North Portage Development Corporation
Consolidated Financial Statements
March 31, 2021

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, 2021, 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, 2021, 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

MNP LLP

June 24, 2021

Chartered Professional Accountants

MNP

North Portage Development Corporation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	**2,757,295**	2,484,440
Short-term investments	**2,589,168**	2,105,667
Accounts receivable *(Note 4)*	**1,081,320**	858,019
Inventory	**36,523**	4,616
Current portion of receivable from developers *(Note 5)*	**161,078**	153,316
Prepaids and other	**263,155**	274,896
	6,888,539	5,880,954
Non-current		
Property and equipment *(Note 6)*	**15,095,886**	15,607,629
Investment in properties and infrastructure enhancements *(Note 7)*	**58,874,640**	60,888,835
Receivable from developers *(Note 5)*	**451,904**	612,982
	74,422,430	77,109,446
	81,310,969	82,990,400
Liabilities		
Current		
Trade and other payables *(Note 8)*	**3,170,107**	2,965,498
Funds held in trust	**128,771**	121,316
Deferred revenue	**279,528**	339,229
Current portion of long-term debt *(Note 9)*	**530,811**	501,545
Current portion of lease liabilities *(Note 13)*	**130,462**	145,643
	4,239,679	4,073,231
Non-current		
Long-term debt *(Note 9)*	**7,830,958**	8,361,769
Lease liabilities *(Note 13)*	**458,948**	589,410
Prepaid land rents	**594,440**	602,526
Deferred contributions	**8,717,645**	9,680,622
	17,601,991	19,234,327
	21,841,670	23,307,558
Equity		
Share capital *(Note 10)*	**3**	3
Contributed surplus	**39,310,266**	39,310,266
Donated land *(Note 12)*	**8,000,000**	8,000,000
Retained earnings	**12,159,030**	12,372,573
	59,469,299	59,682,842
	81,310,969	82,990,400

Approved on behalf of the Board

Original Document Signed — **Director**

Original Document Signed — **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, 2021

	2021	2020
Revenue		
The Forks Market	**3,605,734**	6,278,745
Parking	**3,539,260**	8,100,223
Lease	**1,346,901**	1,332,012
Events, sponsorships, grants and recoveries	**2,217,903**	1,081,458
Rental	**520,267**	515,915
Investment income	**95,426**	122,097
	11,325,491	17,430,450
Expenses		
The Forks Market	**2,599,577**	3,907,330
Parking	**2,371,581**	3,317,322
General and administrative	**1,618,926**	2,398,870
The Forks Site and events	**1,650,545**	1,936,712
Security services	**512,392**	495,275
Marketing and communications	**53,970**	469,000
Planning and development	**196,320**	252,623
Rental	**161,213**	161,881
Investment costs	**3,788**	3,788
Prior year expenses (recoveries)	**(82,238)**	235,551
	9,086,074	13,178,352
Operating income before the following	**2,239,417**	4,252,098
Other expenses (income)		
Interest on long-term debt	**487,570**	515,365
(Gain) loss on short-term investments	**(429,854)**	135,582
Loss on disposal of property and equipment	**-**	659
Depreciation and amortization	**3,318,525**	3,315,704
Amortization of deferred contributions	**(1,148,476)**	(1,210,536)
Donations	**225,195**	348,534
	2,452,960	3,105,308
Excess (deficiency) of revenues over expenses	**(213,543)**	1,146,790

The accompanying notes are an integral part of these financial statements

North Portage Development Corporation
Consolidated Statement of Changes in Equity
For the year ended March 31, 2021

	Share capital	*Donated land*	*Contributed surplus*	*Retained earnings*	*Total equity*
Balance March 31, 2019	**3**	**8,000,000**	**39,310,266**	**11,225,783**	**58,536,052**
Excess of revenues over expenses	**-**	**-**	**-**	**1,146,790**	**1,146,790**
Balance March 31, 2020	**3**	**8,000,000**	**39,310,266**	**12,372,573**	**59,682,842**
Deficiency of revenues over expenses	**-**	**-**	**-**	**(213,543)**	**(213,543)**
Balance March 31, 2021	**3**	**8,000,000**	**39,310,266**	**12,159,030**	**59,469,299**

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, 2021

	2021	*2020*
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenues over expenses	**(213,543)**	1,146,790
Depreciation and amortization	**3,318,525**	3,315,704
Amortization or prepaid finance costs	**3,788**	3,788
Amortization of deferred contributions	**(1,148,476)**	(1,210,536)
Loss on disposal of property and equipment	**-**	659
(Gain) loss on disposition of short-term investments	**(429,854)**	135,582
	1,530,440	3,391,987
Changes in working capital accounts		
Accounts receivable	**(223,301)**	(280,519)
Inventory	**(31,907)**	38,995
Prepaids and other	**11,741**	140,681
Trade and other payables	**204,609**	(298,553)
Funds held in trust	**7,455**	(42,673)
	1,499,037	2,949,918
Financing activities		
Repayment of long-term debt	**(505,333)**	(475,545)
Prepaid land rents	**(8,086)**	(8,087)
Deferred revenue	**(59,701)**	(23,808)
Deferred contributions received	**185,499**	700,000
Repayments to lease liabilities	**(145,643)**	(146,312)
	(533,264)	46,248
Investing activities		
Purchases of property and equipment and infrastructure enhancements	**(792,586)**	(3,131,254)
Proceeds from disposition (purchase) of short term investments (net)	**(53,648)**	577,547
Proceeds from repayment of developer receivables	**153,316**	145,929
Proceeds from disposal of property and equipment	**-**	4,272
	(692,918)	(2,403,506)
Increase in cash	**272,855**	592,660
Cash, beginning of year	**2,484,440**	1,891,780
Cash, end of year	**2,757,295**	2,484,440

The accompanying notes are an integral part of these financial statements

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 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 123 Main Street, Winnipeg, Canada.

The consolidated financial statements for the year ended March 31, 2021 were approved by the Board of the Company on June 24, 2021.

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.

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.

2. Basis of preparation *(Continued from previous page)*

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful debts is provided where considered necessary. Inventory is valued at the lower of cost and net realizable value. Management has estimated the net realizable value of inventory based on an estimate of future sales prices less selling costs. Depreciation and amortization are based on the estimated useful lives of property and equipment and investment in properties and infrastructure enhancements.

3. Summary of significant accounting policies

The principle accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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.

3. Summary of significant accounting policies *(Continued from previous page)*

Deferred revenue

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

Property and equipment is 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.

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 previously under finance lease	straight-line	5 years

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

3. Summary of significant accounting policies *(Continued from previous page)*

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.

Leases

The Company assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment and investment in properties and infrastructure enhancements.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability are comprised of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Summary of significant accounting policies *(Continued from previous page)*

Financial instruments

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.

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 16 for more information about financial instruments held by the Company, their measurement basis, and their carrying amount.

3. Summary of significant accounting policies *(Continued from previous page)*

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.

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 16 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.

3. Summary of significant accounting policies *(Continued from previous page)*

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.

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.

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.

Inventory

Inventory is 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.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2021 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

Annual Improvements to IFRSs 2018 - 2020 Cycle

The Annual Improvements to IFRSs 2018 – 2020 Cycle, issued in May 2020, include a series of amendments to IFRSs in response to issues addressed during the 2018-2020 cycle as follows:

IFRS 9 *Financial Instruments*
The amendments clarify which fees an entity includes when performing the 10 percent test used to determine whether to derecognize a financial liability. An entity shall include only the fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or lender on the other's behalf.

IFRS 16 *Leases*
The amendments resolve the potential for confusion regarding the treatment of lease incentives by amending Illustrative Example 13 to remove the reimbursement of leasehold improvements by the lessor.

3. Summary of significant accounting policies *(Continued from previous page)*

Standards issued but not yet effective *(Continued from previous page)*

These amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

IAS 16 Property, Plant, and Equipment

Amendments to IAS 16, issued in May 2020, prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be available for use. Instead, the proceeds from selling such items, and the costs of producing those items, would be recognized in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

4. Accounts receivable

	2021	*2020*
Trade receivable	**354,951**	676,515
Allowance for doubtful accounts	**(33,757)**	(34,169)
Goods and Services Tax recoverable	**42,155**	38,765
Other receivables	**717,971**	176,908
	1,081,320	858,019

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.

Included in other receivables is a $685,000 grant receivable from Western Economic Diversification Canada.

4. Accounts receivable *(Continued from previous page)*

Aging of trade receivables that are past due but not impaired:

	2021	*2020*
31-60 days	**203,511**	392,965
61-90 days	**24,560**	47,483
91+ days	**114,044**	77,583
	342,115	518,031

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.

5. 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.

	2021	*2020*
Receivable from developers bearing interest at 5% repayable at $20,614 per month (2020 - $15,791), maturing December 2024.	**612,982**	766,298
Current portion of receivable from developers	**(161,078)**	(153,316)
	451,904	612,982

6. Property and equipment

	Land	Property Under Construction	Plant and Equipment	Equipment Previously Under Finance Lease	Right-of-use Asset	Total
Cost						
Balance March 31, 2019	**9,058,281**	**309,908**	**20,964,842**	**643,037**	**-**	**30,976,068**
Additions	**-**	**1,702,861**	**64,463**	**-**	**711,313**	**2,478,637**
Disposals	**-**	**-**	**(10,288)**	**-**	**-**	**(10,288)**
Grants received for assets	**-**	**38,985**	**(38,985)**	**-**	**-**	**-**
Transfer to plant and equipment	**-**	**(395,590)**	**395,590**	**-**	**-**	**-**
Transfer to investments in properties and infrastructure enhancements, net	**-**	**(1,122,028)**	**-**	**-**	**-**	**(1,122,028)**
Balance at March 31, 2020	**9,058,281**	**534,136**	**21,375,622**	**643,037**	**711,313**	**32,322,389**
Additions	**-**	**265,620**	**38,780**	**-**	**-**	**304,400**
Grants received for assets	**-**	**182,000**	**(182,000)**	**-**	**-**	**-**
Transfer to plant and equipment	**-**	**(369,547)**	**369,547**	**-**	**-**	**-**
Transfer to investment in properties and infrastructure enhancements, net	**-**	**(137,632)**	**-**	**-**	**-**	**(137,632)**
Balance at March 31, 2021	**9,058,281**	**474,577**	**21,601,949**	**643,037**	**711,313**	**32,489,157**
Depreciation and impairment losses						
Balance March 31, 2019	**-**	**-**	**15,307,830**	**641,862**	**-**	**15,949,692**
Depreciation charge for the year	**-**	**-**	**690,940**	**1,175**	**78,310**	**770,425**
Disposals	**-**	**-**	**(5,357)**	**-**	**-**	**(5,357)**
Balance at March 31, 2020	**-**	**-**	**15,993,413**	**643,037**	**78,310**	**16,714,760**
Depreciation charge for the year	**-**	**-**	**600,201**	**-**	**78,310**	**678,511**
Balance at March 31, 2021	**-**	**-**	**16,593,614**	**643,037**	**156,620**	**17,393,271**
Net book value						
At March 31, 2020	9,058,281	534,136	5,382,209	-	633,003	15,607,629
At March 31, 2021	**9,058,281**	**474,577**	**5,008,335**	**-**	**554,693**	**15,095,886**

7. Investment in properties and infrastructure enhancements

	Land	*Building*	*Property under construction*	*Infrastructure enhancements*	*Right-of-use Asset*	*Total*
Cost						
Balance at March 31, 2019	**28,203,066**	**30,006,256**	**2,706,809**	**59,149,905**	**-**	**120,066,036**
Additions	**-**	**1,117,703**	**177,095**	**69,132**	**170,052**	**1,533,982**
Transfer from property and equipment, net	**-**	**1,122,028**	**-**	**-**	**-**	**1,122,028**
Balance at March 31, 2020	**28,203,066**	**32,245,987**	**2,883,904**	**59,219,037**	**170,052**	**122,722,046**
Additions	**-**	**488,186**	**-**	**-**	**-**	**488,186**
Transfer from property and equipment, net	**-**	**137,632**	**-**	**-**	**-**	**137,632**
Balance at March 31, 2021	**28,203,066**	**32,871,805**	**2,883,904**	**59,219,037**	**170,052**	**123,347,864**
Amortization and impairment losses						
Balance at March 31, 2019	**531,494**	**11,137,841**	**-**	**47,618,597**	**-**	**59,287,932**
Amortization for the year	**-**	**1,497,298**	**-**	**986,144**	**61,837**	**2,545,279**
Balance at March 31, 2020	**531,494**	**12,635,139**	**-**	**48,604,741**	**61,837**	**61,833,211**
Amortization for the year	**-**	**1,591,767**	**-**	**986,410**	**61,837**	**2,640,014**
Balance at March 31, 2021	**531,494**	**14,226,906**	**-**	**49,591,151**	**123,674**	**64,473,225**
Net book value						
At March 31, 2020	27,671,572	19,610,848	2,883,904	10,614,296	108,215	60,888,835
At March 31, 2021	**27,671,572**	**18,644,899**	**2,883,904**	**9,627,886**	**46,378**	**58,874,640**

8. Trade and other payables

	2021	2020
Trade accounts payable	**807,279**	714,652
Accrued liabilities	**2,309,912**	2,207,118
Government remittances payable	**52,916**	43,728
	3,170,107	2,965,498

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.

9. Long-term debt

	2021	2020
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.	**8,402,155**	8,907,488
Less: current portion	**530,811**	501,545
Less: financing fees	**40,386**	44,174
	7,830,958	8,361,769

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

2022	530,811
2023	565,561
2024	598,116
2025	631,967
2026	669,625
Thereafter	5,406,075
	8,402,155

10. Share capital

	2021	2020
Common shares 3 (2020 - 3)	**3**	3

11. Government contributions

	2021	2020
Amounts included in deferred contributions	**7,468,403**	8,342,567
Contributions received in the year	**1,788,150**	84,500
Amounts recognized in income in prior years	**74,797,944**	74,638,095
Annual amortization of deferred contributions	**1,148,476**	1,120,536
Amounts recognized in income in the current year	**(1,788,150)**	(84,500)
Donated land	**8,000,000**	8,000,000
Contributed surplus	**39,310,266**	39,310,266
	130,725,089	131,411,464

12. 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	49.0	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.

13. Lease liabilities

Leases as lessee

The Company leases buildings. The lease terms span up to 5 years and include options to renew for an additional 5 years after the end of the committed contract terms.

Right-of-use assets

Right-of-use assets of the Company have been presented within property and equipment and Investment in properties and infrastructure enhancements in the statement of financial position. Refer to Notes 6 and 7 for information pertaining to right-of-use assets arising from lease arrangements in which the entity is a lessee.

13. Lease liabilities *(Continued from previous page)*

Lease liabilities

The following table sets out a maturity analysis of lease liabilities:

	2021
Maturity analysis – contractual undiscounted cash flows	
Less than one year	**143,877**
One to five years	**473,210**
More than five years	**109,547**
Total undiscounted lease liabilities at March 31, 2021	**726,634**
Lease liabilities included in the statement of financial position at March 31, 2021	**589,410**
Current	**130,462**
Non-current	**458,948**

Amounts recognized in income

The Company has recognized the following amounts in the consolidated income statement and other comprehensive income:

	2021
Interest expense on lease liabilities	**9,086**

Amounts recognized in the consolidated statement of cash flows

The Company has recognized the following amounts in the consolidated statement of cash flows.

	2021
Total cash outflow for leases	**154,729**

14. 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.

Those responsible for governance were asked to disclose the organizations for which they, their immediate family members, and their dependents have control or influence. No such related parties were declared, as such there are no related party transactions to disclose.

Compensation of key management personnel

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

	2021	*2020*
Wages and other short-term benefits	$646,274	$612,085

15. 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:

	2021	*2020*
Total debt and deferred shareholder contributions	**17,617,802**	18,543,936
Shareholders' equity	**59,469,299**	59,682,838
	77,087,101	78,226,774

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.

16. 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, 2021 is $988,854 (2020 - $1,385,486).

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.

16. Financial instruments *(Continued from previous page)*

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.

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, 2021 of the receivable from developers is $612,982 (2020 - $766,298) and long-term debt is $8,361,769 (2020 - $8,863,314).

16. Financial instruments *(Continued from previous page)*

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 9.

	< 1 year	*1-2 years*	*> 3 years*	*Total*
Trade and other payables	3,170,107	-	-	**3,170,107**
Funds held in trust	128,771	-	-	**128,771**
Lease liabilities	130,462	156,453	302,495	**589,410**
Total	3,429,340	156,453	302,495	**3,888,288**

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.

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had significant impacts on businesses and not-for-profit organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The COVID-19 outbreak has had a significant impact on the Company's operations due to restrictions on gatherings and capacity. At year-end there continues to be an impact on operations and at this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.