CFO Report

Board Meeting
November 13, 2007

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Second Quarter 2007 - 2008 – Financial Highlights

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Financial Position - Highlights

- The cash balance at September 30, 2007 was approximately $34.7M, down from $37.0M at the start of the year.
- Deferred Contributions have dropped to $26.6M to $21.6M over the same period.
- The cash balance of $34.7M at September 30th was partly required to pay for the acquisition of two properties in the first part of October of approximately $12M.
- The Corporation is still trying to maintain working capital at $20M.

Q2 Financial Activities - Highlights

- Year to date expenses for the second quarter were $39.1M compared with a budget of $46.5M.
- Design, Approval, & Site Preparation costs of $3.9M remained $6.9M under budget for the second quarter and accounted for the largest portion of the $7.5M budget to actual variance in the quarter.
- Business relocation costs of $8.6M came in under the cash flow budget by $2.4M due a portion of the settlement being recognized as a commitment to be expensed in the future when the relocation of the company occurs.
- Projects that have been delayed are expected to get back on track in Q3.
- Land acquisition costs were $16.7M under Q2 cash budget. These transactions closed in early October.

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Forecast Q3

- Q3 cash requests are forecasted to be $32.2M and Q3 expenses are projected at $40M.
- Expenses for fiscal 2007 / 2008 are projected at $119M and land acquisition is projected at $20M for a total of $139M compared with $47.1M and $15M for fiscal 2006 / 2007.

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Enterprise Risk Management

Enterprise Risk Management

1. Corporate Objectives
2. Key Corporate Risks
3. Link between Objectives & Risks
4. Current Controls
5. Enterprise Risk Management Next Steps

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Corporate Objectives

Sustainable Development

1.1 To develop world leading social, cultural, environmental, and economically sustainable communities.

Public Accessibility

2.1 To be a trusted public steward by actively involving community and other stakeholders in all major revitalization activities

2.2 To create a waterfront that is inviting and accessible to both citizens of and visitors to Toronto, for living, working, and playing, for all age groups, family sizes and income levels.

Economic Prosperity

3.1 To promote employment growth for the waterfront, particularly in new media and other knowledge based industries.

Design Excellence

4.1 To build a waterfront characterized by high quality design and culture that positively contributes to how Toronto is perceived by its citizens and the world.

Fiscal Sustainability

5.1 To optimize public sector investment by attracting and leveraging private sector development in order to increase the value of the waterfront.

Operational Effectiveness

6.1 To achieve the stated performance objectives and deliverables of Waterfront Toronto's Long Term Plan

6.2 To provide a work environment that is motivating and inspirational that contributes to attracting and retaining "top" talent.

6.3 To maximize value for money through effective and efficient management of the corporation

6.4 To advance objectives of revitalization by strengthening the corporation's governance practices and its relationships with key stakeholders and agencies.

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Waterfront Toronto – Top 5 Key Corporate Risks

1. The risk of not being able to accurately estimate the costs and timing of our vision, mandate, objectives and activities (projects).
2. The risk of not being able to get approval / funding for the planned activities of the Corporation.
3. The risk of not having the appropriate tools, (i.e. powers, staff, systems etc.) to be able to deliver on our objectives.
4. The risk of conflicting core objectives of the Corporation and the inability to find the appropriate balance between the various objectives.
5. The risk of unfavourable future economic conditions impacting the Corporation's planned activities.

Link Between Corporate Objectives & Key Corporate Risks

Key Corporate Risks		Corporate Objectives
1. The risk of not being able to accurately estimate the costs and timing of our vision, mandate, objectives and activities (projects).	⟷	Operational Effectiveness – Objective 6.1 & 6.3
2. The risk of not being able to get approval / funding for the planned activities of the Corporation.	⟷	Fiscal Sustainability – Objective 5.1
3. The risk of not having the appropriate tools, (i.e. powers, staff, systems etc.) to be able to deliver on our objectives.	⟷	Operational Effectiveness – Objective 6.4
4. he risk of conflicting core objectives of the Corporation and the inability to find the appropriate balance between the various objectives.	⟷	Operational Effectiveness – Objective 6.1 & 6.3
5. The risk of unfavourable future economic conditions impacting the Corporation's planned activities.	⟷	Fiscal Sustainability – Objective 5.1

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Current Controls

Key Risk

1. The risk of not being able to accurately estimate the costs and timing of our vision, mandate, objectives and activities (projects).

Current Controls

- Development of a project management system to include cost estimates, percentage completion, actual costs, detailed scheduling and other tools to support better cost estimation throughout all stages of a project.
- Implementing Cost Estimation Validation Process (CEVP) which uses base costing and applies project risks and opportunities
- Retaining Scheduling experts to assist in the development of project schedules
- Reviewing current procurement and implementing approaches to mitigate variances between cost estimates and actual project costs (i.e. Project Alliancing)
- Inclusion of the costs to develop systems and tools in the Corporate Costs agreement
- Development of the Enterprise Risk Management program to define the Corporation's key risks and to develop controls and strategies to mitigate these potential risk

Current Controls

Key Risk

2. The risk of not being able to get approval / funding for the planned activities of the Corporation.

Current Controls

- Annual negotiations with all government partners on Long Term Plan
- Monthly communications with key departments of government stakeholders on the corporation's activities and funding requirements
- Keeping Board and committee members updated on the status of Long Term Plan negotiations and impact to the Corporation and leverage influence of Board
- Proactive communication with ministers and mayor on future funding requirements to successfully implement, plan and achieve objectives
- Develop a detailed tracking system that will identify timing and status of all CA's to be used internally and with government stakeholders
- Complete audit of the Corporation's risk assessment and proposed action plans related to funding and CA's.
- Respond to recommendations from the Value for Money audit
- Respond to recommendations from the Federal Blue Ribbon Panel
- Continuously develop flexible risk mitigation strategies to allow Corporation to continue operations i.e. Comfort Letter

Current Controls

Key Risk

3. The risk of not having the appropriate tools, (i.e. powers, staff, systems etc.) to be able to deliver on our objectives.

Current Controls

- Ongoing discussions with government stakeholders on the corporation's governance requirements and authorities i.e. revenue consent, subsidiary request
- Governance committee established and oversees the Corporation's governance concerns
- Current year budget allowed for additional resources i.e. additional staff, additional systems implementation and tools (Prolog, CEVP, etc))
- Continuous monitoring to develop the appropriate budget for the Corporation's costs on an annual basis
- Reliance on the Performance for Success system to measure individual performance and to recognize and reward personnel that exceed expectations
- Development of Performance Management program to define the corporation's objectives and measure its performance against these objectives
- Development of Enterprise Risk Management program to define corporation's key risks and to develop controls and strategies to mitigate these potential risk exposures

Current Controls

Key Risk

4. The risk of conflicting core objectives of the Corporation and the inability to find the appropriate balance between the various objectives.

Current Controls

- Development of Performance Management program to define the corporation's objectives and to assist in formalizing the Corporation's decision process
- Development of Enterprise Risk Management program to define corporation's key risks and to develop controls and strategies to mitigate these potential risk exposures
- Annual negotiations with all government partners on Long Term Plan to validate and prioritize the Corporation's objectives.
- Engaging the Board in the Corporation's strategic / Long Term Plan

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Current Controls

Key Risk

5. The risk of unfavourable future economic conditions impacting the Corporation's planned activities.

Current Controls

- Development of Enterprise Risk Management program to define corporation's key risks and to develop controls and strategies to mitigate these potential risk exposures.
- Monitor and continuously assess the economic environment / real estate market and make adjustments to plan to appropriately mitigate risks.
- Build flexibility and ensure contractual arrangements and terms with third parties mitigate exposure of economic conditions which can delay development or financial expectations.
- Investigate opportunities to fast track potential transactions i.e. Development RFP

Next Steps

- Identification / Agreement of the Key Corporate Risks
- Review and assessment of Current Controls
- Review and assessment of Required Controls (Gap Analysis)
- Implementation of Required Control Strategies to mitigate risk
- Residual Risk level of Key Corporate Risks

Procurement

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Reporting Protocols

- Reports to Board of Directors
  - Contracts over $2 million
  - Sole-sources over $75,000
  - Advance Contract Award Notices

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Contracts over $2 Million

- None in this quarter

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Sole Source over $75,000

- None in this quarter

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Advanced Contract Award Notices (ACAN)

MIPIM Conference – Greater Toronto Marketing Alliance (GTMA):

- Published September 26, 2007
- Closed October 17, 2007
- Estimated Value of $100,000

ACAN is a federally accepted competition process to award a to a pre-identified vendor. A notice is publicly posted on MERX for a period of 15 days. If no acceptable response id received, the Corporation is allowed to award a contract to the identified vendor.

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