

North Portage Development Corporation
Consolidated Financial Statements
March 31, 2019

Independent Auditor's Report

To the Shareholders of North Portage Development Corporation:

Opinion

We have audited the consolidated financial statements of North Portage Development Corporation and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

June 13, 2019

MNP LLP

Chartered Professional Accountants

North Portage Development Corporation
The Forks North Portage Partnership
Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Assets		
Current		
Cash	1,891,780	1,355,885
Short-term investments	2,818,796	3,715,890
Accounts receivable (Note 5)	577,500	344,422
Inventory	43,611	64,355
Current portion of receivable from developers (Note 6)	145,929	134,094
Prepays and other	415,577	277,085
	5,893,193	5,891,731
Non-current		
Property and equipment (Note 7)	15,026,376	15,496,499
Investment in properties and infrastructure enhancements (Note 8)	60,778,104	59,290,428
Receivable from developers (Note 6)	766,298	913,854
	76,570,778	75,700,781
	82,463,971	81,592,512
Liabilities		
Current		
Trade and other payables (Note 9)	3,264,051	2,887,424
Funds held in trust	163,989	174,144
Deferred revenue	363,037	141,481
Current portion of long-term debt (Note 10)	471,757	447,731
	4,262,834	3,650,780
Non-current		
Long-term debt (Note 10)	8,863,314	9,337,195
Prepaid land rents	610,613	618,699
Deferred contributions	10,191,158	10,368,995
	19,665,085	20,324,889
	23,927,919	23,975,669
Equity		
Share capital (Note 11)	3	3
Contributed surplus	39,310,266	39,310,266
Donated land (Note 13)	8,000,000	8,000,000
Retained earnings	11,225,783	10,306,574
	58,536,052	57,616,843
	82,463,971	81,592,512

Approved on behalf of the Board

 Director

 Director

The accompanying notes are an integral part of these financial statements

North Portage Development Corporation
Consolidated Income Statement and Other Comprehensive Income

For the year ended March 31, 2019

	2019	2018
Revenue		
The Forks Market	4,961,242	4,390,846
Parking	8,059,409	7,439,828
Lease	1,326,722	1,318,717
Events, sponsorships, grants and recoveries	990,486	1,715,020
Rental	515,971	513,951
Investment income	135,486	215,221
	15,989,316	15,593,583
Expenses		
The Forks Market	3,396,478	3,133,988
Parking	3,248,824	2,684,258
The Forks site and events	2,184,519	2,371,986
General and administrative	2,066,544	2,345,995
Security services	595,989	727,768
Marketing and communications	509,975	553,217
Planning and development	340,271	200,242
Rental	223,099	216,455
Investment costs	3,788	60,201
Prior year expenses	88,991	87,506
	12,658,478	12,381,616
Operating income before the following	3,330,838	3,211,967
Other expenses (income)		
Interest on long-term debt	541,637	566,472
(Gain) loss on short-term investments	(187,528)	45,260
Gain on disposal of property and equipment	(5,689)	(21,890)
Depreciation and amortization	2,904,930	2,790,816
Amortization of deferred contributions	(1,159,849)	(1,159,849)
Donations	318,128	300,444
	2,411,629	2,521,253
Excess of revenues over expenses	919,209	690,714

The accompanying notes are an integral part of these financial statements

North Portage Development Corporation
The Forks North Portage Partnership
Consolidated Statement of Changes in Equity
For the year ended March 31, 2019

	<i>Share capital</i>	<i>Donated land</i>	<i>Contributed surplus</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance March 31, 2017	3	8,000,000	39,310,266	9,615,860	56,926,129
Excess of revenues over expenses	-	-	-	690,714	690,714
Balance March 31, 2018	3	8,000,000	39,310,266	10,306,574	57,616,843
Excess of revenues over expenses	-	-	-	919,209	919,209
Balance March 31, 2019	3	8,000,000	39,310,266	11,225,783	58,536,052

The accompanying notes are an integral part of these financial statements

North Portage Development Corporation
Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	919,209	690,714
Depreciation and amortization	2,904,930	2,790,816
Amortization or prepaid finance costs	3,788	3,789
Amortization of deferred contributions	(1,159,849)	(1,159,849)
Gain on disposal of property and equipment	(5,689)	(21,890)
(Gain) loss on disposition of short-term investments	(187,528)	45,260
	2,474,861	2,348,840
Changes in working capital accounts		
Accounts receivable	(233,078)	179,589
Inventory	20,744	(48,963)
Prepays and other	(138,492)	78,413
Trade and other payables	376,627	(59,364)
Funds held in trust	(10,155)	12,735
	2,490,507	2,511,250
Financing activities		
Repayment of long-term debt	(453,643)	(426,478)
Prepaid land rents	(8,086)	(8,087)
Deferred revenue	221,556	9,687
Deferred contributions received	982,012	206,729
	741,839	(218,149)
Investing activities		
Purchases of property and equipment and infrastructure enhancements	(3,924,799)	(4,382,595)
Proceeds from disposition of short term investments (net)	1,084,622	1,861,612
Developer receivables advanced	-	(350,720)
Proceeds from repayment of developer receivables	135,721	115,450
Funds received for property and equipment	2,316	435,294
Proceeds from disposal of property and equipment	5,689	30,407
	(2,696,451)	(2,290,552)
Increase in cash	535,895	2,549
Cash, beginning of year	1,355,885	1,353,336
Cash, end of year	1,891,780	1,355,885

The accompanying notes are an integral part of these financial statements

North Portage Development Corporation Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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 Development Corporation 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.

Company background

North Portage Development Corporation (the "Company" 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 operates 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 123 Main Street, Winnipeg, Canada.

The financial statements for the year ended March 31, 2019 were approved by the Board of the Company on June 13, 2019.

2. Basis of preparation

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out in the notes.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Future changes to significant accounting policies

The following standards will be effective for subsequent annual periods. The Company is currently evaluating the impact of these standards on its Financial Statements:

(i) IFRS 16 - Leases

IFRS 16 - Leases replaces IAS 17 - Leases and requires lessees to account for leases on balance sheet by recognizing a right of use asset and a lease liability. Lessor accounting, however remains largely unchanged and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. Management is assessing the impact of these changes.

3. Change in accounting policies

IFRS 9 Financial instruments

Effective April 1, 2018 (hereafter referred to as the "initial date of application"), the Company adopted IFRS 9 *Financial instruments* as issued in July 2014. The requirements of IFRS 9 are substantially different from those of IAS 39 *Financial instruments: recognition and measurement*. The new standard fundamentally alters the classification and measurement of financial assets subsequent to initial recognition, including impairment and incorporates a new hedge accounting model.

The key changes to the Company's accounting policies resulting from adoption of IFRS 9 are summarized below.

Classification of financial assets and financial liabilities

IFRS 9 requires financial assets be classified into one of three subsequent measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. Classification is based on the business model under which a financial asset is managed and the nature of its contractual cash flows. IFRS 9 eliminates the following IAS 39 classification categories: available-for-sale, held-to-maturity, and loans and receivables.

Derivatives embedded within host contracts that are financial assets in the scope of IFRS 9 are no longer separated from the host contract. Instead, the whole hybrid contract is assessed for classification in accordance with the above requirements.

The classification and measurement of financial liabilities is largely retained from IAS 39. However, under IAS 39, all fair value changes of liabilities designated under the fair value option were recognized in profit or loss. Under IFRS 9, the amount of change in fair value attributable to the Company's own credit risk is generally required to be presented in other comprehensive income.

Impairment of financial assets

IFRS 9 replaces the methodology under IAS 39 and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* of recognizing impairment losses when incurred with a forward-looking expected credit loss model which requires a more timely recognition of losses expected to occur over the contractual life of the financial asset. IFRS 9 uses a single model for recognizing impairment losses on financial assets. This model also applies to certain loan commitments, financial guarantee contracts, trade receivables and contract assets. Application of the IFRS 9 model results in earlier recognition of impairment losses than under IAS 39. Equity investments are no longer assessed for impairment as all equity investments are measured at fair value.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

Transition

In accordance with the transitional provisions provided in IFRS 9, the Company has applied the changes in accounting policies resulting from the adoption of IFRS 9 retrospectively but has elected not to restate comparative figures. All comparative information presented and disclosed for the prior year reflects the requirements of IAS 39. The comparative information related to the carrying amounts of loans commitments and financial guarantee contracts reflects the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized directly in retained earnings and reserves as at April 1, 2018. Additional transitional provisions applied are described below.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. Change in accounting policies *(continued from previous page)*

Classification and measurement

For the purposes of determining the classification of financial assets, the business model test has been applied on the basis of facts and circumstances existing at the date of initial application with the resulting classification applied retrospectively.

Impairment

The credit risk at the date that a financial asset was initially recognized or, for loan commitments and financial guarantee contracts, the date that the entity became a party to the irrevocable commitment, has been determined on the basis of reasonable and supportable information available without undue cost or effort. This has been compared to the credit risk at the date of initial application for the purpose of determining whether there has been a significant increase in credit risk.

Initial application of IFRS 9

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following tables present the measurement categories and carrying amounts under IAS 39 as at March 31, 2018 and the new measurement categories and carrying amounts under IFRS 9 for the Company's financial assets and financial liabilities as at April 1, 2018.

	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount	IFRS 9 carrying amount
Financial assets				
Cash	Held-for-trading	Amortized cost	1,355,885	1,355,885
Short-term investments	Held-for-trading	FVTPL (mandatory)	3,715,890	3,715,890
Accounts receivable	Loans and receivables	Amortized cost	344,422	344,422
Receivable from developers	Loans and receivables	Amortized cost	1,047,948	1,047,948
Total financial assets			6,464,145	6,464,145
Financial liabilities				
Trade and other payables	Other financial liabilities	Amortized cost	2,887,424	2,887,424
Funds held in trust	Other financial liabilities	Amortized cost	174,144	174,144
Long-term debt	Other financial liabilities	Amortized cost	9,784,926	9,784,926
Total financial liabilities			12,846,494	12,846,494

Application of the accounting policies adopted on the date of initial application of IFRS 9 resulted in the reclassifications as set out in the table above.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

Revenue from contracts with customers

Effective April 1, 2018 (hereafter referred to as the "initial date of application"), the Company adopted IFRS 15 *Revenue from contracts with customers* as issued by the IASB in May 2014, with clarifying amendments issued in April 2016. The standard specifies how and when entities recognize, measure, and disclose revenue. The standard supersedes all current standards dealing with revenue recognition, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers*, and SIC 31 *Revenue – barter transactions involving advertising services*.

Transition

The Company applied the changes in the accounting policies resulting from IFRS 15 retrospectively with the cumulative effect of initially applying IFRS 15 recognized as an adjustment to the opening balance of retained earnings at April 1, 2018. The comparative information contained within these financial statements has not been restated and continues to be reported under previous revenue standards. In addition, the following practical expedients were applied:

- The Company has elected to apply IFRS 15 retrospectively only to contracts that are not complete at April 1, 2018

Initial application of IFRS 15

There was no impact on the consolidated financial statements from the retrospective application of IFRS 15 *Revenue from contracts with customers*.

4. Summary of significant accounting policies

Except as noted above, the following principle accounting policies have been adopted in the preparation of these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries include: The Forks Renewal Corporation, FNP Parking Inc., 3898211 Manitoba Ltd. and Manitou Theatre Management Ltd.

Subsidiaries are entities controlled by the Company. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Company the current ability to direct the relevant activities and that the Company has the practical ability to exercise, is considered.

The Company determines whether it is a parent by assessing whether it controls an investee. The Company 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.

Statement of compliance

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in profit or loss for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' fair value was determined. Translation gains and losses are included in profit or loss.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. **Summary of significant accounting policies** *(continued from previous page)*

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks, net of any outstanding cheques. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	Rate
Plant and equipment	straight line	3-40 years
Equipment under finance lease	straight-line	5 years

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

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 Company 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 value 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 income.

Investment in properties and infrastructure enhancements

Investment properties and infrastructure enhancements are stated at cost less accumulated depreciation and impairment losses. Cost includes transaction costs of acquisition.

The methods of depreciation and useful life applicable for each class of asset during the current and comparative period are as follows:

	Method	Rate
Buildings	straight line	20-40 years
Infrastructure enhancements	straight line	40 years

Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale.

Borrowing costs are capitalized into the cost of qualifying assets until they are ready for their intended use or sale. All other borrowing costs are recognized in comprehensive income in the period in which they are incurred.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and building are classified separately and the minimum lease payments are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests at the inception of the lease.

Assets under finance lease are amortized on a straight-line basis, over the shorter of the useful life and the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned by the Company. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The Company 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 term of the lease.

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 Company as lessee

Assets held under finance leases are initially recognized as assets of the Company 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 a 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.

Financial instruments – Policy applicable from April 1, 2018

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial instruments are classified as follows:

- **Amortized cost** - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, accounts receivable, and receivables from developers.
- **Fair value through other comprehensive income** - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- **Mandatorily at fair value through profit or loss** - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of short-term investments.
- **Designated at fair value through profit or loss** - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Refer to Note 18 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated and the significance and frequency of sales in prior periods.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Company reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable and receivables from developers. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, or requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial asset(s).

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 18 for additional information about the Company's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Financial instruments - Policy applicable before April 1, 2018

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 accounts receivable 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 cash, GIC, short term investments, and active market equities. Investments are held for trading and are initially recognized at fair value 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.

Financial liabilities measured at amortized cost:

The Company has classified the following financial liabilities as financial liabilities measured at amortized cost: trade and other payables, funds held in trust, and long-term debt. These liabilities are initially recognized at their fair value. Total interest expense, calculated using the effective interest rate method, is recognized in profit (loss). Principal payments on mortgage loans due more than twelve months from the date of the balance sheet are classified as non-current liabilities.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company'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.

Financial asset impairment

The Company assesses impairment of all its financial assets, except those classified at fair value through profit (loss). Management considers whether there is objective evidence that a financial asset is impaired. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in the statement of comprehensive income.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Summary of significant accounting policies *(continued from previous page)*

Provisions

A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses as related costs for which funded expenditures are incurred. Government grants are recognized when there is reasonable assurance that the Company will comply with the terms and conditions associated with the grants and the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss 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.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

5. Accounts receivable

	2019	2018
Trade receivable	284,573	269,293
Allowance for doubtful accounts	(35,082)	(19,733)
Goods and services tax receivable	-	2,880
Other receivables	328,009	91,982
	577,500	344,422

The credit period on sale of goods and services is 30 days. The Company 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:

	2019	2018
31-60 days	90,464	103,634
61-90 days	7,850	13,592
91+ days	124,274	53,004
	222,588	170,230

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

5. Accounts receivable *(continued from previous page)*

In determining the recoverability of a trade receivable, the Company 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 Company is not exposed to any significant credit risk to any single counterparty.

6. 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. The below balances are unsecured.

	2019	2018
Receivable from developers bearing interest at 5% repayable at \$11,310 per month (2018 - \$13,429), maturing January 2024.	912,227	1,047,948
Current portion of receivable from developers	(145,929)	(134,094)
	766,298	913,854

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. **Property and equipment**

	<i>Land</i>	<i>Property Under Construction</i>	<i>Plant and Equipment</i>	<i>Equipment Under Finance Lease</i>	<i>Total</i>
Cost					
Balance March 31, 2017	9,058,281	357,145	24,803,446	643,037	34,861,909
Additions	-	907,885	139,700	-	1,047,585
Disposals	-	(10,708)	(399,915)	-	(410,623)
Grants received for assets	-	(55,542)	(3,000)	-	(58,542)
Transfer to plant and equipment	-	(352,075)	352,075	-	-
Transfer to investments in properties and infrastructure enhancements	-	(454,848)	-	-	(454,848)
Balance at March 31, 2018	9,058,281	391,857	24,892,306	643,037	34,985,481
Additions	-	1,128,764	213,390	-	1,342,154
Disposals	-	-	(4,232,493)	-	(4,232,493)
Grants received for assets	-	-	(2,316)	-	(2,316)
Transfer to plant and equipment	-	(102,458)	102,458	-	-
Transfer to investment in properties and infrastructure enhancements, net	-	(1,108,255)	(8,503)	-	(1,116,758)
Balance at March 31, 2019	9,058,281	309,908	20,964,842	643,037	30,976,068
Depreciation and impairment losses					
Balance March 31, 2017	-	-	18,518,722	582,948	19,101,670
Depreciation charge for the year	-	-	737,776	51,642	789,418
Disposals	-	-	(402,106)	-	(402,106)
Balance at March 31, 2018	-	-	18,854,392	634,590	19,488,982
Depreciation charge for the year	-	-	685,931	7,272	693,203
Disposals	-	-	(4,232,493)	-	(4,232,493)
Balance at March 31, 2019	-	-	15,307,830	641,862	15,949,692
Net book value					
At March 31, 2018	9,058,281	391,857	6,037,914	8,447	15,496,499
At March 31, 2019	9,058,281	309,908	5,657,012	1,175	15,026,376

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Investment in properties and infrastructure enhancements

	<i>Land</i>	<i>Building</i>	<i>Property under construction</i>	<i>Infrastructure enhancements</i>	<i>Total</i>
Cost					
Balance at March 31, 2017	28,203,066	25,606,753	1,480,504	57,663,204	112,953,527
Additions	-	203,135	2,764,837	367,038	3,335,010
Funds received for assets	-	-	-	(376,752)	(376,752)
Transfer to building	-	2,196,353	(2,196,353)	-	-
Transfer from property and equipment	-	226,302	-	228,546	454,848
Balance at March 31, 2018	28,203,066	28,232,543	2,048,988	57,882,036	116,366,633
Additions	-	1,554,743	917,196	110,706	2,582,645
Transfer to building	-	259,375	(259,375)	-	-
Transfer (to) from property and equipment, net	-	(40,405)	-	1,157,163	1,116,758
Balance at March 31, 2019	28,203,066	30,006,256	2,706,809	59,149,905	120,066,036
Amortization and impairment losses					
Balance at March 31, 2017	531,494	8,836,069	-	45,707,244	55,074,807
Amortization for the year	-	1,049,697	-	951,701	2,001,398
Balance at March 31, 2018	531,494	9,885,766	-	46,658,945	57,076,205
Amortization for the year	-	1,252,075	-	959,652	2,211,727
Balance at March 31, 2019	531,494	11,137,841	-	47,618,597	59,287,932
Carrying amounts					
At March 31, 2018	27,671,572	18,346,777	2,048,988	11,223,091	59,290,428
At March 31, 2019	27,671,572	18,868,415	2,706,809	11,531,308	60,778,104

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Trade and other payables

	2019	2018
Trade accounts payable	1,137,228	719,297
Accrued liabilities	2,107,884	2,168,127
Government remittances payable	18,939	-
	3,264,051	2,887,424

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

10. Long-term debt

	2019	2018
Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of \$82,940. The loan matures on September 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.	9,383,033	9,836,676
Less: current portion	471,757	447,731
Less: financing fees	47,962	51,750
	8,863,314	9,337,195

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2020	471,757
2021	505,333
2022	534,600
2023	565,563
2024	598,316
Thereafter	6,707,464
	9,383,033

11. Share capital

	2019	2018
Common shares 3 (2018 - 3)	3	3
	3	3

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Government contributions

	2019	2018
Amounts included in deferred contributions	9,677,416	10,368,995
Contributions received in the year	92,550	768,566
Amounts recognized in income in prior years	73,478,246	72,318,397
Annual amortization of deferred contributions	1,159,849	1,159,849
Amounts recognized in income in the current year	(92,550)	(561,837)
Donated land	8,000,000	8,000,000
Contributed surplus	39,310,266	39,310,266
	131,625,777	131,364,236

13. 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 <u>of Canada</u>	City of <u>Winnipeg</u>	From Core <u>Area Initiative</u>	<u>Total</u>
Acres	49.0	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.

14. Operating lease arrangements

The Company 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 Company does not have an option to purchase the leased land at the expiry of the lease.

Estimated annual payments are as follows:

2020	141,937
2021	142,200
2022	145,097
2023	145,360
2024	145,360
Thereafter	618,833

The Company as lessor

Operating leases relate to the investment property owned by the Company 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. Total lease revenue received during the year was \$1,326,722 (2018 - \$1,318,717).

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. Commitments

The Company has an obligation to operate the Imax Theatre at Portage Place for a 50 year period, ending in 2035 with annual payments of \$27,400.

FRC has leased parking, storage and an office site at The Forks to December 2018. FNP Parking Ltd. is administering the obligation. The lease, containing renewal options, calls for base monthly payments of \$4,167 and provides for payment of utilities and property taxes.

16. Related party transactions

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

Compensation of key management personnel

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

	<u>2019</u>	<u>2018</u>
Wages and other short-term benefits	\$681,608	\$731,079

17. Management capital

The Company'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 Company is comprised of the following:

	2019	2018
Total debt and deferred shareholder contributions	19,526,229	20,153,921
Shareholders' equity	58,536,024	57,616,843
	78,062,253	77,770,764

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

The Company 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 Company to reduce the cost of capital. An investment policy is in place to guide the Company 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
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

18. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The maximum exposure of the Company to credit risk as of March 31, 2019 is \$1,524,809 (2018 - \$1,684,943).

The Company 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 Company 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.

Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company 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 the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through normal operating and financing activities.

The Company is exposed to interest rate risk with respect to cash, investments, receivables from developers, and long-term debt.

Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the operability 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 Company 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 are classified as Level 1. The carrying value of the 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 Company's Level 2 financial instruments consist of accounts receivable, trade and other payables, receivable from developers, long-term debt and funds held in trust. The carrying values of accounts receivable, trade and other payables, receivable from developers and funds held in trust approximate their fair value due to the immediate or short-term nature maturity of these instruments.

North Portage Development Corporation
The Forks North Portage Partnership
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

18. Financial instruments (continued from previous page)

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, 2019 of the receivable from developers is \$912,227 (2018 - \$1,047,948) and long-term debt is \$9,335,071 (2018 - \$9,784,926).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 10.

	< 1 year	1-2 years	> 3 years	Total
Trade and other payables	3,264,052	-	-	3,264,052
Funds held in trust	163,989	-	-	163,989
Total	3,428,041	-	-	3,428,041

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company enters into transactions for short-term investments, for which the market price fluctuates.

19. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.