

CFO Report

Board Meeting
September 6, 2007



Interim Financial Statements

Quarter Ended

June 30, 2007



Financial Statement Highlights

- Actual expenditure for the first quarter was \$13.1M compared to cash requirement forecast of \$16.1M
- Construction accounted for \$4.7M or 36%
- Design accounted for \$3M or 23%

Cash Position

- In Q1 & Q2 of 2006/07, a large cash balance was built up as a result of lower than anticipated expenditures. This has resulted in our underspending and government over funding.
- Management has been successful in reducing the cash balance during the quarter.
- The cash balance at the beginning of the year was approximately \$36.9M and has decreased by \$10.4M and is currently at \$26.5M.
- Management intends to target a cash float of \$20M

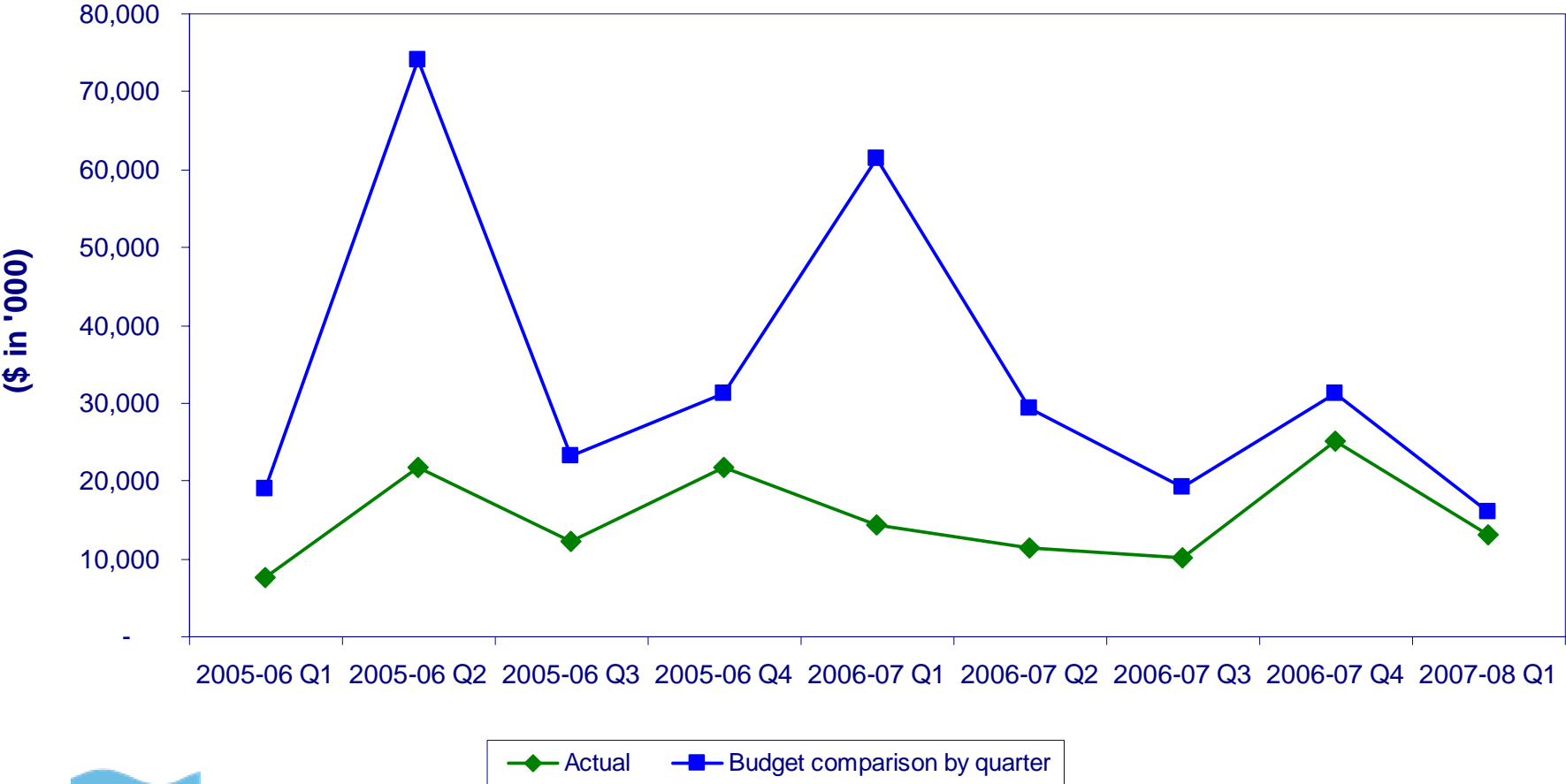
Variance Analysis

- Actual expenditure for the first quarter at \$13.1M was less than cash requirement forecast.
- Design, Approval, & Site Preparation and Land Acquisitions were under cash requirement forecast by \$2M each.
- This was offset by higher than anticipated expenditures related to audit, eligible recipient costs, consulting, procurement, legal and other corporate costs.
- Projects that have been delayed are expected to get back on track in Q2.

Forecast Q2

- Q2 expenditures are forecasted to be \$47.5M of which approximately \$27M has been earmarked for land acquisitions and business relocation costs.

Spending Trend by Quarters



Changes in Accounting Policy

- Generally Accepted Accounting Principles (GAAP) applicable to not-for-profit organizations changed in 2007. Not-for-profit entities must now account for financial instruments at fair value.
- This would include any derivatives that might be embedded in contracts.
- Management does not believe that existing contracts include embedded derivatives but is reviewing all existing contracts for that possibility.
- Management recommends that a policy be created to prohibit the use of embedded derivatives, without specific board approval.
- Deloitte will review management working papers, once it is completed, as part of its 2nd quarter review.

Board Resolution

The Financial Statements of TWRC for the 1st Quarter ending June 30, 2007 to be approved by the Board

