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Consolidated Financial Statements

North Portage Development Corporation

March 31, 2016

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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, 2016 and the consolidated statement of loss and comprehensive loss, 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, 2016 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Winnipeg, Manitoba
June 16, 2016

Chartered Professional Accountants

North Portage Development Corporation
Consolidated Statement of Loss and Comprehensive Loss

Year Ended March 31	**2016**	2015 (Note 21)
Revenue		
Parking	**$ 6,559,895**	$ 5,936,158
The Forks Market	**2,274,663**	2,091,868
Events, sponsorship, grants and recoveries	**1,219,781**	1,358,659
Lease	**1,323,470**	1,313,532
Rental	**231,427**	53,241
Investment	**316,855**	442,086
	11,926,091	11,195,544
Expenses		
Parking	**$ 1,218,268**	$ 1,098,362
The Forks Market	**2,168,234**	1,871,332
The Forks Site and events	**2,482,275**	2,270,339
Rental	**110,598**	34,207
Investment	**105,534**	108,668
Planning and development	**138,812**	343,429
Marketing and communications	**444,412**	458,024
General and administrative	**3,389,446**	3,310,982
	10,057,579	9,495,343
Operating income before the following	**1,868,512**	1,700,201
Interest expense (Note 16)	**(612,137)**	(633,112)
Income before amortization	**1,256,375**	1,067,089
Amortization	**(2,241,583)**	(2,173,455)
Loss before the following	**(985,208)**	(1,106,366)
Amortization of deferred contributions from shareholders	**1,159,849**	1,159,849
Unrealized and realized (losses) gains	**(342,488)**	1,298,042
Gain on sale of capital assets	**2,500**	8,389
Donations	**(246,189)**	(1,500,000)
Net loss and comprehensive loss	**$ (411,536)**	$ (140,086)

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation
Consolidated Statement of Changes in Equity
Year Ended March 31, 2016

	Share Capital (Note 14)	Donated Land (Note 15)	Contributed Surplus	Retained Earnings	2016 Total	2015 Total
Balance, beginning of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 9,656,527**	**$ 56,966,796**	$ 57,106,882
Net loss	**-**	**-**	**-**	**(411,536)**	**(411,536)**	(140,086)
Balance, end of year	**$ 3**	**$ 8,000,000**	**$ 39,310,266**	**$ 9,244,991**	**$ 56,555,260**	$ 56,966,796

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation
Consolidated Statement of Financial Position

March 31	**2016**	2015 (Note 21)
Assets		
Current		
Cash	**$ 27,052**	$ 515,850
Restricted cash (Note 6)	**120,808**	23,372
Short term investments	**9,119,943**	14,214,678
Trade and other receivables (Note 7)	**545,386**	635,029
Current portion of tenant receivables	**4,765**	12,554
Current portion of receivable from developers (Note 8)	**104,600**	-
Prepaids and other	**156,101**	178,875
	10,078,655	15,580,358
Long term tenant receivables	**5,414**	12,209
Receivable from developers (Note 8)	**1,012,991**	-
Property, plant and equipment (Note 9)	**14,804,178**	14,620,804
Investment in properties and infrastructure enhancements (Note 10)	**57,689,558**	54,725,560
	$ 83,590,796	$ 84,938,931
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 11)	**$ 3,035,859**	$ 2,515,130
Funds held in trust	**400,254**	218,794
Current portion of mortgage payable (Note 12)	**399,648**	383,511
	3,835,761	3,117,435
Prepaid land rents	**509,872**	549,209
Deferred revenue	**-**	56,091
Deferred contributions from shareholders	**12,481,965**	13,641,814
Long term mortgage payable (Note 12)	**10,207,938**	10,607,586
	27,035,536	27,972,135
Shareholders' Equity		
Share capital (Note 14)	**3**	3
Net equity	**56,555,257**	56,966,793
	56,555,260	56,966,796
	$ 83,590,796	$ 84,938,931

On behalf of the Board

______________________________ Director ______________________________ Director

See accompanying notes to the consolidated financial statements.

North Portage Development Corporation
Consolidated Statement of Cash Flows

Year Ended March 31	2016	2015 (Note 21)
Increase (decrease) in cash		
Operating		
Net loss	**$ (411,536)**	$ (140,086)
Adjustments for		
Amortization	**2,241,583**	2,173,455
Amortization of deferred contributions	**(1,159,849)**	(1,159,849)
Gain on sale of capital assets	**(2,500)**	(8,389)
Unrealized and realized losses (gains)	**342,488**	(1,298,042)
Investment income	**(312,827)**	(437,909)
	697,359	(870,820)
Net changes in working capital balances		
Restricted cash	**(97,436)**	(22,545)
Trade and other receivables	**89,643**	3,303
Prepaids and other	**22,774**	21,819
Accounts payable and accrued liabilities	**520,729**	136,256
Funds held in trust	**181,460**	43,136
	1,414,529	(688,851)
Financing		
Prepaid land rents	**(39,337)**	(58,086)
Deferred revenue	**(56,091)**	(103,909)
Repayment of mortgage payable	**(383,511)**	(362,370)
Repayment of obligation under finance lease	**-**	(2,382)
	(478,939)	(526,747)
Investing		
Proceeds from disposition of short term investments (net)	**5,065,074**	3,008,422
Developer receivables advanced	**(1,405,101)**	-
Proceeds from repayment of tenant receivables	**14,584**	7,167
Proceeds from repayment of developer receivables	**287,510**	-
Funds received for investment in properties	**1,405,101**	146,638
Purchase of property, plant and equipment and investment in properties	**(6,794,056)**	(1,920,983)
Proceeds from disposal of property, plant and equipment	**2,500**	18,303
	(1,424,388)	1,259,547
Net (decrease) increase in cash	**(488,798)**	43,949
Cash		
Beginning of year	**515,850**	471,901
End of year	**$ 27,052**	$ 515,850

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, 2016 were approved by the Board of the Corporation and authorized for issue on June 16, 2016.

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 loss and comprehensive loss 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.

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.

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.

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.

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

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.

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”, “tenant receivables” and “receivable from developer”. 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 GIC, 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.

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.

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, 2018 with earlier application permitted.

The IASB released IFRS 16 – *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (the lessee and the lessor). IFRS 16 requires lessees to account for leases on the balance sheet by recognizing a right of use asset and lease liability. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption 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.

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 estimated 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 9 and 10. Based on management's assessment as at March 31, 2016, 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.

Discontinued operation

The corporation has estimated the potential future costs associated with the closing of the IMAX Theatre at Portage Place, Winnipeg, Canada.

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 receivable from developers and 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.

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 cash, restricted cash, short term investments, receivables, tenant receivables and receivable from developers.

The maximum exposure of the Corporation to credit risk as of March 31, 2016 is $1,673,156 (2015 - $659,792). An aging of trade receivables is provided in Note 7.

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 loss 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.

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.

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

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, trade and other receivables, accounts payable and accrued liabilities, and funds held in trust 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 receivables and long term debt are 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 receivables and long term debt have been estimated based on the current market rates for mortgages and loans of similar terms and conditions.

The estimated fair value at March 31, 2016 of the long term receivables is $1,157,478 (2015 - $12,209); the estimated fair value at March 31, 2016 of the mortgage loan is $12,630,932 (2015 - $13,302,000); and the estimated fair value at March 31, 2016 of the term loan is $nil (2015 - $5,900).

The valuation of the long term receivables and 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 undertaken on behalf of third parties. The Corporation is managing the accounting and cash disbursement aspect of these projects. The same amount is included in accounts payable and accrued liabilities.

7. Trade and other receivables

	2016	2015
Trade receivables	**$ 358,324**	$ 419,842
Allowance for doubtful debts	**(25,184)**	(27,497)
Net trade receivables	**333,140**	392,345
Government remittances	**66,039**	2,986
Other receivables	**146,207**	239,698
	$ 545,386	$ 635,029

7. Trade and other receivables (continued)

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 trade receivables that are past due but not impaired

	2016	2015
31-60 days	$ 114,575	$ 42,729
61-90 days	36,353	106,082
91+ days	167,496	215,822
Total	$ 318,424	$ 364,633

Changes in the allowance for doubtful debts

	2016	2015
Balance at beginning of the year	$ 27,497	$ 49,128
Impairment losses recognized on receivables	16,010	9,209
Amounts written off during the year as uncollectible	(18,323)	(30,840)
Balance at end of the year	$ 25,184	$ 27,497

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.

In respect of other receivables, the corporation is not exposed to any significant credit risk to any single counterparty.

8. Receivable from developers

Amounts consist of the repayment of the rehabilitation costs from the developers adjacent to the streets located on the North Portage site.

	2016	2015
Receivable from developers bearing interest at 5%, repayable at $13,164 per month, maturing January 2024.	$ 1,117,591	$ -
Current portion of receivable from developers	(104,600)	-
	$ 1,012,991	$ -

9. Property, plant and equipment (Note 21)

	Land	Property Under Construction	Plant and Equipment	Equipment Under Finance Lease	Total
Cost					
Balance March 31, 2015	$ 9,058,281	$ 267,752	$ 23,356,942	$ 2,151,244	$ 34,834,219
Prior period reclassification	-	(139,304)	-	-	(139,304)
Restated, March 31, 2015	9,058,281	128,448	23,356,942	2,151,244	34,694,915
Additions	-	914,930	430,045	-	1,344,975
Transfer to plant and equipment	-	(213,033)	213,033	-	-
Transfer to investments in properties and infrastructure enhancements	-	(472,547)	-	-	(472,547)
Balance March 31, 2016	**$ 9,058,281**	**$ 357,798**	**$ 24,000,020**	**$ 2,151,244**	**$35,567,343**
Accumulated amortization					
Balance March 31, 2015	$ -	$ -	$ 18,112,731	$ 1,961,379	$20,074,110
Amortization	-	-	624,167	64,888	689,055
Balance March 31, 2016	**$ -**	**$ -**	**$ 18,736,898**	**$ 2,026,267**	**$20,763,165**
Carrying amounts	**$ 9,058,281**	**$ 357,798**	**$ 5,263,122**	**$ 124,977**	**$14,804,178**

10. Investment in properties and infrastructure enhancements (Note 21)

	Land	Building	Property Under Construction	Infrastructure Enhancements	Total
Cost					
Balance March 31, 2015	$ 28,203,066	$ 19,115,970	$ 1,149,501	$ 57,785,261	$106,253,798
Prior period reclassification	-	-	139,304	-	139,304
Restated, March 31, 2015	28,203,066	19,115,970	1,288,805	57,785,261	106,393,102
Additions	-	2,255,052	2,552,149	641,880	5,449,081
Funds received for assets	-	-	-	(1,405,101)	(1,405,101)
Transfer to building	-	882,376	(882,376)	-	-
Transfer from plant and equipment	-	-	-	472,547	472,547
Balance March 31, 2016	**$ 28,203,066**	**$ 22,253,398**	**$ 2,958,578**	**$ 57,494,587**	**$110,909,629**
Accumulated amortization					
Balance March 31, 2015	$ 531,494	$ 7,324,291	$ -	$ 43,811,758	$ 51,667,543
Amortization	-	605,624	-	946,904	1,552,528
Balance March 31, 2016	**$ 531,494**	**$ 7,929,915**	**$ -**	**$ 44,758,662**	**$53,220,071**
Carrying amounts	**$ 27,671,572**	**$ 14,323,483**	**$ 2,958,578**	**$ 12,735,925**	**$57,689,558**

All of the Corporation's investment property is held under freehold interests. During the year, the Corporation received $469,398 from the Winnipeg Foundation as reimbursement for the construction of the Alloway Arch on behalf of the Foundation. The Corporation has not recognized the cost of the Arch or any reimbursement in the financial statements.

11. Accounts payable and accrued liabilities	**2016**	2015
Trade payables	**$ 550,711**	$ 563,769
Accruals	**2,346,737**	1,822,040
Current deferred revenue	**138,411**	129,321
	$ 3,035,859	$ 2,515,130

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

12. Long term debt	**2016**	2015
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on August 1, 2032 and is secured by a general security agreement together with a first charge on the following lease agreements: Cityscape Residence Corp., The Kiwanis Club of Winnipeg Seniors Building Inc., Fred Douglas Place Ltd. and Portage Place Centre Inc.	**$ 10,666,913**	$ 11,048,263
Unamortized transaction costs	**(59,327)**	(63,115)
	10,607,586	10,985,148
Farm Credit Canada loan repaid during the year	**-**	5,949
	10,607,586	10,991,097
Less current portion		
Mortgage loans	**(403,436)**	(387,299)
Transaction costs	**3,788**	3,788
	(399,648)	(383,511)
	$ 10,207,938	$ 10,607,586

Principal repayment terms for the next five years are approximately:

2017	$ 403,436
2018	426,801
2019	451,519
2020	477,669
2021	505,333

13. Government contributions

	2016	2015
Amounts included in deferred contributions	**$ 12,481,965**	$ 13,641,814
Contributions received in the year	**-**	-
Amounts recognized in income in prior years	**69,998,700**	68,838,851
Annual amortization of deferred contributions	**1,159,849**	1,159,849
Amounts recognized in income in the current year	**-**	-
Donated land (Note 15)	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
	$ 130,950,780	$ 130,950,780

14. Share capital

	2016	2015
Authorized		
Unlimited common shares		
Issued and fully paid		
3 common shares	**$ 3**	$ 3

15. 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:

	Government of Canada	City of Winnipeg	From Core Area Initiative	Total
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 Directors 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 were sold to the City of Winnipeg. The remaining lands under the FRC's ownership are 49.95 acres.

16. Finance costs

	2016	2015
Continuing operations		
Interest on mortgage payable	**$ 612,137**	$ 633,112

17. Operating lease arrangements

The corporation as lessee

Leasing arrangements

Operating leases relate to leases of land with 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.

	2016	2015
Minimum lease payments	**$ 261,282**	$ 254,391

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.

18. 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.

19. 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:

	2016	2015
Wages and other short-term benefits	**$ 692,878**	$ 747,745

Government related entity

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

20. Management of capital

The Corporation's capital consists of contributed funds and donated land. 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:

	2016	2015
Total debt and deferred shareholder contributions	**$ 23,089,551**	$ 24,632,911
Capital stock	**3**	3
Net equity	**56,555,257**	56,966,793
	$ 79,644,811	$ 81,599,707

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 continue as a going concern. 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.

21. Comparative figures

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