

MINUTES of the public portion of the Finance, Audit and Risk Management Committee Meeting of the Toronto Waterfront Revitalization Corporation held at the Offices of Toronto Waterfront Revitalization Corporation, 20 Bay Street, Suite 1310, Toronto, Ontario on Tuesday, November 24, 2009 at 10:00 a.m., local time.

PRESENT: Janet Graham, Chair
Kevin Garland
David Johnson

The following additional persons were in attendance throughout the meeting or only for particular business items as noted in these minutes: John Campbell, President and CEO; Robert Siddall, Chief Financial Officer; Lisa Taylor, Corporate Controller; Sandra Tran, Director, Finance & Enterprise Risk Management; David Kusturin, Vice President Program Management and Tracy Watt, Administrative Assistant.

Also in attendance were Paula Jesty, Gord Penley and Lindsay Wong of Deloitte & Touche LLP (“Deloitte”).

The Chair, Janet Graham, continued in the chair, and Ann Marie Landry continued to act as secretary of the meeting.

1. Minutes – August 25, 2009

The minutes of the public portion of the August 25, 2009 meeting of the Finance, Audit and Risk Management (“FARM”) Committee were tabled, and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the minutes of the public portion of the FARM Committee meeting held on August 25, 2009 be and are hereby approved.

2. Interim Financial Statements

The second quarter interim Financial Statements were tabled. Paula Jesty advised that a new paragraph was added to Note 11 referring to guarantees associated with development agreements with two third party builders with respect to lands located in the West Don Lands.

3. External Auditors Report

Paula Jesty presented the results of Deloitte’s review of the Interim Financial Statements of the Corporation for the period ended September 30, 2009. She provided an overview of the review scope and the status of the engagement and findings advising that after review of the Q2 2010 Interim Financial Statements, “Deloitte was not aware of any material modification that needs to be made for these interim financial statements to be in accordance with Canadian generally accepted accounting principles.”

The external auditors’ report was accepted by the Committee.

4. Interim Financial Statements

As the External Auditor's Report did not indicate any concerns, **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the Financial Statements for the period ended September 30, 2009 be and are hereby approved for recommendation to the Board on December 16, 2009.

5. External Auditors 2010 Audit Plan

Paula Jesty presented Deloitte's 2010 Audit Plan highlighting: client service objectives; financial reporting responsibilities; formal reporting responsibilities to the FARM Committee; client service team; audit plan considerations; audit approach; areas of audit focus and current accounting developments.

Ms. Jesty advised that at the FARM Committee's request, Deloitte intends to adopt a control reliance approach to its audit of the Corporation's 2010 financial statements. She advised that under the control reliance approach Deloitte will test controls, on a three year rotational basis, to determine that the key accounting processes within the business cycles are functioning properly and that internal controls are in place to mitigate risk of errors in the financial statements that are material in amount. She highlighted that the Financial Reporting Responsibilities within the Plan were updated to be consistent with the FARM Committee mandate, particularly with respect to the Committee's responsibility to review the adequacy of internal controls.

Ms. Jesty advised that in September 2008, the Accounting Standards Board ("AcSB") decided that Not-for-Profit ("NFP") organizations do not fall within the definition of a publicly accountable enterprise and therefore the Corporation is not required to adopt International Financial Reporting Standards ("IFRS") as the Canadian generally accepted accounting principles ("GAAP"). It was agreed that given the nature of the Corporation's business and its unique character, reporting practices will always be slightly different no matter what standard (IFRS vs. NFP) the Corporation is measured against.

Questions were posed and answered and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that Deloitte's 2010 Audit Plan for the year ending March 31, 2010, be and is hereby approved.

6. Financial Instruments Policy

Robert Siddall advised that in January, 2008 the Audit Committee approved a Financial Instruments Policy for the Corporation. Mr. Siddall advised that since then, the Canadian Institute of Chartered Accountants has amended section 3855, *Financial Instruments – Recognition and Measurement*, to allow not-for-profit organizations to elect not to account for certain non-financial contracts as derivatives and also not to account for certain derivative features embedded in non-financial contracts, leases and insurance contracts as embedded derivatives.

He advised that the Corporation has elected to adopt the amendments to Section 3855 effective April 1, 2008. Mr. Siddall tabled an updated Financial Instruments Policy reflecting this change. The document was accepted by the Committee.

7. Capital Project Cost Report

David Kusturin tabled the Capital Project Cost Report and advised that the Report reflects the current project commitments and percentage completion status for all projects as at November 19, 2009.

Questions were posed and answered and the Capital Project Cost Report was accepted by the Committee.

8. Capital Approval Process

Robert Siddall presented Management's recommended changes to the Corporation's Capital Approval Process to address concerns noted in the last Board meeting with regard to the approval of contracts greater than \$5 million. Discussion ensued and the Committee requested that Management table the full process surrounding Capital Approvals at the next Committee meeting. The Committee further requested that Management identify alternatives that do not require specific approval of contracts but instead rely on Board approval of the project not procurement level of authority.

It was agreed that the Capital Approval process would be tabled at the next FARM Committee meeting along with the Corporation's procurement policy in order to allow the Committee to evaluate the existing controls over procurements and satisfy themselves that procurements no longer need to be addressed as part of the overall Capital Approval Process.

9. In Camera Session with External Auditor

The Chair asked that Management and Staff leave the meeting for an in camera session with the External Auditor.

10. Termination of the Meeting

There being no further business, **ON MOTION**, duly made, seconded and carried, it was **RESOLVED** that the meeting be terminated.

Chair

Secretary of the Meeting