

Toronto Port Lands Company – 2008 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:

Toronto City Council is the sole shareholder of Toronto Economic Development Corporation (TEDCO), a corporation incorporated pursuant to the provisions of the City of Toronto Act, 1985 under the Business Corporations Act (*Ontario*) (“OBCA”) on March 21, 1986.

On October 29 and 30, 2008, City Council created two new corporations, Invest Toronto Inc. and Build Toronto Inc. As a result of the creation of these new corporations, TEDCO's mandate has been redefined to leasing and property management for the Portlands properties awaiting future development. The reorganization of the Corporations assets, liabilities and operations is currently ongoing.

At its meeting of August 5 and 6, 2009, City Council directed the corporation to operate under an alternative name. The Board of Directors chose the name Toronto Port Lands Company; however, the official name remains the City of Toronto Economic Development Corporation since this name is determined by the enabling legislation from 1984.

Section 8.3 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 2008 Financial Statements.

Financial Results

Loss From Operations -

TEDCO reported a Loss from Operations for 2008 of \$2.5 million compared with positive Income from Operations of \$0.6 million in 2007.

The year over year change of \$3.1 million is caused by a decline in rental income of \$0.9 million combined with an increase in operating expenses of \$2.2 million caused primarily by;

- Higher salaries and benefits of \$1.1 million primarily due to one-time restructuring costs,
- Higher professional fees of \$0.5 million, due to one-time restructuring, and
- Higher rental costs of \$0.5 million due in part to higher maintenance costs.

Excess (Deficiency) of Revenues over Expenses -

Overall, TEDCO reports a Deficiency of Revenues over Expenses for the fiscal year ended December 31, 2008 of (\$2.7 million) compared to a surplus of \$3.0 million for 2007.

The following table provides a summary of the results for TEDCO:

Consolidated Financial Results of TEDCO				
(\$ millions)				
	Year ended Dec 31, 2008	Year ended Dec 31, 2007	Year ended Dec 31, 2006	Year ended Dec 31, 2005
	Audited	Audited	Audited	Audited
Operating Revenue	\$8.5	\$9.4	\$11.0	\$8.8
Operating Expenses	\$11.0	\$8.8	\$10.4	\$7.4
Operating Profit (loss)	(\$2.5)	\$0.6	\$0.6	\$1.4
Non-recurring income	\$0.4	\$1.2	\$6.5 *	-
Reduction in environmental liability	-	\$4.7 **	-	-
Tax Increment Equivalent Grant	\$0.2	\$0.2	-	-
Less: Grants Expense	\$0.8	\$3.7	\$3.7	\$3.7
Subtotal Other Income/Expense	(\$0.2)	\$2.4	\$2.8	(\$3.7)
Excess (Shortfall) of Revenue over Expenses	(\$2.7)	\$3.0	\$3.4	(\$2.3)

* for 2006 \$6.5 million is for gain on property sale.

** the Corporation reduced its environmental costs liability by \$4.7 million in 2007.

Balance Sheet:

Consolidated assets at yearend 2008 totalled \$136.5 million compared to \$91.1 million for 2007. The increase of \$45.4 million is attributable to;

1. the Midland & St. Clair properties transferred from the City in 2008 and held for sale (\$10.4 million),
2. the Corus Centre project in the waterfront under development (\$25.3 million),

3. increase in land and equipment (\$7.3 million).

Total liabilities at yearend 2008 totalled \$122.3 million compared to \$74.1 million in 2007. The increase of \$48.2 million is primarily attributable to, higher accounts payables of \$5.5 million and loans from the City totalling \$38.3 million.

The \$38.3 million in loans from the City consist of \$25.3 million as the first loan advance (of a total \$132 million facility approved by Council) towards the Corus Centre project in the waterfront, and \$13.0 million related to the Midland & St. Clair properties transferred from the City and held for sale. The \$13 million loan was subsequently forgiven by City Council at its meeting in May of 2009.

The following table provides a summary of the Balance Sheet for TEDCO:

Balance Sheet - TEDCO				
(\$ millions)				
	Year ended Dec 31, 2008	Year ended Dec 31, 2007	Year ended Dec 31, 2006	Year ended Dec 31, 2005
	Audited	Audited	Audited	Audited
Total Assets	\$136.5	\$91.1	\$81.9	\$79.4
Total Liabilities	\$122.3	\$74.2	\$68.0	\$68.8
Shareholder's Equity	\$14.2	\$16.9	\$13.9	\$10.6
Total Liabilities & Shareholder's Equity	\$136.5	\$91.1	\$81.9	\$79.4

CONTACT

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SIGNATURE

Cam Weldon
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ATTACHMENT

Appendix A –
2008 Audited Consolidated Financial Statements of Toronto Economic Development Corporation