

Financial Statements of

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

March 31, 2024

Toronto Waterfront Revitalization Corporation

March 31, 2024

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Management's Responsibility for the Financial Statements

June 24, 2024

The integrity and objectivity of the accompanying financial statements of the Toronto Waterfront Revitalization Corporation ("the Corporation") is the responsibility of management. These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies of the Corporation are described in Note 2 to the financial statements.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements.

Management meets with the external auditors, the Finance, Audit and Risk Management Committee and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, the independent external auditors appointed by the Board of Directors. The accompanying Independent Auditor's Report outlines Management's responsibilities, the auditor's responsibilities, the scope of its examination and its opinion on the Corporation's financial statements.

A handwritten signature in black ink that reads "George Zegura".

President and CEO

A handwritten signature in blue ink that reads "Allan".

Chief Financial Officer



Independent Auditor's Report

To the Board of Directors of Toronto Waterfront Revitalization Corporation

Opinion

We have audited the financial statements of Toronto Waterfront Revitalization Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2024, and the statements of financial activities, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 24, 2024

Toronto Waterfront Revitalization Corporation



Statement of financial position

as at March 31, 2024

	March 31, 2024	March 31, 2023
	\$	\$
Assets		
Current assets		
Cash	46,809,481	39,393,345
Short-term investments (Note 3)	-	80,000,000
Receivables (Note 4)	117,675,251	81,229,725
Deposits and prepaid expenses and other assets (Note 5)	4,363,582	4,965,705
	168,848,314	205,588,775
Restricted cash (Note 6)	61,900,024	62,666,290
Assets under development (Note 7)	1,539,907,578	1,371,767,037
Capital assets (Note 8)	70,461,403	66,450,028
Term receivables (Note 21)	23,267,792	41,700,210
	1,864,385,111	1,748,172,340
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	93,680,828	107,188,187
Deferred contributions (Note 11)	114,608,515	135,210,520
Other liabilities and settlements (Note 12)	1,544,298	924,180
	209,833,641	243,322,887
Other liabilities and settlements (Note 12)	222,543	207,273
Environmental and contaminated sites liability (Note 17)	2,218,637	2,218,637
	212,274,821	245,748,797
Net assets (Note 13)	1,652,110,290	1,502,423,543
	1,864,385,111	1,748,172,340

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

Approved on behalf of the Board:


 _____ Director

 _____ Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities

year ended March 31, 2024

	March 31, 2024	March 31, 2023
	\$	\$
Restricted Revenues:		
City of Toronto	154,291,255	40,523,137
Province of Ontario	27,523,716	25,016,667
Government of Canada	16,583,333	115,147,969
Other restricted contributions	9,268,101	11,435,170
	207,666,405	192,122,943
Less: Government contributions for assets under development	(223,245,988)	(245,193,062)
Decrease in deferred contributions for continuing operations related to future periods	20,602,006	65,455,938
	5,022,423	12,385,819
Expenses (Note 14)		
Complete Communities	5,783,762	7,885,816
The Port Lands	3,787,126	7,180,549
Strategic Initiatives	2,446,293	1,778,685
Public Places	1,815,069	1,772,827
Signature Projects	1,347,330	1,977,089
Eastern Waterfront Transit	479,976	3,104,507
	15,659,556	23,699,473
Deficiency of revenue over expenses before other items	(10,637,133)	(11,313,654)
Environmental and contaminated sites expense (Note 17)	-	(142,737)
Net other operating income (Note 18)	9,721,003	6,685,431
Net land sale revenue (Note 19)	-	86,117,441
(Deficiency) excess of revenues over expenses	(916,130)	81,346,481

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

Toronto Waterfront Revitalization Corporation
Statement of remeasurement gains and losses
year ended March 31, 2024

	March 31, 2024	March 31, 2023
	\$	\$
Accumulated remeasurement loss, beginning of the year	(73,692)	(194,125)
Unrealized gain (loss) attributable to foreign currency transactions	14,268	(11,776)
Unrealized gain attributable to forward exchange contracts	-	132,209
Net remeasurement gain for the year	14,268	120,433
Accumulated remeasurement loss, end of the year	(59,424)	(73,692)

Statement of changes in net assets
year ended March 31, 2024

	March 31, 2024	March 31, 2023
	\$	\$
Net assets, beginning of the year	1,502,423,543	1,226,212,366
Add: (Deficiency) excess of revenues over expenses	(916,130)	81,346,481
Add: Net remeasurement gain	14,268	120,433
Add: Government contributions for assets under development	223,245,988	245,193,062
Less: Transfer of assets to Government (Note 7)	(72,657,379)	(49,508,030)
Less: Transfer of land to Government (Note 8)	-	(940,769)
Net assets, end of the year	1,652,110,290	1,502,423,543

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

Toronto Waterfront Revitalization Corporation

Statement of cash flows year ended March 31, 2024

	March 31, 2024	March 31, 2023
	\$	\$
Cash flows from operating activities		
(Deficiency) excess of revenues over expenses	(916,130)	81,346,481
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities;		
Amortization of capital assets	1,430,051	1,188,162
Unrealized gain (loss) attributable to foreign currency transactions	14,268	(11,776)
Unrealized gain attributable to forward exchange contracts	-	132,209
Changes in non-cash working capital balances;		
Net decrease in deferred contributions	(20,602,006)	(65,455,938)
Current assets (Receivables, Deposits and prepaid expenses)	(17,410,984)	(23,907,397)
Current liabilities (Payables, Other liabilities and settlements)	(12,871,970)	20,416,903
Net cash (paid) received from operating activities	(50,356,771)	13,708,644
Cash flows from capital activities		
Cash received from government contributions for assets under development	223,245,988	245,193,062
Cash used to acquire assets under development	(240,797,921)	(249,545,434)
Cash (used) received to dispose/ acquire capital assets	(5,441,427)	35,459,334
Net cash (paid) received from capital activities	(22,993,359)	31,106,962
Cash flows from investing activities		
Invested in restricted cash and investments	766,266	(15,857,715)
Cash received (paid) for short-term investments	80,000,000	(80,000,000)
Net cash received (paid) from investment activity	80,766,266	(95,857,715)
Increase (Decrease) in cash	7,416,136	(51,042,109)
Cash, beginning of the year	39,393,345	90,435,454
Cash, end of the year	46,809,481	39,393,345

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

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

1. 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.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance Canadian public sector accounting standards for not-for-profit organizations including the 4200 series of standards contained in the Chartered Professional Accountants (CPA) handbook.

(b) Revenue recognition

The Corporation follows the deferral method of accounting for restricted contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions.

Contributions used for the purchase of amortized capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions for the purchase of non-amortized capital assets such as land as well as assets under development which will be transferred to government(s) upon completion are recognized as a direct contribution to net assets.

Under the Contribution Agreements, contributions from the Governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the Contribution Agreements. Unrestricted contributions such as other operating items are recognized as revenue in the current period.

In addition to contributions, the Corporation has several other revenue streams, which it accounts for as follows:

(i) Property Operations: Property revenues primarily consist of rental revenues from leasing activities and parking operations. Revenues from parking operations are recognized at the point of service on a cash basis. Property rental income is recognized as it is earned over the course of a tenants lease. Waterfront Toronto has retained substantially all of the risks and benefits of ownership of the properties which it rents out and therefore accounts for leases with its tenants as operating leases. Rental revenue includes recoveries of operating expenses, including property, capital and similar taxes. Operating expense recoveries are recognized in the period that they are chargeable to tenants.

(ii) Land Sales: The gain or loss from the sale of real property owned by TWRC is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

(iii) Delivery Agreements: The Corporation has entered into certain agreements to deliver construction management and development services. Under these agreements, TWRC bills eligible costs to clients as they are incurred. Revenue from delivery agreements is recognized at the time of billing, when the costs become measurable and collection is reasonably assured.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

2. Significant accounting policies (con't)

(c) Financial instruments

Financial instruments are recorded at cost when acquired, except for contributions that are recorded at fair value. In subsequent periods, investments traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) **Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

(ii) **Level 2:** Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) **Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Allocation of general support expenses

The Corporation incurs a number of general support expenses that are common to the administration of the organization and each of its projects. General support expenses are incurred to support the functional areas of construction/implementation, planning, design and approvals, and project management. These expenses are allocated using a "blended rate" i.e. hourly rate incorporating both direct and indirect cost.

(e) Taxes and Charitable Status

The Corporation is exempt from income taxes pursuant to paragraph 149(1) (d.3) of the Income Tax Act (Canada) and is eligible to claim a rebate of approximately 86.5% for HST paid on property and services acquired pursuant to section 123(1)(b) of the Excise Tax Act. TWRC is registered with the Canada Revenue Agency as a qualified donee and is eligible to issue official donation receipts and receive gifts from registered charities.

(f) Assets under development

Assets under development represent those investments in assets which the Corporation has been directed to develop under an executed agreement and the Corporation has actual or beneficial ownership over during the development stage. Assets under development also includes Land under Development which represents all costs associated with getting a parcel of land site ready for development, including costs associated with contracting with a developer, rezoning, and soil management and treatment.

Upon substantial completion and/or warranty period, these assets are either transferred to a respective government who assumes ownership and ongoing operational responsibility, transferred to capital assets for those assets the Corporation continues to have actual or beneficial ownership over, or sold to a third party. The assets transferred to a respective government are considered a related party transaction and the difference between cost and proceeds is recorded directly to net assets. Any gain or loss on assets sold to a third party is recorded through the statement of financial activities. Upon completion of performance obligations associated with individual developments within a precinct, Land under Development costs are expensed through the statement of financial activities in proportion to the cumulative land sale revenues realized. Assets under development are recognized at cost, are not amortized and include both direct project costs as well as overhead costs directly attributable to the asset under development.

(g) Capital assets

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

Computer hardware and software	3 - 5 years
Leasehold improvements	10 years
Furniture and fixtures	5 years
Office equipment	5 years

The cost incurred to enhance the service potential of a capital asset, including land, is a betterment and capitalized to the asset. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

2. Significant accounting policies (con't)

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The items subject to the most significant estimates are the amortization and impairment of capital assets, accrued liabilities, deferred revenue, accrued benefit liability and environmental and contaminated sites liability.

(i) Liabilities for contaminated sites

The Corporation recognizes a liability for remediation of contaminated sites on land owned by Waterfront Toronto when all of the following criteria has been met : there is evidence that contamination exceeds an environmental standard, the Corporation is directly responsible or accepts responsibility for the contamination, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

(j) Asset retirement obligations

On April 1, 2022, the Corporation adopted Public Accounting Standard PS3280 - Asset Retirement Obligations. The new accounting standard provides guidance on the reporting of legal obligations associated with the retirement of certain tangible capital assets. A liability for an asset retirement obligation is recognized when 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. At March 31, 2024, the Corporation has not identified any instances that meet the criteria for a liability of an asset retirement obligation.

3. Short-term investments

Two short term non-redeemable Guaranteed Investment Certificates totalling \$80 million which the Corporation had invested with a Canadian commercial bank matured during the year.

4. Receivables

	March 31, 2024	March 31 2023
	\$	\$
City of Toronto	62,946,470	9,580,841
Province of Ontario	27,523,716	25,016,667
Developer receivable - due Dec 1, 2024	18,432,418	-
Accrued interest and other receivables	6,781,618	4,456,144
HST receivable	1,991,029	8,393,578
Government of Canada	-	33,782,495
	<u>117,675,251</u>	<u>81,229,725</u>

5. Deposits and prepaid expenses

	March 31, 2024	March 31 2023
	\$	\$
Prepaid expenses	2,182,383	2,784,506
Construction deposits	2,181,199	2,181,199
	<u>4,363,582</u>	<u>4,965,705</u>

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, 2022 - \$2,181,199) are non-interest bearing.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

6. Restricted cash

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

	March 31, 2024	March 31 2023
	\$	\$
Holdbacks payable	51,647,745	51,334,071
Developer contributions - East Bayfront public art	9,713,777	9,459,789
Developer deposit - East Bayfront child care facility	253,877	1,602,982
Other	284,625	269,448
	61,900,024	62,666,290

In addition to the above, \$13,180,422 (March 31, 2023 - \$15,478,000) included under Cash in the Statement of financial position has been designated as Capital Reserve to cover program level contingencies to support continued operations. The account is funded primarily from sale of land and other unrestricted revenue sources. Included in the Capital Reserve closing balance are amounts of \$2,702,422 (March 31, 2023 - \$5,000,000) and \$6,000,000 (March 31, 2023 - \$Nil) respectively, which have been allocated and not yet spent for the East Bayfront In-Water Pipe project and Waterfront Toronto corporate operating costs.

7. Assets under development

The following table details assets under development by category:

	March 31, 2024	March 31 2023
	\$	\$
Roads, Bridges, Services, Structures	734,299,377	681,295,974
Flood Protection Features	638,917,677	564,314,339
Parks and Public Realm	105,611,830	71,113,527
Land under development	61,078,694	55,043,197
	1,539,907,578	1,371,767,037

The following table details assets under development by Priority Initiatives:

	The Port Lands	Complete Communities	Quayside	Public Places	Total
	\$	\$	\$	\$	\$
Opening balance, April 1, 2023	1,007,052,312	311,023,635	31,822,919	21,868,170	1,371,767,037
Capital additions	200,767,562	10,493,384	12,532,334	4,083,070	227,876,350
Direct project management - Note 14	4,719,445	1,660,359	3,956,714	419,749	10,756,268
General and support expenses - Note 14	945,993	334,109	795,823	89,378	2,165,303
Transfer of completed assets to City of Toronto	(72,657,379)	-	-	-	(72,657,379)
Closing balance, March 31, 2024	1,140,827,933	323,511,488	49,107,790	26,460,367	1,539,907,578

During the year, Cherry Street North comprising of Road, Bridges and underlying utilities (Port Lands Flood Protection Project) costing \$72,657,379 (March 31, 2023 - West Don Lands Phase 1 - \$49,508,030) was formally transferred to the City of Toronto. The transfer has been recorded as a reduction to assets under development and a distribution of net assets in the statement of changes in net assets.

8. Capital assets

	March 31, 2024		March 31 2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	65,033,472	-	65,033,472	-
Computer hardware and software	5,230,415	4,391,010	4,622,232	3,658,559
Leasehold improvements	5,921,607	2,040,263	1,778,993	1,387,743
Furniture and fixtures	1,194,116	522,818	539,371	477,738
Office equipment	181,447	145,563	145,563	145,563
	77,561,057	7,099,654	72,119,631	5,669,603
Cost less accumulated amortization		70,461,403		66,450,028

The Corporation owns land containing environmental contamination. As of March 31, 2024, the Corporation has a provision of \$2,218,637 (March 31, 2023 - \$2,218,637) for remediation cost of contaminated site (Note 17).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

9. Credit facility

The Corporation has a revolving credit facility of \$90 million with a Canadian commercial bank. The facility bears interest at the Canadian Prime Lending Rate less 1.0%. The Corporation's interest rate was 6.20% at March 31, 2024 (March 31, 2023 - 5.70%). The facility is secured by a first lien interest over real property owned by the Corporation 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 March 31, 2024 the available borrowing limit is \$90 million.

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 property which secures the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at March 31, 2024, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

10. Accounts payable and accrued liabilities

	March 31, 2024	March 31 2023
	\$	\$
Holdbacks payable	51,858,234	52,774,124
Accrued liabilities	32,859,254	37,615,832
Accounts payable	8,963,340	16,798,231
	93,680,828	107,188,187

11. Deferred contributions

Deferred contributions as at March 31, 2024 represent project specific contributions from Governments which have not been applied to eligible costs as well as other unspent restricted contributions and contributions received for the acquisition of capital assets which have yet to be amortized.

	March 31, 2024	March 31 2023
	\$	\$
Expenditures of future periods		
Balance, beginning of year	135,210,520	200,666,459
Additional contributions	(17,009,634)	(54,258,281)
Less: amounts recognized as revenue	(3,592,372)	(11,197,658)
Balance, end of period	114,608,515	135,210,520
Capital contributions		
Balance, beginning of year	-	-
Add: contributions for acquisition of capital assets and assets under development	230,117,465	266,656,444
Less: direct contribution to net assets	(228,687,414)	(265,468,282)
Less: amount amortized to revenue	(1,430,051)	(1,188,162)
Balance, end of period	114,608,515	135,210,520

12. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2024	March 31 2023
	\$	\$
Deposits - rent and other	1,544,298	924,180
Deposit - Bayside project agreement	222,543	207,273
Total other liabilities	1,766,841	1,131,453
Less: current portion	(1,544,298)	(924,180)
	222,543	207,273

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

13. Net assets

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

	March 31, 2024	March 31 2023
	\$	\$
Invested in non-amortisable capital assets	65,033,472	65,033,472
Invested in assets under development	1,539,907,578	1,371,767,037
Unrestricted surplus (Note 13b)	47,228,664	65,696,726
Accumulated re-measurement loss	(59,424)	(73,692)
	<u>1,652,110,290</u>	<u>1,502,423,543</u>

b) Unrestricted surplus

	March 31, 2024	March 31 2023
	\$	\$
Unrestricted surplus (deficit), opening balance	65,696,726	(47,076,057)
(Deficiency) excess of revenues over expenses	(916,130)	81,346,481
Transfer from invested in capital assets	-	55,113,125
Transfer from invested in assets under development	-	16,033,288
Investment in assets under development	(17,551,932)	(19,444,891)
Investment in land	-	(20,275,220)
Unrestricted surplus, closing balance	<u>47,228,664</u>	<u>65,696,726</u>

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

14. Expenses by Priority Initiative and Function

	Complete Communities	The Port Lands	Strategic Initiatives	Public Places	Signature Projects	Eastern Waterfront Transit	Quayside	Total March 31, 2024
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	2,195,258	3,779,718	916,460	426,918	465,497	108,110	-	7,891,961
Salaries, fees and benefits	4,142,433	4,209,117	1,135,100	1,407,736	654,299	275,916	3,526,270	15,350,871
Less salaries, fees and benefits related to assets under development (Note 7)	(1,660,359)	(4,719,445)	-	(419,749)	-	-	(3,956,714)	(10,756,268)
	4,677,332	3,269,390	2,051,560	1,414,904	1,119,796	384,026	(430,444)	12,486,565
<i>General and support expenses:</i>								
General and office administration	574,492	583,740	157,421	195,231	90,741	38,265	489,039	2,128,929
Amortization	385,899	392,111	105,743	131,141	60,953	25,704	328,499	1,430,051
Information technology	371,193	377,168	101,713	126,144	58,630	24,724	315,980	1,375,552
Communications and public engagement	108,955	110,709	29,856	37,027	17,210	7,257	92,749	403,762
	1,440,539	1,463,729	394,733	489,543	227,534	95,950	1,226,267	5,338,294
Less general & support costs allocated to assets under development (Note 7)	(334,109)	(945,993)	-	(89,378)	-	-	(795,823)	(2,165,303)
	5,783,762	3,787,126	2,446,293	1,815,069	1,347,330	479,976	-	15,659,556

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending March 31, 2024 have been allocated to priority initiatives using an overhead burden rate of 0.35 (2023 - 0.35) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$15,350,871 for the period ending March 31, 2024 (2023 - \$14,570,752).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

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

	Complete Communities	The Port Lands	Strategic Initiatives	Public Places	Signature Projects	Eastern Waterfront Transit	Quayside	Total March 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Direct project costs:</i>								
Project planning and implementation costs	5,773,628	7,180,549	(8,187)	1,257,231	604,422	2,449,761	-	17,257,404
Amortization								
Project management - salaries, fees and benefits	2,503,948	4,903,651	1,321,575	832,706	1,015,228	484,252	3,509,392	14,570,752
Less project management - salaries, fees and benefits related to assets under development (Note 7)	(1,061,080)	(5,597,803)	-	(507,322)	-	-	(4,006,175)	(11,172,380)
	7,216,496	6,486,397	1,313,388	1,582,615	1,619,650	2,934,013	(496,783)	20,655,776
<i>General and support expenses:</i>								
General and office administration	453,439	887,999	239,323	150,794	183,847	87,693	635,514	2,638,608
Information technology	186,366	364,972	98,363	61,977	75,562	36,042	261,199	1,084,482
Amortization	174,274	341,292	91,981	57,956	70,659	33,704	244,252	1,014,118
Communications, marketing and government relations	67,506	132,203	35,630	22,450	27,371	13,055	94,613	392,828
	881,585	1,726,466	465,297	293,177	357,439	170,494	1,235,578	5,130,036
Less general & support costs allocated to assets under development (Note 7)	(212,265)	(1,032,314)	-	(102,965)	-	-	(738,795)	(2,086,339)
	7,885,816	7,180,549	1,778,685	1,772,827	1,977,089	3,104,507	-	23,699,473

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

15. Commitments

On December 15, 2022, the Corporation executed a lease for office space effective April 1, 2024 for a ten year term. The Corporation has a one time option to terminate this lease should the Corporation's mandate not be extended past the current May 2028 legislative term. Assuming the Corporation's mandate is extended, the Corporation has lease commitments of \$11,953,278 until March 31, 2034.

16. 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 where the funding agreements allow.

(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 \$58,401 (March 31, 2023 - \$141,884) of cash and \$292,674 (March 31, 2023 - \$556,126) of payables which has been translated from its U.S. denominated amount.

17. Environmental and contaminated sites liability

The Corporation assesses all of its owned properties on an ongoing basis to determine if contamination, as defined under the standard and regulatory requirements, is present on any of its lands. The Corporation made a provision for liability of contaminated sites of \$2,218,637 (March 31, 2023 - \$2,218,637) representing one Waterfront Toronto owned property zoned for parkland and not intended for development. As of March 31, 2024, there has been no change to management's estimates of the liabilities and remediation costs incurred.

18. Net other operating income

	March 31, 2024	March 31 2023
	\$	\$
Rental, parking and other income	1,461,740	3,972,581
Less: operating expenses and changes in provision for doubtful debts	(367,428)	(3,161,934)
	1,094,312	810,647
Interest	8,450,313	5,617,887
Realized (loss) gain on foreign currency transactions	(12,676)	26,955
Other Income	189,054	229,942
Net other operating income	9,721,003	6,685,431

19. Net land sale revenue

There was no sale of land during the year.

	March 31, 2024	March 31, 2023
Proceeds from sale of land	-	157,263,854
Less: Land acquisition costs	-	(55,113,125)
Less: Land under development costs	-	(16,033,288)
	-	86,117,441

20. 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.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

21. Term receivables

As of March 31, 2024, the Corporation has land sale related Term receivables of \$23,267,792 (March 31, 2023 - \$41,700,210) related to a prior year transaction. The Term receivables are payable to the Corporation over a three-year period to March 31, 2027.

22. 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 financial statements. The claim is resolved and settlement is expected before June 30, 2024.

23. Project Agreement

In the prior year ending March 31, 2023, the Corporation executed a Project Agreement with a third party to develop a 12 acre (4.9 hectare) site at Parliament and Queens Quay into an all-electric, zero-carbon master planned community.

As a result of executing this agreement, the Corporation has certain development and servicing contractual obligations from March 1, 2023 to December 1, 2033. The Corporation also has contractual rights to economic resources. In the event that the Development Partner is unable to fulfill its contractual obligations, the Corporation is entitled to parental guarantee payments and repurchase of land under certain agreement conditions. Any loss or liability is recognized when the Corporation considers it likely for the Development Partner to default on its obligations and the amount can be estimated, (see Note 16(i) on credit risk). As of March 31, 2024, no land sale revenues (March 31, 2023 - \$157,226,283) were recognized for the Project Agreement. The Corporation anticipates to recognize additional land sale revenues by December 2033.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2024

24. Impact of Climate Risk

The impact of physical climate-related events (severe weather events and other natural conditions) and the transition to a lower carbon economy were considered in preparing the financial statements. The Corporation assesses governance, strategy, risk management, and metrics and targets associated with climate risk. The items subject to material impact arising from climate risk are the valuation of assets under development, impairment of capital assets, and accrued liabilities. As of financial statement date, there has been no material impact on financial position and/or results of operations.