

Build Toronto Inc. – 2009 Audited Financial Statements

Date:	August 3, 2010
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer

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Disclosure of Financial Results:

On October 29 and 30, 2008, City Council created two new corporations, Invest Toronto Inc. and Build Toronto Inc. A primary mandate of Build Toronto is to maximize the value and economic development potential of lands owned or managed by Build Toronto and act as a catalyst for the development of infrastructure and sustainable services in Toronto.

Section 6.7 of the Shareholder Direction requires the Corporation to deliver its audited consolidated annual financial statements to the Shareholder within 120 days of its fiscal year end. These documents are filed with the City Clerk's office. This report provides a summary of the Audited 2009 Financial Statements.

Financial Results

For the year ended December 31, 2009 Build Toronto Inc. recorded a deficit of revenues over expenditures of \$4.64 million. As 2009 was a start up year, no material revenues were generated.

The largest contributor to the deficit is a \$2.3 million financing charge. The charge is related to the refinancing of a loan (\$26.9 million) entered into by Toronto Waterfront Studios Incorporated (TWSI).

Build Toronto acquired a 20% equity share in TWSI from Toronto Port Lands Company (TPLC), who was unable to borrow from third parties. The refinancing will result in lower borrowing costs benefiting Build Toronto as a shareholder.

Build Toronto Inc. has financed the purchase of this loan from a financial intermediary through a short term 'bridge loan' and discussions are underway for long term financing. Build Toronto is finalizing negotiations of a loan agreement with TWSI for repayment of the loan plus the financing charge.

The balance of the year's expenses appear consistent with expectations. Expenses for 2009 have been financed through an intercompany loan while start-up funding arrangements are being finalized.

At its meeting of October 29 and 30, 2008, City Council authorized start-up funding for Build and Invest Toronto of \$10 million. To date no amounts have been drawn. Details on this arrangement are the subject of a separate report on this Executive Committee Agenda entitled "Start-Up Financing for Build Toronto".

The table following summarizes results for the year:

**Build Toronto Inc.
Consolidated Statement of Operations (\$,000)**

	Year ended Dec 31, 2009	Year ended Dec 31, 2008
	Audited	Audited
Rent Revenue	\$3.0	
Operating Expenses:		
Salaries and Employee Benefits	\$1,359.7	
Project investigative costs	299.1	
Legal & Consulting Fees	539.2	\$18.8
Financing Cost	2,299.8	
Other	147.9	
Total Expenditures	(\$4,645.5)	
Deficiency of revenue over expenses	(\$4,642.5)	(\$18.8)

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SIGNATURE

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ATTACHMENT

Appendix A – 2009 Audited Consolidated Financial Statements of Build Toronto Inc.