



AGM 2015

Annual General Meeting
The Forks North Portage Partnership



Message from the Chairman of the Board of Directors

Rick Bell

I am pleased to provide our 2015 Annual Report on The Forks North Portage's activities over the past year.

The Forks celebrated its 25 year milestone in 2014 and The Forks North Portage is working to secure the next 25 years in plans laid out this past year. With work starting on a \$2.5 million refresh of the Food Hall in The Forks Market, a potential craft brewery, and the grand re-opening of the Travel Manitoba building, The Forks site continues to be one of transformation and vision in our city.

The Forks North Portage and its board are excited to play an integral role in so many of the projects that will continue to shape our downtown as a whole.

I would like, on behalf of the Board of Directors, to express our sincere thanks to the countless individuals and organizations whose efforts have helped us move forward with our plans. We would like to thank our shareholders for all their support on behalf of the citizens of Canada, Manitoba, and Winnipeg. We are fortunate to have the three levels of government at the table as we carry out our mission.

Finally, the Board would like to thank Paul Jordan for an outstanding first year as Chief Executive Officer. Thank you to Paul and all the staff for their efforts, diligence, and commitment. It is because of your work that we all look forward to the future.



Message from the Chief Executive Officer

Paul Jordan

The Forks has been a meeting place for over 6,000 years at the junction of the Red and Assiniboine rivers. During the past 26 years, we've continued to build on that tradition to develop a place for Winnipeggers and guests from around the world to experience and enjoy.

The Forks receives an estimated four million visitors annually. They visit us because we are the "meeting place" in Winnipeg and have been for a long time. We're proud of that accomplishment but we aren't satisfied to stop there. We want to continue to build upon the success of The Forks as we work to secure our next 25 years.

Over the past year, we've celebrated the one-year anniversary of the Canadian Museum for Human Rights, which

has added so much to our site and visitor experience. We saw the transformation of the Travel Manitoba Visitor Information Centre, we began work on a \$2.5 million refresh of the Food Hall of The Forks Market, and we started initial legwork for the proposed craft brewery. That's just the beginning.

Over the next 25 years, we look to Rainside and Parcel 4 to continue to spur the vision of The Forks and the impact it has in our city. In consultation with the public, we've been able to build a vision of how we will move forward while ensuring that we maintain accessibility, diversity, sustainability, design excellence, and continue to be a meeting space for all. You can visit The Forks website at www.theforks.com.

[com/rainside](http://www.theforks.com/rainside) for more information.

As we look toward the future of The Forks North Portage, we want to ensure we remain a financially viable community development corporation with an annual operating surplus that allows us to reinvest in our assets as well as making contributions to community projects where appropriate.

Over the past year as CEO, I've seen the importance of collaboration not only through the efforts of our dedicated staff at The Forks North Portage, but also within our city, province and the country. As we move forward into the next era of The Forks, we are excited for the future, but know it will only succeed with your continued support.



THE FORKS NORTH PORTAGE PARTNERSHIP

MISSION The Forks North Portage Partnership mission is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and revitalization strategies; and to work to ensure financial self-sufficiency.

We are guided in everything we do by our Ten Year Concept and Financial Plan, developed in consultation with stakeholders and our community. We are in the sixth year of our most recent ten year plan Building Connections.



North Portage

MISSION North Portage shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, commercial and institutional, recreational, educational, and entertainment facilities

Parking and land leases are Forks North Portage's (FNP) main source of revenue and make it possible to do what we do at The Forks and the North Portage neighbourhood. FNP manages parking in-house, directly overseeing nearly 3000 stalls in the downtown. Fifteen thousand of those stalls are in the North Portage neighbourhood. We continue to invest in parking technology to service our parking customers while keeping our rates competitive and our lots both clean and safe.

Building Community

This year, FNP completed phase one of a street improvement plan on the north side of Portage Place. The plan includes repairing street cobbles, improved pathways, adding new and improved lighting and

making the entire area more friendly to pedestrians. FNP continues to be committed to investing in the area, making it more welcoming and creating better pedestrian access to the nearby Central Park.

In its community development role, FNP continues to partner in the Central Park neighbourhood. The rejuvenated park has once again become a popular gathering place for area residents. FNP is actively involved on the Central Park stewardship committee, coordinating security and programs for area residents.

Central to the area is the Knox Centre Community Kitchen. FNP, along with CentreVenture, The Winnipeg Foundation, and other partners, contributed to the development of this community asset. It provides a commercial kitchen space for budding entrepreneurs aspiring to enter the food catering business. It also

offers the community a space to buy locally produced goods and spills into an outdoor market during the summer.

On Portage Avenue the CentrePoint project is nearing completion. Our former property, the Mitchell Copp building, creates a beautiful façade for the CentrePoint project that will encourage additional development in the area.

Partnerships

FNP continue to work closely with neighbourhood partners such as the University of Winnipeg Community Renewal Corporation, the Province of Manitoba, the City of Winnipeg, CentreVenture, Exchange District BIZ, Tourism Winnipeg, Travel Manitoba, the Winnipeg Chamber of Commerce, and

Economic Development Winnipeg.

FNP is also actively involved in the Downtown BIZ, with members of our staff participating at both the board and committee levels. We support the BIZ's initiatives in marketing our downtown and keeping it clean and safe.





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The Forks

MISSION The Forks shall be developed as a 'Meeting Place,' a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential, and institutional and supportive commercial uses.

The Forks continues to build on this mission – to be an all seasons gathering and recreation place. With four million visitors each year, guests are able to experience over 280 events, museums, local shopping and cuisine, and a historic national park.

Events at The Forks

The Forks plays host to over 280 events every year and the number continues to grow. Of that large number only a small number of those are Forks Signature events.

Signature Events

Signature events like Canada Day at The Forks Presented by Manitoba Liquor & Lotteries, The Red

River Mutual Trail, Arctic Glacier Winter Park, The Forks Farmers Market, skate camps in The Plaza and allow FNP to partner with organizations to put on accessible community programming.

In 2014, two free educational components were added: an Oral History Walking Tour of The Forks site led by Aboriginal elders, and additional Eco Tours presented by Multi-Material Stewardship of Manitoba that highlight our green initiatives to school aged children.

Third Party Events

Why does FNP create Signature Events aside from wanting to welcome people to The Forks site? The short answer is to act as a catalyst for others to do the

same. The community sees The Forks as a great space to host their events. FNP provides the venue, the infrastructure, and the support to help third parties bring their creative expression to life. Groups like Culture Days, the National Cyclocross Championships, Pan Am Torch Relay, the United Way of Winnipeg and 270 others were able to utilize The Forks as the gathering place for their events and draw on FNP's expertise.

This year Interstellar Rodeo was held in Winnipeg, at The Forks, for the first time. This urban music festival featured world-renowned acts like Sarah McLachlan, Tanya Tagaq, Dwight Yoakam, Vance Joy and Blue Rodeo. It paired great wine with amazing artists and saw over 2,500 in attendance each day. It's a perfect example of FNP acting as the catalyst.

By partnering with the architecture, design and creative communities, FNP becomes the catalyst for innovative ideas. In the summer months, Chair Your Idea and Cool Gardens have used The Forks as a home for their creativity. During the winter, Warming Huts celebrated its fifth season, dining at RAW: almond was sold out in days, a York Boat inspired art

gallery popped up, Festival du Voyageur featured a fashion show on ice, and Dean Gunnarson tried to escape from between two Zambonis. Many of these initiatives have garnered both local and international interest and media attention, and have also showcased Winnipeg as a city that embraces winter.

Clean and Safe

Aside from the site itself, many of these events and ideas happen at The Forks because FNP provides a green, clean, and, above all, safe environment. Based on the 2015 survey results provided by Factor Research, 97 per cent of visitors feel safe at The Forks. As we continue to manage our own security and site maintenance, we are able to help and go above and beyond visitor and event expectations.





Forks Site

This year marked the one-year anniversary of the opening of the Canadian Museum for Human Rights (CMHR). The Museum surpassed its target attendance with over 400,000 visitors.

Alloway Arch, which pays homage to Canada's community foundation movement, was completed. The Arch was constructed from shards of the original Alloway and Champion Bank. It symbolizes banker William Alloway's original \$100,000 gift and an anonymous donation of three gold coins donated and dubbed "The Widow's Mite" which created The Winnipeg Foundation.

With construction fences taken down, Upper Fort Garry Provincial Park was officially opened to the public this summer. FNP will continue its commitment to the Friends of Upper Fort Garry and will play an active role in maintaining and connecting the property to the rest of The Forks site.

After 25 years, it is significant to see a number of original site partners refreshing their spaces. A few years ago the Children's Museum completed a major overhaul of its space with great success. This year, Travel Manitoba's Visitor Information Centre received a complete redesign and re-imagining, consolidating all of Travel Manitoba's employees to The Forks, and welcoming visitors to a new state-of-the-art Visitor Information Centre.

After 25 years, The Forks Market also began a significant refresh. The \$2.5 million overhaul is slated to be complete in early 2016. Plans include a craft beer and wine kiosk, a reinvented court area called the Food Hall, additional seating, new lighting and technology as well as five new food vendors, once again establishing The Forks Market as a major food destination.

The Forks issued a proposal in late August for a craft brewery to be built alongside The Forks Market building. The 1,750-square-foot iconic brewery would be on the Market's main floor and would include a tasting room, on site brewing, tours, and growler sales.



TARGET ZERO:

AT THE FORKS

Target Zero The Forks continues to work towards its Target Zero initiatives: zero garbage, zero water consumption, and zero carbon emissions.

The Benefits This year, the organization realized both environmental and monetary benefits associated with the program:

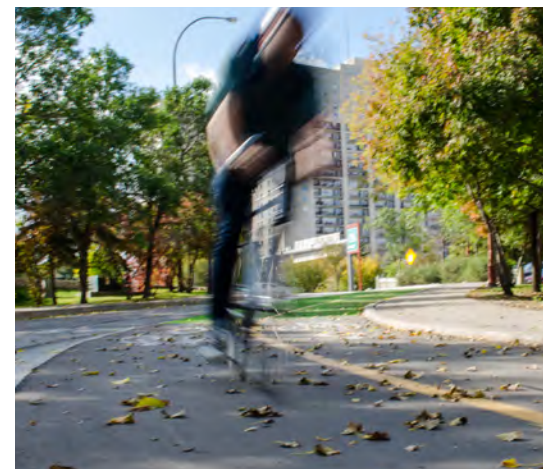
- Energy costs –The need for natural gas for heating has been eliminated, saving over \$200,000 annually;
- Waste reduction – Compared to 2005, waste costs were reduced by \$35,800 and revenue increased from waste collection by \$29,750;
- Waste oil conversion – \$12,088 was saved in diesel fuel costs by replacing it with waste vegetable oil. Using average current gas prices this has saved \$46,528 in fuel costs since 2011;
- Water - Since The Forks began its water conservation/matching use program, 10.5 million litres of water has been conserved in The Forks Market; and

- Green House Gas (GHG) – An 80 per cent reduction since 2005 in GHGs and FNP assists others in reducing theirs by processing their organic waste.

Projects

As a way to increase active living and bike access to The Forks, work began on phase one of the dedicated cycle track at The Forks. The South Main Dedicated Bike Lane, from Main Street to The Forks Market, was completed this summer. Phase two of the cycle track will continue next year from The Forks Market to CityTV.

As bike traffic increases on site, there continues to be a need for bike amenities. This year a small Bike Service Station was added, allowing visitors the ability to do basic bike repairs for free.



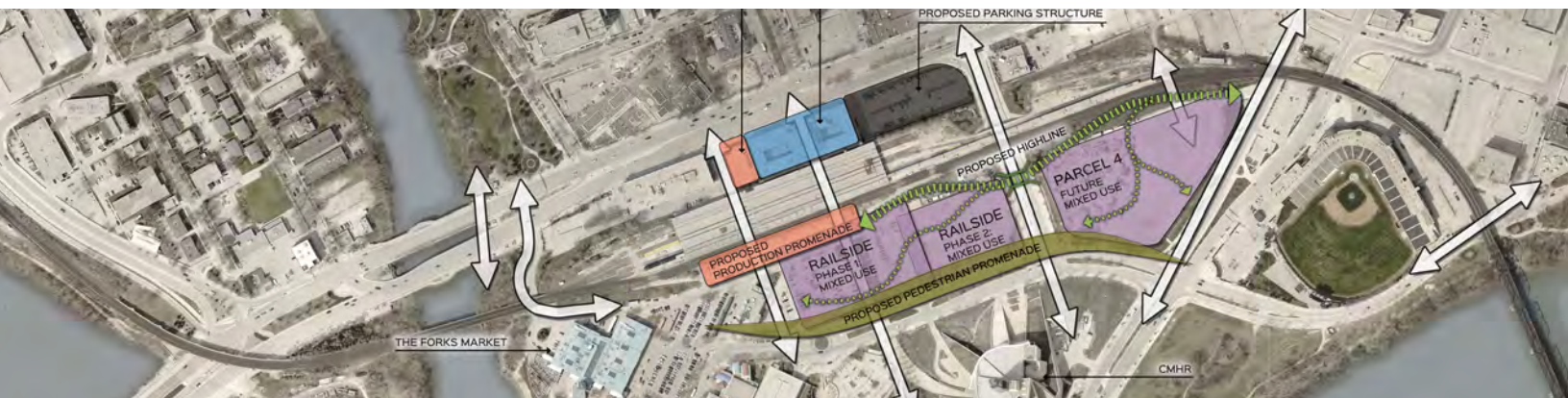


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Future

Railside and Parcel 4 As The Forks looks to the future, the completion of a 25 year vision for Railside and Parcel 4 mixed use developments will complete The Forks site. The 12 acre area currently contains downtown’s largest surface parking lots.

Over the last three years, FNP has been in conversation with the public and stakeholders about what should be happening there. Through these consultations, key principles have been developed: accessibility, mixed use, green, four season appropriate, designed excellence, and strengthened connections to the downtown.





Top 10 Ideas

With all of the work that has been done to date, this year FNP released the “Top 10 Big Ideas” to bring life to these lands:

1 Residential village at The Forks: To create a medium density residential village with interesting public spaces, high quality design and closely spaced storefronts at ground level; a place where pedestrians are prioritized.

2 Public plazas designed in collaboration with Winnipeg artists: To provide opportunities for the integration of public art throughout the development, including public spaces and plazas designed by Winnipeg artists.

3 Production spaces: To create affordable spaces for artists and makers to produce and sell their wares.

4 Rapid Transit hub at VIA Union Station: To support the transformation of VIA Union Station into a Rapid Transit hub.

5 Highline - Elevated pedestrian corridor: To develop a second floor ‘highline’ adjacent to the existing rail line that creates a unique elevated open space and provides additional pedestrian connectivity between the Railside and Parcel 4 lands and potential new linkages to Main Street.

6 Promenade: To transform Israel Asper Way into a beautifully landscaped, pedestrian-oriented promenade that includes a variety of all-weather active transportation and fitness-related amenities.

7 Target Zero: To achieve our Target Zero goals and reduce The Forks’ overall environmental impact. Key sustainability measures will include the development of a District Utility for The Forks to heat and cool buildings, geothermally heated sidewalks to clear snow and keep pedestrians comfortable and safe, and on-site biocomposting, among a host of other innovations to divert garbage, reduce water waste and curtail carbon emissions.

8 Community facilities: To facilitate the integration of new community facilities into the development, including a potential community centre, arts and cultural facilities, and educational

spaces – to support the burgeoning downtown neighbourhood.

9 Best in local and independent retail: To animate ground floor storefront spaces by strategically targeting and attracting the best local retail and restaurant operators/entrepreneurs.

10 More of The Forks: To ensure that the future development of the Railside and Parcel 4 lands becomes an extension The Forks in every way – being open and accessible to everyone and benefiting from world class site operations and programming.



GO... TO THE WATERFRONT

Two years ago, The Forks and City of Winnipeg, with the financial support of the Province of Manitoba, completed its 20 year vision document, Go to the Waterfront. At its heart, the vision is meant to transform areas along our waterfront and make the rivers more a part of our everyday lives. Winnipeg, at its core, is a river city and to further its revitalization it needs to go back to its origin.

With the operating environment in the downtown changing, The Forks can play a role beyond its borders, along the riverfront, as part of the downtown's revitalization. The Forks is a great example of how the riverfront can be used as a way to stimulate development.

There are examples. Through amenities like Splash Dash, connecting neighbourhoods through our rivers is already happening. This summer, Splash Dash Water Bus saw 8500 riders and the River Trail was full of pedestrians. The Red River Mutual Trail connects communities that are miles apart during the summer but are just a short walk across the ice in the winter.

In the coming years FNP looks forward to building on

the success of The Forks, the city's first waterfront development. FNP will work with other partners to identify and implement lead projects to begin to realize the opportunities that exist along our riverfront lands beyond The Forks.

For more information visit www.theforks.com/business/the-forks-north-portage-partnership/planning-development





Financials



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Consolidated Financial Statements

North Portage Development Corporation

March 31, 2015

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Independent Auditors' Report

To the Shareholders of
North Portage Development Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of North Portage Development Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statement of income and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Winnipeg, Manitoba
June 18, 2015

Grant Thornton LLP
Chartered Accountants

North Portage Development Corporation

Consolidated Statement of Income and Comprehensive Income

Year Ended March 31	2015	2014 (Note 20)
Revenue		
Rental and parking	\$ 5,942,157	\$ 5,574,683
The Forks Market	2,091,868	2,029,531
Lease	1,313,532	1,310,810
Events, sponsorship, grants and recoveries	1,358,929	1,192,698
Investment	442,086	374,842
Miscellaneous	46,971	68,146
Prior period (expenses) recoveries	<u>(72,257)</u>	<u>8,795</u>
	<u>11,123,286</u>	<u>10,559,505</u>
Expenses		
General and administrative	1,829,653	1,430,639
Rental and parking	2,545,269	2,540,723
The Forks Market	1,839,334	1,769,141
The Forks Site and events	2,131,575	2,162,529
Planning and development	343,429	461,982
Marketing	556,315	407,328
Investment	108,668	118,207
Miscellaneous	<u>68,842</u>	<u>66,088</u>
	<u>9,423,085</u>	<u>8,956,637</u>
Operating income before the following	1,700,201	1,602,868
Interest expense	<u>(633,112)</u>	<u>(654,779)</u>
Income before amortization	1,067,089	948,089
Amortization	<u>(2,173,455)</u>	<u>(2,198,644)</u>
Loss before the following	(1,106,366)	(1,250,555)
Amortization of deferred contributions from shareholders	1,159,849	1,159,833
Unrealized and realized gains	1,298,042	1,023,344
Gain on sale of capital assets	8,389	32,199
Donations	<u>(1,500,000)</u>	<u>(400,000)</u>
Net (loss) income and comprehensive (loss) income	<u>\$ (140,086)</u>	<u>\$ 564,821</u>

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation
Consolidated Statement of Changes in Equity

Year Ended March 31, 2015

	Share Capital (Note 13)	Donated Land (Note 14)	Contributed Surplus	Retained Earnings	2015 Total	2014 Total
Balance, beginning of year	\$ 3	\$ 8,000,000	\$ 39,310,266	\$ 9,796,613	\$ 57,106,882	\$ 56,542,061
Net (loss) income	-	-	-	(140,086)	(140,086)	564,821
Balance, end of year	\$ 3	\$ 8,000,000	\$ 39,310,266	\$ 9,656,527	\$ 56,966,796	\$ 57,106,882

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation

Consolidated Statement of Financial Position

March 31

2015

2014
(Note 20)

Assets

Current

Cash	\$ 515,850	\$ 471,901
Restricted cash (Note 6)	23,372	827
Short term investments	14,214,678	15,487,149
Trade and other receivables (Note 7)	635,029	638,332
Prepays and other	178,875	200,694
Current portion of tenant receivables	<u>12,554</u>	<u>6,152</u>
	15,580,358	16,805,055

Long term tenant receivables	12,209	25,778
Property, plant and equipment (Note 8)	14,760,109	14,999,710
Investment in properties and infrastructure enhancements (Note 9)	<u>54,586,255</u>	<u>54,755,678</u>
	\$ 84,938,931	\$ 86,586,221

Liabilities

Current

Accounts payable and accrued liabilities (Note 10)	\$ 2,515,130	\$ 2,378,874
Funds held in trust	218,794	175,658
Current portion of mortgage payable (Note 11)	383,511	361,994
Current portion of obligation under finance lease	<u>-</u>	<u>2,382</u>
	3,117,435	2,918,908

Prepaid land rents	549,209	607,295
Deferred revenue	56,091	160,000
Deferred contributions from shareholders	13,641,814	14,801,663
Long term mortgage payable (Note 11)	<u>10,607,586</u>	<u>10,991,473</u>
	27,972,135	29,479,339

Shareholders' Equity

Share capital (Note 13)	3	3
Net equity	<u>56,966,793</u>	<u>57,106,879</u>
	56,966,796	57,106,882
	\$ 84,938,931	\$ 86,586,221

On behalf of the Board



Director



Director

North Portage Development Corporation

Consolidated Statement of Cash Flows

Year Ended March 31

2015

2014

Increase (decrease) in cash

Operating		
Net (loss) income	\$ (140,086)	\$ 564,821
Adjustments for		
Amortization	2,173,455	2,198,644
Amortization of deferred contributions	(1,159,849)	(1,159,833)
Gain on sale of capital assets	<u>(8,389)</u>	<u>(32,199)</u>
	865,131	1,571,433
Net changes in working capital balances		
Trade and other receivables	3,303	8,761
Prepays and other	21,819	31,988
Accounts payable and accrued liabilities	136,256	(344,341)
Restricted cash	(22,545)	(530)
Funds held in trust	<u>43,136</u>	<u>(75,218)</u>
	<u>1,047,100</u>	<u>1,192,093</u>
Financing		
Deferred charges	-	12,500
Prepaid land rents	(58,086)	(8,086)
Deferred revenue	(103,909)	13,263
Repayment of mortgage payable	(362,370)	(344,980)
Repayment of obligation under finance lease	<u>(2,382)</u>	<u>(222,508)</u>
	<u>(526,747)</u>	<u>(549,811)</u>
Investing		
Funds received for investment in properties	146,638	-
Purchase of property, plant and equipment and investment in properties	(1,920,983)	(1,052,193)
Proceeds from disposal of property, plant and equipment	18,303	377,969
Short term investments	1,272,471	(608,864)
Tenant receivables advanced	<u>7,167</u>	<u>3,687</u>
	<u>(476,404)</u>	<u>(1,279,401)</u>
Net increase (decrease) in cash	43,949	(637,119)
Cash		
Beginning of year	<u>471,901</u>	<u>1,109,020</u>
End of year	<u>\$ 515,850</u>	<u>\$ 471,901</u>

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

1. Nature of operations

Mission

The mission of the organization is to act as a catalyst, encouraging activities for people in the downtown area through public and private partnerships and revitalization strategies, and to work to ensure financial self-sufficiency.

North Portage shall be a centre of commerce, culture and living, integrated to form a diverse downtown community through a mixture of public uses including: residential, educational and entertainment facilities.

The Forks shall be developed as a "Meeting Place", a special and distinct, all season gathering and recreational place at the junction of the Red and Assiniboine Rivers, through a mixed use approach including recreational, historical and cultural, residential and institutional and supportive commercial uses.

Corporation background

North Portage Development Corporation (the "Corporation" or "NPDC") was incorporated under the Corporations Act Manitoba on December 13, 1983 and owns land and parking facilities in the North Portage area of Winnipeg, Canada. NPDC is owned equally by the Government of Canada, the Province of Manitoba and the City of Winnipeg.

The Forks Renewal Corporation ("FRC"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on July 24, 1987 and owns land known as The Forks Winnipeg, Canada, and operates The Forks Market.

Manitou Theatre Management Ltd. ("MTML"), previously named North Portage Theatre Corporation, a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on May 27, 1986 and owns The IMAX Theatre at Portage Place, Winnipeg, Canada.

3898211 Manitoba Ltd., a subsidiary of MTML, was incorporated under the Corporations Act of Manitoba on September 16, 1998 and operated the IMAX Theatre at Portage Place, Winnipeg, Canada.

FNP Parking Inc. ("FNP"), a subsidiary of NPDC, was incorporated under the Corporations Act of Manitoba on November 6, 2006 and operates various parking locations in downtown Winnipeg, Canada including The Forks.

The Corporation is not subject to tax under provision 149(1)(d) of the Income Tax Act.

The head office for NPDC is 393 Portage Avenue, Winnipeg, Canada.

The financial statements for the year ended March 31, 2015 were approved by the Board of the Corporation and authorized for issue on June 18, 2015.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

2. Basis of presentation

These financial statements are prepared on a going concern basis, under the historical cost model except for certain financial instruments that are measured at revalued amounts or fair values.

Basis of consolidation

The financial statements of the Corporation include the financial statements of the Corporation and those of The Forks Renewal Corporation, FNP Parking Inc., 3898211 Manitoba Ltd. and Manitou Theatre Management Ltd., all of which are controlled by the Corporation.

Total income and comprehensive income of subsidiaries is attributed to the owners of the Corporation.

All intra-corporation transactions, balances, income and expenses are eliminated on consolidation.

Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies in Note 3 have been applied consistently in all material respects.

3. Summary of significant accounting policies

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques.

Investment in subsidiaries

The Corporation determines whether it is a parent by assessing whether it controls an investee. The Corporation controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Rental and parking income

Rental income (including The Forks Market revenue) and monthly parking income is recognized in the period in which the rental agreement relates. Casual parking income is recognized at the time payment is received from the customer.

Investment income

Investment income is recognized over the passage of time using the effective interest method.

Events, sponsorship, grants and recoveries

Events, sponsorship, government grants and recoveries are recognized in the period in which the related event occurs.

Deferred revenue

Consists of advance payments received and is recognized as revenue in the period in which the related event occurs.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The corporation as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

Land rents

Land rents for land leases that are considered to be operating leases are recognized in income as earned. Land rents received in advance are recorded as prepaid land rents and are recognized in income over the passage of time for which the amount is received.

Deferred charges

Deferred charges consist of prepaid building rent. The amounts are being amortized over 10 years.

The corporation as lessee

Assets held under finance leases are initially recognized as assets of the Corporation at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as an obligation under finance lease. Lease payments are allocated between interest expense and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expenses are recognized immediately in comprehensive income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

In the event that inducements to enter into operating leases are received, such inducements are recognized as a liability at the outset of the lease. The benefit is recognized as a reduction of rental expense on a straight-line basis over the life of the lease.

Foreign currencies

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in comprehensive income in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

Government contributions

Government grants are recognized when there is reasonable assurance that the Corporation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in comprehensive income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to comprehensive income over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in comprehensive income in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Property, plant and equipment

Items of property and equipment are recorded at cost and amortized over their estimated useful lives.

The estimated useful lives, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Amortization is calculated at the following rates:

Buildings	20-40 years
Building improvements	10-20 years
Equipment and computers	3-10 years
Equipment under finance lease	5 years

Investment property

Investment in properties and infrastructure enhancements are measured at cost, including transaction costs of acquisition, less accumulated amortization and accumulated impairment losses.

Amortization is calculated at the following rates:

Buildings	20-40 years
Infrastructure enhancements	40 years

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

Property under construction

Items of property under construction are recorded at cost and are not amortized until they are complete and transferred to the appropriate category of asset.

Impairment of tangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Debt

All mortgage loans are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost using the effective interest method. Transaction fees, costs, discounts and premiums directly related to the loans and borrowings are recognized in the statement of comprehensive income over the expected life of the borrowings. Interest payable is recognized on an accrual basis. Principal payments on mortgage loans due more than twelve months from the date of the balance sheet are classified as non-current liabilities.

Provisions

The amount recognized as a provision (if any) is the present value of the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

Financial assets

Purchase and sales of financial assets are recognized on the settlement date, which is the date on which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or were transferred and the Corporation has transferred substantially all the risks and rewards of ownership. Financial assets are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include "trade and other receivables" and "tenant receivables". They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Short term investments

Short term investments consist of GICs, short term investments and active market equities. Investments are held for trading and are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with changes recognized in comprehensive income. Upon sale or impairment, the accumulated fair value adjustments recognized are included in the statement of comprehensive income.

Impairment of financial assets

At the end of each reporting period, the Corporation assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and recognized in the statement of comprehensive income.

Financial liabilities

Financial liabilities (including borrowings) are measured at amortized cost using the effective interest method.

In these financial statements accounts payable and accrued liabilities and long term debt have been classified as other financial liabilities.

Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in comprehensive income.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

3. Summary of significant accounting policies (continued)

Current and future changes to significant accounting policies

The IASB is working towards continual improvement through the development of new accounting standards and the annual improvements process. The IASB will issue a number of exposure drafts of new or revised standards over the next several years. The Corporation monitors the IASB work plans and publications to address any developments that may impact the organization.

Effective April 1, 2014, the Project adopted *IFRIC Interpretation 21 – Levies*, which provides guidance for *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. IFRIC Interpretation 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this standard resulted in no material impact to the financial statements of the Corporation.

The IASB published *IFRS 9 – Financial Instruments* replaces *IAS 39 – Financial Instruments: Recognition and Measurement*, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value, effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The IASB published *IFRS 15 – Revenue from Contracts with Customers* replaces *IAS 18 – Revenue* and *IAS 11 – Revenue from contracts with Customers*: Establishes a new five step, control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

The Corporation is currently evaluating the impact of these standards on its financial statements.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the report date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected.

Judgments other than estimates

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

4. Significant accounting judgments, estimates and assumptions (continued)

Operating and finance leases

The Corporation has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer and retention of significant risks and rewards of ownership of the properties covered by the agreements.

Estimates

Useful lives of property, plant and equipment and investment property

The Corporation estimates the useful lives of property, plant and equipment and investment property based on the period over which the assets are expected to be available for use. The estimate useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property, plant and equipment and investment property are analyzed in Notes 8 and 9. Based on management's assessment as at March 31, 2015, there is no change in useful life during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. This applies only to the measurement of the long term debt (see Note 5).

5. Financial instruments risk and fair value measurement

Risk management objectives and policies

The Corporation is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and market risk.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

5. Financial instruments risk and fair value measurement (continued)

Credit risk

Credit risk is the potential that a counterparty to a financial instrument will fail to perform its obligations. Financial instruments which potentially subject the Corporation to credit risk consist principally of receivables and loans receivable.

The maximum exposure of the Corporation to credit risk as of March 31, 2015 is \$659,792 (2014 - \$670,262).

The Corporation is not exposed to significant credit risk since the receivables are with a significant number of customers. In order to reduce its credit risk, the Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Market risk

Market risk is the risk that changes in market prices, interest rates and foreign exchange rates will affect the Corporation's earnings or the fair values of its financial instruments. The Corporation has market risk attributable to its investments held for trading. The investments held for trading are carried on the balance sheet at the fair market value of the investments, with the change in fair value being recognized as an adjustment on the statements of comprehensive income and net equity.

Currency risk

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risk from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The interest rate exposure relates to cash, investments and long term debt.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

5. Financial instruments risk and fair value measurement (continued)

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Corporation does not have any financial instruments in the Level 3 category and there were no transfers between Levels during the year.

The short term investments would be classified as Level 1. The carrying value of short term investments is valued based upon the market to market basis of accounting for investment values using quoted prices of the individual investments in an active market.

The Corporation's carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, funds held in trust, and obligation under finance lease approximates their fair value due to the immediate or short term nature maturity of these instruments.

Financial instruments measured at amortized cost for which the fair value is disclosed

The fair value of the long term debt is impacted by changes in market yields which can result in differences between the carrying value and the fair value of the instruments. The fair value of the long term debt has been estimated based on the current market rates for mortgages and loans of similar terms and conditions. The estimated fair value at March 31, 2015 of the mortgage loan is \$13,302,000 (2014 - \$12,880,000). The estimated fair value at March 31, 2015 of the term loan is \$5,900 (2014 - \$11,600).

The valuation of the long term debt using current interest rates would be classified as Level 2 of the fair value hierarchy.

6. Restricted cash

Restricted cash consists of cash held in trust for projects that are in progress on behalf of third parties. The Corporation is managing the accounting and cash disbursement aspect of these projects. The liability, in the same amount as the asset, is included in accounts payable and accrued liabilities.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

7. Trade and other receivables	<u>2015</u>	<u>2014</u>
Trade receivables	\$ 419,842	\$ 551,891
Allowance for doubtful debts	<u>(27,497)</u>	<u>(49,128)</u>
Net trade receivables	392,345	502,763
Government remittances	2,986	(4,866)
Other receivables	<u>239,698</u>	<u>140,435</u>
	<u>\$ 635,029</u>	<u>\$ 638,332</u>

The credit period on sale of goods and services is 30 days. The Corporation has recognized an allowance for doubtful debts against all receivables over 120 days because experience has shown that those amounts are not recoverable. Allowances for doubtful debts are recognized against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience.

Aging of receivables that are past due but not impaired

31-60 days	\$ 42,729	\$ 88,250
61-90 days	106,082	152,658
91+ days	<u>215,822</u>	<u>112,400</u>
Total	<u>\$ 364,633</u>	<u>\$ 353,308</u>

Changes in the allowance for doubtful debts

Balance at beginning of the year	\$ 49,128	\$ 82,900
Impairment losses recognized on receivables	9,209	21,515
Amounts written off during the year as uncollectible	<u>(30,840)</u>	<u>(55,287)</u>
Balance at end of the year	<u>\$ 27,497</u>	<u>\$ 49,128</u>

In determining the recoverability of a trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

North Portage Development Corporation Notes to the Consolidated Financial Statements

March 31, 2015

8. Property, plant and equipment (Note 20)

	<u>Land</u>	Property Under Construction	Plant and Equipment	Equipment Under Finance Lease	<u>Total</u>
Cost					
Balance March 31, 2014	\$ 9,058,281	\$ 296,502	\$ 24,476,129	\$ 2,151,244	\$35,982,156
Additions	-	517,434	471,384		988,818
Disposals	-	-	(12,267)	-	(12,267)
Removal of fully amortized assets	-	-	(1,578,304)	-	(1,578,304)
Transfer to investments in properties and infrastructure enhancements	-	(546,184)	-	-	(546,184)
Balance March 31, 2015	<u>\$ 9,058,281</u>	<u>\$ 267,752</u>	<u>\$ 23,356,942</u>	<u>\$ 2,151,244</u>	<u>\$34,834,219</u>
Accumulated amortization					
Balance March 31, 2014	\$ -	\$ -	\$ 19,085,953	\$ 1,896,493	\$20,982,446
Removal of fully amortized asset	-	-	(1,578,304)	-	(1,578,304)
Elimination on disposal of assets	-	-	(2,353)	-	(2,353)
Amortization	-	-	607,435	64,886	672,321
Balance March 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,112,731</u>	<u>\$ 1,961,379</u>	<u>\$20,074,110</u>
Carrying amounts	<u>\$ 9,058,281</u>	<u>\$ 267,752</u>	<u>\$ 5,244,211</u>	<u>\$ 189,865</u>	<u>\$14,760,109</u>

9. Investment in properties and infrastructure enhancements (Note 20)

	<u>Land</u>	Building	Property Under Construction	Infrastructure Enhancements	<u>Total</u>
Cost					
Balance March 31, 2014	\$ 28,203,066	\$ 19,220,836	\$ -	\$ 57,498,185	\$104,922,087
Additions	-	41,772	630,624	259,769	932,165
Funds received for assets	-	(146,638)	-	-	(146,638)
Transfer from plant and equipment	-	-	518,877	27,307	546,184
Disposals	-	-	-	-	-
Balance March 31, 2015	<u>\$ 28,203,066</u>	<u>\$ 19,115,970</u>	<u>\$ 1,149,501</u>	<u>\$ 57,785,261</u>	<u>\$106,253,798</u>
Accumulated amortization					
Balance March 31, 2014	\$ 531,494	\$ 6,763,239	\$ -	\$ 42,871,676	\$50,166,409
Amortization	-	561,052	-	940,082	1,501,134
Balance March 31, 2015	<u>\$ 531,494</u>	<u>\$ 7,324,291</u>	<u>\$ -</u>	<u>\$ 43,811,758</u>	<u>\$51,667,543</u>
Carrying amounts	<u>\$ 27,671,572</u>	<u>\$ 11,791,679</u>	<u>\$ 1,149,501</u>	<u>\$ 13,973,503</u>	<u>\$54,586,255</u>

All of the Corporation's investment property is held under freehold interests.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

10. Accounts payable and accrued liabilities	<u>2015</u>	<u>2014</u>
Trade payables	\$ 563,769	\$ 504,285
Accruals	1,822,040	1,745,268
Current deferred revenue	<u>129,321</u>	<u>129,321</u>
	<u>\$ 2,515,130</u>	<u>\$ 2,378,874</u>

The average credit period on purchases is 30 days. The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit terms.

11. Long term debt	<u>2015</u>	<u>2014</u>
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of \$82,940. The loan matures on August 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	\$ 11,048,263	\$ 11,408,724
Unamortized transaction costs	<u>(63,115)</u>	<u>(66,892)</u>
	10,985,148	11,341,832
Farm Credit Canada loan bearing interest at 6% per annum, repayable in monthly blended payments of \$678. The loan matures on September 1, 2015 and is unsecured.	<u>5,949</u>	<u>11,635</u>
	10,991,097	11,353,467
Less current portion		
Mortgage loans	(387,299)	(365,794)
Transaction costs	<u>3,788</u>	<u>3,800</u>
	<u>(383,511)</u>	<u>(361,994)</u>
	<u>\$ 10,607,586</u>	<u>\$ 10,991,473</u>

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

11. Long term debt (continued)

Principal repayment terms for the next five years are approximately:

2016	\$ 387,299
2017	403,436
2018	426,801
2019	451,519
2020	477,669

12. Government contributions	<u>2015</u>	<u>2014</u>
Amounts included in deferred contributions	\$ 13,641,814	\$ 14,801,663
Contributions received in the year	-	-
Amounts recognized in income in prior years	68,838,851	67,679,018
Annual amortization of deferred contributions	1,159,849	1,159,833
Amounts recognized in income in the current year	-	-
Donated land (Note 14)	8,000,000	8,000,000
Contributed surplus	<u>39,310,266</u>	<u>39,310,266</u>
	<u>\$ 130,950,780</u>	<u>\$ 130,950,780</u>

13. Share capital	<u>2015</u>	<u>2014</u>
Authorized		
Unlimited common shares		
Issued and fully paid		
3 common shares	<u>\$ 3</u>	<u>\$ 3</u>

14. Donated land

The Company acquired title and possession of 55.9 acres of land donated by the Government of Canada, the Province of Manitoba and the City of Winnipeg as follows:

	<u>Government of Canada</u>	<u>City of Winnipeg</u>	<u>From Core Area Initiative</u>	<u>Total</u>
Acres	49	3.9	3.0	55.9

These lands were acquired pursuant to the Land Exchange Agreement. Donated land was recorded at fair market value as approved by the FRC Board of Corporation on June 5, 1989. During the 1992/93 fiscal year, 3.8 acres of Pioneer Blvd. and The Forks Market Road were dedicated as public rights-of-way to the City of Winnipeg. During 2003, 0.5 acres of donated land were transferred to the City of Winnipeg. During 2007, 1.65 acres of donated land was sold to the City of Winnipeg. The remaining lands under the FRC's ownership are 49.95 acres.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

15. Finance costs	<u>2015</u>	<u>2014</u>
Continuing operations		
Interest on mortgage payable	\$ 633,112	\$ 652,938
Interest on obligations under finance leases	<u>-</u>	<u>1,841</u>
	<u>\$ 633,112</u>	<u>\$ 654,779</u>

16. Operating lease arrangements

The corporation as lessee

Leasing arrangements

Operating leases relate to leases of land with lease terms of between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Corporation does not have an option to purchase the leased land at the expiry of the lease periods.

	<u>2015</u>	<u>2014</u>
Minimum lease payments	<u>\$ 254,391</u>	<u>\$ 267,724</u>

The corporation as lessor

Leasing arrangements

Operating leases relate to the investment property owned by the Corporation with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

17. Commitments

The corporation has an obligation to operate the Imax Theatre at Portage Place for a 50 year period, ending in 2035.

FRC has leased parking, storage and an office site at The Forks to December 2016. FNP Parking Ltd. is administering the obligation. The lease, containing renewal options, calls for base monthly payments of \$1,667 and provides for payment of utilities and property taxes.

North Portage Development Corporation

Notes to the Consolidated Financial Statements

March 31, 2015

18. Related party transactions

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	<u>2015</u>	<u>2014</u>
Wages and other short-term benefits	\$ <u>747,745</u>	\$ <u>744,536</u>

Government related entity

NPDC has elected to apply the exemption regarding the disclosure of transactions and outstanding balances with government related entities.

19. Management of capital

The Corporation's capital consists of contributed surplus and donated land equity. Donated land was recorded at fair value, as approved by the Board of Corporation in FRC, in 1989.

The capital structure of the Corporation is comprised of the following:

	<u>2015</u>	<u>2014</u>
Total debt and deferred shareholder contributions	\$ <u>24,632,911</u>	\$ 26,157,512
Capital stock	<u>3</u>	<u>3</u>
Net equity	<u>56,966,793</u>	<u>57,106,879</u>
	<u>\$ 81,599,707</u>	<u>\$ 83,264,394</u>

The Corporation's objective in managing capital is to safeguard its ability to continue as a going concern, in order to carry out its mission as described in Note 1.

The Corporation prepares a budget each year, allocating expenses to revenue they expect to earn and funding it expects to receive.

The Corporation monitors capital from time-to-time using a variety of measures which are applicable to its industry. Monitoring procedures are typically performed as a part of the overall management of operations and are performed with the goal of enhancing the ability of the Corporation to reduce the cost of capital. An investment policy is in place to guide the Corporation in the management of surplus funds. These guidelines ensure that capital is preserved, rates of return are maximized and funds are available as needed.

North Portage Development Corporation
Notes to the Consolidated Financial Statements

March 31, 2015

20. Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Partners and Sponsors

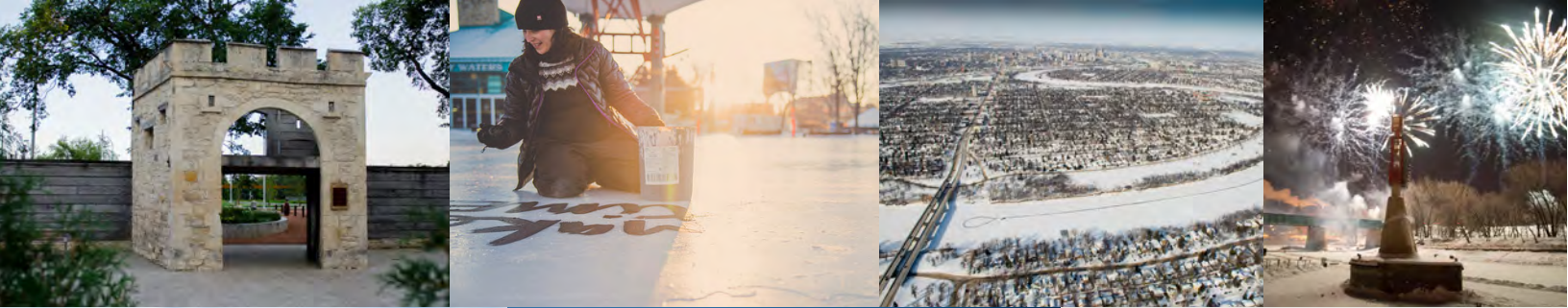
Arctic Glacier Inc.
 Brown-Forman
 Burns Family Foundation Canada
 Council for the Arts
 Canadian Heritage
 Canadian Museum for Human Rights
 Canada Culvert
 CentreVenture
 Children's Museum
 City of Winnipeg
 City
 Downtown Winnipeg BIZ
 Economic Development Winnipeg
 Exchange District BIZ
 Festival du Voyageur
 Fenton's Wine Merchants
 FXR Racing
 Government of Canada

Green Kids Inc.
 Half Pints Brewing Company
 Inn at The Forks
 Investors Group
 Johnston Terminal
 KGS Engineering
 Manitoba Association of Architects
 Manitoba Innovation, Energy and Mines
 Manitoba Liquor & Lotteries
 Manitoba Music
 Manitoba Public Insurance
 MTS
 Manitoba Theatre for Young People
 Multi-Material Stewardship MB
 Nature Conservancy of Canada
 Parks Canada

Province of Manitoba
 Prairie Theatre Exchange
 Red River Mutual
 SkateSk8 Sputnik Architecture
 The Great-West Life Assurance Company
 Tourism Winnipeg
 Travel Manitoba
 TwoZeroFour Skate Shop
 Wawanesa Insurance
 West End Biz
 Windsor Park Nordic Ski Centre
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 The Winnipeg Foundation
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Thank you!



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