Financial Statements of

Toronto Waterfront Revitalization Corporation

(c.o.b. as Waterfront Toronto)

March 31, 2022

Toronto Waterfront Revitalization Corporation

March 31, 2022

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Management's Responsibility for the Financial Statements

June 23, 2022

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.

President and CEO

Chief Financial Officer

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

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, 2022, 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, 2022, 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.

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 23, 2022

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at March 31, 2022

	March 31, 2022	March 31, 2021
	$	$
Assets		
Current assets		
Cash	**90,435,454**	104,592,114
Receivables (Note 3)	**100,033,195**	36,579,038
Deposits and prepaid expenses and other assets (Note 4)	**3,955,048**	4,784,428
	194,423,697	145,955,580
Restricted cash (Note 5)	**46,808,576**	40,234,509
Assets under development (Note 6)	**1,200,520,378**	955,012,647
Capital assets (Note 7)	**103,097,524**	89,882,349
	1,544,850,175	1,231,085,085
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**84,948,044**	68,455,592
Deferred contributions (Note 10)	**200,666,459**	140,660,162
Other liabilities and settlements (Note 11)	**1,204,514**	1,117,303
	286,819,017	210,233,057
Other liabilities and settlements (Note 11)	**1,892,916**	1,890,528
Environmental and contaminated sites liability (Note 16)	**2,075,900**	2,075,900
	290,787,833	214,199,485
Net assets (Note 12)	**1,254,062,342**	1,016,885,600
	1,544,850,175	1,231,085,085

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, 2022

	March 31, 2022	March 31, 2021
	$	$
Restricted Revenues:		
Province of Ontario	**155,559,800**	103,400,000
City of Toronto	**87,965,359**	62,612,065
Government of Canada	**50,439,840**	60,000,000
Other restricted contributions	**6,003,272**	998,688
	299,968,271	227,010,753
Less: Government contributions for assets under development	**(231,819,525)**	(256,316,839)
(Increase) Decrease in deferred contributions for continuing operations related to future periods	**(60,006,296)**	35,448,606
	8,142,450	6,142,520
Expenses (Note 13)		
Eastern Waterfront Transit	**7,101,326**	3,024,123
Complete Communities	**5,061,487**	2,363,299
Signature Projects	**1,726,860**	1,895,452
Public Places	**1,670,409**	217,365
Strategic Initiatives	**1,149,165**	1,133,488
	16,709,247	8,633,727
Deficiency of revenue over expenses before other items	**(8,566,797)**	(2,491,207)
Environmental and contaminated sites expense (Note 16)	**-**	(2,075,900)
Net other operating income (Note 17)	**1,345,889**	500,940
Land sale proceeds and/or other income (Note 18)	**15,428,359**	17,485,877
Excess of revenues over expenses	**8,207,451**	13,419,710

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, 2022

	March 31, 2022	March 31, 2021
	$	$
Accumulated remeasurement (loss) gains, beginning of the year	**(517,100)**	49,920
Unrealized gain (loss) attributable to foreign currency transactions	**12,800**	(124,636)
Unrealized gain (loss) attributable to forward exchange contracts (Note 19)	**310,175**	(442,384)
Net remeasurement gain (loss) for the year	**322,975**	(567,020)
Accumulated remeasurement loss, end of the year	**(194,125)**	(517,100)

Statement of changes in net assets
year ended March 31, 2022

	March 31, 2022	March 31, 2021
	$	$
Net assets, beginning of the year	**1,016,885,600**	756,493,418
Add: Excess of revenues over expenses	**8,207,451**	13,419,710
Add: Net remeasurement gain (loss)	**322,975**	(567,020)
Add: Government contributions for assets under development	**231,819,525**	256,316,839
Less: Transfer of assets to Government (Note 6)	**(3,173,209)**	(8,336,109)
Less: Assets written off	**-**	(441,238)
Net assets, end of the year	**1,254,062,342**	1,016,885,600

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

Toronto Waterfront Revitalization Corporation
Statement of cash flows
year ended March 31, 2022

	March 31, 2022	March 31, 2021
	$	$
Cash flows from operating activities		
Excess of revenues over expenses	**8,207,451**	13,419,710
Adjustments to reconcile excess of revenues over expenses		
to net cash provided by operating activities		
Amortization of capital assets	**955,025**	875,173
Unrealized gain (loss) attributable to foreign currency transactions	**12,800**	(124,636)
Unrealized gain (loss) attributable to forward exchange contracts	**310,175**	(442,384)
Changes in non-cash working capital balances		
Net increase (decrease) in deferred contributions	**60,006,296**	(35,448,606)
Current assets (Receivables, Deposits and prepaid expenses)	**(62,624,777)**	50,282,338
Current liabilities (Payables, Other liabilities and settlements)	**16,582,051**	22,947,031
Net cash received from operating activities	**23,449,021**	51,508,626
Cash flows from capital activities		
Cash received from government contribution for assets under development	**231,819,525**	256,316,839
Cash used to acquire assets under development	**(248,680,940)**	(277,876,807)
Cash used to acquire capital assets	**(14,170,199)**	(65,392)
Net cash paid from capital activities	**(31,031,614)**	(21,625,360)
Cash flows from investing activity		
Invested in restricted cash and investments	**(6,574,067)**	(12,540,576)
Net cash paid from investment activity	**(6,574,067)**	(12,540,576)
(Decrease) increase in cash	**(14,156,660)**	17,342,690
Cash, beginning of the year	**104,592,114**	87,249,424
Cash, end of the year	**90,435,454**	104,592,114

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

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.

2. Significant accounting policies (con't)

(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.

(c) Financial instruments

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

(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. The status is effective June 24, 2016 and as at March 31, 2022, the Corporation had not received any donation or gifts.

2. Significant accounting policies (con't)

(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. Land under development under this category represents all costs associated with getting a parcel of land site ready for development, including costs associated with contracting with a developer, rezoning, and soil management and treatment.

Upon substantial completion and 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.

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	5 years
Furniture and fixtures	5 years
Office equipment	5 years

The cost incurred to enhance the service potential of a capital asset, including land, is a betterment and capitalized to the asset. Repairs and maintenance costs are charged to expense. 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.

(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 and accrued benefit 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) Trusts under administration

Trusts administered by TWRC are not consolidated in the financial statements as they are not controlled by the Corporation.

3. Receivables

	March 31, 2022	March 31, 2021
	$	$
Province of Ontario	**68,966,932**	25,452,619
Rent and other receivables	**17,690,871**	2,187,454
HST receivable	**10,564,582**	3,934,601
City of Toronto	**2,810,810**	5,004,364
	100,033,195	36,579,038

4. Deposits and prepaid expenses

	March 31, 2022	March 31, 2021
	$	$
Construction deposits	**2,181,199**	2,181,199
Prepaid expenses	**1,773,849**	2,603,229
	3,955,048	4,784,428

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to gurantee 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.

5. Restricted cash

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

	March 31, 2022	March 31, 2021
	$	$
Holdbacks payable	**35,291,636**	30,885,475
Developer contributions - East Bayfront public art	**8,089,143**	5,711,584
Developer Deposit - Broadband services	**1,615,015**	1,615,015
Developer Deposit - East Bayfront child care facility	**1,551,918**	1,538,024
Other	**260,864**	484,411
	46,808,576	40,234,509

6. Assets under development

The following table details assets under development by category:

	March 31, 2022	March 31, 2021
	$	$
Roads, Bridges, Services, Structures	**581,331,585**	458,019,808
Flood Protection Features	**471,563,516**	365,789,789
Land under development	**91,401,055**	86,883,659
Parks and Public Realm	**56,224,222**	44,319,391
	1,200,520,378	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	210,646,838	18,903,117	2,019,279	5,029,712	**236,598,946**
Direct project management - Note 13	5,570,808	953,527	3,755,360	429,946	**10,709,640**
General and support expenses - Note 13	717,640	117,630	483,771	53,313	**1,372,354**
Transfer of completed assets to City of Toronto				(3,173,209)	**(3,173,209)**
Closing balance, March 31, 2022	**772,527,019**	**377,146,425**	**36,101,349**	**14,745,585**	**1,200,520,378**

During the year, one completed asset (Jack Layton Ferry Terminal Phase 1A) costing $3,173,209 (March 31, 2021 - $8,336,109) 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.

7. Capital assets

	March 31, 2022		March 31, 2021	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
	$	**$**	$	$
Land	100,812,146		87,305,565	-
Computer hardware and software	4,499,284	2,829,477	4,040,292	2,084,367
Leasehold improvements	1,582,601	1,058,181	1,377,975	886,837
Furniture and fixtures	539,371	448,220	539,371	409,650
Office equipment	145,563	145,563	145,563	145,563
	107,578,965	4,481,441	93,408,766	3,526,417
Cost less accumulated amortization		**103,097,524**		**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.

The Corporation owns land containing environmental contamination. As of March 31, 2022, 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 2.20% at March 31, 2022 (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 March 31, 2022 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 March 31, 2022, 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

	March 31, 2022	March 31, 2021
	$	$
Accrued liabilities	**48,642,647**	35,873,598
Holdbacks payable	**35,057,157**	27,037,500
Accounts payable	**1,248,240**	5,544,494
	84,948,044	68,455,592

10. Deferred contributions

Deferred contributions as at March 31, 2022 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, 2022	March 31, 2021
	$	$
Expenditures of future periods		
Balance, beginning of year	**140,660,162**	176,108,768
Additional contributions	**67,193,722**	(30,181,259)
Less: amounts recognized as revenue	**(7,187,425)**	(5,267,347)
Balance, end of period	**200,666,459**	140,660,162
Capital contributions		
Balance, beginning of year	**-**	-
Add: contributions for acquisition of capital assets and assets under development	**245,989,724**	257,192,012
Less: direct contribution to net assets	**(245,034,699)**	(256,316,839)
Less: amount amortized to revenue	**(955,025)**	(875,173)
Balance, end of period	**-**	-
	200,666,459	140,660,162

11. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

	March 31, 2022	March 31, 2021
	$	$
Deposit - broadband services	**1,615,016**	1,615,016
Deposits - rent and other	**1,204,514**	1,117,303
Deposit - Bayside project agreement	**277,900**	275,512
Total other liabilities	**3,097,430**	3,007,831
Less: current portion	**(1,204,514)**	(1,117,303)
	1,892,916	1,890,528

12. Net assets

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

	March 31, 2022	March 31, 2021
	$	$
Invested in non-amortisable capital assets	**100,812,146**	87,305,565
Invested in assets under development	**1,200,520,378**	955,012,647
Unrestricted (deficit) (Note 12b)	**(47,076,057)**	(24,915,512)
Accumulated re-measurement loss	**(194,125)**	(517,100)
	1,254,062,342	1,016,885,600

b) Unrestricted (deficit)

	March 31, 2022	March 31, 2021
	$	$
Unrestricted deficit, opening balance	**(24,915,512)**	(16,775,254)
Excess of revenues over expenses	**8,207,451**	13,419,710
Investment in assets under development	**(16,861,415)**	(21,559,968)
Investment in land	**(13,506,581)**	-
Unrestricted deficit, closing balance	**(47,076,057)**	(24,915,512)

13. Expenses by Priority Initiative and Function

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total March 31, 2022
	$	$	$	$	$	$	$	$
Direct project costs:								
Project planning and implementation costs	6,225,617	2,632,191	723,457	1,391,665	158,703	-	-	11,131,633
Salaries, fees and benefits	662,301	2,647,403	758,876	576,305	749,089	3,206,067	4,755,971	13,356,012
Less salaries, fees and benefits related to assets under development (Note 6)	-	(953,527)	-	(429,946)	-	(3,755,360)	(5,570,808)	(10,709,640)
	6,887,918	4,326,067	1,482,333	1,538,024	907,792	(549,293)	(814,837)	13,778,005
General and support expenses:								
General and office administration	111,410	445,337	127,656	96,944	126,009	539,313	800,033	2,246,701
Amortization	47,358	189,303	54,264	41,209	53,564	229,251	340,077	955,025
Information technology	43,934	175,615	50,340	38,229	49,691	212,674	315,487	885,971
Communications and public engagement	10,706	42,795	12,267	9,316	12,109	51,826	76,880	215,899
	213,408	853,050	244,527	185,698	241,373	1,033,064	1,532,477	4,303,595
Less general & support costs allocated to assets under development (Note 6)	-	(117,630)	-	(53,313)	-	(483,771)	(717,640)	(1,372,354)
	7,101,326	**5,061,487**	**1,726,860**	**1,670,409**	**1,149,165**	**-**	**-**	**16,709,247**

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending March 31, 2022 have been allocated to priority initiatives using an overhead burden rate of 0.32 (2021 - 0.30) for every $1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were $13,356,012 for the period ending March 31, 2022 (2021 - $13,971,846).

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

	Eastern Waterfront Transit	Complete Communities	Signature Projects	Public Places	Strategic Initiatives	Quayside	The Port Lands	Total March 31, 2021
	$	$	$	$	$	$	$	$
Direct project costs:								
Project planning and implementation costs	2,179,524	1,447,453	1,030,879	48,836	149,718	-	-	4,856,410
Project management - salaries, fees and benefits	651,432	1,822,280	666,838	605,838	758,773	4,547,177	4,919,508	13,971,846
Less project management - salaries, fees and benefits related to assets under development (Note 6)	-	(978,755)	-	(413,738)	-	(4,020,472)	(4,302,715)	(9,715,680)
	2,830,956	2,290,978	1,697,717	240,936	908,491	526,705	616,793	9,112,577
General and support expenses:								
General and office administration	97,245	271,828	99,545	90,431	113,269	650,521	761,787	2,084,626
Information technology	40,769	113,962	41,733	37,913	47,487	272,725	319,372	873,961
Amortization	40,826	114,120	41,791	37,965	47,553	273,104	319,815	875,173
Communications, marketing and government relations	14,327	40,048	14,666	13,323	16,688	95,841	112,234	307,127
	193,167	539,958	197,735	179,632	224,997	1,292,191	1,513,208	4,140,887
Less general & support costs allocated to assets under development (Note 6)	-	(467,637)	-	(203,203)	-	(1,818,896)	(2,130,001)	(4,619,737)
	3,024,123	**2,363,299**	**1,895,452**	**217,365**	**1,133,488**	**-**	**-**	**8,633,727**

14. Commitments

The Corporation has corporate lease commitments of $1,452,528 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 $339,786 (March 31, 2021 - $1,043,647) of cash and $662,420 (March 31, 2021 - $1,309,603) of payables which has been translated from its U.S. denominated amount.

Also refer to Note 24 regarding an assessment of the impact of COVID-19 on the financial statements.

16. 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. In March 2021, the Corporation had made a provision for liability of contaminated sites of $2,075,000 representing one Waterfront Toronto owned property zoned for parkland and not intended for development. As of March 31, 2022, there has been no change to management's estimates of the liabilities and remediation costs incurred.

17. Net other operating income

	March 31, 2022	March 31, 2021
	$	$
Rental, parking and other income	**4,436,961**	2,932,004
Less: operating expenses and changes in provision for doubtful debts	**(4,056,406)**	(3,934,969)
	380,555	(1,002,965)
Interest	**918,585**	980,562
Realized (loss) gain on foreign currency transactions	**(148,036)**	354,123
Other Income	**194,785**	169,220
Net other operating income	**1,345,889**	500,940

18. Land sale proceeds and other income

During the period ended March 31, 2022, the Corporation received $15,428,359 (2021 - $17,378,877) as closing payments associated with the sale of land in East Bayfront owned by the City of Toronto. During the prior year ended March 31, 2021 the Corporation realized Other Income of $107,000 for sale of district energy equipment.

19. 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 March 31, 2022 is $310,175 (2021 - $(442,384)). As at March 31, 2022, the Corporation has notional swing forward exchange contracts of US$4,520,000 outstanding with settlements occuring monthly until March 2023.

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.

21. Contingent Liabilities

(a) Under the terms and conditions of the Contribution Agreements, the Corporation provides an indemnity to the City, Province of Ontario and Government of Canada and their respective officers, employees and agents, from and against all claims, losses, damages, costs, expenses, actions and other proceedings related to any injury to or death of a person or damage to or loss of property, infringement of rights or any other loss or damages whatsoever arising directly or indirectly from any willful or negligent act, omission or delay on the part of the Corporation, the Corporation's directors, officers, employees, contractors, agents or Third Party Contractors, in carrying out a project or as a result of the project, except to the extent that the injury, loss or damage has been caused by the City, Province of Ontario and/or Government of Canada or their respective officers, employees or agents.

The Corporation requires all Eligible Recipients to indemnify the Corporation from and against liability on the same basis outlined above.
The Corporation requires most third party contractors to indemnify each level of government and the Corporation, its officers, employees and agents against all claims, liabilities and demands with respect to any injury to persons (including death), damage to, loss or destruction of property or infringement of rights caused by or arising directly from:

(i) the breach of any term or condition of the contract by the third party contractor or its officers, employees or agents; or
(ii any omission or any willful or negligent act of the third party contractor or its officers, employees or agents in relation to the applicable project.

(b) Under the Delivery Agreement with each Eligible Recipient respectively, the Corporation provides an indemnity to the Eligible Recipient and its respective officers, employees and agents, from and against any claims with respect to direct loss arising from:

(i) any breach by the Corporation of the Delivery Agreement or documents or certificates given pursuant to the Agreement, or
(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 March 31, 2022 financial statements. Resolution of the claim is expected by September 30, 2022.

22. Comparatives

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

23. 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.

24. 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.

25. Subsequent Event

On April 16, 2021, the Corporation executed a Purchase and Sale Agreement with a third party to purchase property required for future waterfront revitalization. This transaction is expected to close in June 2022. The estimated financial effect of this transaction will be an increase to land assets, a decrease to cash and a drawdown of retained earnings (unrestricted deficit). At the time of preparing these financial statements, the amount is subject to confidentiality.