vehicular) Bridge	Spring 2022
Cherry South Bridge Opening	Spring 2022

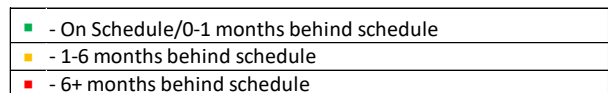
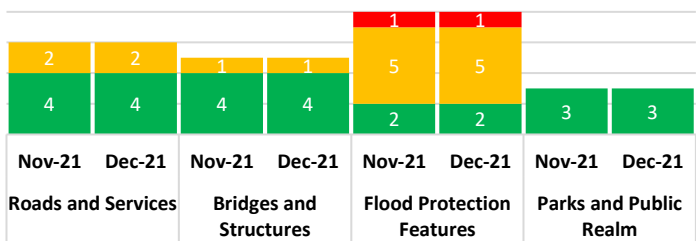
PLFP Monthly Program Dashboard - as of December 2021

Issued: January 28, 2022

SCHEDULE SUMMARY (CONSTRUCTION COMPLETION)								
Projects	Baseline*		Forecast**		Actual		Delay (months) from Baseline Finish date	Status
	Start	Finish	Start	Finish	Start	Finish		
■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule								
Roads & Services	27-May-19	27-Dec-23	27-May-19	11-Jan-24	27-May-19	4-Dec-20	0	●
Commissioners St. West to New Cherry St.	16-Sep-19	21-Jul-23	16-Sep-19	5-Dec-23	16-Sep-19		4	●
Commissioners St. East to Saulter St.	31-Jan-20	27-Dec-23	31-Jan-20	28-Dec-23	31-Jan-20		0	●
Cherry St. Re-alignment	27-May-19	12-Dec-22	27-May-19	2-May-23	27-May-19		4	●
Don Roadway North	27-Jul-21	18-Dec-23	1-Mar-21	11-Jan-24	1-Mar-21		0	●
Hydro One Integration	15-Jun-20	4-Dec-20	15-Jun-20	4-Dec-20	15-Jun-20	4-Dec-20	0	●
Site Wide Municipal Infrastructure	12-Nov-19	11-Dec-23	12-Nov-19	20-Dec-23	12-Nov-19		0	●
Bridges & Structures	6-May-19	5-Apr-24	6-May-19	14-Aug-24	6-May-19		4	●
Cherry Keating-Cherry St. Bridge North	6-May-19	26-May-23	6-May-19	4-Nov-22	6-May-19		-6	●
Cherry Polson-Cherry St. Bridge South	31-Jan-20	26-May-22	31-Jan-20	26-May-22	31-Jan-20		0	●
Commissioners St. Bridge/Don Roadway	15-Oct-19	10-Jun-22	15-Oct-19	25-May-22	15-Oct-19		0	●
Lake Shore Road & Rail Bridge Modifications	12-Oct-21	5-Apr-24	11-Nov-21	14-Aug-24	11-Nov-21		4	●
Old Cherry St. Bridge Demolition	23-Sep-22	1-May-23	14-Oct-22	21-Apr-23			0	●
Flood Protection Features	13-Sep-18	28-Dec-23	13-Sep-18	22-Apr-24	13-Sep-18		3	●
River Valley System & Don Greenway	13-Sep-18	27-Dec-23	13-Sep-18	19-Apr-24	13-Sep-18		3	●
Keating Channel Modifications	23-Aug-22	17-Jan-23	16-Nov-22	12-Apr-23			2	●
Polson Slip North Side Naturalization	14-Apr-20	27-Sep-22	14-Apr-20	2-Jun-23	14-Apr-20		8	●
Don Roadway Valley Wall Feature	23-Sep-21	17-Apr-23	13-Apr-22	10-May-23			0	●
Eastern Avenue Flood Protection	20-Oct-22	22-Nov-23	4-Nov-22	7-Dec-23			0	●
Flow Control Weirs	11-Oct-22	28-Dec-23	26-Oct-22	22-Apr-24			3	●
Sediment and Debris Management Area	27-Jan-20	18-Sep-23	27-Jan-20	19-Dec-23	27-Jan-20		3	●
Villiers Island Grading	2-Mar-20	6-Sep-23	2-Mar-20	6-Nov-23	2-Mar-20		2	●
Parks & Public Realm	28-Oct-19	13-Dec-23	28-Oct-19	15-Dec-23	28-Oct-19		0	●
River Park North	29-Jun-20	1-Dec-23	29-Jun-20	15-Dec-23	29-Jun-20		0	●
River Park South	27-Jul-20	22-Nov-23	27-Jul-20	15-Dec-23	27-Jul-20		0	●
Promontory Park South	28-Oct-19	13-Dec-23	28-Oct-19	13-Dec-23	28-Oct-19		0	●
Substantial Performance of PLFP		31-Mar-24		22-Apr-24			0	●
Cumulative	13-Sep-18	5-Apr-24	13-Sep-18	14-Aug-24	13-Sep-18	4-Dec-20	4	●

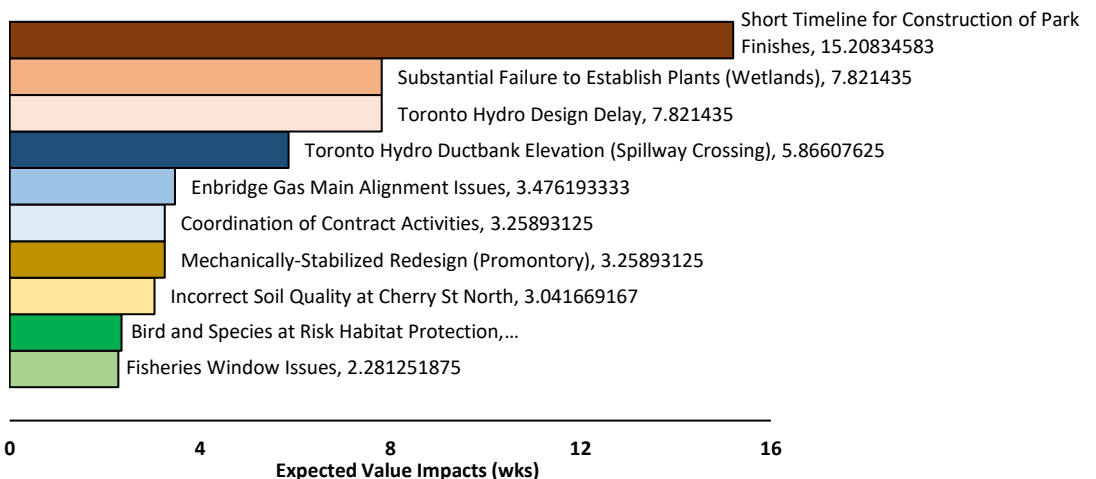
*Baseline Schedule: Based on February 2021 Baseline Schedule. ** Forecast Schedule: Based on November 2021 schedule update.

Schedule Status - by Segment



KEY SCHEDULE RISKS & IMPACTS

Top Risks Impacting Project Schedule



PLFP Monthly Program Dashboard - as of December 2021

Issued: January 28, 2022

PROGRAM PROGRESS - KEY TASKS

Key Tasks To be Completed in Next 6 Months	December Completion	January Completion	Feb to Apr Completion	May to Jul Completion
■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule				
Design Phase Status				
Old Cherry Street Bridge Demolition			✓	
Cherry St Re-alignment, Commissioners St, Don Roadway		✓		
Flow Control Curtain		✓		
Don Roadway Valley Wall Feature			✓	
Site Wide Municipal Infrastructure		✓		
Contracts to be Secured				
Road Construction (All Roads)	✓			
Flood Protection Landform (Earthworks)	✓			
Services (All Trade Packages)			✓	
Site Preparation (Program-Wide)		✓		
Park Landscaping and Finishes			✓	
Structural Plug Removal (South, West & North)			✓	
Permits/Design Approvals to be Secured				
All Parks Permit Package Prior to Construction (excluding FH30 Renovation)	✓			
South Plug Permit Package Prior to Construction			✓	
Don Roadway Valley Wall Feature Permit Package Prior to Construction			✓	
SDMA Permit Package Prior to Construction				✓
Villiers Island Grading				✓
Construction Completion				
River Valley Levee Core / Subgrade Fill	✓			
Cherry St South Bridge Delivery	✓			
River Valley Ice Management Area - Deep Excavation and RMM	✓			
River Valley Spillway & Elbow - Deep Excavation, RMM & Subgrade Fill			✓	
Polson Slip Canoe Cove Outfall & Earthworks			✓	
SDMA Watermain Installation			✓	
New Cherry St Intersection with Lake Shore Blvd			✓	
Wet Utilities Horizontal Directional Drilling Under River			✓	
Cherry St North Vehicular Bridge Delivery			✓	
River Valley Pedestrian Bridges			✓	

INDIGENOUS CONSULTATION

Update

- Continued strategic discussions with Mississaugas of the Credit First Nation (MCFN) on priorities for the Indigenous Design for the PLFP Public Realm including possible roles in the upcoming Indigenous Artist Request for Proposal (RFP) process.
- Engagement for possible MCFN Field Liason Representatives archaeological monitoring opportunities.

Next Steps

- Continue strategic discussions with MCFN on priorities for the Indigenous Design for the PLFP Public Realm, including MCFN participation in advancement of the Indigenous Artist RFP process.
- Continue engagement for possible MCFN FLR archaeological monitoring opportunities.

SITE PHOTOS



Figure 1

River Valley - Installation of Fabric-Encapsulated Lift South Embankment



Figure 2

River Valley - Installation of Ecological Wood Features in Wetland #1



Figure 3

Don River Bike Bridge Demolition



Figure 4

Stormwater Treatment Facility Shaft at Villiers Street



Figure 5

Installation Grade Beams and Cable Chamber at Spillway/Future Polson Feeder



Figure 6

Cherry Street/Lake Shore Blvd Intersection - Wet Utility Installation

PLFP CONTINGENCY DRAWDOWN AS OF DECEMBER 2021

Change in Total Program Contingency	Draw	Balance	Date
Opening Balance (Due Diligence Report)*		164.0 M	
Less: Initial Soft Cost Contingency draw	7.7 M	156.3 M	Approved by ESC on March 20, 2018
Less: Additional Total Contingency draw at 30% Stage Gate	31.8 M	124.5 M	Noted by ESC on November 21, 2018
Less: TPLC Studio Accommodation	5.0 M	119.5 M	Approved by ESC on February 20, 2018
Less: Sediment Management Area Interim Design	13.1 M	106.4 M	Noted by ESC on November 21, 2018 (\$14.5M); adjusted through Design Optimizations (PLFP Program Dashboard contingency utilization has not been adjusted to reflect the new estimate)
Less: Construction Estimate Adjustments at 60% Stage Gate	19.1 M	87.2 M	Approved by ESC on November 12, 2019; Revised to include base costs for Eastern Avenue Flood Protection Project in Jan 2020
Less: Soft Cost Estimate at Complete Variance to Budget	7.0 M	80.3 M	Approved by ESC on November 12, 2019; Revised based on WT Projections
Less: 100% Risks Established at 60% Stage Gate	16.8 M	63.5 M	Approved by ESC on November 12, 2019
Savings: Commissioners/Cherry Bus Rapid Transit (Deferral)	-3.0 M	66.5 M	Approved by ESC on November 12, 2019
Savings: Soil Management Trade Package (#33.2) Adjusted Savings After Award	-11.3 M	77.8 M	Awarded on January 23rd, 2020
Less: CO Removal of Soil/Debris/Fill at 99/97 Commissioners	1.2 M	76.6 M	CO 47 - Approved; Amount corrected Jan 2021
Savings: Reallocation of Cherry St North Bridge Foundation costs to CSLF project in accordance with CSLF Contribution agreement and Project Charter	-4.2 M	80.8 M	Approved; Amount correct Jan 2021
Less: Pedestrian Lighting Rough-in	0.7 M	80.1 M	Approved by ESC on April 23rd, 2020
Less: NRHST Correction at 90% Stage Gate	-0.7 M	80.8 M	Approved by ESC on November 9th, 2020
Less: Construction Estimate Adjustments at 90% Stage Gate	1.8 M	79.0 M	Approved by ESC on November 9th, 2020
Less: Soft Cost Estimate Adjustments at 90% Stage Gate	4.8 M	74.2 M	Approved by ESC on November 9th, 2020
Less: Utility Cost Sharing at 90% Stage Gate	22.7 M	51.5 M	Approved by ESC on November 9th, 2020
Less: Changes - November/December 2020	10.3 M	41.2 M	Each TPBR/CO/SCO Approved by WT Executives
Less: January 2021	4.5 M	36.8 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: February 2021	-9.6 M	46.4 M	Each TPBR/CO/SCO Approved by WT Executives
Less: March 2021	0.5 M	45.9 M	Each TPBR/CO/SCO Approved by WT Executives
Less: April 2021	1.0 M	44.9 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: May 2021	-3.6 M	48.5 M	Each TPBR/CO/SCO Approved by WT Executives
Less: June 2021	5.4 M	43.1 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: July 2021	-0.4 M	43.4 M	Each TPBR/CO/SCO Approved by WT Executives
Savings: August 2021	-0.3 M	43.7 M	Each TPBR/CO/SCO Approved by WT Executives
Less: September 2021	0.6 M	43.1 M	Each TPBR/CO/SCO Approved by WT Executives
Less: October 2021	0.8 M	42.3 M	Each TPBR/CO/SCO Approved by WT Executives
Less: November 2021	0.5 M	41.9 M	Each TPBR/CO/SCO Approved by WT Executives
Less: December 2021	0.1 M	41.8 M	Each TPBR/CO/SCO Approved by WT Executives
Unallocated Contingency Balance		41.8 M	

PLFP Contingency Tracker

December 2021	90% EAC ESTIMATE	APPROVED AMOUNT	CONTINGENCY DRAWDOWN
8th Release-Coroplast Podium Sign	250.00	250.00	-
SCO#02-PFP: Procurement Advisory Services-Extended Service to June 30, 2022	-	-	-
PFP: Enbridge Cherry Gas Main Relocation (PR-0376)	1,549,734.96	1,549,734.96	-
PFP: Toronto Hydro Design Review Services for PLFP Relocation/Reinstatement of Hydro Assets	-	264,386.23	264,386.23
SCO73: PLFPEI (USD)-Ship Channel Carp Gate D Investigation	-	15,063.39	15,063.39
SCO72: PLFPEI (USD)-Earthworks, RMM, Environmental CA Support Extended	-	(192,295.50)	(192,295.50)
PFLP: Visual for Cherry St. South Bridge media event (PR-0379)	4,592.50	4,592.50	-
TOTAL	1,554,577	1,641,732	87,154

PLFP Contingency Tracker

November 2021	90% EAC ESTIMATE	APPROVED AMOUNT	CONTINGENCY DRAWDOWN
SCO04: 2021-2022 54 Commissioners St. Pollution Renewal (Nov.01, 2021- Oct.31, 2022)	-	25,170.00	25,170.00
PFPP: Relocate Existing Infrastructure within the Don Roadway and Lake Shore Boulevard intersection - 50% Cost Payment	-	42,265.00	42,265.00
SCO51: PLFPEI-Increased Bidding Phase Services	-	26,550.00	26,550.00
SCO52: PLFPEI-FH-30 Foundation NCR Coordination	-	28,085.00	28,085.00
15th release: High Speed Plotting	190.92	190.92	-
SCO68: PLFPEI (USD)-Increased Bidding Phase Services	-	347,968.53	347,968.53
SCO69: PLFPEI (USD)-FH-30 Foundation NCR Coordination	-	5,264.13	5,264.13
SCO70: PLFPEI (USD)-WP13 TRCA Additional Design Services	-	20,950.90	20,950.90
SCO71:PLFPEI (USD)- Enbridge Surcharge at PPS and RVPs Coordination T&M	-	6,450.00	6,450.00
SCO#01-PFP: Procurement Advisory Services (from July 1, 2021 - March 31, 2022)-Reallocate budget amount from PLFP projects to Corporate	-	(20,000.00)	(20,000.00)
SCO02: PFP: SDMA (Sediment and Debris and Management Area) Land Acquisition-Permanent Easement	-	2,500.00	2,500.00
TOTAL	191	485,394	485,204

PLFP Contingency Tracker

October 2021	90% EAC ESTIMATE	APPROVED AMOUNT	CONTINGENCY DRAWDOWN
SCO#01-PFP: Hydraulic Modelling – Peer Review 3rd Party -zero sum reallocation	-	-	-
SCO65: PLFPEI (USD)-Keating Channel Report Reallocation	-	-	-
SCO66: PLFPEI (USD)-Hydraulic Modeling at ex.CSB Autment	-	-	-
SCO67: PLFPEI (USD)-Enbridge Surcharge at PPS and RVPS Coordination T&M	-	64,500.00	64,500.00
SCO23: PFP: PLFPEI Project - Additional Design Efforts Associated with Changes in 100-Year Lake Level	-	79,726.90	79,726.90
SCO24: PFP: PLFPEI Project - Design of Additional Traffic Signal Controls	-	108,533.47	108,533.47
SCO25: PFP: PLFPEI Project - Construction Support for Dry Utilities by DPM	-	281,047.86	281,047.86
SCO26: PFP: PLFPEI Project - Construction Support for Dry Utilities by WSP	-	240,136.16	240,136.16
TOTAL	-	773,944	773,944

<p>Purpose</p>	<p>For Committee Information</p> <p>The Lake Shore Boulevard East – Bridge and Public Realm (LSBE) Dashboard report is a key component of the Corporation’s project planning and reporting framework. The purpose of this report is to monitor on a monthly basis the progress and achievement of project budgets and schedules against the corporation’s Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p>
<p>Areas of note/ Key issues</p>	<p>The Lake Shore Boulevard East, Bridge and Public Realm Project is proceeding in accordance with the Delivery Agreement executed on June 14, 2021 between Waterfront Toronto and the City of Toronto. The project is currently on budget and schedule.</p> <p>The following represents the financial status of the projects as of Q3 2021/22:</p> <ul style="list-style-type: none"> • The anticipated total project cost and approved funding is \$163.2 million. • Current commitments equal \$74.2 million. • Cost incurred to date equals \$25.1 million. • \$27.1 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for last quarter include:</p> <ul style="list-style-type: none"> • Finalized and released Issued for Construction Lake Shore Bridge design drawings and specifications for foundations, substructure and tie girders • Progressed Agreement with Enbridge for temporary and permanent relocation of nominal pipe size (NPS) 20 gas main • Coordinated design of Lake Shore Boulevard East with private utility companies • Closed procurement and awarded contract for construction of Lake Shore Bridge • Closed Request for Proposals for clean cap on Lake Shore Boulevard East • Issued Request for Proposals for road works and wet utilities on Lake Shore Boulevard East • Completed and opened cycle detours through Port Lands • Completed construction of vehicular detours on Lake Shore Boulevard • Completed removals and paving of center median on Lake Shore Boulevard beneath former location of Logan Ramps
<p>Resolution or Next Steps</p>	<p>The next Lake Shore Blvd East – Bridge and Public Realm Dashboard will be for Q4 2021/2022 and will be provided at the next FARM Committee meeting.</p>

PROJECT NAME: PFP08-01 LAKE SHORE BOULEVARD EAST BRIDGE & PUBLIC REALM

PROJECT DIRECTOR: SIMON KARAM and SHANNON BAKER

PROJECT STATUS SUMMARY				
Budget Status				
Approved Budget \$163,245,000	Total Commitments \$74,255,646	Anticipated Commitments \$88,989,354	Estimate at Completion \$163,245,000	
Contingency \$27,060,000	Contingency Utilization 0%	Cost to Date \$25,105,086	Variance to Budget \$0	
Schedule Status				
Percent Complete 15%	Project Start 29-Apr-20	Construction Start 01-Jun-21	Substantial Performance 24-Dec-24	Warranty Complete 24-Dec-26
Project Progress Summary				
Project is on budget and expected to be completed on time. Project is currently under tendering and final approvals. Demo of Gardiner Logan Ramps completed. Bridge construction preparations had started.				

BUDGET AND COST SUMMARY									
Description	Due-Diligence Budget	Approved Changes	Approved Budget	Total Commitments*	Anticipated Commitments	Estimate at Completion*	Cost Incurred to Date*	Variance to Budget	% Complete
Hard Cost	\$ 110,300,000	\$ -	\$ 110,300,000	\$ 53,514,135	\$ 56,785,865	\$ 110,300,000	\$ 8,646,755	\$ -	8%
Soft Cost	\$ 22,355,000	\$ -	\$ 22,355,000	\$ 19,773,877	\$ 2,581,123	\$ 22,355,000	\$ 15,513,357	\$ -	69%
Contingency	\$ 27,760,000	\$ -	\$ 27,760,000	\$ 750,000	\$ 27,010,000	\$ 27,760,000	\$ 750,000	\$ -	3%
NRHST	\$ 2,830,000	\$ -	\$ 2,830,000	\$ 217,634	\$ 2,612,366	\$ 2,830,000	\$ 194,973	\$ -	7%
Total	\$ 163,245,000	\$ -	\$ 163,245,000	\$ 74,255,646	\$ 88,989,354	\$ 163,245,000	\$ 25,105,086	\$ -	15%

*Reflect December 2021 WT PMO Month-End Financial Report. NRHST included in Hard / Soft Cost.

SCHEDULE SUMMARY						
Milestone	Baseline		Forecast		Actual	
	Start	Finish	Start	Finish	Start	Finish
Project Start	29-Apr-20	n/a	29-Apr-20	n/a	29-Apr-20	n/a
Engineering & Design	29-Apr-20	01-Jun-21	29-Apr-20	19-Aug-22	29-Apr-20	
IFC (Completion Date)	n/a	01-Jun-21	n/a	19-Aug-22	n/a	
Construction	23-Apr-21	24-Dec-24	01-Jun-21	24-Dec-24	01-Jun-21	
Gardiner Ramps Demolition	23-Apr-21	08-Nov-21	01-Jun-21	04-Oct-21	01-Jun-21	04-Oct-21
Bridgework: Eastbound & Westbound Lanes	12-Oct-21	05-Apr-24	10-Jan-22	02-Aug-24		
Roadwork: Outside Lanes, Boulevards	21-Dec-21	06-Jun-23	31-Dec-21	09-Feb-23		
Roadwork: New Centre Median Track Rail	03-May-23	01-Aug-24	18-Nov-22	01-Dec-23		
Roadwork: Don Roadway and Lake Shore Blvd E Intersection	30-Jul-24	24-Dec-24	30-Jul-24	24-Dec-24		
Warranty Complete	n/a	24-Dec-26	n/a	24-Dec-26		

* Baseline Schedule: Based on February 2021 Baseline Schedule. ** Forecast Schedule: Based on November 2021 schedule update.

PROGRESS OF WORK AND KEY DELIVERABLES	
Work Accomplished this Period	Work Planned for Next Period
1. Continued coordination with private utilities through Toronto Public Utilities Coordinating Committee (TPUCC) process.	1. Continue to coordinate with private utilities through TPUCC process.
2. Continued coordination with City of Toronto (CoT) team on outstanding design coordination items like: Don Roadway Intersection, South Multi Use Trail (MUT) & North Boulevard.	2. Continue to coordinate with CoT team on outstanding design coordination items like: Don Roadway Intersection, South MUT & North Boulevard.
3. Paving of median space to continue between Don Roadway and Carlaw Ave.	3. Paving of median space to continue between Don Roadway and Carlaw Ave and anticipated to be completed in January 2022.
4. Bike detour and traffic management Installation progressed to enable start of construction.	4. Traffic management work and bike detour enhancements to continue.



PROJECT NAME: PFP08-01 LAKE SHORE BOULEVARD EAST BRIDGE & PUBLIC REALM

KEY PROJECT RISKS		
Risk Register ID	Risk Description	Mitigation Strategy
1. UTL_ALT 20.01	(Risk) Unknown Utilities – Lake Shore Blvd (LSB) East: Base cost for utilities include wet utilities of \$5M, and dry utilities of \$10M (amounts to be confirmed). Risk that additional funds are required for the treatment of unknown utilities along LSB.	Mitigate; Team intends to mitigate through ongoing subsurface utility engineering investigations (130 locations) in addition to proposed test pits.
2. PSP_ALT 30.01	(Risk) Sudden scope changes due to planned consultation with the city council and Cycling Detour improvements stakeholder complaints leading to disruptions.	Accept.

*Top 5 risks only

KEY ISSUES AND DECISIONS	
Key Issues	
1. WT and City to agree to design of Don Roadway Intersection.	
Key Decisions	
1. City to advise on direction regarding the Harbour Lead Rail staying.	Due Date Apr-22

*Top 3 only

PHOTOS & ILLUSTRATIONS	
 <p>Location Map</p>	 <p>Current Site Status</p>

GENERAL COMMENTS
1. No additional comments.

Legend			
Indicator	Budget Impact	Schedule Impact	Risk & Issues Impact
●	Forecast to complete more than 10% over approved budget	Forecast to complete more than 6 months behind schedule	High likelihood of risks occurring and/or issues flagged will impact schedule/budget
●	Forecast to complete within 10% of approved budget	Forecast to complete 1- 6 months behind schedule	Medium likelihood of risks occurring and/or likely issues flagged are likely to impact schedule/budget
●	Forecast to complete within approved budget	Forecast to complete on schedule or before	Low likelihood of risks occurring and/or issues flagged are expected to be resolved without impact to schedule/budget

Definitions

Anticipated Commitments (ACM): Unreleased Trade Packages + Unapproved Change Orders + Potential Claims = ACM

Cost Incurred to Date (CID): What you have paid to date for the work that has been done/completed = CID

Estimate at Completion (EAC): Given the current performance, what is the expected overall project cost when the project is completed = EAC= TCM + ACM

Percent Complete: Actual project progress based on Approved Budget and Cost Incurred to Date = CID / EAC

Project Contingency: Total Contingency allocated for a given project (includes both soft and hard contingency).

Program Contingency: Allocated Management Reserve for a given project.

Substantial Performance: Substantial completion date of the project.

Total Commitments (TCM): Includes: Approved Contracts + Approved Change Orders + Approved Change Directives + Approved Non-Contract Costs = TCM

Variance to Budget: Difference between the Approved Budget and what you are expecting it to cost at the end = EAC – Approved Budget

Warranty Complete: Warranty end date, calculated as two years from date of substantial performance.



Finance, Audit & Risk Management Committee – February 24, 2022
Item 4 e – Quarterly Procurement Report
Marciana Boboc

1. S. 11 of the Procurement Policies require reporting to the FARM committee of (a) exceptions to the Procurement Policies; and (b) contracts awarded in excess of \$5 million.

Since the last Quarterly Procurement Report there were the following items:

(a) Exceptions to the Procurement Policies as follows:

- *Non-Competitive Procurement - Goods & Services (including Professional Services) for contract value above \$25,000, the following does not meet the permitted exceptions under Section 6 (3):*
 - *Colliers Project Leaders – Interim Project Management Support for Waterfront East LRT Project. Contract value: **\$27,239***
 - Due to unexpected staffing issues, Colliers was engaged to assist the Planning and Design Department to deliver pressing milestones required for the eastern waterfront transit design project.

(b) Contracts awarded in excess of \$5 million as follows:


- *WSP Canada Inc. – Quayside Infrastructure and Public Realm Design in East Bayfront. Contract value: **\$5,017,274.50***

Regulatory & Operational Compliance Report
(for the period from October 1, 2021 to December 31, 2021)
Finance, Audit and Risk Management Committee Meeting
February 24, 2022

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Wages, Taxes, Source Deductions and Employment-Related					
Harmonized Sales Tax Filing <i>Directors may be jointly and severally liable with the Corporation for unremitted HST</i>	Canada Revenue Agency	Monthly; last day of month following month's end	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	HST Return filed Jan 31, 2022 for period Dec 1, 2021 to Dec 31, 2021				
Corporate Income Tax Return <i>Directors may be liable for failure to file corporate income tax returns and up to 50% of unpaid taxes</i>	Canada Revenue Agency	Annually; June 30 of each year	Ongoing: up to date	Yes	Director, Financial Management Accounting
Additional comments:	March 31, 2021 CIT Return filed Sep 16, 2021 [nil tax liability]				
CPP, EI & Income Tax remittances <i>Directors may be liable for unremitted source deductions</i>	Canada Revenue Agency	Within 3 days of any pay date	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	ADP makes the remittances on behalf of Waterfront Toronto				
Workplace Safety and Insurance Board premium remittances <i>Directors may be liable for fines of up to \$25,000 for non-compliance by the Corporation under the WSIA</i>	Minister of Labour	Monthly; 30 th of each month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Health Tax Filing <i>Directors may be liable for failure to make payments under the Act</i>	Minister of Finance	Monthly; 15 th of every month	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	Administered in-house				
Employee Wages and Accrued Vacation Pay <i>Directors may be liable for up to 6 months of unpaid wages accrued vacation pay</i>	Employment Standards Act	Semi-monthly	Ongoing: up to date	Yes	VP, Human Resources and Administration
Additional comments:	ADP administers payments; vacation pay accrual recorded in financial statements				


Other Filings – Operational					
Annual business plan to be adopted at least 90 days before the beginning of each fiscal year with updated 5-year plan <i>This is a key governance requirement of the TWRC Act</i>	TWRCA	Annually	Up to date	Yes	Chief Financial Officer
Additional comments:	Current annual business plan and current rolling 5-year strategic plan both adopted December 9, 2021				
Audited Financial Statements and Annual Report to governments within 90 days of the end of each fiscal year <i>This is a key governance requirement of the TWRC Act</i>	TWRCA and Ontario Business Corporations Act	Annually; financial year end is March 31	Audited financial statements and annual report presented to Board by June 30 of each year	Yes	Chief Financial Officer
Additional comments:	2020/21 Audited financial statements approved by the Board June 24, 2021 with signed copies provided to governments on/before June 30, 2021.				
Property Management <i>In the operation of the properties it owns or manages, the Corporation is responsible for various obligations</i>	Landowner's liability (Fire Code Act, Ontario Building Code, Occupier's Liability Act) /Landlord obligations under lease	Inspections are completed according to regulatory requirements and properties are maintained according to a regular maintenance schedule	Ongoing: up to date	Yes	Chief Financial Officer
Additional comments:	The eight properties owned by the Corporation are professionally managed by DMS Property Management and third-party parking operators (SP+ and Target Park) except for the following: <ul style="list-style-type: none"> • 54 Commissioners St. was vacated by the tenant in February 2020 and care and control of the property has been taken over by the Port Lands Flood Protection project (PLFP) through the Construction Manager for the purpose of material and equipment storage; and • 130 Commissioners St. has been demolished and care and control of the property taken over by PLFP through the Construction Manager for construction activities. 				

Lisa Taylor, Chief Financial Officer

DocuSigned by:

 C3F91AEB1E98425...

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Employee Health and Safety – workplace incidents or injuries <i>Under OHSA, directors may be held responsible for non-compliance and liable for fines of up to \$100,000 and imprisonment for up to 1 year</i>	Occupational Health and Safety Act (“OHSA”)	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	Port Lands Flood Protection Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Lake Shore Boulevard East Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Complete Communities <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period 				
Environmental Liability – spills, claims or administrative orders <i>Under the EPA, directors may be held responsible for non-compliance and liable for fines of up to \$4,000,000 and imprisonment for up to 5 years</i>	Environmental Protection Act (“EPA”)	Report to FARM	Ongoing: up to date	Yes	Chief Project Officer
Additional comments:	Port Lands Flood Protection Project <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period Lake Shore Boulevard East Project <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period. Complete Communities <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period. 				

David Kusturin, Chief Project Officer

DocuSigned by:

 6899D6EE4FA044B...

Document/Program	Regulatory Body	Filing Requirements	Status	Compliant	Accountability
Other					
Claims <i>In its projects and other operations, the Corporation is exposed to claims in the usual course of business</i>	None	Report to FARM	Ongoing: up to date	Yes	General Counsel
Additional comments:	<p>All existing claims which have proceeded to formal litigation against the Corporation are being defended by insurers under project insurance or the Corporation's corporate insurance program. The Corporation is not aware of any facts which would lead us to believe that the liability, if any, of the Corporation in respect of such claims would exceed the insurance coverage available.</p> <p>The Corporation has been made aware of one claim for a material amount less than \$5 million. Based on initial review and investigation, the Corporation does not believe the potential liability of the Corporation under this claim is in excess of \$1 million.</p>				
Privacy Breach <i>Breaches of personal information arising from the operations of the Corporation will be reported to the Board</i>	Canadian Privacy Principles	Report to FARM	Ongoing: up to date	Yes	General Counsel/Privacy Officer
Additional comments:	No breaches have been reported.				

Ian Ness, General Counsel

DocuSigned by:



4B9C500BFF2E4CA...

<p>Purpose</p>	<p>For Information.</p> <p>The attached dashboard summarizes Fundraising Action Plan expenditures, priority deliverables and progress, enabling the Committee to monitor implementation of the Fundraising Action Plan on a quarterly basis.</p>
<p>Areas of note /Key issues</p>	<p>Implementation of the Fundraising Action Plan is proceeding in accordance with the approved Rolling Five-Year Strategic Plan 2021/22 - 2025/26.</p> <p>Overall actual costs are tracking under budget for the period to December 31, 2021 due to delay in hiring additional fundraising staff, as well as less reliance on third party consultants:</p> <ul style="list-style-type: none"> • Fundraising Action Plan: 2021/22 forecast annual costs of \$1.1 million compared to budget of \$1.3 million • Design development of Signature projects (Destination Playground, Jack Layton Ferry Terminal, Waterfront Walk and the Landmark Institution): \$2.6 million forecast 2021/22 costs compared to budget of \$5.1 million. <p>The following are key accomplishments since last quarter:</p> <ul style="list-style-type: none"> • Prospect engagement is proceeding, however slower due to limited routes of access to prospects. • Joint City-WT Fundraising Liaison Committee established (two meetings to date) • Fundraising MOU with City of Toronto near execution • Secured tri-government amendment to WT Revenue Consent to support fundraising (Feb 2022) • Design for Destination Playground continues, including recent completion of site geotechnical investigation.
<p>Resolution/ Next Steps</p>	<p>The next Fundraising Action Plan Dashboard will be provided at the next FARM Committee meeting on May 26, 2022.</p>

Philanthropy Project & Signature Projects Dashboard - as of December 31, 2021

Issued: January, 2022

PHILANTHROPY PROJECT STATUS SUMMARY

Fundraising Campaign Planning Study was approved by the Board on December 9, 2021 and has replaced the Fundraising Action Plan. The strategy and plan (detailed in the Study) are being executed.

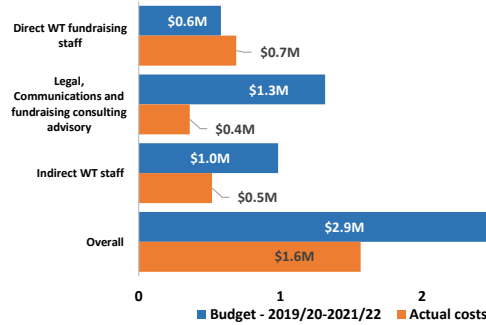


Prospect engagement is proceeding, however at the low end of expectations. This is due to our limited routes of access to the best prospects. As a result, WT has not hired the additional staff that were planned for in this fiscal year to support fundraising efforts. Overall, the Philanthropy Project is expected to remain within budget this fiscal year.

PHILANTHROPY BUDGET, FORECAST AND COSTS (EXCLUDING CAPITAL SIGNATURE PROJECTS)

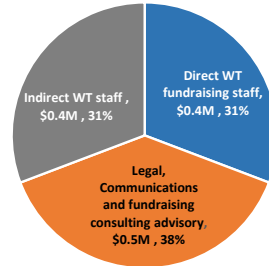
Budget* versus Actual Costs for Fiscal Years 2019/20 to 2021/22

*Board approved Dec 2020 and includes what was budgeted for in fy 2019/20-2021/22



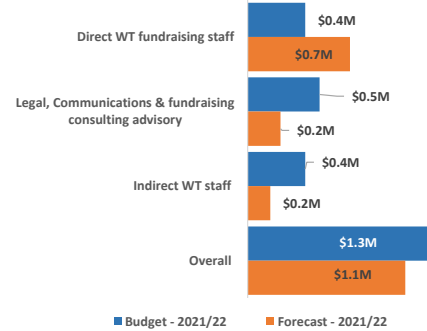
Budget* for Fiscal Year 2021/22 (\$1.3M)

*Board approved budget Dec 2020



Budget* vs. Forecast for Fiscal Year 2021/22

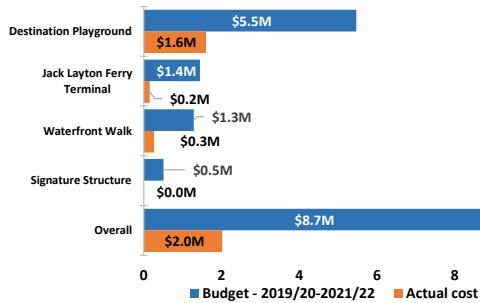
*Board approved budget Dec 2020



SIGNATURE PROJECTS EXPENDITURES (EXCLUDING PHILANTHROPY PROJECT)

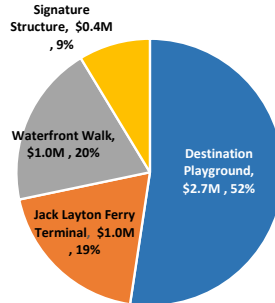
Budget* versus Actual Expenditures for Fiscal Years 2019/20 to 2021/22

*Board approved Dec 2020 and includes what was budgeted for fy 2019/20-2021/22



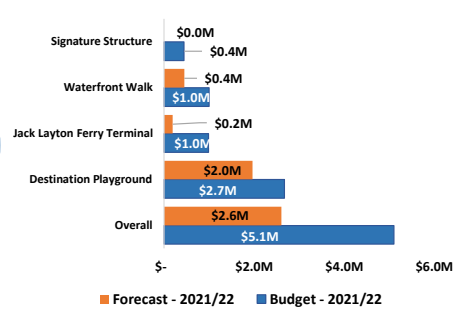
Budget* for Fiscal Year 2021/22 (\$5.1M)

*Board approved budget Dec 2020



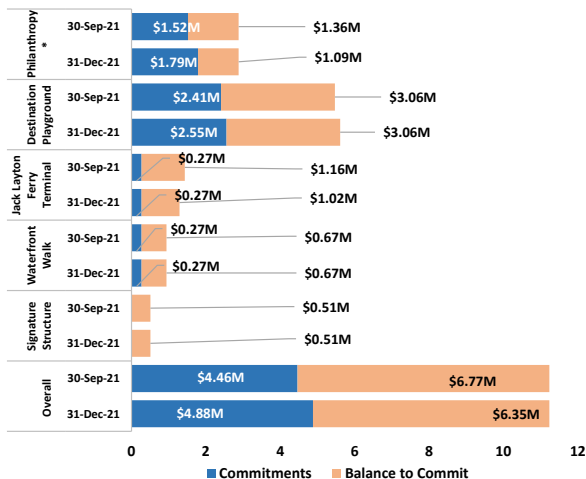
Budget* vs. Forecast for Fiscal Year 2021/22

*Board approved budget Dec 2020

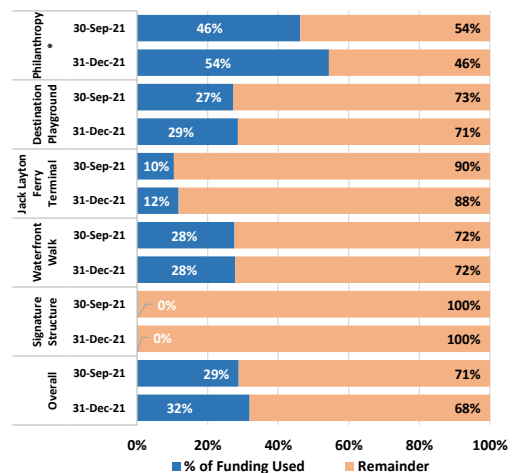


PHILANTHROPY AND SIGNATURE PROJECTS IMPLEMENTATION INDICATORS

Commitments and Balance to Commit (\$M)



Percentage of Funding Used



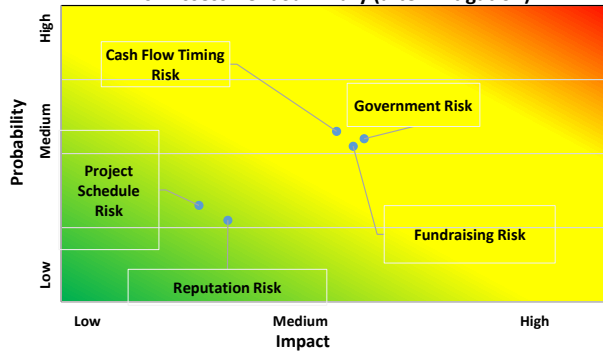
*includes Start up Cost and Cost of Fundraising for Destination Playground

PHILANTHROPY PROJECT PRIORITY DELIVERABLES

Priority Deliverables	Completed to Date	Jan to Mar 2022 Forecast Completion
Government Consent and City Alignment		
Amendments to WT consent to raise revenues (requested Sept 2019)	✓	
Fundraising MOU with City of Toronto Term Sheet	✓	
Execute Fundraising MOU		◆
Fundraising Capabilities		
Hire Fundraising Director	✓	
Develop Prospect Pipeline (Ongoing)	✓	
Hire Prospect Researcher	✓	
Hire Partnerships Officer		◆
Develop key policies, procedures and precedent legal agreements		◆
Fundraising for Destination Playground		
Develop Case for Support content	✓	
Undertake Planning Study	✓	
Develop Fundraising Strategy for Destination Playground	✓	
Undertake Market Sounding for Naming and Case for Support Toolkit	✓	
Build Presentation Model (maybe virtual)		◆
Advance Destination Playground		
Complete the conceptual design vision (10% design) for the Destination Playground	✓	
Complete O&M and governance strategy	✓	
Complete 30% Schematic Design		◆

PHILANTHROPY RISKS STATUS

Risk Assessment Summary (after mitigation)



Risk Legend:

Level	Impact	Likelihood
Low	Cost or timing impact can be managed	Remote chance of occurring
Medium	Project cost or timing will be affected	Possible
High	May make project not viable	Likely to happen

HIGHEST KEY RISKS

Risk Description	Mitigation Strategy
Limited interest in Waterfront Toronto's mission and Signature Projects from the philanthropic community since there isn't yet a well evidenced analysis of its fundraising potential.	Waterfront Toronto will be carrying out extensive prospective donor engagement over the next few months to determine overall fundraising potential. Operating cost for fundraising remains low. Implementation of Signature Projects like the Destination Playground is phased and a great playground can be created at a variety of cost levels below \$45M.
Inability to honour donors by naming public spaces suppresses overall fundraising yield	Waterfront Toronto is exploring remedies since the City currently has a moratorium on naming any (City controlled) public space in honour of donors which suppresses fundraising potential.

February 24, 2022

Waterfront Toronto Finance Audit and Risk Management Committee

COVID-19 Impact Update on Waterfront Toronto

Waterfront Toronto

Executive Summary

Waterfront Toronto response to COVID-19

- The **COVID-19** global pandemic constitutes an unprecedented challenge with potential severe socio-economic consequences and far-reaching implications to health and safety of all, including workers and their families
- Due to pandemic and government mandated restrictions on personal movements, companies and construction projects are facing labour shortages, reduced productivity and supply chain issues. Covid-19 related impacts to budget and schedule can result from the following:
 - Impacts to work force and materials
 - Reduced efficiency and productivity
 - Labour and material mobility
 - Third party & external dependency delays
 - Extended overheads and escalation

Executive Summary

Waterfront Toronto response to COVID-19 (Cont'd)

- In full alignment with governmental direction, Waterfront Toronto has implemented a comprehensive and coordinated approach to mitigate impact to the Corporation. Primary focus has been health and safety of all internal and external resources
- Cost Impacts from March 2020 to date (\$2.2M total):
 - Claims Realized for PLFPEI (2,005,207)
 - Reduced travel related costs for consultants (2020) \$220,000
 - Reduced parking revenue - approximately (1,200,000)
 - Savings on corporate operating costs \$740,000
- Claims received and under review (\$278,782), potential claims, associated costs and/or schedule impacts carried in the PLFP risk
- Impacts related to staff availability, reduced productivity and enhanced safety procedures have been mitigated through sequencing of work. █

Executive Summary

Waterfront Toronto response to COVID-19 (Cont'd)

- Cost escalation due to Covid-19 appears to have stabilized through mid 2021
- PLFPEI procurement is advanced, greater than 90% awarded or in progress, cost risk to program will be reduced further from the \$10M currently carried in the risk register
- Cost escalation due to inflation substantially exceeds the 2.5% per annum carried at Due Diligence (DD)
 - Due Diligence cost escalation estimated at \$94M
 - Actual cost escalation estimated at \$136.6M (avg 4.2% per annum)
 - Additional \$42.6M in escalation taken from program contingency
- No material negative budget variances due to Covid-19 induced escalation have been realized on any other Waterfront Toronto projects as a result of Covid-19

Waterfront Toronto and COVID-19

Construction Project Impacts

Background

- Province of Ontario through the Emergency Management Act has implemented restrictions of activities to varying degrees through 2020 and 2021
- These included various levels of shut-down to non-essential work-places beginning April 3, 2020
- All Waterfront Toronto construction projects have been deemed “essential” work-places through this period
- Construction has proceeded with enhanced health and safety procedures
- Risk of future restrictions has been mitigated where possible through contract language

Covid 19 – PLFP Claims Realized

Keller Foundations	\$91,123
Cut-off walls: west plug – quarantine for US based crews	\$91,123
GFL Infrastructure	\$200,514
Cut off Walls Phase 2, CO 110 <ul style="list-style-type: none"> Duplication and isolation of advisory staff from US. 	\$117,776
Cut-off walls Phase 2, CO 055 <ul style="list-style-type: none"> Repatriate and quarantine redundant workers from US to avoid delays 	\$82,738
Hermanns Contracting Limited	\$1,608,960
Supply of Topsoil <ul style="list-style-type: none"> Soil source impacted by restrictions on non-essential construction. Revised supply price resulted in increase of \$1,608,960 	\$1,608,960
Accuworx	\$ 104,610
<ul style="list-style-type: none"> Increase in unit costs for water treatment consumables due to Covid 19. COR in process 	
Total Costs Realized	\$2,005,207

Covid 19 – PLFP Claims Received and Under Review

GFL Infrastructure	\$327,407
<ul style="list-style-type: none"> Cut-off walls Phase 2 (TP 63.1) <ul style="list-style-type: none"> Claim received February 1, 2021: Under negotiation 	\$165,190
<ul style="list-style-type: none"> Cherry South Bridge Foundations (TP 54) <ul style="list-style-type: none"> Revised claim received December 7, 2020: Under negotiation 	\$162,217
Accuworx	\$338,890
<ul style="list-style-type: none"> Increase in unit costs for water treatment consumables due to Covid 19. Balance in Risk Register 	\$338,990
Echelon	\$12,485
<ul style="list-style-type: none"> Increase in stainless steel pricing through 2021. Under negotiation 	\$12,485
Consultant Travel Related Cost Recovery	(400,000)
<ul style="list-style-type: none"> Under negotiation 	(400,000)
Total Claims Received and Under Review	\$278,782

East Bayfront & West Don Lands Project Risk Status

Risk Issues affecting Complete Communities construction projects costs and schedule due to COVID 19 are currently estimated to be immaterial.

Waterfront Toronto and COVID-19

Finance and Accounting

Finance & Accounting Impacts of COVID-19 – No major changes since last report



- WT's finance and accounting operations remain uninterrupted by COVID-19 due to cloud-based accounting and finance system, which supports remote access of all WT users.
- WT continues to pay its vendors on time.
- WT continues to leverage benefits of technology to support productivity and working remotely, while maintaining and enhancing internal controls to prevent increased fraud risks (resulting from electronic approvals):
 - Collaboration platforms such as Microsoft Teams and Sharepoint Online
 - Implementation of DocuSign to collect and manage digital signatures on important documents
 - Implementation of Bonfire, a cloud-based Procurement sourcing platform for posting and receiving electronic bid submissions and electronic evaluation of the submissions
 - Electronic filing/payment systems (e.g., for government and banking requirements) thereby ensuring faster processing of payments/refunds
 - Adoption of a formal Cyber Security Program, including creation of Cyber Security Risk Taskforce.
 - Implementation of Robin office booking software to support return to workplace (Nov 2021).
- In March 2021 WT migrated the Corporation's aging phone system to Microsoft Teams Voice, saving approx. \$10K p.a. and increasing mobility to allow calling from almost anywhere
- From a cash flow perspective WT remains secure with >\$50M in liquid funds and continues to have the funding support of the City, Provincial and Federal governments.
- Interim property parking operations have been adversely impacted by COVID-19 and resulted in a decrease in revenues of approx. \$1 million in FY 2020/21 and expected decrease of \$200K in FY 2021/22 .
- Conversely WT has seen savings in operating costs of up to \$500K in FY 2020/21 and \$240K in FY 2021/22 Q2 resulting from reduced office supplies, printing, travel, courier, parking and conference fees (to name a few), and move to virtual public and stakeholder consultation meetings.

Thank you.

info@waterfrontoronto.ca

Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfrontoronto.ca

Join Waterfront Toronto on social media



Purpose	For Committee approval.
Areas of note/ Key issues	<p>The Planning Report from BDO Canada LLP (BDO) presents a plan for the audit of the Corporation’s financial statements for the year ending March 31, 2022.</p> <p>This is BDO’s first year of a new five-year term as the Corporation’s external auditors, resulting from a competitive procurement in 2021. BDO were Waterfront Toronto’s external auditors for a previous five-year term from 2016 to 2021.</p> <p>The attached Planning Report covers:</p> <ul style="list-style-type: none"> ○ Audit Team (p. 4) ○ Audit Timing (p. 5) ○ Auditors Responsibilities (p. 6-8) ○ Risk and Areas of Focus (p. 9-11) ○ Materiality (p. 12) ○ Audit Approach (p. 13-17) ○ Recommended Resources (p. 18-19) ○ Audit Engagement Letter (Appendix A) ○ Public Sector Accounting Standards Update (Appendix B) <ul style="list-style-type: none"> ● BDO completed its interim fieldwork in November 2021. ● The audit plan is based on a materiality level of \$4.0 million (previously \$3.5 million). ● Audit independence is formally reported upon in May 2022.
Resolution / Next Steps	<p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee approves the 2021/2022 External Audit Plan.</p> <p>The FARM Committee will review the results of the external audit at its next meeting on May 26, 2022.</p>

Toronto Waterfront Revitalization Corporation

Audit planning report to the Finance, Audit,
and Risk Management (FARM) Committee for
the year ended March 31, 2022



To the Finance, Audit, and Risk Management (FARM) Committee of Toronto Waterfront Revitalization Corporation

We are pleased to provide you with this planning report to highlight and explain key issues which we believe to be relevant to the audit of Toronto Waterfront Revitalization Corporation (the "Organization") financial statements for the year ended March 31, 2022.

The enclosed planning report includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Finance, Audit, and Risk Management (FARM) Committee in fulfilling its responsibilities. This report has been prepared solely for the use of the Finance, Audit, and Risk Management (FARM) Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

For the year ended March 31, 2022



[Back to contents](#)



Table of Contents

- 1 Your dedicated BDO audit team
- 2 Audit timeline
- 3 Auditor's responsibilities
- 4 Significant risks and planned responses
- 5 Planned scope
- 6 How we audit financial statements
- 7 Our audit approach
- 8 BDO's digital audit suite
- 9 Recommended resources
- 10 Appendices

For the year ended March 31, 2022

Audit at a glance

4	LEAD PARTNER ON YOUR AUDIT	Jeffrey M. Barratt CPA, CA
5		E: jbarratt@bdo.ca
6		T: 905-272-7838
9		
12		
13	START DATE	April 25, 2022
15		
16		
18	END DATE	May 6, 2022
20		



Your dedicated BDO audit team



Jeffrey M. Barratt, CPA, CA

T: 905-272-7838
E: jbarratt@bdo.ca

Jeffrey Barratt has over 18 years of professional experience in auditing, accounting and advisory services in both public sector and not-for-profit organizations.

Jeffrey Barratt will be the Engagement Partner for your assurance services. He will assume ultimate responsibility for the provision of all services, monitoring and controlling costs to ensure you receive quality, effective and value-added service.



Rob Clause, CPA, CA

T: 905-272-6245
E: rclause@bdo.ca

Rob Clause has over 14 years of professional experience in auditing, accounting and advisory services. He has worked with a variety of clients and industries, which include both public sector and not-for-profit organizations.

Rob Clause will be the Engagement Manager for your assurance services.



Sanjana Bhalla, CPA, CA

T: 905-272-7719
E: sbhalla@bdo.ca

Sanjana Bhalla has over 10 years of professional experience in auditing, accounting and advisory services. She has worked with a variety of clients and industries, which include both public sector and not-for-profit organizations.

Sanjana Bhalla will be the Engagement Manager for your assurance services.



Karen Trudeau, CPA, CA

T: 905-399-0976
E: ktrudeau@bdo.ca

Karen Trudeau will be the Quality Assurance Partner and has over 30 years of professional experience in auditing, accounting and advisory services. She is GTA's Office Technical Leader and oversees quality control on assurance services.

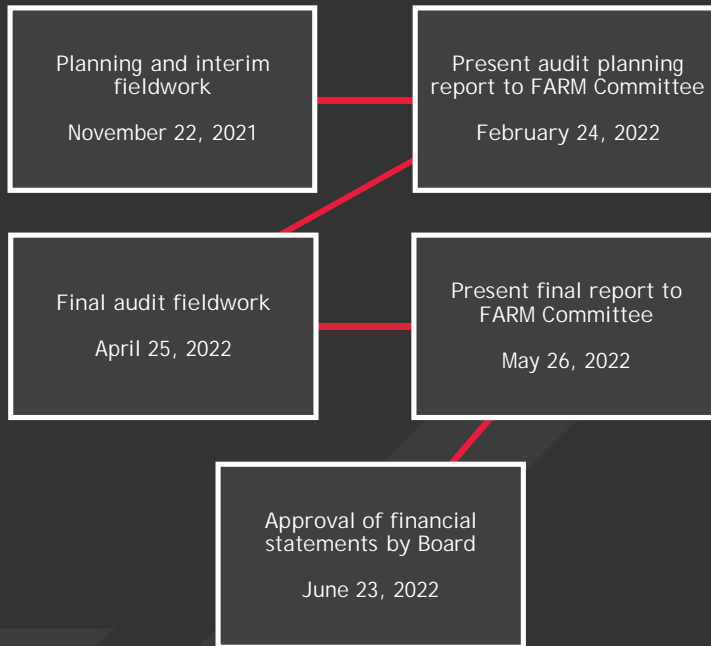
Our independence

We have complied with relevant ethical requirements and are not aware of any relationships between Toronto Waterfront Revitalization Corporation and our Firm that may reasonably be thought to bear on our independence.

[Back to contents](#)



Audit timeline



For the year ended March 31, 2022



BDO'S DIGITAL AUDIT SUITE

APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

[LEARN MORE](#)

DISCOVER THE DIGITAL DIFFERENCE



[Back to contents](#)



Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements.
- ▶ Present significant findings to the Finance, Audit, and Risk Management (FARM) Committee including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

[Back to contents](#)



Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

[SEE OUR PROCESS](#)

[Back to contents](#)



Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Organization's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Organization, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in Toronto Waterfront Revitalization Corporation; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the Organization. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.



Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the Organization, our past experience, and input from management and the Finance, Audit, and Risk Management (FARM) Committee. Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Controls	Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statement by overriding controls that otherwise appear to be operating effectively. This is a standard risk in all audit files.	<ul style="list-style-type: none">• Test the appropriateness of journal entries recorded as well as other adjustments made in the preparation of the financial statements.• Obtain an understanding of the business rationale for significant transactions that we become aware of that are outside the normal course of operations for the Organization.• Review accounting estimates for biases.
Revenue Recognition	There is a standard risk in all audit files surrounding revenue recognition since it may be subject to manipulation in order to present more favourable financial statements.	<ul style="list-style-type: none">• Confirm all government contributions with the respective governments.• Assess the nature of non-government revenue to determine the level of specific testing to be completed.



Other areas of audit interest

In addition to the significant risks noted previously, we have also noted certain areas which are of interest to us or the FARM Committee and will be considered in the planning of our audit approach and procedures.

Financial statement areas	Area of interest	Audit approach
Accrued liabilities	Accrued liabilities relating to contractors for existing ongoing projects.	<ul style="list-style-type: none"> • Specific testing around the completeness of accruals. We will also obtain confirmations from various contractors/suppliers to ensure accruals are complete.
Assets under development	The organization capitalizes costs for assets under development.	<ul style="list-style-type: none"> • Specific testing around the revenue or costs capitalized and review of memorandums of understanding on a project by project basis.
Construction deposits	The Organization has made lump sum payments at the start of some projects which will be repaid once certain levels of expansion have been reached.	<ul style="list-style-type: none"> • Confirm with the deposit holder that these deposits are collectible and that the expansion levels will be met.
Contribution agreements	Contribution agreements and other contracts may be complex in nature.	<ul style="list-style-type: none"> • Review of all contribution agreements and discussion with management as necessary. • Review of Contribution Agreement compliance audit results • Conclusion on appropriate accounting policies and financial statement disclosures.



Other areas of audit interest (continued)

Financial statement areas	Area of interest	Audit approach
Deferral of contributions and grants	Revenue deferred that relates to future periods. Contributions from the governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the contribution agreements.	<ul style="list-style-type: none">• Specific testing around the allocation of expenses and related revenues to recognize. Funding received for restricted projects should be deferred if no relating expenses have yet been incurred.
COVID-19	On March 11, 2020 the World Health Organization (WHO) declared the outbreak on a novel coronavirus (“COVID-19”) as a global pandemic, which continues to spread throughout Canada and around the world.	<ul style="list-style-type: none">• BDO to review management's assessment of COVID-19 on the Organization and assess the impact of COVID-19 on the Organization.
Climate Disclosures	Climate disclosures and the recommendations of the Task Force on Climate Disclosures (TCFD) is a popular topic for organizations to determine if applicable.	<ul style="list-style-type: none">• Currently no reporting requirements under PSAB and no requirements on the horizon.

[Back to contents](#)

☰☰☰ Materiality

We determined preliminary materiality to be \$4,000,000, based on 2% of average expenditures for three years.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Our materiality calculation is based on the Organization's preliminary results. If actual results change significantly, we will communicate those changes to the Finance, Audit, and Risk Management (FARM) Committee as part of our year-end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Finance, Audit, and Risk Management (FARM) Committee, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.

For the year ended March 31, 2022





How we audit financial statements: Our six-step audit process

IDENTIFY AND ASSESS RISK

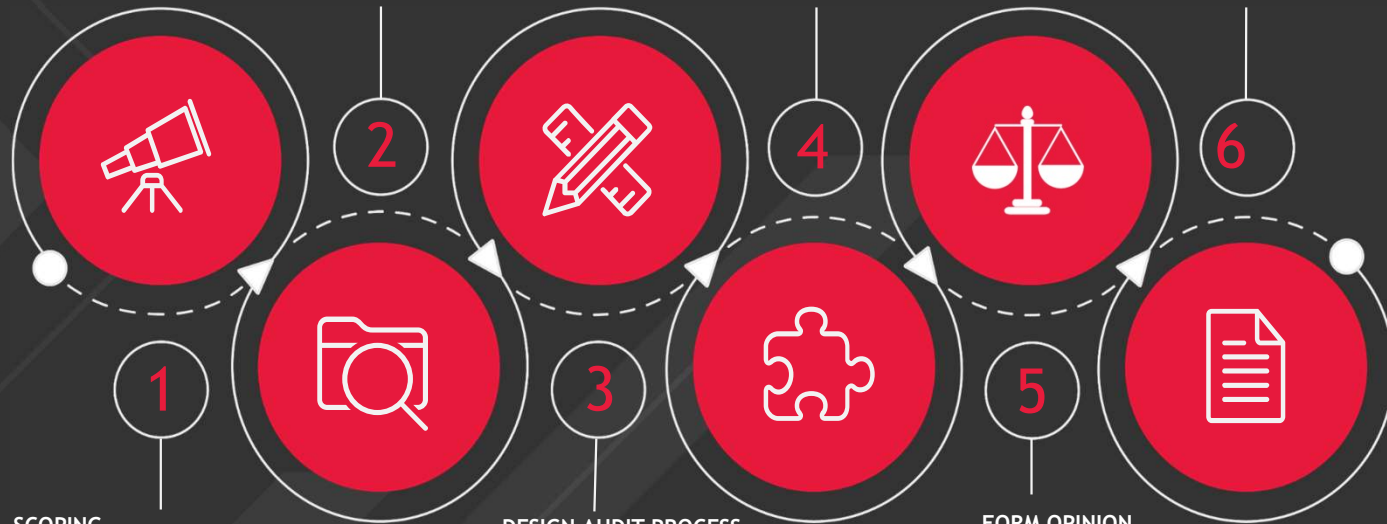
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found

New Standard for Audit Quality



ISQM 1

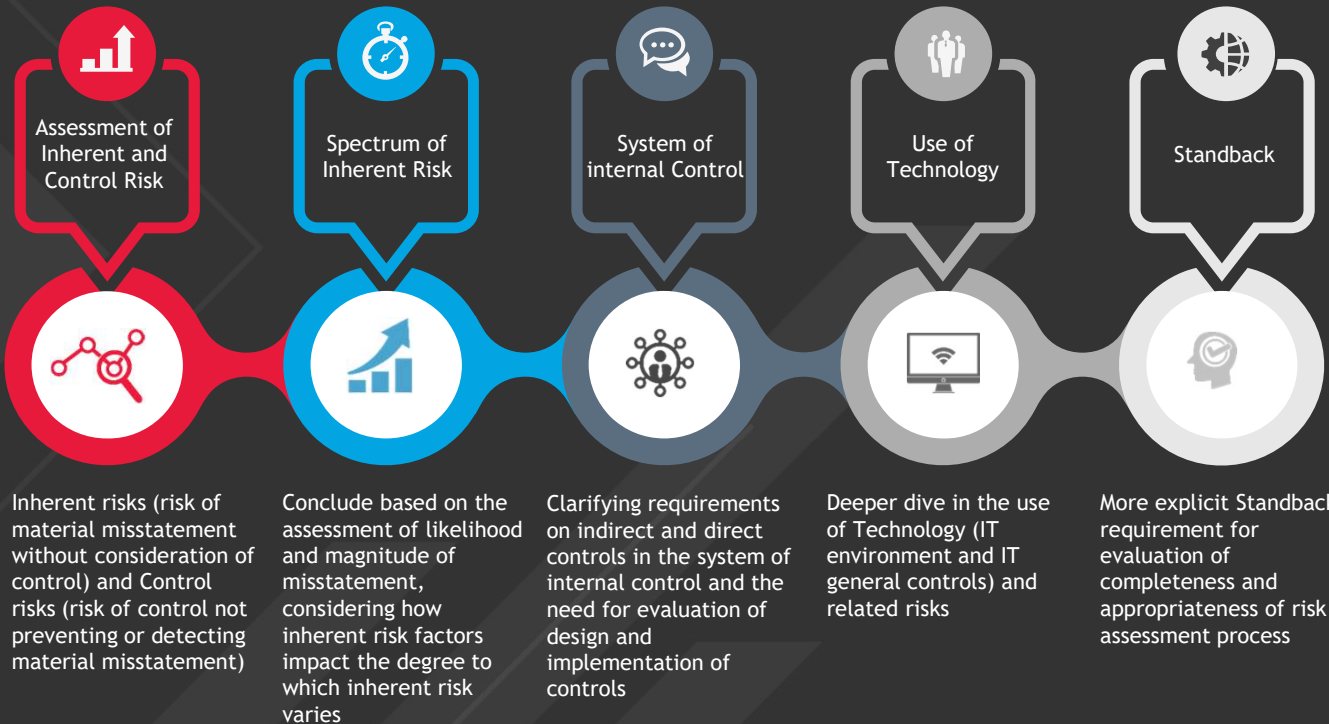
The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



Coming soon: updates to our audit process

Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust Risk Identification, Assessment and Response procedures. The standard will be effective for periods beginning on or December 15, 2021. The updates described below will impact mainly Steps 1 through 3, of our current six step audit process. Key enhancements include:



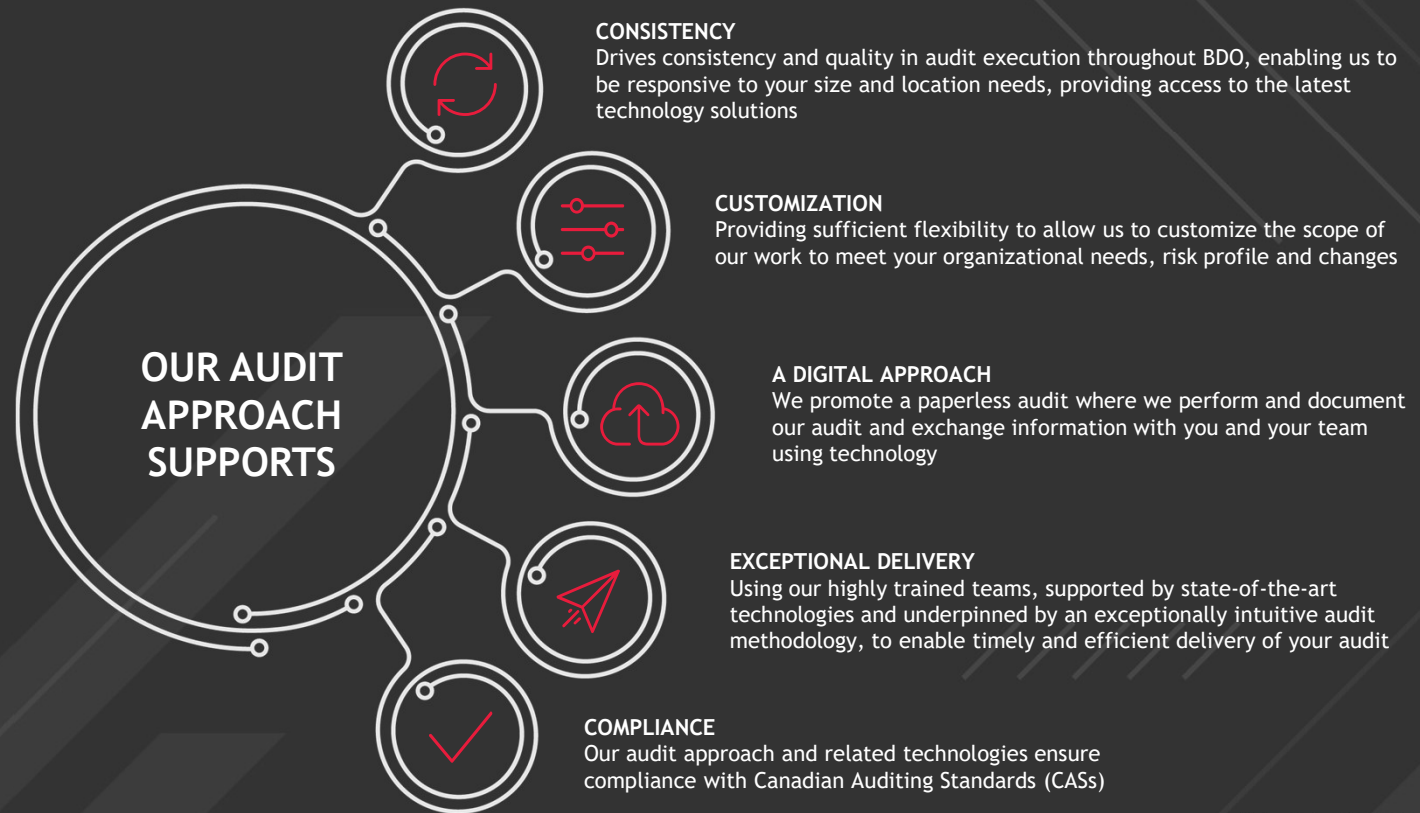
Our audit approach: Responsiveness in action

The cornerstone of each audit engagement is how we deliver our services.

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit, as well as a quick turnaround on any questions. It also helps our team gain a better understanding of your organization.

Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Even more: As part of the global BDO network, we provide seamless and consistent cross-border services to clients with global needs. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from nearly 100 years of working within local communities.



BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



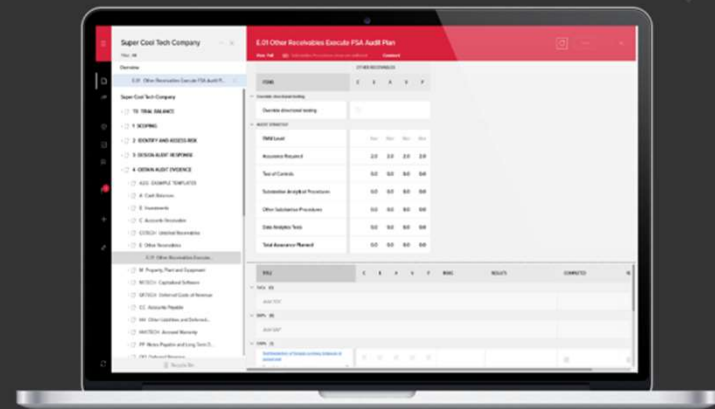
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

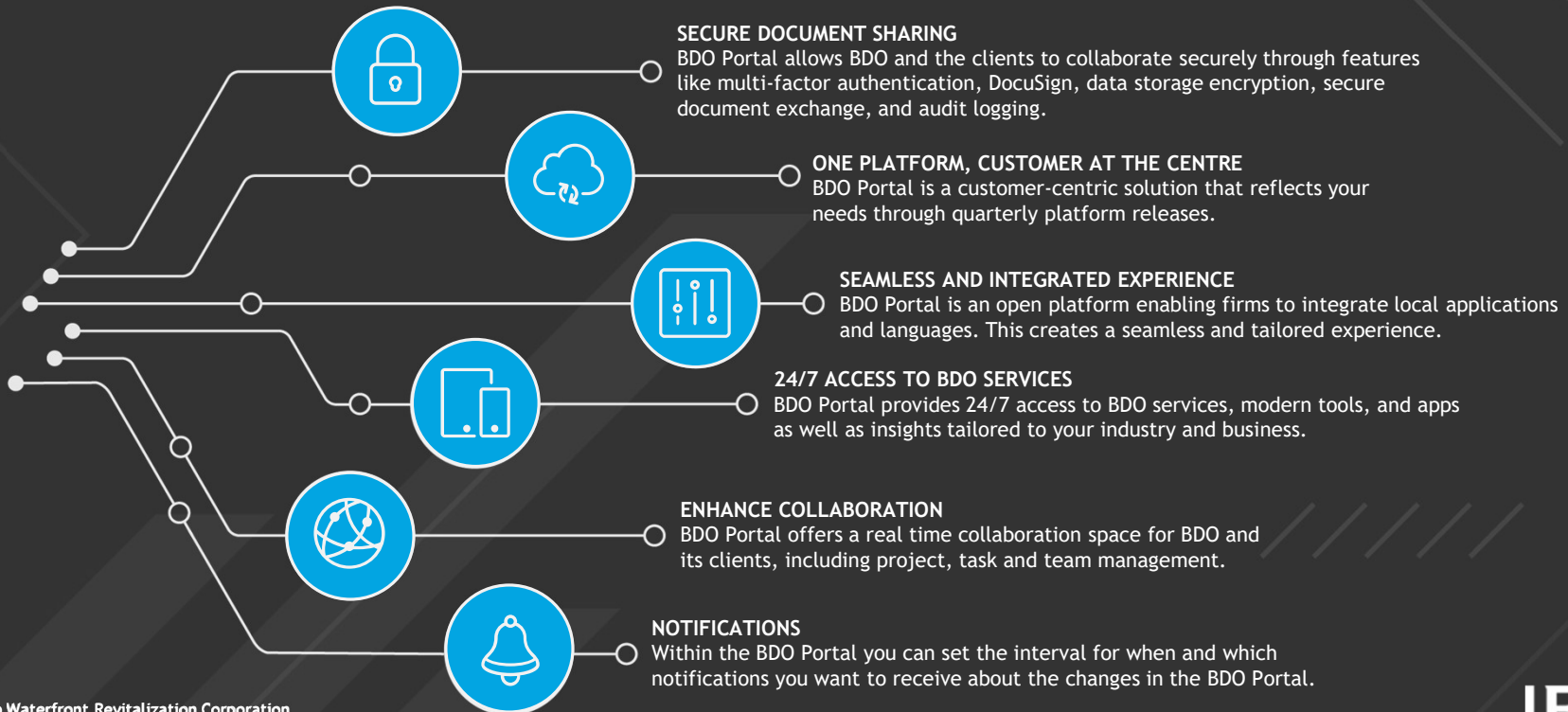
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Portal

BDO Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.



[Back to contents](#)

For the year ended March 31, 2022

Recommended resources

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

BDO Canada Sustainability Practice



Whether you're building a recovery plan, scanning new opportunities for growth, or revisiting your response—you'll find something to help you in our library of 100-plus webinars, articles, infographics, and videos.

[LEARN MORE](#)

The BDO Not-for-Profit Resource Centre



Sector insights at your convenience

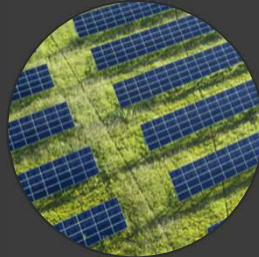
[READ ARTICLE](#)

Spotlight on Sustainability

Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

How climate change became a business issue worth reporting



[READ ARTICLE](#)

Why manufacturers should be reviewing their ESG strategy now



[READ ARTICLE](#)

What executives need to do to align ESG with strategy



[READ ARTICLE](#)

5 reasons why businesses should care about ESG



[READ ARTICLE](#)

How does COVID-19 impact the environment?



[READ ARTICLE](#)

BDO Global Sustainability Resource Hub



[EXPLORE NOW](#)

ESG, and the business case for dealing with climate change



[READ ARTICLE](#)

[Back to contents](#)

For the year ended March 31, 2022

Appendices

- ▶ Appendix A: Engagement Letter
- ▶ Appendix B: Public Sector Accounting Standards (PSAS) Update 2021

[Back to contents](#)

For the year ended March 31, 2022



Appendix A: Engagement Letter



Tel: 289-881-1111
Fax: 905-845-8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville, Ontario
L6H 6K8

February 8, 2021

Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310
Toronto, Ontario
M5J 2N8

Attention: Lisa Taylor, Chief Financial Officer

Dear Ms. Taylor:

We understand that you wish for us to continue as the auditors of Toronto Waterfront Revitalization Corporation for its fiscal year ended March 31, 2021.

We are pleased to continue as your auditors subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Jeffrey M. Barratt, CPA, CA will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

Our Role as Auditors

We will conduct our audit(s) 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 prepared in accordance with Canadian public sector accounting standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your 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 your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.



Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian public sector accounting standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

Role of Management and Those Charged with Governance

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
 - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that we may request for the purpose of the audit;
 - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
 - financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
 - written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

As agreed, we will provide assistance in the preparation of the financial statements.



These services create a threat to our independence. We, therefore, require that the following safeguards be put into place:

- (a) that you create the source data for all accounting entries;
- (b) that you develop any underlying assumptions for the accounting treatment and measurement of entries; and
- (c) that you review and approve the draft financial statements, including the notes to the financial statements.

Tax Services

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We understand that you are not looking to BDO to provide you with any guidance or advice in regard to tax planning or compliance.

Additional Services

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.




It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

DocuSigned by:

C3F91AEB1E98425...

7/19/2021 | 11:11 AM EDT

Signature

Date

Lisa Taylor

Chief Financial Officer

Name (please print)

Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.



Appendix 1 - Standard Terms and Conditions

1. Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services. To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement - these Standard Terms and Conditions, the letter to which they are attached, and any supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years.

Services - the services provided or to be provided under this Agreement

We, us, our, BDO - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your - the party or parties contracting with BDO under this Agreement, including the party's or parties' management and those charged with corporate governance. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - information that contains identifying features that can be attributed to you or individual personnel

2. BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.

2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above as if they were a party to this Agreement.

3. Respective Responsibilities

3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.



3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4. Working Papers and Deliverables

4.1 **Ownership** - Any documents prepared by us, or for us, in connection with Services belong solely to us.

4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.

4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.

4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.

4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.

5. Confidentiality

5.1 We agree to use Confidential Information provided by you only in relation to the Services in connection with which the information is provided and we will not disclose the information, except where required by law, regulation or professional obligation. We may however, give Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services. Any party to whom we subcontract work will be required to keep Confidential Information confidential either by professional obligation or contract with us. Any BDO Member Firms or other subcontractors we use will be bound by the same confidentiality obligations.

5.2 BDO shall be entitled to include a description of the work we render to or for you in marketing and research materials and disclose such information to third parties, provided that all such information will be made anonymous and not associated with you. Additionally, we may analyze information on an industry or sector basis for internal purposes or to provide industry/sector wide information to our clients or potential clients.



You consent to our using information obtained from you in this way provided that the outputs therefrom will not contain any identifying features that can be attributed to you.

6. Independence

6.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

7. Offers of Employment

7.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

8. Professional and Regulatory Oversight

8.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.

8.2 Certain regulatory bodies may also have the right to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law, we will advise you of any such investigation request or order prior to providing our working papers.

8.3 You agree to reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order or other legal process.

9. Privacy and Consents

9.1 You agree we will have access to all personal information in your custody that we require to complete our engagement. We may collect, use, transfer, store, or process such information disclosed by you of a personal nature (personal information). Our Services are provided on the understanding that:

- (a) you have obtained any consents for collection, use and disclosure to us of personal information required under all applicable privacy legislation; and
- (b) we will hold all personal information in compliance with our Privacy Statement.



10. Electronic Communications

- 10.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.
- 10.2 By signing this Agreement, you provide BDO with express consent to communicate with you and your employees, as applicable, electronically, including sending BDO newsletters, publications, announcements, invitations and other news and alerts that may be of interest to you. You and your employees may withdraw such consent at any time by contacting BDO at www.bdo.ca/unsubscribe.

11. Limitation of Liability

- 11.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO shall only be liable for its proportionate share of the total liability based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator as a result of the dispute resolution procedures, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.
- 11.2 Our liability shall be restricted to damages of a direct and compensatory nature and shall not include indirect, consequential, aggravated or punitive damages, or damages for loss of profits or expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 11.3 You agree that BDO shall in no event be liable to you for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
- (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
 - (b) \$25,000.
- 11.4 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 11.5 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.

12. Indemnity

- 12.1 To the fullest extent permitted by applicable law and professional regulations, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- (a) a misrepresentation by a member of your management or board of directors, regardless of whether such person was acting in your interest;
- (b) the Services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by you, failing which, the matter may be referred to dispute resolution in accordance with the terms of this Agreement.

13. Alternative Dispute Resolution

- 13.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement or the Services provided hereunder through good faith negotiations.
- 13.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation pursuant to the National Mediation rules of the ADR Institute of Canada Inc. All disputes remaining unsettled for more than 60 days following the parties first meeting with a mediator or such longer period as the parties mutually agree upon shall be subject to arbitration pursuant to the National Arbitration Rules of the ADR Institute of Canada Inc. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision. The parties hereby waive any such right of appeal which may otherwise be provided for in any provincial arbitration statute made applicable under the National Arbitration Rules.

14. Limitation Period

- 14.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 14.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 14.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

15. Québec Personnel

- 15.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. The provisions in Sections 11 (Limitation of Liability) and 14 (Limitation Period) shall therefore not apply to limit the personal civil



liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

16. Termination

- 16.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).
- 16.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

17. Fees and Billings

- 17.1 Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place.
- 17.2 Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.
- 17.3 Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. We also will bill you for our out-of-pocket expenses, our administrative charge (described below), and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax.
- 17.4 Our administrative charge is calculated as a percentage of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure, telephone charges, photocopying and some support staff time costs.
- 17.5 Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

18. Governing Laws

- 18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of the province or territory in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.



19. Survival

- 19.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

20. Force Majeure

- 20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.


21. Assignment

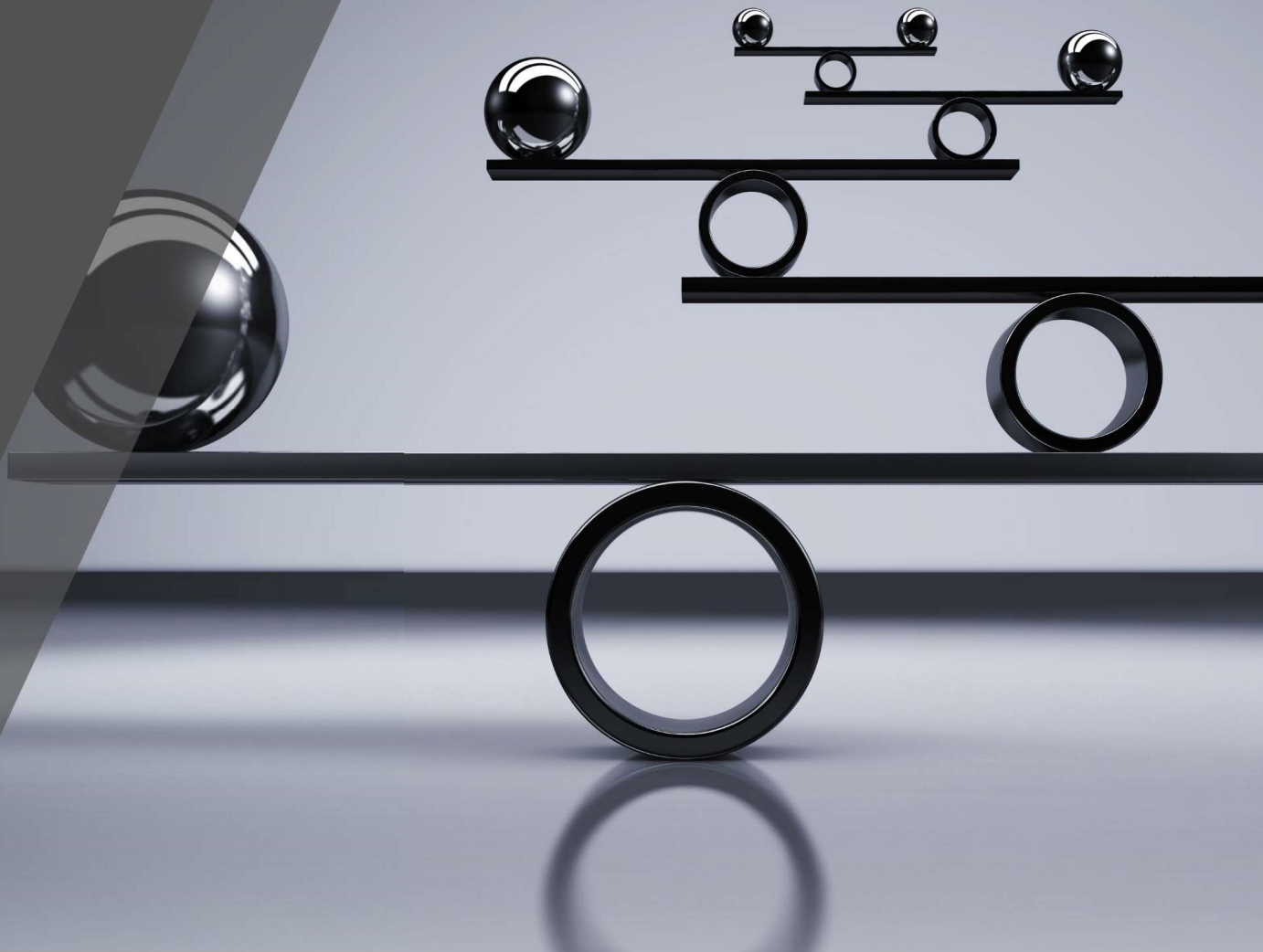
- 21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

22. Severability

- 22.1 If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then the provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this Agreement will remain effective.

Version: 202006

 Appendix B: Public Sector Accounting Standards (PSAS) Update 2021



For the year ended March
31, 2022

Assurance and Accounting

Public Sector Accounting Standards (PSAS) Update 2021

Introduction

It has been a busy year for the Public Sector Accounting Board (PSAB or the “Board”). As was the case with many, the Board has been hard at work dealing with the ever-evolving situation of the COVID-19 pandemic. The Board has continued to adjust and make quick decisions to ensure they are continuing to address stakeholder needs. Whilst the pandemic has caused many changes, the Board and its committees were still hard at work advancing the progress of various ongoing projects.

This publication will provide a look at the impacts of COVID-19, an outline of new standards effective over the next few years and an overview of the future of PSAS and projects that will impact public sector entities in the future.

COVID-19 Impacts

Global, national, and local responses to COVID-19 continue to evolve and change and the implications of this virus are far reaching. It has and continues to impact operations in nearly every sector and continues to lead to widespread economic uncertainty. As vaccination efforts continue to improve there has been improvement across most industries but the threat of variants and further lockdowns remain. Some of the ways in which the pandemic is affecting entities include:

- Reduced consumer demand for goods and services due to lost income and restrictions on consumers' ability to move freely;
- Reduced ability to provide goods and services due to government-imposed shutdowns or product shortages and resulting lost revenues;
- Difficulties in collecting from taxpayers and other counterparties facing financial difficulties;
- Increase in governments providing grants, discounted loans and tax deferrals for economic stimulus and stabilization; and
- Uncertainties over future receipt of government and other types of funding for some public sector entities as cost-cutting measures are undertaken.

The financial reporting implications for public sector entities and the precise effects will depend on the circumstances of each entity.

Standards Effective April 1, 2020

The Board has an annual improvements process, the purpose of which is to clarify guidance or wording and to correct for unintended consequences or conflicts in the PSA Handbook. As a result of the 2018-2019 annual improvements process, the Board issued the following amendments:

- Removal of due process procedures from the Handbook, as they are already set out in the Due Process Manual;
- Various standards amended to correct inconsistencies in terminology relating to the government component category that was added to the PSA Handbook a few years ago;
- Amended Section PS 3060, *Government Partnerships*, to remove redundancies and update terminology, including the replacement of the term “government partnership” and “government business partnership” with the term’s “partnership” and “business partnership” respectively. This also included changing the name of Section PS 3060 to “Interests in Partnerships”; and
- Correcting inconsistencies in definitions and references throughout the PSA Handbook.

The amendments are effective for fiscal years beginning on or after April 1, 2020 and will impact December 31, 2021 year ends for the first time this year.

Standards Effective April 1, 2021

The changes effective for this period are very general in their nature and impact multiple PSA Handbook areas. They were too minor to impact our issued publications, so no table of resources has been included below. In order to see more details on these amendments please refer to the PSA Handbook and individual standards.

2019-2020 Annual Improvements

As a result of the 2019-2020 annual improvements process, the Board issued the following amendments:

- Amended the Introduction to Public Sector Accounting Standards to clarify that early adoption of a new or amended standard also requires the early adoption of all consequential

amendments related to that standard. This also clarifies that the consequential amendments cannot be early adopted if the related amended standard has not also been early adopted.

- Update the disclosure requirements in individual standards relating to Section PS 3380, *Contractual Rights* to require the disclosure of both contractual rights and contractual obligations; and
- Replace the term contingencies in individual standards with the term's contingent assets and contingent liabilities.

The Board issued these amendments in November 2020 with earlier adoption permitted.

Modification of PSAB's GAAP Hierarchy

As you will see later in this publication the PSAB has made a decision on its International Strategy going forward. As part of this decision, Section PS 1150, *Generally Accepted Accounting Principles* has been amended to position the International Public Sector Accounting Standards ("IPSAS") as the first accounting framework that should be consulted where situations or transactions are not covered by primary sources of GAAP or in situations where assistance is needed to apply primary sources of GAAP. For March 31, 2022 and December 31, 2022 year ends entities will now consult the IPSASs.

This amendment would only apply to new transactions or other events where the entity currently has no accounting policy outlined. Public Sector entities would not be required to revise existing accounting policies determined prior to this amendment.

Standards Effective April 1, 2022

In the prior year, the PSAB had been mindful of the evolving situation related to the COVID-19 pandemic and sought to alleviate pressures on public sector organizations as they navigated these difficult times. As a result, PSAB deferred the effective dates for the following amendments and new standards to fiscal years beginning on or after April 1, 2022. Refer to the publications provided in the table below for more detailed information.

Asset Retirement Obligations

In March 2018, the Board issued new Section PS 3280 on asset retirement obligations. Prior to this, the PSA Handbook did not include specific guidance on accounting for asset retirement obligations.

Recognition and Measurement

Under the new standard, an asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset controlled by a public sector entity. Asset retirement obligations associated with tangible capital assets include post-retirement operation, maintenance, and monitoring costs. A liability for an

asset retirement obligation would be recognized when all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Recognition of asset retirement costs is accomplished by increasing the carrying amount of the related tangible capital asset, or a component thereof, and then expensing this amount in a rational and systematic manner. A present value technique may be the best method of estimating the liability. Depending on the nature of a re-measurement and whether the asset remains in productive use, subsequent re-measurement of the liability could result in either a change in the carrying amount of the related tangible capital asset or a component thereof, or an expense. Asset retirement costs associated with an asset that is not recognized on the public sector entity's financial statements and those associated with assets no longer in productive use would be expensed immediately.

Landfills

The new standard includes landfill related asset retirement obligations within its scope so that all asset retirement obligations are accounted for consistently within the public sector. Existing Section PS 3270, *Solid Waste Landfill Closure and Post-closure Liability* will be withdrawn once Section PS 3280 becomes effective. This change will result in asset retirement obligations associated with landfills recognized earlier than they are under the current guidance.

Amendments to Section PS 3260

Changes have been made to Section PS 3260, *Liability for Contaminated Sites*, to clarify what will fall within the scope of this standard vs. the scope of the new asset retirement obligation standard. Additionally, under the new standard any expected recoveries associated with the asset retirement obligation would not be netted against the liability. In the past, Section PS 3260 has allowed recoveries to be netted against the liability. To improve consistency between the two standards, Section PS 3260 has been amended to no longer allow netting.

Financial Instruments, Foreign Currency, Financial Statement Presentation and Portfolio Investments

During 2018, the Board delayed the effective date for Sections PS 3450, *Financial Instruments*, and PS 2601, *Foreign Currency Translation*. These Sections were applicable for fiscal years beginning on or after April 1, 2021, for public sector entities that did not previously apply the CPA Canada Handbook – Accounting prior to adopting the PSA Handbook. Therefore, public sector entities that

meet this criteria, such as governments, would have applied these Sections for the first time to their March 31, 2022, year-ends (for governments with calendar year ends, December 31, 2022, would have been the first year-end affected). As the PSAB decided to delay the effective dates for all standards by one year due to COVID-19 each of these dates has been pushed yet again, such that they are now applicable for fiscal years beginning on or after April 1, 2022. This means the first years ends impacted will be March 31, 2023 and December 31, 2023.

At the same time public sector entities adopt these two Sections, they must also adopt Section PS 1201, *Financial Statement Presentation*, Section PS 3041, *Portfolio Investments*, and the effective interest method outlined in paragraph .25 of Section PS 3050, *Loans Receivable*. For more details on these standards, please refer to our publication "[A Guide to Accounting for Financial Instruments in the Public Sector.](#)"

The original delay in the effective date was due to concerns raised by senior governments in some provinces on the implementation of Sections PS 2601 and PS 3450 related to recognition and measurement of derivatives, the lack of a standard on hedge accounting, and the accounting treatment for bond repurchases. The Board investigated various options to address these concerns and recently issued three further amendments to the above standards in the current year. The details of the amendments are described below, and these amendments would be effective in the same periods the above standards are first applied.

Financial Instruments: Federal Government Narrow-Scope Amendments

The Board issued amendments to Section PS 2601, *Foreign Currency Translation* to address the presentation of the exchange gain or loss component of a financial instruments change in fair value when, that financial instrument is associated with the federal government's foreign reserves. Section PS 1201, *Financial Statement Presentation*, was amended to clarify that foreign exchange gains or losses from such instruments, are not required to be presented in the statement of remeasurement gains and losses.

Financial Instruments: Foreign Exchange Narrow-Scope Amendments

The Board issued amendments to Section PS 1201, *Financial Statement Presentation*, Section PS 2601, *Foreign Currency Translation*, and Section PS 3450, *Financial Instruments*. The amendments to Section 2601, allow all public sector entities to make an accounting policy election for financial assets and financial liabilities arising from a foreign currency transaction to, on initial recognition, recognize their exchange gains and losses, including the foreign exchange gain or loss component of changes in fair value, directly in the statement of operations.

Section PS 1201 has been amended as a result of the above, to clarify that these exchange gains and losses subject to the election would not be recognized in the statement of remeasurement gains and losses. Section PS 3450 has been amended to require disclosure of the carrying value of financial assets and liabilities to which the above election is applied in the notes to the financial statements.

Financial Instruments: Presentation Narrow-Scope Amendments

The Board issued amendments to Section PS 1201, *Financial Statement Presentation* to clarify the presentation of derivatives. The amendments include:

- The remeasurement impact of derivatives and other categories of financial instruments may be presented as separate line items on the statement of changes in net debt;
- A new subtotal for the change in net debt excluding the impact of remeasurement gains and losses may be presented on the statement of change in net debt; and
- A footnote on the net debt indicator may be included in the statement of financial position to refer readers to the additional detail provided on the statement of changes in net debt.

Amendment/ New Standard	Resources
New Section PS 3280, <i>Asset Retirement Obligations</i>	<ul style="list-style-type: none"> • Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280 • PSAB at a Glance: Section PS 3280, Asset Retirement Obligations
New Sections PS 3450, <i>Financial Instruments</i> ; PS 2601, <i>Foreign Currency Translation</i> ; PS 3041, <i>Portfolio Investments</i> ; PS 1201, <i>Financial Statement Presentation</i> ; and amendments to Section PS 3050, <i>Loans Receivable</i> , on accounting for financial instruments	<ul style="list-style-type: none"> • PSAB at a Glance: Section PS 1201, Financial Statement Presentation • PSAB at a Glance: Section PS 2601, Foreign Currency Translation • PSAB at a Glance: Section PS 3041, Portfolio Investments • PSAB at a Glance: Section PS 3050, Loans Receivable • PSAB at a Glance: Section PS 3450, Financial Instruments • A Guide to Accounting for Financial Instruments in the Public Sector

Standards Effective April 1, 2023

Similarly, in order to give entities more time to implement any needed changes, PSAB decided to defer the effective date for the Revenue standard, which was originally effective for fiscal years beginning on or after April 1, 2022, by one year to fiscal years beginning on or after April 1, 2023. The Purchased Intangibles and Public Private Partnerships guidance was issued in the current year with an original effective date of April 1, 2023. Refer to the publications provided in the table below for more detailed information.

Revenue

In November 2018, the Board issued new Section PS 3400, *Revenue*. Prior to this, the PSA Handbook only contained guidance on specific transactions such as, taxation, government transfers, etc. As a result, many public sector entities consulted other sources of GAAP when accounting for types of revenue for which the PSA Handbook did not provide specific guidance, which resulted in diversity in practice.

The new standard establishes overall guidance on how to account for and report revenue. The standard makes a distinction between transactions that include performance obligations (exchange transactions) and those that do not include a performance obligation (non-exchange transactions). A performance obligation is an enforceable promise to provide specific goods or services to a specific payor. Based on the definition, in order to identify a performance obligation a public sector entity must be able to identify a distinct good or service and a specific payor. Revenue from transactions with performance obligations is recognized when (or as) the public sector entity satisfies a performance obligation by providing the goods or services to a payor. Therefore, once a performance obligation is identified, an assessment is needed to determine whether revenue recognition occurs over a period of time or at a point in time.

Transactions with Performance Obligations Satisfied at a Point in Time

A performance obligation is satisfied, and revenue is recognized when control of the benefits for a good or service have been transferred to the payor. Some indicators that control has been transferred include, but are not limited to:

- When the payor is able to use or direct the use, sell, or exchange and obtain substantially all the remaining benefits from the good or service; or
- When the payor has hold of the good or service and can use it at their discretion.

If a performance obligation is not satisfied over a period of time (as described in the next section below), then it must be recognized at a point in time considering the above criteria. An example of a transaction where a performance obligation would be recognized at a point in time would be when a public sector entity sells a recycling

bin, since after the initial sale transaction the payor controls the asset and there are no further performance obligations for the public sector entity to complete.

Transactions with Performance Obligations Satisfied Over Time

When control of the benefits associated with a good or service passes to the payor over time, then the entity recognizes revenue over a period of time if any of the following indicators are met:

- The payor simultaneously receives and consumes the benefit as the public sector entity fulfils the performance obligation;
- The public sector entity's performance creates or enhances an asset that the payor controls or uses as the asset is created or enhanced;
- The public sector entity's performance does not create an asset with an alternative use to the public sector entity, and the public sector entity has an enforceable right to payment for performance completed to date;
- The public sector entity is expected to continually maintain or support the transferred good or service under the terms of an arrangement; or
- The payor is granted access to a specific good or service under the terms of an arrangement.

A portion of the transaction price allocated to each performance obligation is recognized as revenue as the performance obligation is satisfied. An example of a transaction with performance obligations settled over time would be a college providing a certificate course consisting of weekly lectures over an eight-month period to a student who pays \$4,000 up front, since the college must perform multiple performance obligations over a period of time.

Transactions with no Performance Obligations

Some transactions entered into by a public sector entity do not have any performance obligations attached to them. When this is the case, revenue would be recognized when the public sector entity has authority to claim or retain an inflow of economic resources and a past event or transaction that gives rise to an asset has occurred. An example of a transaction without a performance obligation would be a municipality issuing a parking ticket or fine.

Transition

Adoption of the standard will be accounted for as a change in accounting policy and may be applied retroactively with restatement of prior periods or prospectively.

Purchased Intangibles

In November 2020, the Board issued new PSG-8 on purchased intangibles. Prior to this, the PSA Handbook prohibited the recognition of purchased intangibles in the financial statements of

public sector entities without the PS 4200 series of standards. The main highlights of this new Public Sector Guideline include:

- The definition of a purchased intangible, which are identifiable non-monetary economic resources without physical substance, acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.
- Purchased intangibles are recognized as assets when they meet the definition of an asset and the general recognition criteria in Section PS 1000, *Financial Statement Concepts*. Look to Section PS 3210, *Assets*, for guidance on applying the asset definition.
- This Public Sector Guideline does not provide specific in-depth guidance on the accounting for purchased intangibles. Therefore, the following guidance should be followed when determining how to account for purchased intangibles.
 - The definition of an asset from Section PS 1000.
 - The guidance on the asset definition include in Section PS 3210.
 - The recognition, measurement, and disclosure concepts in Section PS 1000; and
 - The GAAP Hierarchy in Section PS 1150, Generally Accepted Accounting Principles. See above for the amendments already issued to the GAAP Hierarchy.
- Purchased intangibles are classified as non-financial assets.
- This Public Sector Guideline shall be applied retroactively or prospectively in accordance with Section PS 2120, *Accounting Changes*.

The Board also amended Sections PS 1000, and Section PS 1201 to allow for the recognition of purchased intangibles and removed the disclosure requirements for unrecognized purchased intangibles as a result of the issuance on this new guideline.

Public Private Partnerships

An issue that was identified as a priority in PSAB's 2014 Project Priority Survey was accounting for public private partnerships. These types of arrangements are becoming more common across Canada as government entities look for new ways to finance capital projects, and authoritative guidance on how to account for them was needed. In April 2021, the Board issued new Section PS 3160, *Public Private Partnerships*. The main features of the new standard include:

Scope

- This section applies to public private partnerships between a public sector entity and a private sector partner for infrastructure-project delivery with risk allocation that provides for public sector control of the asset at any point during the arrangement and in which the private sector partner satisfies all the obligations required.

- The private sector partner is obligated to;
 - design, build, acquire or better new or existing infrastructure.
 - finance the transaction past the point where the infrastructure is ready for use; and
 - operate and/or maintain the infrastructure.

Recognition

- Where infrastructure is acquired or bettered through a public private partnership, it is recognized as an asset of the public sector entity when the public sector entity controls;
 - The purpose and use of the infrastructure.
 - Access to the future economic benefits and exposure to risks of the infrastructure asset; and
 - Significant residual interest in the infrastructure, if any, at the end of the public private partnership's term.
- At the same time that the infrastructure asset is recognized an offsetting liability is also recognized. The type of consideration provided to the private sector partner determines the type of liability that is recognized. This distinction will impact subsequent measurement of the liability.
 - Where the consideration is cash or another financial asset the public sector entity recognizes a financial liability (financial liability model).
 - Where the consideration is the granting of rights (such as the right to charge end users) the public sector entity recognizes a performance obligation (user-pay model).

Initial Measurement

- An infrastructure asset is initially recognized at cost. Where the cost of acquiring or constructing the infrastructure is both determinable and verifiable such as from a procurement process or contractual agreement, these amounts would be used to initially measure cost.
- Where the cost information is not readily determinable or verifiable, the cost is then equal to the estimate fair value of the asset at the transaction date.
- The offsetting liability is initially measured at the same value as the infrastructure asset less any amounts already paid to the private sector partner.

Subsequent Measurement

- The infrastructure would be accounted for similar to other assets and would be amortized over its useful life in a rational and systematic manner.
- The subsequent measurement of the liability will depend on the model used for initial measurement.

- Under the financial liability model, the financial liability would be subsequently measured at amortized cost using the effective interest method.
- Under the user pay model the liability is subsequently reduced as revenue is recognized by the private sector partner based on the terms of the public private partnership arrangement.

Transition

- The section may be applied retroactively or prospectively as follows:
 - Prospective application is used for an infrastructure asset and related liability where control of the infrastructure asset arose on or after April 1, 2023.
 - Retroactive application is used with or without prior period restatement, for an infrastructure asset and related liability where control of the asset arose prior to April 1, 2023 and the asset and related liability have not been previously recognized.
 - Retroactive application is also used with or without prior period restatement, for an infrastructure asset and related liability where control of the asset arose prior to April 1, 2023 and where the asset and related liability were previously recognized and now require adjustment upon applying this new section.

Amendment/New Standard	Resources
New Section PS 3400, <i>Revenue</i> , on accounting for overall revenue transactions for which there is no specific guidance elsewhere in the PSA Handbook	<ul style="list-style-type: none"> • PSAB at a Glance: Section PS 3400, Revenue
New Section PSG 8, <i>Purchased Intangibles</i>	<ul style="list-style-type: none"> • PSAB at a Glance: PSG-8, Purchased Intangibles
New Section PS 3160, <i>Public Private Partnerships</i>	<ul style="list-style-type: none"> • P3 Accounting: 1 New Standard, 2 Sectors, and the Public-Private Repercussions • PSAB at a Glance: Section PS 3160, Public Private Partnerships – Coming Soon!

The Future of PSAS

The PSAB has completed a few projects that will greatly impact the future of standard setting in the PSA Handbook. The PSAB also has additional projects on the go which seek to greatly change the public sector standards to better meet stakeholder needs both now and in the future. Below are the projects that will impact the future of standard setting such as the International Strategy, as well as other projects on the go.

PSAB's Approach to International Public Sector Accounting Standards

While developing its 2017–2021 Strategic Plan, the Board determined it was the appropriate time to review its approach to International Public Sector Accounting Standards (IPSAS). The Board's approach was to influence the development of IPSAS. However, IPSAS has become a more robust framework over the past few years and some other countries are now adopting or adapting IPSAS for their own use. As a result, the Board decided it should evaluate whether the time and resources spent developing Canadian specific public sector standards is still adding the right level of value and is in the public interest.

The Board issued Consultation Papers in May 2018 and 2019 to obtain feedback on the criteria that would be used to make the decision and on the four options that were under consideration for the international strategy. The four options were:

- Option 1 – Retain status quo:
- Option 2 – Adapt IPSAS principles when developing future standards:
- Option 3 – Adopt IPSAS except when departure is permitted:
- Option 4 – Adopt IPSAS with no exceptions:

The Board reviewed the feedback provided on these Consultation Papers and decided the best way forward at this point in time is Option 2 – adapt IPSAS principles when developing future standards. This approach will apply to all new projects beginning on or after April 1, 2021. As mentioned above The Board has amended Section 1150, *Generally Accepted Accounting Principles* to clarify the GAAP Hierarchy to include the IPSAS as the first accounting framework to consult.

The Board developed criteria that will be used for amending IPSAS principles on future projects to better fit the needs of Canadian stakeholders. The Board will amend a principle in an IPSAS standard if it is contrary to PSAB's conceptual framework, or where PSAB finds the IPSAS principle is not appropriate for application in Canada based on the Canadian public interest. Where PSAB has deviated from IPSAS principles in the development of a standard, reasons for the deviation will be documented in the Basis for Conclusions document.

The Board is currently applying this approach to the development of proposed Section PS 3251 on employee benefits, see below for more information on this project.

PSAB's Draft 2022 – 2027 Strategic Plan

The Board sets out strategic plans to provide broad objectives that will guide them in achieving their public interest mandate. The Board is undertaking this project to develop the Strategic Plan. In May 2021, the Board issued a Consultation Paper seeking comments on the Draft Strategic Plan which will cover the years 2022 to 2027. The Strategic Plan is broken down into three major areas where work will be completed:

- Develop relevant and high-quality accounting standards
 - Continue to develop relevant and high-quality accounting standards in a timely and responsive manner to support a well-functioning Canadian public sector and a strong Canadian economy.
 - Refine and enhance our development processes by exploring varied project governance models outside of the use of traditional task forces to promote flexibility and adaptability.
 - Implement the new International Strategy.
- Enhance and strengthen relationships with our stakeholders
 - Proactively engage and effectively communicate with our stakeholders. Establishing expert panels, focus groups and advisory committees to help solicit stakeholder feedback.
 - Increase engagement with Indigenous Governments as it is understood that Indigenous Government stakeholders are under-represented within the standard setting process.
 - Explore the use of customized reporting. Using the new Reporting Model as a benchmark, continue to explore the application of a customized reporting approach.
- Enhance and strengthen relationships with other standard setters.
 - Strengthen relationships with the IPSASB to collaborate on and influence the development of IPSAS. Reviewing IPSASB meeting notes to provide briefing notes to Canadian representatives, submitting and encouraging Canadian stakeholders to submit PSAB comments to IPSASB documents for comments.
 - Continue to work together with the IASB, the AcSB, and the AASB. This will include staying informed and up to date on their standard setting activities and, collaborating on responses to relevant documents for comment.
- Support forward-looking accounting and reporting initiatives.
 - Support and encourage ESB reporting in the Canadian public sector by ensuring ESB themes are considered a part of current and future standard setting.
 - Consider developing Canadian-specific ESG reporting guidance such as non-authoritative disclosure guidance on climate or guidance on reporting. Monitor the potential for a new sustainability standard setting Board to be established by the IFRS foundation and consider leveraging that Board's work.
 - Stay engaged in other forward-looking areas of financial reporting.

The Consultation Paper closed for comment on October 6, 2021 and the Board is deliberating feedback to decide on next steps.

Exposure Draft – Employment Benefits

A project on employee benefits was identified as a top priority in PSAB's 2014 Project Priority Survey. The project was needed as

new types of pension plans have been introduced and there have been changes in the related accounting concepts since existing Sections PS 3250, *Retirement Benefits*, and Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, were issued many years ago. The plan is to issue new Section PS 3251, *Employee Benefits* to replace the two existing sections.

The Board issued an Exposure Draft in July 2021 highlighting the new Section PS 3251. The Board created the Exposure Draft using principles taken from IPSAS 39, *Employee Benefits* as the starting point. The principles were amended if they were contrary to PSAB's conceptual framework or not appropriate for application in Canada based on the Canadian public interest. The key proposed changes include:

- For Deferral Provisions
 - For actuarial gains and losses, the deferral and amortization approach would no longer be used.
 - Revaluations of the net defined benefit liability (asset) which, include actuarial gains and losses are recognized immediately on the statement of financial position within the accumulated other component of net assets.
 - These revaluations would not be reclassified to surplus or deficit in a subsequent period.
 - Plan assets would be measured at market value.
- The Discount Rate
 - The discount rate used would depend on the funding status of the plan.
 - For a fully funded plan where the projected balance of plan assets exceeds projected benefit payment obligations for all project periods, the discount rate used would be the expected market-based return on plan assets.
 - For an unfunded plan where the projected balance of plan assets does not exceed projected benefit payment obligations for any projected period, the discount rate used would be the provincial governments bond rates.
 - Lastly, for partially funded plans where the projected balance of plan assets exceeds projected benefit periods for fewer than all projected periods, the discount rate would be a single discount rate that reflects the fully funded rate for periods where the balance of plan assets is projected to be greater than or equal to projected benefit payments and the unfunded rate for all other periods.
- Additional proposed changes include
 - The net interest on the net defined benefit liability (asset) would be determined by multiplying the net defined benefit liability (asset) by the rate used to discount the post employment benefit obligation.
 - Minor modifications to the guidance for joint defined benefit plans including changing legal terminology to accounting terminology and directing entities to use multi-employer plan guidance.

The new standard would have an effective date of April 1, 2026 and would require retroactive transition. The Board is seeking feedback on the proposal and stakeholders are encouraged to respond to the Exposure Draft, which can be accessed [here](#), by November 25, 2021. The Board will review all feedback received by the deadline and determine next steps.

Exposure Draft – The Conceptual Framework for Financial Reporting in the Public Sector

In 2010, the Board decided to undertake a project to review the conceptual framework for the PSA Handbook to ensure it is still relevant and that it properly reflects and is grounded in the public sector environment. The Board issued three Consultation Papers from 2011 to 2015 and a Statement of Concepts in May 2018. The Board used the feedback from those to develop an Exposure Draft in January 2021 on a revised conceptual framework. The Exposure Draft proposes replacing the existing conceptual framework, which consists of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*, with a revised conceptual framework that would include 10 chapters:

- Introduction to the Conceptual Framework – this chapter will define the conceptual framework and outline the needs and objectives.
- Characteristics of Public Sector Entities – This chapter will build upon and replace Appendix A, Unique Characteristics of Government. Identifying the characteristics of public sector entities will result in concepts and standards appropriate to the public sector.
- Financial Reporting Objective – This chapter will identify the primary users as the public and its elected or appointed representatives. It will also identify the financial reporting objectives as the need to provide information for accountability purposes and the broad financial reporting accountabilities.
- Role of Financial Statements – This chapter will create a link between financial reporting and financial reporting in financial statements.
- Financial Statement Foundations – This chapter will clearly identify the foundations that currently underlie the existing conceptual framework.
- Financial Statement Objectives – This chapter will build upon and revise the objectives of Section PS 1100.
- Financial Statement Information – Qualitative Characteristics and Related Considerations – This chapter will establish the qualitative characteristics of financial information and considerations for including this information in the financial statements.
- Elements of Financial Statements – This chapter will define the four elements in the financial statements: assets, liabilities, revenues, and expenses.
- Recognition and Measurement in Financial Statements – This chapter will cover the general recognition and measurement

criteria, the concepts here will remain unchanged from the existing conceptual framework.

- Presentation Concepts for Financial Statements – The PSAB felt that some of the concepts in Section PS 1201 should be moved or mentioned in the conceptual framework. This chapter will include these, as well as new presentation concepts to promote the preparation of understandable financial statements.

The Exposure Draft also proposes moving the recognition exclusions related to: natural resources and crown lands that have not been purchased, developed and inherited intangibles, and works of art and historical treasures, from the conceptual framework and instead include them in the new proposed Section PS 1202 described below. The Exposure Draft closed for comment on June 30, 2021 and the Board is currently deliberating feedback received from stakeholders that responded and will decide next steps.

Exposure Draft – Consequential Amendments Arising from the Proposed Conceptual Framework

The PSAB issued this Exposure Draft at the same time as it released the above Exposure Draft on the conceptual framework. As a result of the issuance of the proposed conceptual framework the PSAB is proposing to amend the PSA Handbook to be consistent with the conceptual framework. The main consequential amendments will impact:

- The withdrawal of the existing conceptual framework and removing any references to the existing conceptual framework from the PSA Handbook.
- Amendments to various standards for references to the term's measurement uncertainty, service capacity, reliability, and materiality.
- Amendments to Section PS 3200, *Liabilities* and Section PS 3210, *Assets*.
- Amendments to Section PS 2100, *Disclosure of Accounting Policies* to consider emerging technology in the displaying of information in the notes.
- Amendments to Section PS 3400, *Revenue*, for refinements to the definition of revenue.
- Amendments to the Introduction to Public Sector Accounting Standards to recognize the new conceptual framework.

Many other minor amendments could be made to the PSA Handbook as a result of the proposed conceptual framework. The Exposure Draft closed for comment on June 30, 2021 and the Board is currently deliberating feedback received from stakeholders that responded and will decide on next steps.

Exposure Draft – Financial Statement Presentation Proposed Section PS 1202

The PSAB considered the relative merits of many reporting models and the inputs from stakeholders and is proposing the issuance of a new Section PS 1202 which will build upon Section PS 1201, *Financial Statement Presentation* to better respond to the need for

understandable financial statements. The proposed reporting model would consist of:

- A statement of financial position – Changes are being proposed to this statement to relocate the net debt indicator to its own statement (see below), and separate liabilities into financial and non-financial categories. The statement will be restructured to present total assets, then total liabilities to arrive at the net assets or net liabilities indicator and this will cause the addition of the net assets, or net liabilities component.
- A statement of net financial assets or net financial liabilities – This is a new statement that would display a revised calculation of net financial liabilities. A net financial asset position means there are financial assets to provide services in the future and to settle future financial liabilities. A net financial liability position means there is a need for additional financial assets to aid in settling past financial liabilities, it reflects the entities ability to finance activities, provide services or settler financial liabilities in the future.
- A statement of operations - There are no proposed changes to this statement form what is currently required under existing Section PS 1201.
- A statement of changes in net assets or net liabilities – This is a new statement and will show a reconciliation between the opening and closing balances of net assets or net liabilities. This statement will allow the entity to be transparent about which revenues and expenses are recognized in surplus or deficit and those that are recognized directly in a component of net assets or net liabilities.
- A statement of cash flow – The Board is proposing separating financing activities from other items on the cash flow. This will allow the statement to highlight net cash before financing activities to show whether all of an entities other activity combined resulted in the need to raise cash through financing activities.
- Accompanying notes and schedules.

The Exposure Draft is also proposing the addition of new budget requirements. These new budget requirements include presenting budget figures using the same basis of accounting and following the same accounting principles as actual figures, an acknowledgement on the face of the statements where budget information is not prepared or approved and allowing entities to present amended and approved budget figures.

The new standard would have an effective date of April 1, 2024. The Exposure Draft closed for comment on June 30, 2021. The Board will review the feedback received by the deadline and determine next steps.

Exposure Draft – Consequential Amendments Arising from Financial Statement Presentation, Proposed Section PS 1202

The Board also released an accompanying Exposure Draft to the above on New Section PS 1202 to highlight the consequential amendments that are being proposed to various sections to

ensure they are consistent with the proposed reporting model. The proposed consequential amendments would include:

- The withdrawal of Section PS 1201, *Financial Statement Presentation*.
- Amending various standards for references to the withdrawn Section PS 1201.
- Amending references to various items throughout the PSA Handbook, including references to net debt, changes in net debt, and the statement of remeasurement gains and losses.
- Introducing the terms financial instrument assets and financial instrument liabilities.
- Recognizing financial liabilities and non-financial liabilities and acknowledging the components of net assets and net liabilities; and
- The introduction of new effective dates and transitional provisions relating to these proposed changes.

The Exposure Draft closed for comment on June 30, 2021 and the Board is currently deliberating feedback received from stakeholders that responded and will decided on next steps.

Consultation Paper – Government Not-for-Profits

While developing its 2017-2021 Strategic Plan, the Board signalled its intent to assess the specific needs of government not-for-profit organization (GNFPO) stakeholders and to assess if there is a need for some public sector accounting standards to apply differently to this particular group. The Board issued a Consultation Paper in May 2019 seeking stakeholder feedback on:

- The future trends in the GFNPO sector and their impact on financial reporting;
- Any additional significant GNFPO financial reporting concerns not already captured in the Consultation Paper;
- Whether there should be uniform accounting and financial reporting between governments and GNFPOs;
- Whether it would be beneficial for all GFNPOs to use the same financial reporting standards; and
- Whether financial statement users would benefit from having all not-for-profit organizations (NFPO), including both public sector and private sector NFPOs, within each subsector present comparable financial information.

The Board reviewed the feedback received on this first Consultation Paper and in January 2021 the Board issued a second Consultation Paper on this strategy. The main points of the Consultation Paper include:

- The Board is proposing three options for the GNFP Strategy
 - Option 1: Status quo – continue with the existing set of standards allowing GNFPOs to apply PSAS with or without the PS 4200 series.
 - Option 2: Incorporate the PS 4200 Series into the PSAS handbook with potential customizations – review and amend the PS 4200 series where appropriate and include it

into the PSA Handbook. The existing PS 4200 series would be reviewed to determine if they should be retained and added to PSAS.

- Option 3: Apply another Source of GAAP – There are two approaches under this option, one is to direct all GFNPOs to follow CPA Canada Handbook – Accounting Part III, and the other is to direct specific identified GNFPOs to follow CPA Canada Handbook – Accounting Part III.
- The Board evaluated these options considering the users of the financials statements and their needs, the comparability and consistency of the financial information, the sustainability and the transitional considerations that would be required under each option.
- Based on these criteria the Board is recommending Option 2, where the PS 4200 series is incorporated into the PSA Handbook with potential customizations.

The consultation paper closed for comment on June 30, 2021 and the Board is currently deliberating feedback received from those stakeholders that responded and will decide next steps.

Public Sector Accounting Discussion Group

The Public Sector Accounting Discussion Group (PSADG) is a regular public forum at which issues arising on the application of the PSA Handbook can be discussed. The group meets two times a year and consists of members that include preparers, auditors, and users of government and government organization financial reports. The group's purpose is to assist the Board regarding issues arising on the application of the PSA Handbook and other areas of concern regarding public sector financial reporting, including emerging issues and issues on which the Board seeks advice. While the group does not issue any authoritative guidance or interpretations, as only the Board has the ability to do so, the group's meeting summaries provide meaningful insights on the application of the standards that can be used as a resource. These meeting summaries are available

on the FRAS Canada website or by clicking [here](#). During the group's November 2019 and July 2020 meetings, the following topics were discussed:

- **PSAB's proposed new reporting model: Two exposure draft proposals:** Discussion on the proposal to create two categories of liabilities, financial and non-financial, and whether the distinction between them is clear;
- **Roundtable on emerging issues:** Discussion on emerging issues in public sector financial reporting;
- **Government not-for-profit organizations (GNFPOs): Changing financial reporting frameworks:** Discussion on the private sector counterparts aspect of the definition of an GNFPO and the impact of controlled profit-oriented entities on the classification of a government organizations as a GNFPO;
- **Issues applying the Modified Retrospective Transition Method in Section PS 3280, Asset Retirement Obligations:** Discussion on applying the modified retrospective method of transitioning to Section PS 3280 to two scenarios; 1. A building constructed with asbestos when the legislation requiring its removal is enacted after the construction date and 2. A fully amortized asset that remains in productive use; and
- The group also considered certain aspects of the second Consultation Paper on government not-for-profit organizations, which was discussed earlier in this publication.

We would encourage public sector entities to keep up to date on topics discussed at these meetings.

Conclusion

As we head closer to the end of the year, now is the time to discuss with your BDO advisor how the impacts of COVID-19, the changes made to the PSA Handbook, and the proposed changes will affect your organization. Reach out to us today.

The information in this publication is current as of September 30, 2021.

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO Canada LLP to discuss these matters in the context of your particular circumstances. BDO Canada LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

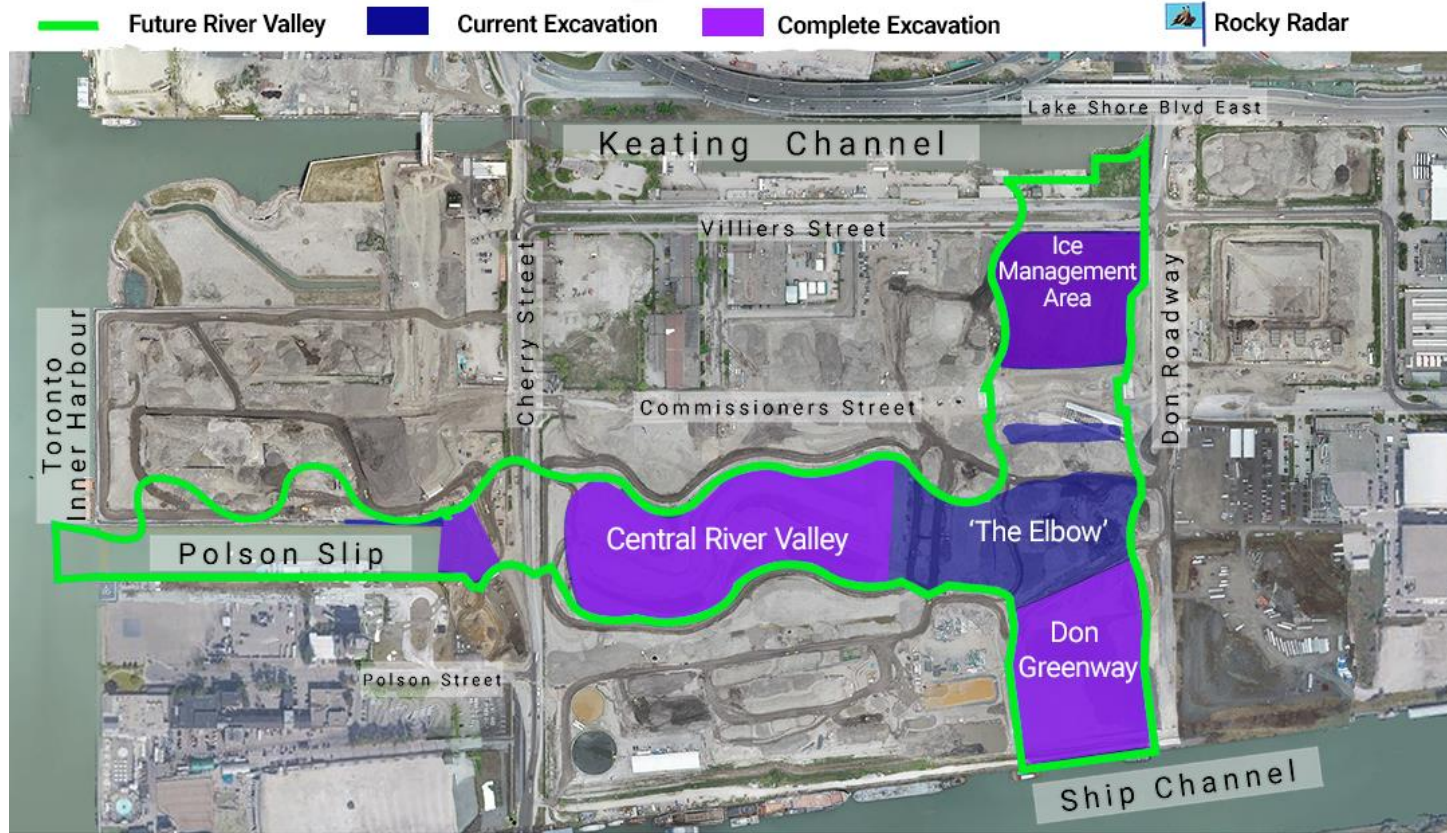
February 24, 2022

Port Lands Flood Protection Program Update

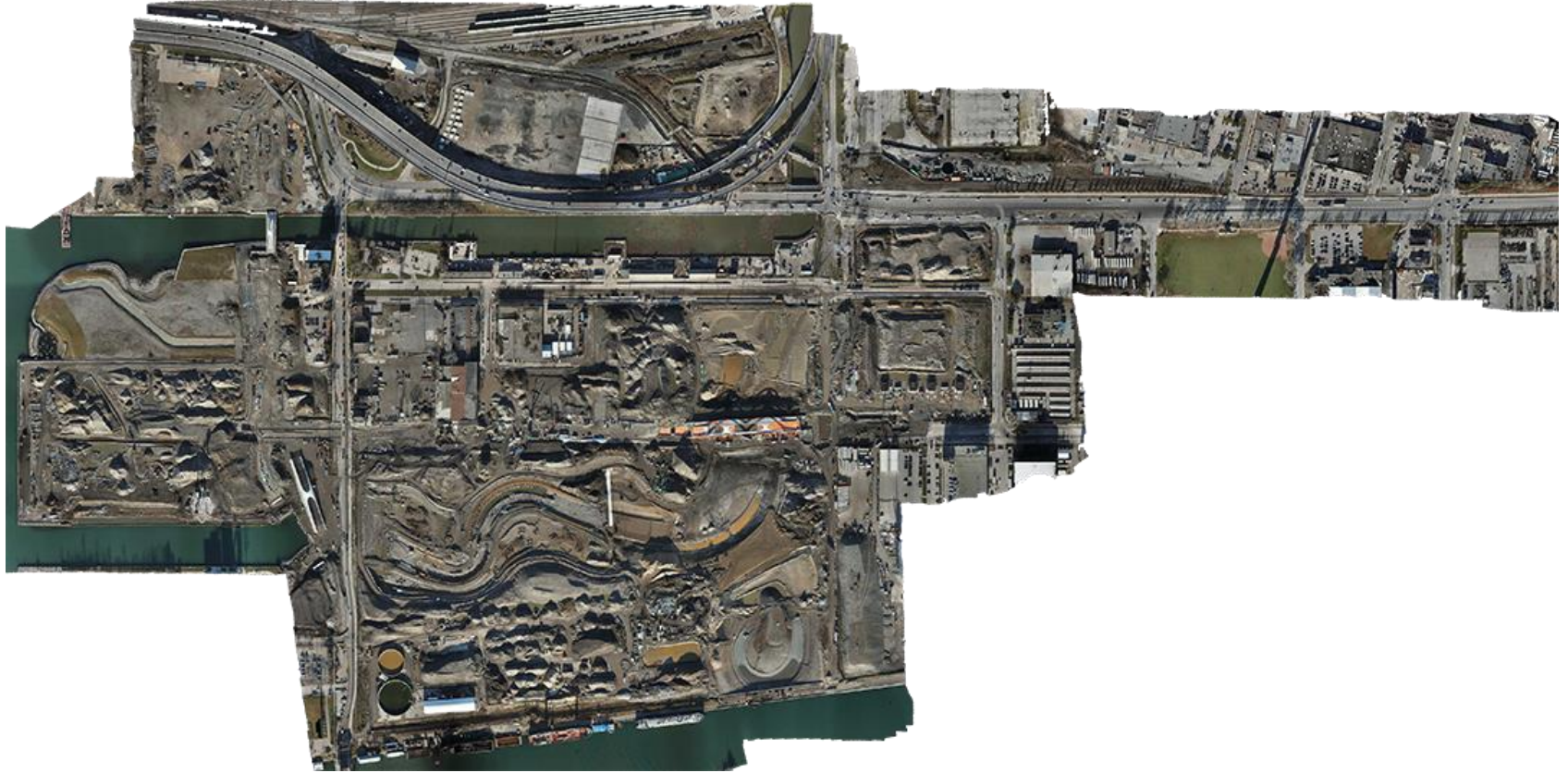
Presentation to the Finance, Audit and Risk Management Committee

Progress on Site

Port Lands Flood Protection: Construction Update



Port Lands Flood Protection: Construction Update



Port Lands Flood Protection: Bridges



Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: River Finishes in Polson Slip



Port Lands Flood Protection: Ice Testing the Cherry Street North Bridge



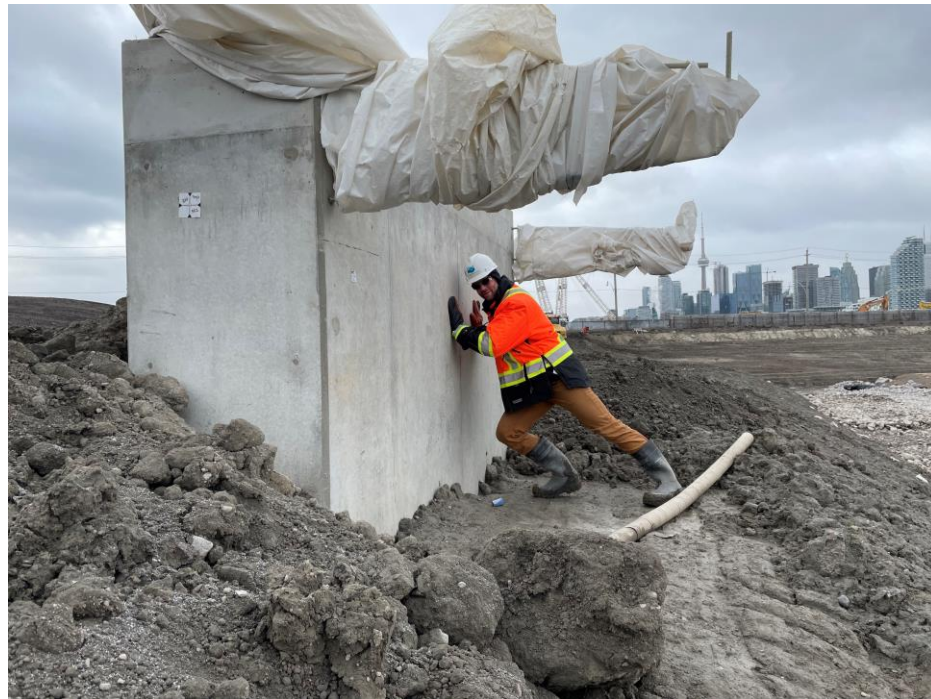
Port Lands Flood Protection: Central River Valley Finishes, Drowned Habitat Trees



Port Lands Flood Protection: Central River Valley Finishes



Port Lands Flood Protection: Central River Valley, Pedestrian Bridge Piers and Abutments



Port Lands Flood Protection: 'The Elbow' Excavation



Port Lands Flood Protection: Sediment and Debris Management Area - Cycling Bridge Removal



Lake Shore Boulevard East: Lake Shore Bridge Site Preparation

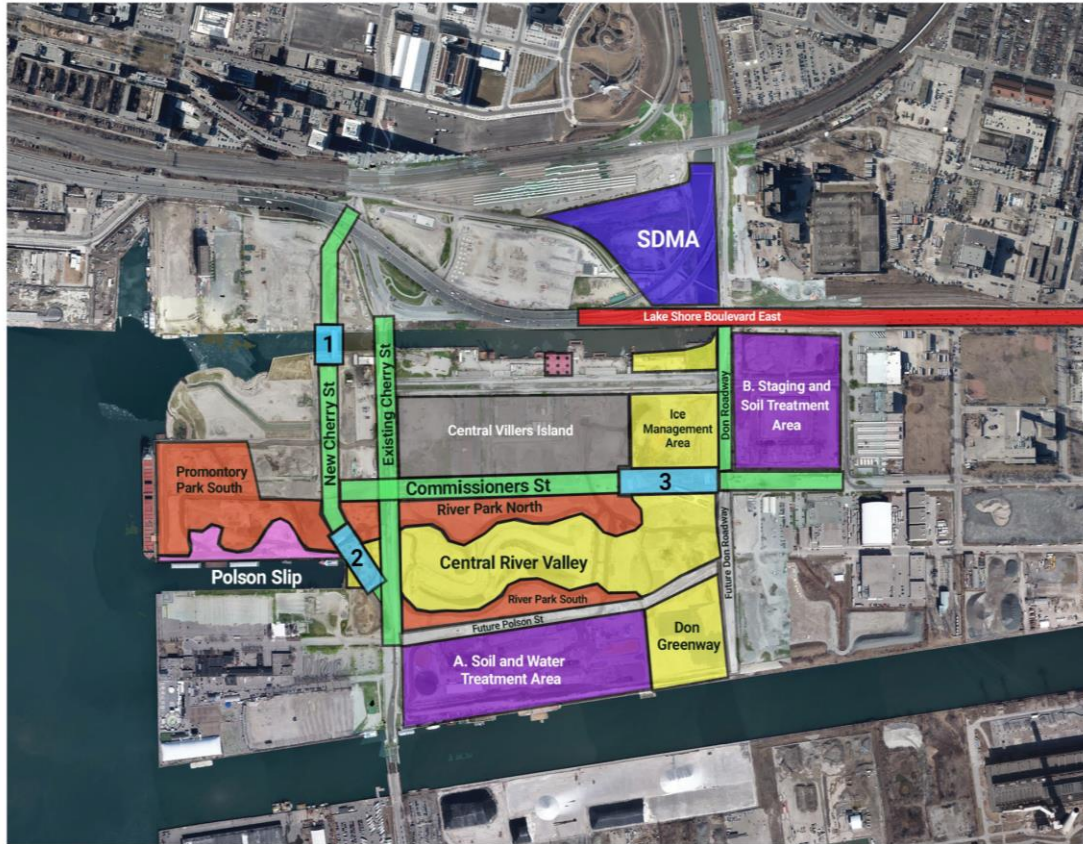


Lake Shore Boulevard East: Preparing the Median for Traffic



Port Lands Flood Protection: Winter 2021 Construction Schedule

January - March 2022



- Roads**
 - Existing Cherry & Commissioners St: removal of existing and install new utilities, dewatering, excavation, grading and temporary paving
 - New Cherry St & Lake Shore: lane shifts, install and connect utilities, street lighting, temporary traffic controls, and paving
 - New Cherry St: install utilities, surcharging
 - Commissioners St: install utilities, surcharging, ground improvements
 - Don Roadway & Future Don Roadway: ground improvements, flood protection landform,
- Bridges**
 - 1 Cherry St North Bridge: on-going fabrication of vehicular bridge (off-site)
 - 2 Cherry St South Bridge: superstructure and concrete deck installation
 - 3 Commissioners St Bridge: additional foundation work, install electrical utilities, excavate below bridge
- Parks**
 - Promontory Park South: excavation, structural fill placement
 - River Park North: surcharging, bike bridge foundation works
 - River Park South: surcharging, bike bridge foundation works
- River Valley**
 - Central River Valley: install pedestrian bridges, install river finishes, install wetland habitat features, install utilities, and dewatering
 - Ice Management Area: install river finishes, install wetland habitat features, and dewatering
 - North Ice Management Area: subcontractor mobilization
 - Don Greenway: excavation, dewatering, install fish gate, caisson wall removal, habitat boulder, seeding & mulch
- Polson Slip Naturalization**
 - Canoe Cove excavation, install river finishes
- Staging and Treatment Areas**
 - A: Soil and water treatment
 - B: Construction staging and soil treatment
- Sediment & Debris Management Area (SDMA)**
 - Lower Don Trail closure, excavation, dredging and dockwall works
- Central Villiers Island**
 - Soil stockpiling and construction staging
- Utility Connection**
 - Excavation, microtunnelling and utilities installation
- Lake Shore Boulevard East Project**
 - Temporary road reconstruction
 - Lane shifts
 - Bridge pre-construction and site preparation
 - Demolition of EB bridge and removal of Gardiner substructure, demolition of rail bridge

Work Accomplished This Period:

Q3 2021-2022– October 1 to December 31, 2021

Overall Program Update

General	<ul style="list-style-type: none"> • Completed semi-annual quantitative risk analysis • Completed semi-annual financial review • Presented Semi-Annual Cost Update report to: <ul style="list-style-type: none"> • ESC November 23 • FARM November 25 • Board of Directors December 9 • Continued with monthly review of Estimates at Completion (EAC), risk register and schedule 	
Construction Procurement:		
Awarded*:	79.0%	\$ 756.1 M
In Progress:	16.3%	\$ 155.7 M
Not Started:	4.7%	\$ 45.2 M

* Note: Includes Construction Procurements only

Work Planned Next Period: Q4 2021-2022– January 1 to March 31, 2022

Overall Program Update

General	<ul style="list-style-type: none"> • Present Semi-Annual Cost Update report (Q2) to: <ul style="list-style-type: none"> • Capital Peer Review Panel January 13, 2022 • INFC Oversight Committee January 20, 2022 • Complete monthly review of estimate at completion (EAC), risk register and schedule • Begin preparation of Semi-Annual Cost Update report for year end March 31, 2022 (Q4)
----------------	---

Construction Procurement:

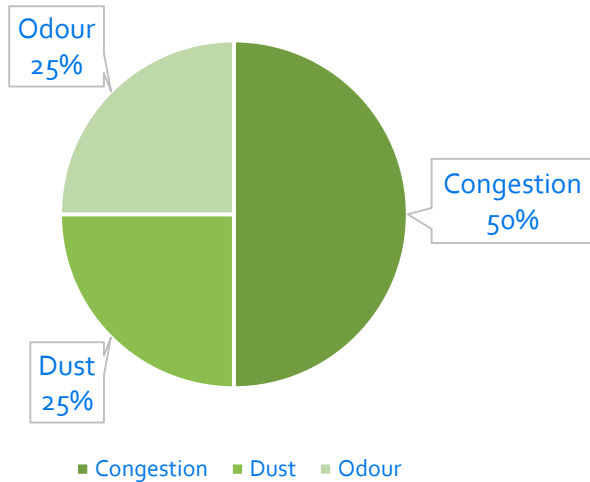
Awarded:	85.7%	\$ 820.6 M
In Progress:	9.7 %	\$ 92.6 M
Not Started:	4.6 %	\$ 43.8 M

* Note: Includes Construction Procurements only

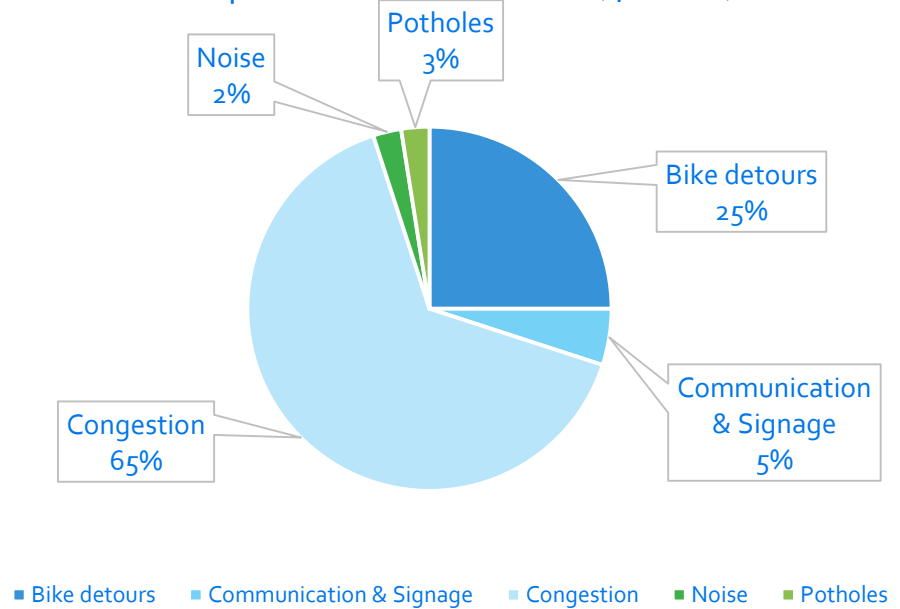
Complaints Tracking – PLFP

Report Period: October to December 2021

Complaints Related to PLFP (4 Total)



Complaints Related to LSBE (40 total)



Engagement with Indigenous Communities

Updates October to December 2021:

- Continued strategic discussions with Mississaugas of the Credit First Nation (MCFN) on priorities for the Indigenous Design for PLFP Public Realm.
- Finalizing drafting of RFP for Indigenous Art in PLFP Public Realm in collaboration with MinoKamik and MCFN.
- Continued administration of MCFN Field Liaison Representatives to participate in archaeological monitoring
- Submitted Stage 2 Archaeological monitoring reports for work along Lake Shore at Cherry, including MCFN sign-off
- Received MCFN comments on WT Blog in October

Communications and Public Engagement



Image: Cherry South Bridge arrival event



Image: CONTACT Photography Festival 2021



Image: Ongoing road work in the Port Lands

WINTER 2022

- Partner event(s) to mark Cherry South Bridge arrival
- 2021 in review video

SPRING 2022

- Promo tied to completion of river valley excavation
- On-site ceremony tied to soil placement in river (pending lifting of COVID restrictions)
- CONTACT Photography Festival 2022

SUMMER 2022

- Promo tied to Cherry Street South Bridge opening
- Public planting event in River Park North (pending lifting of COVID restrictions)

Thank you.

info@waterfrontoronto.ca

Waterfront Toronto
20 Bay Street, Suite 1310
Toronto, ON M5J 2N8
www.waterfrontoronto.ca

Join Waterfront Toronto on social media





Finance Audit and Risk Management Committee February 24, 2022
Item 6 b– Report of the Independent Capital Project Monitoring
BTY Consulting Group Inc.

<p>Purpose</p>	<p>For information: to support Committee oversight of the Port Lands Flood Protection (PLFP) Capital Project on technical matters related to the budget, scope and schedule.</p>
<p>Areas of note/ Key issues</p>	<p>The Independent Capital Project Monitoring & Assurance Services Consultants' Quarterly Report #14 (Q3 2021/22), key findings:</p> <ul style="list-style-type: none"> • Budget: <ul style="list-style-type: none"> ○ The Approved Budget is \$1,185,000,000. ○ The 'Estimate at Completion' (including current commitments) is \$1,185,000,000. • Schedule: <ul style="list-style-type: none"> ○ The December 2021 schedule update was not issued by EllisDon as they are now in the process of developing a new baseline schedule. It is expected that this revised baseline schedule will be issued towards the end of February 2022. BTY will conduct a detailed review of it at that time. ○ During the current reporting period, BTY received copies of the schedules submitted by EllisDon for the periods ending October and November 2021, however, these schedules were not analyzed since they are out of date and pending of being re-baselined. ○ The previous schedule analyzed (September 2021) indicates that the PLFP Project works are forecast to be complete by December 28, 2023 and in accordance with the agreed Substantial Completion Date ("SC") of March 31, 2024, however an update on this dates will be provided after receiving the updated baseline. ○ The previous Schedule (Rev.2.7) included Lake Shore Blvd (LSB) modifications works, which are forecast to be completed in December 2024. The LSB modifications are not part of the PLFP scope. ○ BTY note that comments on the critical path and Substantial Completion date will be provided once the revised baseline is issued. Based on the information received by the WT CPMO we understand that there are potential delays to the Substantial Completion date due to utilities relocation. We will monitor and comment in our next report. • Scope: No changes, no Project Charter revisions were executed. • Risk: <ul style="list-style-type: none"> ○ Risk rating remains 'amber' based on utilities relocation and its potential impact to the PLFP Project schedule and/or budget due to potential schedule mitigation. ○ Enbridge: The 20" gas main utility relocation work continues to be negotiated with Enbridge, there is a verbal agreement pending execution. ○ Funding of THESL enhancements currently under negotiation with Toronto Hydro. ○ COVID-19, escalation and market response impacts are being monitored by WT CPMO. ○ The PLFP Risk Management process implemented by WT is in line with industry best practices.

	<ul style="list-style-type: none"> The general technical aspects presently known have been assessed against experience of large-scale, complex infrastructure projects, the processes are found to be robust and in accordance with industry best practices.
Resolution or Next Steps	BTY will provide our Independent Capital Project Monitor and Assurance Services Report #15 at the May 2022 FARM Committee meeting.



**INDEPENDENT CAPITAL PROJECT MONITORING & ASSURANCE
SERVICES CONSULTANT**

WT Port Lands Flood Protection Project

REPORT 14.0 (FOR PERIOD ENDING DECEMBER 31, 2021)

FEBRUARY 17, 2022

PREPARED FOR:

Waterfront Toronto (FARM) Committee

127 John Street, Toronto, ON MSV 2E2

T: 416 596 9339

BTY.COM

*People to count on.
Knowledge to build with.*



Contents

1.0	Independent CPMAS Consultants' Project Dashboard	3
2.0	Introduction & Methodology	10
3.0	Budget / Cost Management	15
4.0	Schedule Management	24
5.0	Scope Management	27
6.0	Risk Management	30
	Photo Report	

Prepared By	Reviewed By	Date
Paul Margerrison Luis Castillo	Marie Foley	February 17, 2022



1.0 Independent CPMAS Consultants' Project Dashboard

1.1 Dashboard

Site Visit	Details	Comments
Date of Visit	January 28, 2022	Our next inspection will be on or after March 30, 2022.
WT PLFP Project	Details	Independent CPMAS Consultant Comments & Risk
Objective		Our Quarterly Report No.14 provides an assurance review for Q3 2021/22 (period October 1, 2021 to December 31, 2021), based on our discussions with the FARM Committee, as follows: Budget, Schedule, Risk Management, and Scope.
Project Artefacts		Please refer to Section 2.6 in Appendix 1 of this Report for the list of Project Artefacts received by BTY this period.
Risk Coding		BTY observations of the Project Artefacts are colour coded to reflect our opinion on any associated risk, as follows: Green - None, Amber - Medium, Red - High
Budget	Approved Budget	Approved Budget: WT Capital Program Management Office ("WT CPMO") report the Approved Budget at \$1.185Bn. Based on the cost incurred, the Estimate at Completion ("EAC") and contingency, the overall project budget remains the same. Our expectation based on WT CPMO comments is that the Approved Budget will remain unchanged throughout the project. The 90% Stage Gate was approved by the Executive Steering Committee on October 19, 2020 in the amount of \$1.185Bn.
	90% Stage Gate	<p>i. WT CPMO confirmed that the 90% Cost Estimate milestone had been completed, specifically:</p> <ul style="list-style-type: none"> - 8 of 9 of the Flood Protection sub-projects have been completed in accordance with the previously reviewed cost management process (refer to our CPMAS Report #9, section 3.2); - 1 of 9 of the Flood Protection sub-projects (the SDMA package) and the 3 x Parks/Public Realm sub-project works were estimated based on 90% design data using a deviated cost management process. <p>ii. BTY received the resultant detailed cost estimates and reconciliation reporting for the SDMA and 3 x Parks/Public Realm sub-projects.</p> <p>iii. We understand that the cost management process has partially deviated from the four-stage cost management process used at each prior stage gate: (1) Cost Consultant prepares cost estimate based on design documentation; (2) The Managing Cost Consultant is responsible to reconcile all cost estimates and omit any errors, omissions and duplication (3) CM (EllisDon) prepare a shadow cost estimate, (4) WT CPMO and the CM, finalise the EAC based on the Report of the Managing Cost Consultant, commitments, market conditions and risk. The revised cost management process omits the first stage, use of a Cost Consultant, because of poor performance and poor cost reliability.</p> <p>iv. The cost estimate reconciliation report and the supporting detailed cost estimates and design documentation for the 90% Cost Estimate of the Flood Protection and Parks/Public Realm works was completed and provided by WT CPMO. It is our understanding that the current EAC now includes these estimates, however we noted some discrepancies between the estimates and the current EAC. Refer to section 3.3.1 of this report for further details.</p>
	Cost Optimisation	No cost optimisation was identified by WT CPMO in the finalised 90% Cost Estimates in the current reporting period.
	Contingency	<p>i. The remaining Contingency is equal to 3.2% of the total EAC and 7.3% of the estimated cost-to-complete ("CTC") calculated by the EAC less 'Costs Incurred to Date'. In our opinion, this is within a reasonable range in normal circumstances.</p> <p>The Contingency has been reduced by \$1.3M and indicated to be \$41.8M in the current reporting period. Based on our review of the Project Artefacts, adjustments have been made in different projects to offset increases resulting from current commitments and revisions to the EAC forecast.</p>



WT PLFP Project	Details	Independent CPMAS Consultant Comments & Risk
		<p>ii. The Project Artefacts continue to indicate two (2) sub-projects have \$0 or almost no Contingency (PFP.03.06 #18 and PFP.05.08 # 12) though the works are incomplete (86% and 76% paid as shown in the project artifacts). This is not in accordance with best practice; however, we note that the remaining Contingency of \$1.8 is uncommitted, and if considered in its entirety, should be sufficient to deal with PLFP Project overages.</p>
Budget	Total Commitments incl. Procurement & Change Orders	<p>i. The 'Costs Incurred to Date' indicates that 52% of the work complete is paid.</p> <p>ii. The 'Total Commitments' have increased \$97.5M this quarter to \$960.52M or 81% of the EAC, which is an increase of 8.2% over the previous quarter end. Specifically, Roads & Services sub-projects average 93% committed, Bridges & Structures are 78% committed, Flood Protection sub-projects committed to 84% of and the Parks/Public Realm committed to 45.3% based on the current EAC.</p> <p>iii. The Procurement List (December 2021) is generally consistent across the Artefacts, with WT CPMO reporting of 'Commitments' showing it is within a range of +/- 1.7%.</p> <p>iii. Change Orders: As of the end of the last quarter four hundred fourteen (414) CO's had been issued totalling \$45.9M. This is approximately +/-6.3% of the Hard Costs Commitments. Refer to section 3.5.3 for more details.</p>
	Risk	<p>iv. Budget Risk Impact: Of the twenty-two (22) sub-projects, six (6) are identified by WT CPMO to have a medium impact to budget, three (3) are identified to have a high impact, and the remaining twelve (12) sub-projects are low risk. This represents no change compared to the previous quarter. Refer to the 'Risks' section.</p>
		<p>Utility Cost-Sharing: THESL: As reported last period the EAC includes an estimated Toronto Hydro (THESL) utility relocation cost; however, the funding of the construction of enhancements are currently under negotiation. WT CPMO mentioned on February 9, 2022, that these negotiations are going well, and they expect THESL to cover around \$10M of these costs. We will monitor and comment on this situation in the Q4-2021/22 reporting period. Enbridge: The 20" gas main utility relocation work continues to be negotiated with Enbridge, a verbal agreement pending execution is that WT will fund \$5M. WT has informed that the EAC currently carries this full amount. We will monitor and comment on this situation in the Q4-2021/22 reporting period.</p>
		<p>Heated Market: WT CPMO has indicated that more than 90% of the project has been procured at this stage and therefore the risk associated to the heated market has been addressed and accommodated in the current EAC.</p>
		<p>Escalation: WT CPMO indicated that escalation allowances are embedded within the current EAC; WT CPMO has informed tenders have returned and been committed within reasonable margin and close to the EAC. Any extraordinary overages will need to be off-set or mitigated by contingency if the carried escalation allowance is insufficient.</p>
		<p>COVID-19: Claims realised to-date are included in the EAC; whilst the pandemic is on-going the restrictions and protocols remain in place that have the potential to impact project costs and productivity. WT CPMO have not advised of any substantial claims within the current reporting period.</p>
Schedule		<p>The 'PLFP Dashboard' includes unchanging budget information under the 'Program Budget Allocation' pie charts. The data is of the 30% Approved Budget and static rather than reporting no changes to the tracked information, with the exception of the Contingency pie-chart. This does not provide the reader any new information related to the outlook of the EAC.</p>
	Risk	<p>The Project Artefacts currently indicate a 'medium risk' for Schedule. Based upon our findings, we are unable to confirm WT CPMO's opinion. There was no update to the Project Schedule for the month of December 2021. We have been informed by WT CPMO that they are currently working with EllisDon on developing a new baseline. Once the new baseline is provided, we will be able to provide comments on the schedule. We understand that delays related to utility relocations are currently being analyzed by WT CPMO and EllisDon and will be included in the revised baseline. It is evident that further delay has occurred during the reporting period and the previous quarter. These delays may impact the overall critical path, causing delay to the project. We clarify that we have not quantified the impact of any potential delays to the critical path.</p>



WT PLFP Project	Details	Independent CPMAS Consultant Comments & Risk
Schedule Scope	Substantial Completion	WT CPMO reported that due to delays related to utility relocations, the schedule is forecasting a potential delay to the Substantial Completion Date. We will comment on this once the revised baseline is issued.
	Critical Path	A complete analysis of the revised critical path will be produced once a revised baseline is provided.
	COVID-19	The PLFP Project remains open and operational; and WT and EllisDon are following all necessary health and safety regulations and guidelines. No delay claims are identified by WT CPMO in the current reporting period.
	Project Charters	WT CPMO have confirmed that there were no revisions issued to the Project Charters during quarter ending December 31, 2021.
Risk	Overall Risk Status	The Project Dashboard indicates an 'amber' risk level, which means a medium likelihood of risks occurring that may impact the schedule/budget. The main reasons for an overall amber risks rating are (1) utility relocations and (2) possibility of moving the Substantial Completion Date. WT CPMO indicated that negotiations between WT and the utility companies are on-going. This will continue to be monitored.
	Reporting on Risk	The risk management process is robust, and risks are identified, quantified and reported within the Project Artefacts. A 6-month update on the impact to the budget and / or schedule is anticipated in Q4-2021/22 and will be reviewed in our next report.
	Current Risks	The risk management process is robust, and risks are identified, quantified and reported within the Project Artefacts. A 6-month update on the impact to the budget and / or schedule is anticipated in Q4-2021/22 and will be reviewed in our next report.
<ul style="list-style-type: none"> • Exclusions: BTY has not undertaken a review of the Project Artefacts for Project ID PFP08-01 Lake Shore Boulevard East Bridge & Public Realm ("LSBE Modifications"). Whilst this is reference and/or included in some of the PLFP Project Artefacts, these works are outside of the scope of the PLFP Project. BTY will continue to monitor these works in terms of any impact to the Port Lands Flood Protection Project only. • Best Practice Review: The general technical aspects presently known have been assessed against experience of large-scale, complex infrastructure projects. The processes are found to be robust and in accordance with standard industry practices. • Schedule Re-Baseline: We understand that a new baseline schedule is currently being developed, we will comment on it as soon as received in Q4 2021/22. 		
<p>Next Steps for the Independent CPMAS Consultant</p> <ul style="list-style-type: none"> • Our next report will monitor and evaluate the technical aspects of the PLFP Project based on the Project Artefacts for the period Q4 2021/22: January 1, 2022 – March 30, 2022. This will specifically include: <ul style="list-style-type: none"> ○ EAC and Uncommitted Costs (cost-to-complete). ○ Procurement v Committed Costs. ○ Schedule. 		

1.2 PLFP Project Summary: QTR-on-QTR Comparison of Budget-Schedule-Risk

The following table indicates WT CPMO’s assessment/comment of the risk status for budget-schedule-risk management based upon the likelihood of impact to the overall project budget / schedule against the original baseline schedule, as follows:



Project	ID	WT CPMO Status Summary (Sep. 2021)			WT CPMO Status Summary (Dec. 2021)			BTY Comment
		Budget	Schedule	Risks	Budget	Schedule	Risks	
PFP03-01 Commissioners Str W to New Cherry St.	15A	Yellow	Yellow	Green	Yellow	Yellow	Green	
PFP03-02 Commissioners Str E to Saulter St.	15C	Yellow	Green	Green	Yellow	Green	Green	
PFP03-03 Cherry Street Re-Alignment	14A	Green	Yellow	Green	Green	Yellow	Green	
PFP03-05 Don Roadway North	7A	Green	Green	Green	Green	Green	Green	
PFP03-06 Hydro One Integration	18	Green	Green	Green	Green	Green	Green	
PFP03-07 Site Wide Municipal Infrastructure	5	Red	Green	Yellow	Red	Green	Yellow	Lack of cost recovery from various utilities, as well as unforeseen conditions.
PFP04-01 Cherry Street North Bridge	14B	Green	Green	Green	Green	Yellow	Green	Paint supply chain issue may delay the fabrication completion date of the bridge. Please note there is a discrepancy for the schedule status in the dashboard and the status report.
PFP04-02 Cherry Street South Bridge	14C	Yellow	Green	Green	Yellow	Green	Green	Dampers to be installed if vibrations exceed limits. Winter work premiums may exceed budget.
PFP04-03 Commissioner Street Bridge	15B	Yellow	Yellow	Green	Yellow	Green	Green	Dampers to be installed if vibrations exceed limits.
PFP04-04 Lakeshore Road & Rail Bridge Mods.	13	Green	Yellow	Yellow	Green	Yellow	Yellow	4-month delay in project completion being tracked.
PFP04-05 Old Cherry St Bridge Demo	14D	Green	Green	Green	Green	Green	Green	
PFP05-03 River Valley System	3	Green	Green	Green	Green	Yellow	Green	4-months behind schedule, slowed due to winter conditions.
PFP05-04 Don Greenway & Spillway	4	Green	Green	Green	Green	Yellow	Green	
PFP05-05 Keating Channel Modifications	16	Green	Green	Green	Green	Yellow	Green	Risk associated to schedule coordination with the Keating Channel for Dredging.
PFP05-06 Polson Slip Naturalisation	2	Green	Green	Green	Green	Red	Green	Project is forecasted to be nine months behind schedule due to seasonal work.
PFP05-07 Don Roadway Valley Wall Feature	8	Green	Green	Green	Green	Green	Green	
PFP05-08 Eastern Avenue Flood Protection	12	Green	Green	Green	Green	Green	Green	Project Artefacts inconsistent. EAC indicates a different EAC and Contingency value than the one shown on the dashboard
PFP05-10 Flow Control Weirs	11	Green	Green	Green	Green	Yellow	Green	Project is 4-months behind schedule.
PFP05-11 Sediment & Debris Management Area	10	Red	Yellow	Yellow	Red	Yellow	Yellow	Capital Costs for Custom Equipment, construction issues with Gardiner emergency repairs, dock wall and Hydro One Constructability.
PFP05-12 Villiers Island Grading	19	Green	Green	Green	Green	Yellow	Green	Project is 2-months behind schedule.
PFP06-01 River Valley Park North	20	Red	Green	Green	Red	Green	Green	
PFP06-02 River Valley Park South	21	Yellow	Green	Green	Yellow	Green	Green	
PFP06-03 Promontory Park South	17B	Yellow	Green	Green	Yellow	Green	Green	Contingency distributed to better align with construction costs.
WT CPMO Overall Project		Green	Green	Yellow	Green	Yellow	Yellow	
BTY Summary (based on WT CPMO 'Risk Criteria')		Green	Yellow	Yellow	Green	Yellow	Yellow	12 projects currently being tracked behind schedule. Potential impact to the Substantial Completion Date.
Budget		Schedule			Risk Management			
+10% over Approved Budget		Over 6-months behind			High likelihood &/or impact to budget /schedule			
Up to 10% over Approved Budget		Up to 6-months behind			Medium likelihood &/or impact to budget / schedule			
Within Approved Budget		On Schedule			Low likelihood &/or resolution without impact to budget/schedule			



1.2.1 INDEPENDENT CPMAS CONSULTANT OPINION ON THE QUARTERLY STATUS

Based on the Project Artefacts received in Q3 2021/22, we opine:

1. Budget: A 'low risk' status for the overall Budget, specifically that it is likely to be within the Approved Budget of \$1.185Bn based on the current project artefacts including the status of, and bi-annual update of the EAC for committed costs and risk.
The cost management process for the 90% Cost Estimates for the Flood Protection and Parks/Public Realm works is inconsistent with the planned cost management process, which we previously confirmed was a best practice process. We note that Commitments for this scope of works is at 84% and 45%, respectively.
2. Schedule: The schedule risk is 'medium risk' in the current reporting period which is consistent to the PLFP Project 'Dashboard' for December 2021. Our opinion is based on our observation that activities within the critical path sequences have suffered delay / further delay in the period, some by a significant number of weeks. It is also evident that the critical path sequences have changed from those established in the baseline schedule BL2.7. Should this negative trend in critical activities be allowed to continue, it will result in delay to the overall PLFP Project. Our risk rating reflects our concerns about the reliability of the reporting received, and not a forecast of any actual impact to the Substantial Completion milestone, if any. We understand that a revised baseline is currently being developed, we will comment on it upon received. Refer to Appendix 3.0.
3. Risk: WT has assigned a 'medium risk' for elevated risk due to utility relocation issue, micro-tunnelling, COVID-19 related matters included extraordinary escalation and supply chain. These risks are actively tracked by WT CPMO in terms of budget and schedule risk. We understand allowances are carried in the EAC, and/or may be absorbed by the available unused contingency, which is at normal levels. Any extraordinary budget event may exceed these provisions.



WATERFRONToronto

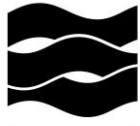
Finance, Audit and Risk Management Committee – February 24, 2022
Item 7 - Delegations of Authority
Lisa Taylor / Ian Ness

Purpose	For Committee Approval To review and recommend approval of the updated Delegations of Authority by Board of Directors.
Areas of note/ Key issues	<ul style="list-style-type: none">• The Delegations of Authority (DOA) provides the positions indicated with authority to authorise, execute contracts, documents and instruments on behalf of Waterfront Toronto, and covers additional authorities to those set out in the Corporation’s By-Law No. 1.• By-law No. 1 provides that unless otherwise provided for contracts, documents and instruments will be signed by any two C-level positions.• Any amendments to the DOA requires approval from the Board of Directors.• The last update to the DOA was completed in fall 2019.• The attached Delegations of Authority has been updated primarily to:<ul style="list-style-type: none">○ More clearly articulate the delegation process in the absence of the CEO or C-level executive○ Align the DOA with recently updated Board Committee mandates, and○ Provide for any other relevant updates as appropriate.• The table on the next two pages highlights the key changes.
Resolution/ Next Steps	Be it resolved that: The FARM Committee recommends approval of the updated Delegations of Authority by the Board of Directors.

Summary of Major Changes Proposed to Delegations of Authority:

Page	Previous DOA (Oct 2019)	Revised DOA (Mar 2022)	Rationale
1	In the event of temporary absence (i.e. vacation or leave), authority to act may be assigned by the person to another person at the same level in the department or function if made in writing with a copy to the CFO or the CEO, and the Director, Financial Management.	In the event of temporary absence (i.e. vacation or leave), a vacancy in position or an inability to act, authority to act may be exercised by a person at the same level provided that notice, prior to any such exercise, is given to the CFO or the CEO, and the Director, Financial Management. In the case of a temporary absence by the CEO, authority may be delegated by the CEO to a C-level and in the case of a vacancy in the position of the CEO, or an inability to act, the authority of the CEO may be exercised by any one C-level, or another individual designated by the Board.	To provide greater clarity regarding the delegation process in the absence of the CEO or C-level executive.
5		Board approval required for the following: <ul style="list-style-type: none"> • Agreements of Purchase & Sale > \$2M • Development Agreements > \$5M • Material MOUs (i.e. MOUs which are legally binding and create or limit strategic initiatives of the Corporation) • Lease agreements > \$2M 	To align with recently updated Board Committee mandates and current practice.
5		Gift and/or Donation Agreements <ul style="list-style-type: none"> • If > \$1M executed by CEO and one C-Level • If <=\$1M executed by any two C-levels 	To add new type of contract WT expects to be executing under our Philanthropy initiatives
6		Sponsorship Agreements <ul style="list-style-type: none"> • If =>\$25,000 executed by CEO and one C-level • If <\$25,000 any one C-level to execute 	To clarify signing authorities for sponsorship agreements which fall outside procurement processes.
6		Grant Applications <ul style="list-style-type: none"> • If > \$1M executed by CEO and one C-Level • If <=\$1M executed by any two C-levels 	To articulate approval authorities.
7		Capital Reserve Target – Board approval required	To align with Rolling Five Year Strategic Plan Board resolution.
7	Capital project development costs (i.e. costs incurred to achieve 30% design plan and budgets)	Capital project development costs (i.e. costs incurred to achieve 60% design plan and budgets)	To update the definition of capital project development costs from 30% to 60% design to align with current practices.

Page	Previous DOA (Oct 2019)	Revised DOA (Mar 2022)	Rationale
8	Use of Capital Reserve Funds: <ul style="list-style-type: none"> • =>\$2M Board approval required 	Use of Capital Reserve Funds: <ul style="list-style-type: none"> • =>\$5M Board approval required • <\$5M Both CEO and CFO approval required 	To increase Board limit to \$5M consistent with other areas of DOA and articulate approvals for <\$5M
10		Board Approval of Credit Facility with Lender	To align with current practice.
10		Drawdown of Board-approved credit facility <ul style="list-style-type: none"> • >\$1M Both CEO and CFO • <\$1M CFO 	To articulate approval authorities.
10	All asset dispositions >\$2M require government approval (contained as a footnote to current DOA).	Waterfront Toronto is obligated to provide prior notice to the Intergovernmental Steering Committee (IGSC) regarding any Board meeting where an acquisition or disposal of real property will be considered as well as inform the IGSC in writing within 30 days of any other capital asset acquisition or disposal > \$2,000,000 unless otherwise provided in a Contribution Agreement. Refer to Tri-government MOU dated July 31, 2020.	To align with requirements of 2020 Tri-Government MOU.



DELEGATIONS OF AUTHORITY

INTRODUCTION

The Delegations of Authority provide the positions indicated with authority to execute contracts, documents and instruments on behalf of the Toronto Waterfront Revitalization Corporation (the Corporation) and provide additional authorities to those set out in its By-Law No. 1.

These Delegations of Authority seek to further define and delegate financial authority to enable efficient and effective management of the affairs of the Corporation while at the same time ensuring that Board approval is required on more significant or unusual decisions. All transactions are undertaken within the context of the budgets and strategic plans approved by the Board.

Delegating financial authority based on operational requirements and responsibilities is intended to facilitate the decision-making process within the organization. Limiting financial authority to varying levels of senior management, management and employees seeks to minimize risks and maximize efficiencies in the conduct of the Corporation's business.

Delegating financial authority is one of many controls required within the Corporation to direct, control and monitor actions taken by those employed by the Corporation.

APPLICATION & ACCOUNTABILITY

These Delegations of Authority apply to operations within the Corporation. All personnel shall follow these Delegations of Authority. Individuals who authorize transactions on behalf of the Corporation must ensure that they understand these Delegations of Authority including their authorization limits and restrictions.

Revisions to the authority of the C-Level positions must be approved by the Board of Directors of the Corporation. The establishment and review of further delegations of authority to non C-level positions are the joint responsibility of the Corporation's C-level positions.

In the event of temporary absence (i.e. vacation or leave), a vacancy in position or an inability to act, authority to act may be assigned-exercised by the-a person at the same level provided that notice, prior to any such exercise, is given to to another person at the same level in the department or function if made in writing with a copy to the CFO or the CEO, and the Director, Financial Management. In the case of a temporary absence by the CEO, authority may be delegated by the CEO to a C-level and in the case of a vacancy in the position of the CEO, or an inability to act, the authority of the CEO may be exercised by any one C-level, or another individual designated by the Board.

No other amendments to these Delegations of Authority may be made without further resolution of the Board of Directors. These Delegations of Authority will be reviewed periodically by the Board of Directors.

The CFO of the Corporation shall maintain these Delegations of Authority and provide duplicate copies of the Delegations of Authority and any revisions or amendments to the Corporate Secretary. Any questions regarding, or requests for, amendments to these Delegations of Authority should be directed to the Director, Financial Management with a copy to the Corporate

Effective: ~~October 10, 2019~~ March 24, 2022

Page 1 of 12

Secretary.

Personnel shall adhere to the most current version of these Delegations of Authorities which shall reside in SharePoint and in the records of the Corporate Secretary.

AUTHORIZATION LEVELS

The appendices to these Delegations of Authority establish the specific authorization limits for financial transactions to senior management, management and employees. All transactions must be undertaken within the context of the budgets, projects, corporate plan and strategic plan approved by the Board, and other corporate policies.

Appendices ~~cesx~~ I and II of these Delegations of Authority shall establish specific authorization limits.

Appendix I of these Delegations of Authority shall reflect the most current Procurement Signing Threshold Policy.

Appendix II of these Delegations of Authority establish the positions assigned to each authority level defined in Appendix I.

FORMAT OF APPENDICES I and II

- Matrix format is used to define authority for defined financial transactions.
 - Left column defines the type of financial transactions and references any applicable notes that place restrictions on the authority.
 - Top row (header text) defines the authority 'levels'.
 - Data within the grid notes the maximum dollar value authorized for that transaction, and that level.
- Notes provide restrictions on the authorization and must be considered when using the matrix.

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors (authorized by resolution)	President & CEO	C-Level, SVP (1)	SVP and VPs (2), Directors (3)	Managers (4)	
PROCUREMENT AUTHORIZATION TO QUOTE:						
Funded Projects				X Director, Procurement or Director, Project	X Dept. P.M.	
Unfunded Projects		X	X Any one of C-Level or SVP	X Director, Procurement or Director, Project	X Dept. P.M.	
PROCUREMENT COMMITMENT AUTHORIZATIONS – COMPETITIVE CONSULTING SERVICES						
\$9,999 or less (3 quotes from PM)				X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
\$10,000 - \$99,999 (Vendor of Record/ 3 quotes – procurement managed)			X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
\$100,000 - \$999,999 (Vendor of Record/ Open Merx)			X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
\$1,000,000 or more		X	X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
Change Orders will follow authorities above based on the accumulated value of all changes, including the original contract.						
PROCUREMENT COMMITMENT AUTHORIZATIONS – NON- COMPETITIVE CONSULTING SERVICES – PERMITTED BY DEFINED EXCEPTION ONLY						
\$0 - \$999,999		X	X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
\$1,000,000 or more	X	X	X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.
All Change Orders	X If total contract >\$1M	X	X Any one of C-level or SVP	X Any one of VP or Director	X Director, Procurement	X Dept. P.M.

As per Procurement Signing Threshold Policy dated ~~October 12, 2018~~ [October 29, 2021](#).

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors (authorized by resolution)	President & CEO	C-Level, SVPs (1)	SVPs , VPs (2) Directors (3)	Managers (4)	
PROCUREMENT COMMITMENT AUTHORIZATIONS – COMPETITIVE GOODS & SERVICES, INCLUDING PROFESSIONAL SERVICES						
\$0 - \$99,999				X Any one of VP, or Director	X Director, Procurement	X Dept. P.M.
\$100,000 - \$999,999			X Any one of C-level or SVP	Any one of VP, or Director	X Director, Procurement	X Dept. P.M.
\$1,000,000 and over		X	X Any one of C-level or SVP	Any one of VP, or Director	X Director, Procurement	X Dept. P.M.
Change Orders will follow authorities above based on the accumulated value of all changes, including the original contract value.						
PROCUREMENT COMMITMENT AUTHORIZATIONS – NON- COMPETITIVE GOODS & SERVICES, INCLUDING PROFESSIONAL SERVICES						
\$9,999 or less				Any one of VP, Snr. Dir. or Dir.	X Director, Procurement	X Dept. P.M.
\$10,000 - \$24,999			X Any one of C-level or SVP	Any one of VP, Snr. Dir. or Dir.	X Director, Procurement	X Dept. P.M.
\$25,000 - \$999,999 (note: Over \$75,000 requires Advanced Contract Award Notice)		X	X Any one of C-level or SVP	Any one of VP, Snr. Dir. or Dir.	X Director, Procurement	X Dept. P.M.
\$1,000,000 and over	X	X	X Any one of C-level or SVP	Any one of VP, Snr. Dir. or Dir.	X Director, Procurement	X Dept. P.M.
Emergency purchases up to \$25,000 (strictly for health and safety reasons – harm to individuals, property or the environment. Must follow signing authorities above within 48 hours)						X Dept. P.M.
Change Orders will follow authorities above based on the accumulated value of all changes, including the original contract value.						

As per Procurement Signing Threshold Policy dated ~~October 12, 2018~~ [October 29, 2021](#).

Effective: ~~October 10, 2019~~ [March 24, 2022](#)

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors <i>(authorized by resolution)</i>	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
CONTRACT EXECUTION <i>(Unless otherwise provided for below, contracts are to be executed by two C-level positions as per bylaw # 1 of TWRC Act.)</i>						
Short form contracts, work order releases, purchase orders, agreements, amendments	Approvals prior to execution as per Procurement Signing Thresholds outlined in Appendix I above				X Director, Procurement (or delegate)	
AIA Architect Contracts					X Director, Procurement	
CCDC Contracts (Civil Works, etc.)					X Director, Procurement	
Agreements of Purchase & Sale	<u>X</u> <i>(if >\$2M)</i>	X If >= \$1M	X < \$1M two C-levels: >=\$1M C-level and CEO			
Development Agreements	<u>X</u> <i>(if >\$5M)</i>	X	X CDO			
Delivery Agreements (ER)		X <i>if >= \$1M</i>	X < \$1M two C-levels: >=\$1M C-level and CEO <i>Any one of</i>			
Contribution Agreements		X If >= \$1M	X < \$1M two C-levels: >=\$1M C-level and CEO			
Memorandum of Understandings (MOUs) <i>(Material MOUs are defined as legally binding and create or limit strategic initiatives of the Corporation)</i>	<u>X</u> <i>(If material)</i>	X	X			
Lease Agreements	<u>X</u> <i>(if > \$2M)</i>	X If >= \$1M	X < \$1M two C-levels: >=\$1M C-level and CEO			
Land License Agreements	<u>X</u> <i>(if > \$2M)</i>	X If >= \$1M	X < \$1M two C-levels: >=\$1M C-level and CEO			
Gift and/or Donation Agreements		<u>X</u> <i>if >= \$1M</i>	<u>X</u> < \$1M two C-levels: >=\$1M C-level and CEO			

Except for Procurement-related documents, Legal Counsel will review all contracts executed under this section as to legal form.

WATERFRONT TORONTO

Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors <i>(authorized by resolution)</i>	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
CONTRACT EXECUTION (CONT.)						
<u>Sponsorship Agreements</u>		<u>X</u> <i>If =>\$25K</i>	<u>X (by consensus and any one to execute)</u>			
Other License Agreements, <u>including</u> with Insurance clauses (e.g. venue hire, equipment rental)			X Any one of			
Non-material sub-agreements under any of non-procurement master agreements above			X Any two of			
APPLICATIONS						
Building Permits			X Any one of CPO, CDO, SVP, VP in Development or Project Delivery			X Dept PM
Environmental Permits			X Any one of CPO, CDO, SVP, VP in Development or Project Delivery			X Dept PM
Subdivision Application			X CDO			X Dept PM
Development Application			X CDO			X Dept PM
Other Permits/ Applications			X Any one of CPO, CDO, SVP, VP in Development or Project Delivery			X Dept PM
Insurance Applications			X CFO			
<u>Grant Applications</u>		<u>X</u> <i>If > \$1M</i>	<u>X</u> <i>Any one of</i>			

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors (authorised by resolution)	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
BUDGET						
Rolling Five Year Strategic Business Plan	X	X	X (by consensus)	X (all by consensus)		
Annual Corporate Plan	X	X	X (all by consensus)	X (all by consensus)		
Program / Project Budgets			X CFO, CPO CDO, CPDO	X Dept SVP or VP	X Program Management	X Dept PM Mgr, Project Cost
Capital Reserve Target	<u>X</u>	<u>X</u>	<u>X</u> (by consensus)			
Annual Corporate Operating & Capital Budgets	X	X	X (all by consensus)	X (all by consensus)		
CAPITAL PROJECT APPROVALS						
Projects less than \$5M	Approved as part of the Strategic Business Plan and Corporate Plan approval process					
Capital project development costs (i.e. costs incurred to achieve 30 60 % design plans and budgets)	X If > \$5 M	X	X (per Strategic Business Plan)	X (per Strategic Business Plan)		
Projects less than \$5M, and with new funding source not included in the approved Strategic Business Plan/ Corporate Plan		<u>X</u> If >\$1M	X by consensus & CPO and CFO if amt > \$100K	X SVP Project Delivery	X PMO Director and Dir, Financial Planning	
Projects with a cost estimate equal to or greater than \$5M	X	X	X (per Strategic Business Plan)	X (per Strategic Business Plan)		
Projects greater than \$5M whose estimated costs have increased by more than 10% of Board approved budget or \$5M above Board approved budget, whichever is less	X	X	X (all)	X (all)	X PMO Director and Dir, Financial Planning	
Budget increases less than the Board threshold and with new funding source			X CPO and CFO if amt > \$100K	X SVP Project Delivery	X PMO Director and Dir, Financial Planning	

Note: Any capital projects over \$~~12~~ million [and < \\$5 million](#) approved by management pursuant to this policy shall be reported to the appropriate Board Committee at its next meeting.

Effective: ~~October 10, 2019~~ [March 24, 2022](#)

Page 7 of 12

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors (authorised by resolution)	CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
NEW FUNDING / FUNDING TRANSFERS						
New funding/ funding transfers amounting to up to \$100K					X Dir, Financial Planning	
New funding/ funding transfers amounting to greater than \$100K			X CFO		X Dir, Financial Planning	
<u>Use of Capital Reserve Funds amounting to less than \$52M*</u>		<u>X</u>	<u>X</u> CFO		<u>X</u> Dir, Financial Planning	
<u>Use of Capital/Revenue Reserve Funds amounting to at least \$52M* or more</u>	X	X CEO	X CFO		X Dir, Financial Planning	

*Note: The above delegations of authority relative to Use of Capital/Revenue Reserve Funds is consistent with the Capital Reserve Guideline subject to change as a result of the development of a formal Capital Reserve Policy to be reviewed and approved by the Finance, Audit and Risk Management Committee and Board in September 2021/2020.

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors <i>(authorised by resolution or email)</i>	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
PAYMENT AUTHORITY						
Invoices			X One of (for direct reports) over \$10,000			X Dept PM (work done, invoice within contract scope); Accounting <i>(corporate)/ PMO (project)</i> (coding review)
Employee Expense Reports	X Board Chair for CEO	X (for direct reports)	X (for direct reports)	X (for direct reports)	X Dir. for direct reports	HR Review for all expense reports
Foreign and Domestic Travel outside GTA	FARM Chair for foreign travel	X				HR Review for all travel requests
All Learning and Development Expenditures (as per Learning Plan)		X (for direct reports <i>and exceptions</i>)	X (for direct reports)	X (for direct reports)	X Dir. for direct reports	HR Review for all learning and development forms
BANKING AND CASH MANAGEMENT						
<u>Cheque, EFT, E-transfer, Bill Payment, Wire Transfer Payment Authorization:</u>						
Individual Cheque, EFT, <u>Bill Payment, E-transfer</u> or Wire Payments - up to \$10,000		Any one of C-Level				
Individual Cheque, EFT, <u>Bill Payment, E-transfer</u> or Wire Payments - Over \$10,000		Any two of C-Levels				
Corporate credit card/ procurement card			X		X	

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors (authorised by resolution)	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
BANKING AND CASH MANAGEMENT (CONT.)						
Open/ Close Bank Accounts/ Account Administration - existing institution		X with CFO (or CFO any one other C-level)	X CFO and any one of (or CFO with CEO)			
Open/ Close Bank Accounts – new institution		X with CFO (or CFO any one other C-level)	X CFO and any one of (or CFO with CEO)			
Invest/ redeem short term investments		X Any one of C-positions	X Any one of C-positions			
Designate authorized employees to manage bank lockbox			X CFO			
<u>Approval of Credit Facility with Lender</u>	<u>X</u>	<u>X</u> <u>CEO(?)</u>	<u>X</u> <u>(CFO or C-level delegate)</u>			
<u>Draw down of Board-approved Credit Facility</u>		<u>X</u> <u>If >\$1M</u>	<u>X</u> <u>CFO</u>			
FINANCIAL INSTRUMENTS (in accordance with the Board-approved Financial Instruments Policy)						
Financial Instruments < \$1 million			CFO and any one of other C-levels			
Financial Instruments > \$1 million		X	Any one of			
ACQUISITIONS AND DISPOSALS OF CAPITAL ASSETS						
Land*	X	X CEO together with one other C-level				
Other Assets Net Book Value up to \$2,000,000			X Any two of			
Other Assets Net Book Value over \$2,000,000*	X	X CEO together with one other C-level				
*Note that Waterfront Toronto is obligated to provide prior notice to the Intergovernmental Steering Committee (IGSC) regarding any Board meeting where an acquisition or disposal of real property will be considered as well as inform the IGSC in writing within 30 days of any other capital asset acquisition or disposal > \$2,000,000 unless otherwise provided in a Contribution Agreement. Refer to Tri-government MOU dated July 31, 2020 all-asset dispositions > \$2,000,000 require government approval.						

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

Type of Financial Transaction:	Approval Level:					
	Board of Directors <i>(authorised by resolution)</i>	President & CEO	C-Level (1)	SVPs, VPs (2)	Directors (3)	Managers (4)
HUMAN RESOURCES						
Board compensation	X					
CEO appointment, <u>performance review</u> and compensation	X					
New hires		X				
Terminations <u>(other than CEO)</u>		X				
Annual <u>performance review, variable compensation determination and base salary increases adjustments (other than CEO)</u>		X				
Classification changes		X				
Changes to employee benefits		X				

Note: The above delegations of authority relative to Human Resources are currently under review as part of the Board Committee mandate review process and as such are subject to change.

WATERFRONT TORONTO
Delegations of Authority – Appendix II Authority Levels

POSITIONS ASSIGNED TO EACH AUTHORITY LEVEL

Authority Level	Position
1	Chief Financial Officer
1	Chief Project Officer
1	Chief Planning & Design Officer
1	Chief Development Officer
2	Corporate and Program Senior Vice Presidents and Vice Presidents
3	Program-related Directors and Executive Directors
3	Corporate function Directors
4	Project Managers
4	Project Cost Managers
4	Corporate Managers

Closed Session



Finance, Audit and Risk Committee (FARM) Committee
February 24, 2022
Item 17 – Draft Resolution(s) Arising from the Closed Session
FARM Committee Members

Item 8(a) Draft Minutes of the Closed Session – November 25, 2021 FARM Committee Meeting

ON MOTION duly made by [●] and seconded by [●] and carried, be it **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on November 25, 2021 be approved as tabled.



CALENDAR YEAR 2022 UPCOMING MEETING SCHEDULE BOARD / COMMITTEES

S/N	Date	Board/Committee	Key Agenda Item(s) include:
1.	Thursday, February 3 Revised date: Friday, February 11	IREC	Quayside
2.	Tuesday, February 15	Board	Quayside
3.	Thursday, February 24	FARM	Per FARM Work Plan
4.	Thursday, March 3	HRGSR	Per HRGSR Work Plan
5.	Thursday, March 10	IREC	<ul style="list-style-type: none"> • Detailed Status Report on all Development Projects • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
6.	Thursday, March 24	Board	<ul style="list-style-type: none"> • Reports of the IREC, FARM and HRGSR committees
7.	Thursday, May 26	FARM	Per FARM Work Plan
8.	Thursday, June 2	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
9.	Thursday, June 9	HRGSR	Per HRGSR Work Plan
10.	Thursday, June 23	Board	<ul style="list-style-type: none"> • Reports of the HRGSR, IREC, and FARM committees • Approve 2021/22 Annual Report • Approve 2021/22 audited financial statements • Year-end Performance Assessment for CEO and approval of compensation for 2022/23
11.	Thursday, September 15	HRGSR	Per HRGSR Work Plan
12.	Thursday, September 22	FARM	Per FARM Work Plan
13.	Thursday, September 29	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
14.	Thursday, October 13	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • 2023 Board and Committee Meeting Calendar

15.	Thursday, November 10	HRGSR	Per HRGSR Work Plan
16.	Thursday, November 17	IREC	<ul style="list-style-type: none"> • Development Projects Dashboard • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any)
17.	Thursday, November 24	FARM	Per FARM Work Plan
18.	Thursday, December 8	Board	<ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • Approval of 2022/23 Corporate Plan