Agenda – Council – May 27, 2009

Report – Executive Policy Committee – May 13, 2009

Item No. 1 CentreVenture Development Corporation – 2008 Annual Report
eFile EP-1.2.3

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 13, 2009, the Executive Policy Committee submits the following to Council:

1. That the CentreVenture Development Corporation 2008 Annual Report be received as information.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Council – May 27, 2009

Report – Executive Policy Committee – May 13, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 13, 2009, the Executive Policy Committee received as information the CentreVenture Development Corporation 2008 Annual Report and submitted the matter to Council.



centreventure
development corporation

Financial Statements
For the year ended December 31, 2008

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Winnipeg Manitoba Canada R3C 4L5
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Auditors' Report

To the Board of Directors of
CENTREVENTURE DEVELOPMENT CORPORATION

We have audited the statement of financial position of **CENTREVENTURE DEVELOPMENT CORPORATION** as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of CentreVenture Development Corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
January 22, 2009

CENTREVENTURE DEVELOPMENT CORPORATION
Statement of Financial Position

December 31	2008	2007
Assets		
Current Assets		
Cash and bank (Note 2)	$ 3,982,287	$ 2,794,262
Restricted cash (Note 3)	22,488	-
Accounts receivable (Note 4)	3,070,059	126,210
Prepaid expenses	12,271	12,988
Property held for resale (Note 5)	2,117,788	2,150,412
Current portion of mortgages receivable (Note 6)	1,307,460	1,745,000
Current portion of loans receivable (Note 7)	277,079	505,000
	10,789,432	7,333,872
Mortgages receivable (Note 6)	730,654	1,523,446
Loans receivable (Note 7)	2,249,275	1,755,106
Capital assets (Note 8)	986,107	2,159,054
	$ 14,755,468	$ 12,771,478
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,206,946	$ 75,577
Holdbacks payable (Note 3)	22,488	-
Deferred grant revenue (Note 9)	1,313,381	890,826
	2,542,815	966,403
Commitments and contingencies (Note 10)		
Net Assets (Note 13)		
Invested in capital assets	986,107	2,159,054
General	1,915,660	1,722,126
Urban Development Bank	9,310,886	7,923,895
	12,212,653	11,805,075
	$ 14,755,468	$ 12,771,478

Approved on behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
Statement of Changes in Net Assets

For the year ended December 31

	Invested in Capital Assets	General	Urban Development Bank	2008 Total	2007 Total
Balance, beginning of year	$ 2,159,054	$ 1,722,126	$ 7,923,895	$ 11,805,075	$ 12,040,409
Excess (deficiency) of revenue over expenditures for the year	1,160,442	210,145	(963,009)	407,578	(235,334)
Net change in invested in capital assets	(2,333,389)	(16,611)	2,350,000	-	-
Balance, end of year	$ 986,107	$ 1,915,660	$ 9,310,886	$ 12,212,653	$ 11,805,075

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
Statement of Operations

For the year ended December 31

	General	Urban Development Bank	2008 Total	2007 Total
Revenue				
Grant				
City of Winnipeg	$ 100,000	$ -	$ 100,000	$ 250,000
Designated grants	-	76,423	76,423	122,693
Interest	460,999	-	460,999	468,761
Commissions and development fees	228,033	-	228,033	10,000
Rental	164,421	-	164,421	183,398
Sale of properties	-	1,870,001	1,870,001	20,000
	953,453	1,946,424	2,899,877	1,054,852
Expenditures				
Administration	532,590	-	532,590	368,440
Amortization	115,408	-	115,408	67,596
Bank charges and interest	5,256	-	5,256	1,151
Cost of properties	-	1,655,455	1,655,455	192,575
Grants paid out				
Designated revenues	-	76,423	76,423	122,693
General	-	4,000	4,000	99,019
Insurance	9,852	-	9,852	9,040
Office	66,526	-	66,526	78,280
Professional fees				
Contract management	10,947	59,949	70,896	37,675
IT and other	14,413	-	14,413	20,797
Accounting, legal and transaction costs	25,738	76,733	102,471	61,256
Marketing	56,322	17,934	74,256	73,281
Project development	-	18,939	18,939	27,615
Property rental	8,281	-	8,281	15,900
Public destinations	13,383	-	13,383	114,868
Central Park (Note 14)	-	1,000,000	1,000,000	-
	858,716	2,909,433	3,768,149	1,290,186
Excess (deficiency) of revenue over expenditures before other items	94,737	(963,009)	(868,272)	(235,334)
Other Items				
Gain on sale of building	-	1,275,850	1,275,850	-
Excess (deficiency) of revenue over expenditures for the year	$ 94,737	$ 312,841	$ 407,578	$ (235,334)
Allocated to:				
General	$ 210,145	$ -	$ 210,145	$ 224,879
Urban Development Bank	-	(963,009)	(963,009)	(392,617)
Invested in capital assets	(115,408)	1,275,850	1,160,442	(67,596)
Excess (deficiency) of revenue over expenditures for the year	$ 94,737	$ 312,841	$ 407,578	$ (235,334)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
Statement of Cash Flows

For the year ended December 31	2008	2007
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for year	$ **407,578**	$ (235,334)
Adjustments for amortization of capital assets	**115,408**	67,596
Gain on disposal of assets	**(1,275,850)**	-
Accrued interest on mortgages	**6,395**	(13,317)
Accrued interest on loans receivable	**(2,569)**	(7,541)
	(749,038)	(188,596)
Changes in non-cash working capital balances		
Short-term investments	**-**	4,082,422
Accounts receivable	**(2,943,849)**	238,179
Prepaid expenses	**717**	651
Property held for resale	**32,624**	(676,409)
Accounts payable and accrued liabilities	**1,131,369**	(23,552)
Holdbacks payable	**22,488**	-
Deferred grant revenue	**422,555**	517,390
	(1,334,096)	4,138,681
	(2,083,134)	3,950,085
Cash Flows from Investing and Financing Activities		
Purchase of capital assets	**(16,611)**	(272,319)
Proceeds on sale of capital assets	**2,350,000**	-
Advances of mortgages receivable	**(214,780)**	(1,508,562)
Advances of loans receivable	**(615,132)**	(962,919)
Receipts from mortgages receivable	**1,445,113**	69,039
Receipts from loans receivable	**345,057**	184,895
	3,293,647	(2,489,866)
Increase in cash and cash equivalents during the year	**1,210,513**	1,460,219
Cash and cash equivalents, beginning of year	**2,794,262**	1,334,043
Cash and cash equivalents, end of year	$ **4,004,775**	$ 2,794,262
Comprised of		
Cash and bank	$ **3,982,287**	$ 2,794,262
Restricted cash	**22,488**	-
	$ **4,004,775**	$ 2,794,262

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

CENTREVENTURE DEVELOPMENT CORPORATION
Summary of Significant Accounting Policies

December 31, 2008

Basis of Financial Presentation

The corporation records its financial transactions on the deferred fund accounting basis as follows:

General

General includes transactions related to general operations and administration of the corporation.

Urban Development Bank

The Urban Development Bank was initiated in 1999 through a contribution by the City of Winnipeg. Funds are intended to enable CentreVenture Development Corporation to facilitate economic development initiates with private and non-profit sectors and provide creative financing options to encourage downtown investment. The assets of the Urban Development Bank are invested in loans, receivables and property held for development.

The Urban Development Bank funds, as defined by Board policy, shall not be used to fund the day-to-day operations of the corporation. The Urban Development Bank is funded by various levels of government and other funding organizations.

Revenue Recognition

CentreVenture Development Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income and rental revenue is recognized on an accrual basis consistent with the terms of the related mortgages and agreements and collection is reasonably assured. Reasonable assurance is based upon the corporation's past experience with its claims and collections associated with clients and similar transactions.

Sale proceeds on properties and the related cost of properties are recognized when the risks and rewards of ownership are transferred to the purchaser and collection is reasonably assured. Reasonable assurance is based upon the corporation's past experience with its claims and collections associated with clients and similar transactions. A transaction fee is levied by the Corporation on these sales.

Special Projects - Restricted Funding Arrangements

In addition to regular operating revenues, CentreVenture Development Corporation receives grants from time to time for specific programs or initiatives to be administered by CentreVenture Development Corporation which are accounted for through the Urban Development Bank. The following special funding arrangements were ongoing during the year:

Province of Manitoba:
North Main Economic Development Program Grant

The purpose of this grant is to attract business investment to the North Main area of downtown Winnipeg.

City of Winnipeg:
Downtown Housing Strategy

The purpose of this grant is to encourage unique and innovative approaches that support downtown housing developments and result in quality, affordable housing by providing financial assistance to proponents.

City of Winnipeg:
Gail Parvin Hammerquist

The purpose of these grants is to fund innovative measures to attract new investment, occupants and uses for heritage buildings, as well as to conserve the heritage character, architectural elements and detailing of designated buildings.

Mortgages and Loans Receivable

Mortgages and loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Amounts considered uncollectible are written-off in the year in which the uncollectible amount is determined. Recoveries on mortgages and loans previously written-off are taken into income in the year the income is received.

Allowance for Doubtful Loans

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the corporation's portfolio. The allowance is evaluated on an ongoing basis and increased as deemed necessary, which is charged against income and is reduced by write-offs.

Financial Instruments

The CentreVenture Development Corporation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the CentreVenture Development Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The CentreVenture Development Corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The CentreVenture Development Corporation's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of trade receivable, mortgages receivable and loans receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises trade payables. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are netted against the amount initially recognized.

CENTREVENTURE DEVELOPMENT CORPORATION
Summary of Significant Accounting Policies

December 31, 2008

Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided for on a straight-line basis in accordance with the following terms:

Building	25 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	3 years

The acquisition costs of capital assets which are funded from capital financing sources are charged to operations and matched with the applicable revenue sources in the year of expenditure. Where capital is financed using prior year's equity, the cost will be charged to the related net asset balance. These expenditures are recorded as an addition to assets with a corresponding increase in Invested in Capital Assets.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Income Tax

The corporation is exempt from income tax by virtue of p.149(1)(e) of the Income Tax Act. The corporation files a corporate tax return and a non-profit organization information return annually as required by the Canada Revenue Agency.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the corporation, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

New Accounting Pronouncements (cont'd)

Financial Statement Presentation

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The corporation is currently assessing the impact of the new standard.

Disclosure of Allocated Expenses

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The corporation is currently assessing the impact of the new standard.

Financial instruments - disclosures and presentation

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

1. Nature and Purpose of the Corporation

CentreVenture Development Corporation is a non-profit organization incorporated without share capital under the laws of Manitoba on July 9, 1999. The goal of the corporation is to promote and foster economic, residential and cultural growth and development in the downtown district of the City of Winnipeg.

2. Cash and Bank

The corporation has an approved operating line of credit with the Assiniboine Credit Union Limited to a maximum amount of $4,500,000. The line of credit bears interest at Assiniboine Credit Union prime rate less 0.25% and is secured by an authorization letter from The City of Winnipeg and a general security agreement on all assets of the corporation. As at December 31, 2008, the line of credit was unutilized.

3. Restricted Cash

The corporation has a holdback account that is jointly controlled with one of its contractors for a specific project.

4. Accounts Receivable

	2008	2007
Sale proceeds receivable	$ 2,344,105	$ -
Grants receivable	500,000	-
GST receivable	82,520	50,983
Other	143,434	75,227
	$ 3,070,059	$ 126,210

5. Property Held for Resale

Under the asset agreement between CentreVenture Development Corporation and The City of Winnipeg, CentreVenture Development Corporation has the option to acquire an interest in surplus City-owned properties and buildings within the downtown area for the consideration of one dollar or a maximum of three years back property taxes. Any properties obtained under either of these options are recorded at the consideration price.

5. Property Held for Resale (continued)

Property held for resale also includes properties acquired at fair market value from third parties for the purpose of development and/or resale. Material costs associated with the acquisition, development and resale of these properties are capitalized at cost. Property held for resale at year end consists of the following:

	2008	2007
Property for sale	$ 1,936,245	$ 1,916,570
Property development costs	181,543	233,842
	$ 2,117,788	$ 2,150,412

6. Mortgages Receivable

	2008	2007
Mortgages receivable	$ 2,075,294	$ 3,299,231
Accrued interest receivable	12,820	19,215
Allowance for doubtful loans	(50,000)	(50,000)
	2,038,114	3,268,446
Current portion of mortgages receivable	1,307,460	1,745,000
	$ 730,654	$ 1,523,446

Mortgages receivable on various properties in downtown Winnipeg with terms ranging from demand to maturity of 5 years, monthly installments applied to interest first, compounded semi-annually not in advance, and secured by recourse to the related underlying property, personal and corporate guarantees, and other forms of security. Interest rates charged for CentreVenture Development Corporation mortgages range from 5.25% to 8.0% and are both fixed and variable in reference to the bank of Canada's prime rate of lending at the time of loan disbursement.

Mortgage principal receipts are expected as follows:

2009	$ 1,307,460
2010	277,515
2011	490,320
Accrued interest	12,819
	2,088,114
Allowance	(50,000)
	$ 2,038,114

The above schedule lists the expected receipts based on mortgages maturing during the year. Negotiations to renew mortgages may occur as terms expire throughout 2009.

7. Loans Receivable

	2008	2007
Loans receivable	$ 2,611,899	$ 2,348,220
Accrued interest receivable	14,455	11,886
Allowance for doubtful loans	(100,000)	(100,000)
	2,526,354	2,260,106
Current portion of loans receivable	277,079	505,000
	$ 2,249,275	$ 1,755,106

Loans receivable from various borrowers have a maximum term to maturity of 10 years, payable in monthly interest installments plus annual principal payment, and secured by an assignment of Heritage Tax Credits or other forms of security. Interest rates charged, ranging from 4.75% to 8.0%, are both fixed and variable in reference to the bank of Canada's prime rate of lending at the time of loan disbursement.

Loan principal receipts are expected as follows:

2009	$ 277,079
2010	305,360
2011	244,021
2012	192,889
2013	187,220
Thereafter	1,405,330
Accrued interest	14,455
	2,626,354
Allowance	(100,000)
	$ 2,526,354

The above schedule lists the expected receipts based on loans maturing during the year. Negotiations to renew loans may occur as terms expire throughout 2009.

8. Capital Assets

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 864,774	$ -	$ 864,774	$ 864,774	$ -	$ 864,774
Building	-	-	-	1,485,000	356,400	1,128,600
Computer equipment	67,879	59,056	8,823	60,211	52,789	7,422
Furniture and fixtures	25,352	15,173	10,179	25,352	11,647	13,705
Leasehold improvements	153,496	51,165	102,331	144,553	-	144,553
	$ 1,111,501	$ 125,394	$ 986,107	$ 2,579,890	$ 420,836	$ 2,159,054

9. Deferred Grant Revenue

Deferred grant revenue represents externally restricted funding received from various sources for the operation of the project to which the funding relates.

Deferred grant revenue for externally restricted projects during the year is as follows:

	2008	2007
Downtown Housing Strategy	$ 14,887	$ 30,767
Gail Parvin Hammerquist 2003	18,836	18,836
Gail Parvin Hammerquist 2004	142,225	198,540
Gail Parvin Hammerquist 2005	35,544	35,544
Gail Parvin Hammerquist 2006/2007	599,289	604,539
Gail Parvin Hammerquist 2008	500,000	-
North Main Economic Development Program Grant	2,600	2,600
	$ 1,313,381	$ 890,826

10. Commitments and Contingencies

CentreVenture Development Corporation has made commitments for grants that had not been disbursed by the December 31, 2008 year end in the approximate amount of $939,635 (2007 - $790,772). These grants will be funded by use of deferred grant revenue (Note 9).

CentreVenture Development Corporation has made commitments for loans that had not been disbursed by the December 31, 2008 year end in the approximate amount of $882,000 (2007 - $868,801).

CentreVenture Development Corporation has made commitments for property development and property purchases with the maximum amount committed to be $0 (2007 - $1,081,262) pending the recipient's ability to meet the requirements of the agreement.

11. Related Party Transactions

The following table summarizes CentreVenture Development Corporation's related party transactions for the year:

	2008	2007
Revenue		
City of Winnipeg (parent) - operating grant	**$ 100,000**	$ 250,000
Selling, General and Administrative Expenses		
City of Winnipeg (parent) - Property taxes	**50,349**	40,334
City of Winnipeg (parent) - Property purchases	**4**	1
Other		
City of Winnipeg (parent) - Assigned Heritage Tax Credits applied against loans receivable	**227,072**	155,714

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

12. Fair Value of Financial Instruments

The carrying amount of the corporation's financial assets and liabilities approximate their fair value. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.

13. Capital Management

The Corporation manages its capital according to the following principles:

- Each year's operations are budgeted on a break-even basis, so that the Corporation's equity over the long-term neither grows nor diminishes on account of annual operations. The current year operating surplus of $94,737 arouse principally as a result of a $100,000 fee earned on a transaction that was originally expected to close in 2009. This current year surplus will be notionally carried over to 2009 to offset the annual deficit that is now expected for 2009, since that year's budgeted revenues included the transaction fee.

- The Corporation's invested equity includes the land included in "invested in capital assets", as well as its general net assets and the balance of the Urban Development Bank. In aggregate, this invested equity amounts to approximately $12.1 million. The Corporation's business plan contemplates that over the next two years this amount may be reduced to approximately $10 million as a result of several community investments that will contribute to the revitalization of Winnipeg's downtown.

- The Corporation's equity should not be allowed to be reduced less than $10 million, which is the original amount of the City's seed contribution to establish the Urban Development Bank. This ongoing base of capital will continue to be used to make investments that provide a return to the Corporation and which will be fully recovered. For example, this equity is currently invested in loans, mortgages and property that has been acquired for redevelopment.

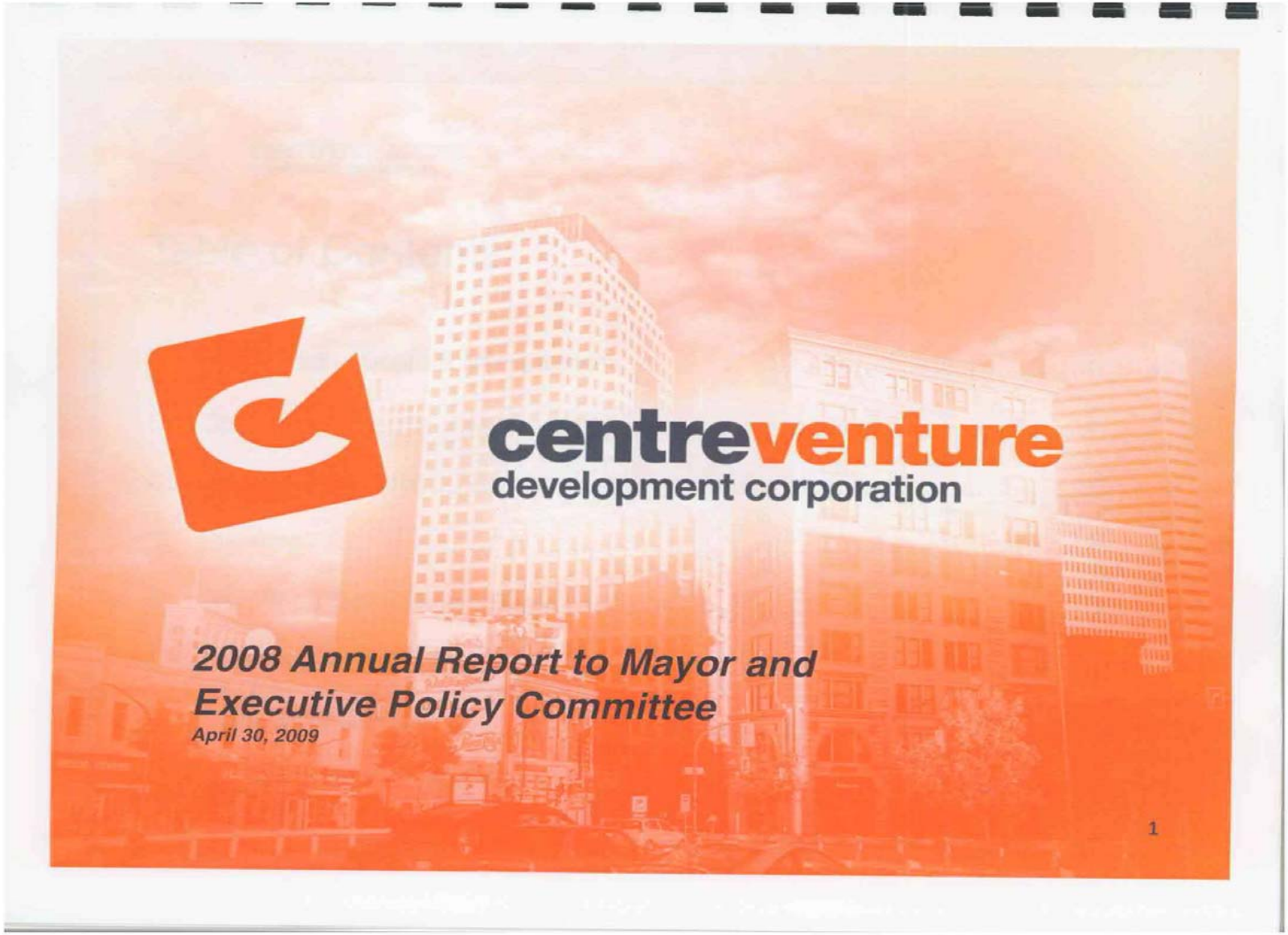
14. Central Park Redevelopment Project

CentreVenture Development Corporation has authorized a contribution of $1 million dollars under its Public Destinations Plan to the revitalization of Central Park. Central Park is one of the City's historic parks and the project will help to revitalize the downtown area. The project is a collaborative initiative between The City of Winnipeg, Province of Manitoba, The Winnipeg Foundation and the Gray Family. In addition to its cash contribution, CentreVenture will play a key role in administering the project over the construction period of 2009/2010.

In 2009, the Corporation will become party to funding agreements with certain of the partners in this initiative. The agreement(s) will identify the Corporation as the recipient of the contributions and require it to oversee the project according to various terms and conditions. At the time such contributions are received, they will be recorded as designated grants with an immediate and offsetting expense being recorded to reflect their specific designation for this project. It is currently expected that the aggregate community investment to revitalize Central Park, including the Corporation's contribution will be approximately $4.5 million.

15. Comparative Figures

Certain of the comparative figures for the year ended December 31, 2007 have been reclassified to provide better comparison with the current year's presentation.


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2008 Annual Report to Mayor and Executive Policy Committee
April 30, 2009
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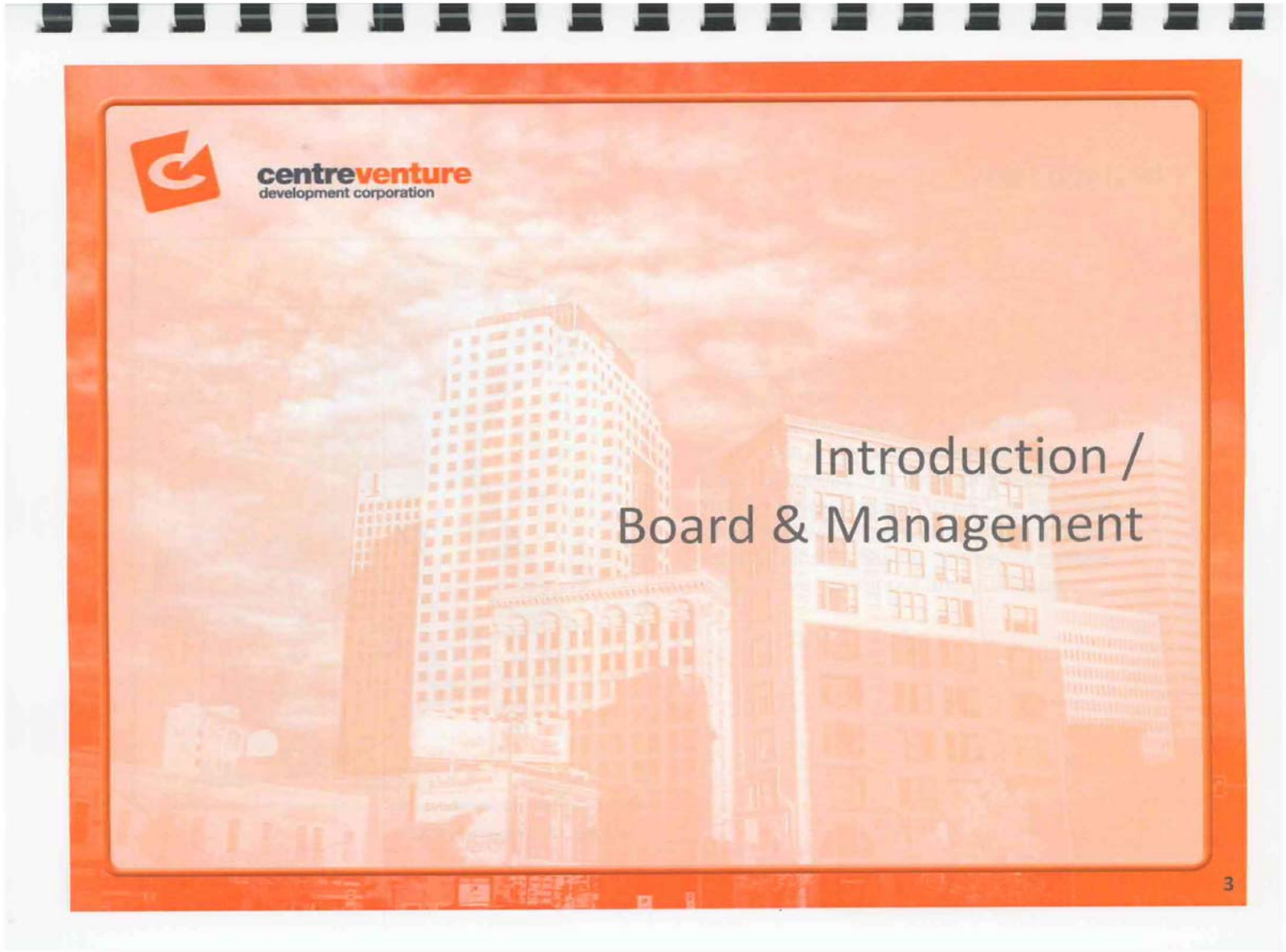
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Introduction /
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Introduction



Downtown Winnipeg

CentreVenture Development Corporation is pleased to provide the Mayor & Council with this written report of our 2008 operations, activities, initiatives and financial results. We look forward to making a presentation to EPC in the near future that will allow us to provide a more comprehensive review, answer questions and receive your input and guidance.

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Introduction



CentreVenture Board at 2008 Strategic Planning Session

Setting the Stage for 2008

- In January, 2008 CentreVenture Board and Staff conducted a strategic planning session.
- Out of this Planning Session the short and long term goals and direction for CentreVenture were determined.
- The 2008 to 2010 Business Plan was written and presented to EPC in February 2008.
- Council approved a renewal of CentreVenture's mandate for 3 years.
- Council approved a $4.5 million line-of-credit to enable CentreVenture to expand its Urban Bank activities.
- The City Auditor provided CentreVenture with a "clean bill of health".

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Board and Staff



Jim Ludlow
CHAIR
President & CEO
True North Sports & Entertainment Ltd.

Harry T. Ethans
VICE CHAIR
President & CEO
Matlock Enterprises Inc.

Richard Olfert
SECRETARY/TREAS.
Partner
Deloitte & Touche LLP

Rick Bachalo
Vice President,
Mortgages and Investment
Great-West Life Assurance Company

Curt Vossen
President
James Richardson

Dr. Jerry Gray
Dean Emeritus and Senior Scholar
I.H. Asper School of Business

Kevin McGarry
President & C.E.O.
Intelligent Hospital Systems Ltd.

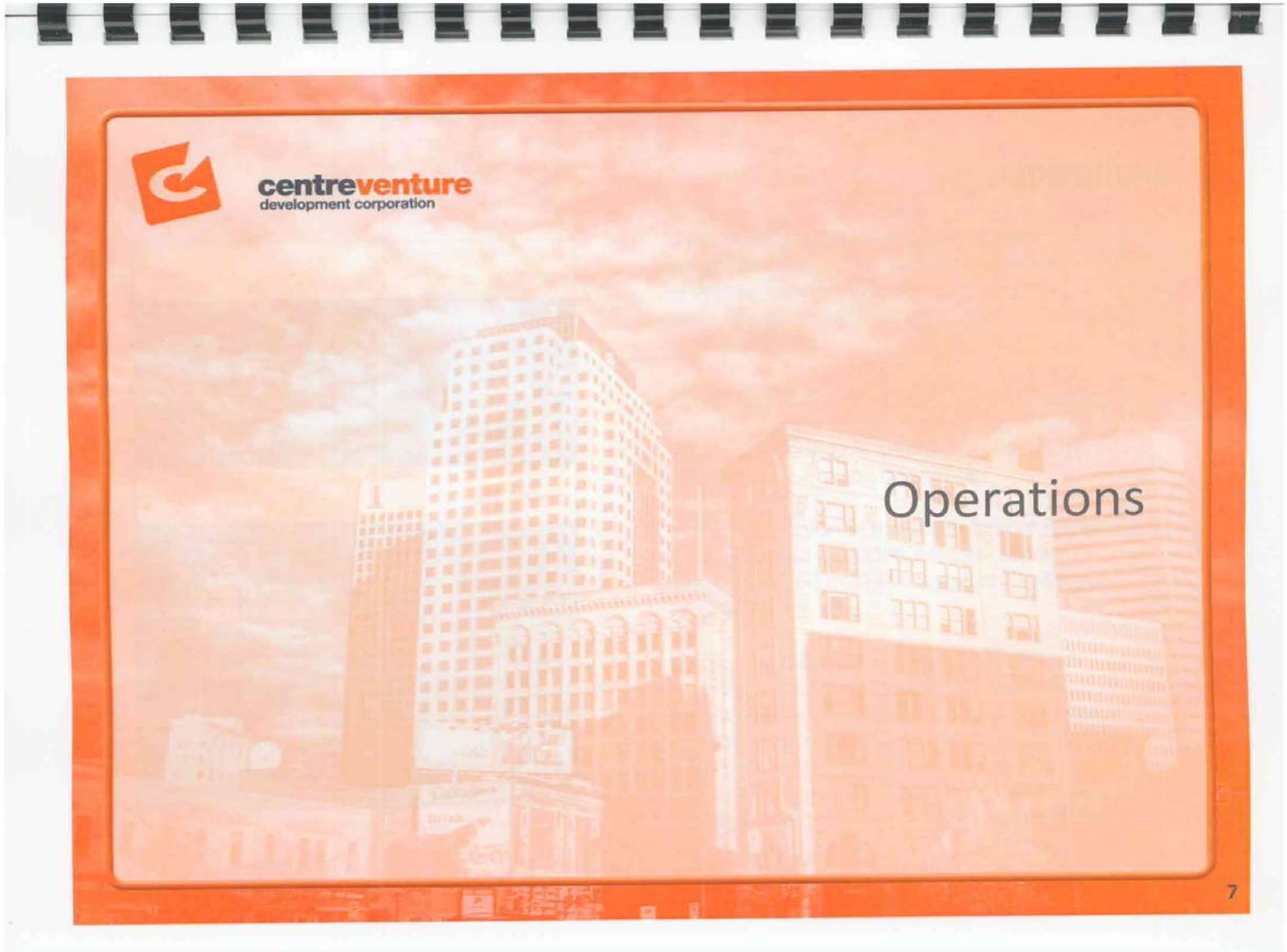
Ashleigh Everett
President & Corporate Secretary
Royal Canadian Securities Limited

Sandy Riley
President & CEO
Richardson Financial Group

The CentreVenture Board of Directors

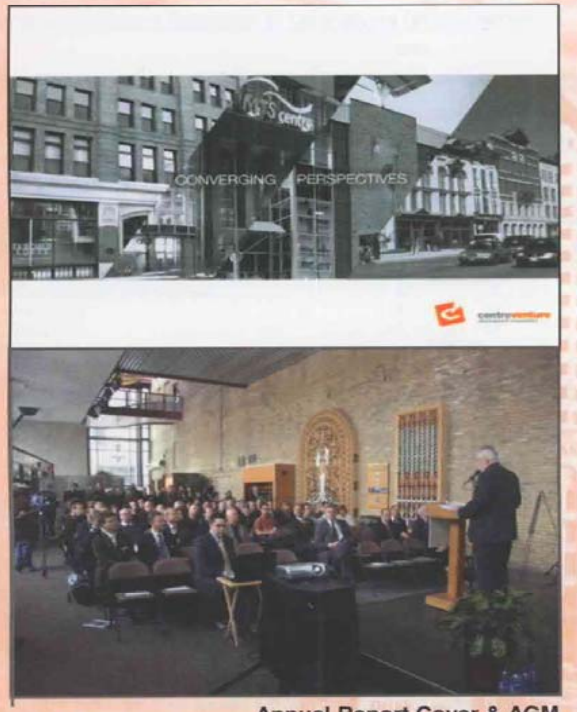
- The CentreVenture Board of Directors remained intact for 2008 providing continuity, understanding and commitment to achieving the objectives of the organization.
- A Board governance review was undertaken and subcommittees, with clearly defined responsibilities were established, providing management with the organizational structure to quickly access expertise, direction and decision making.
- A permanent, full-time Director of Finance position was created and was staffed in February 2008.
- CentreVenture operates with a total of five full-time staff, as follows:

President & CEO – Ross McGowan
Director of Development – Loretta Martin
Director of Finance – Sandra Henry
Senior Development Officer – Jeff Palmer
Executive Assistant – Patty Nero


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Operations
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Operations



Annual Report Cover & AGM

CV is committed to being transparent and accountable to its single shareholder, the City of Winnipeg, the general public and the various stakeholders in downtown redevelopment.

- In 2008, CV published its 1st Annual Report (for 2007) and held its 1st public Annual General Meeting on March 18, 2008. Over 150 people were in attendance.

- The preparation of the 2008 Annual Report is underway and the 2008 Annual General Meeting will be held at Pantages Theatre on April 30, 2009.

- A City representative attends CV Board meetings to ensure the City's views are considered and allowing information to be relayed in a timely and accurate manner. CV and PP&D staff, in addition to ongoing interaction, meet monthly to comprehensively discuss initiatives that require collaboration.

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CentreVenture Satement of Operations (in thousands)

	2008 Budget	2008 Actual	2007 Actual
Revenue			
Grants			
City of Winnipeg	$ 100	100	$ 250
Designated Grants	-	-	
Interest	356	461	479
Commission and development fees	170	228	-
Rental	164	164	183
	790	953	912
Expenditures			
Administration	551	533	368
Amortization	-	115	68
Bank charges and interest	8	5	1
Insurance	11	10	9
Office	66	67	79
Professional Fees			
Contract management	13	11	14
IT and other	8	14	21
Legal, accounting and transactional	32	26	32
Marketing	60	56	33
Property rental	9	8	16
Public destinations	32	13	115
	790	859	755
Excess (deficiency)	-	95	157

The 2008 audited financial statements were completed by BDO Dunwoody and approved on February 12, 2009. These statements were provided to the City's Corporate Finance Department on February 16, 2009.

A full copy of the audited financial statements has been provided to the Mayor's office. Copies an be obtained by contacting the CV office.

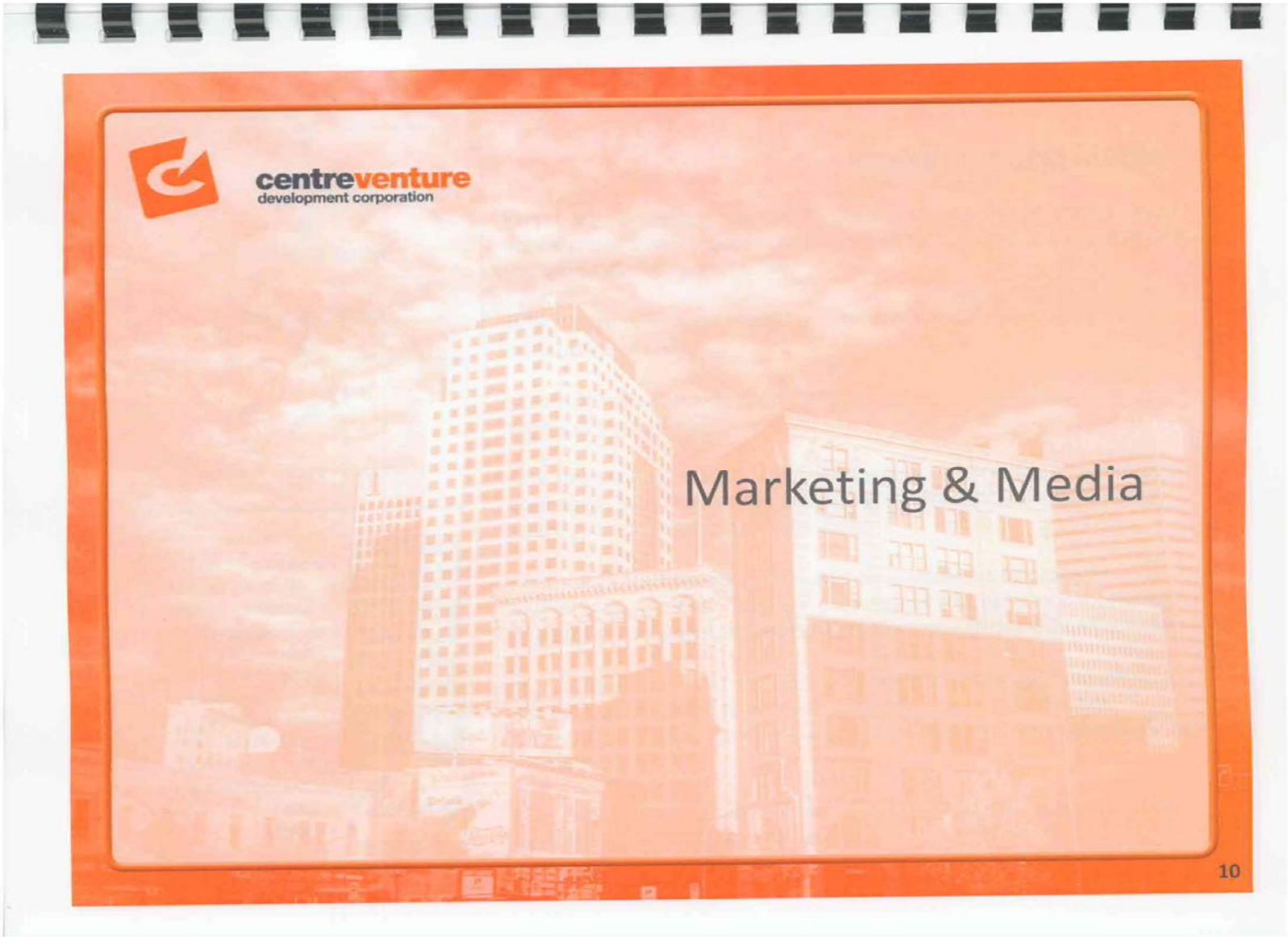
Operations

In the 2008-2010 Business Plan, the Board committed to achieve a break-even position on its general operations, using income generated from investments, fees and the annual operating grant from the City of Winnipeg to cover the cost of operations.

- The 2008 operating budget was approved by the Board in December 2007 and projected a break-even position. For 2008, the actual revenues exceeded expenses by $95,000.00.

- The surplus is mainly due to the transaction fee on the sale of the Mountain Equipment Co-op building that closed in 2008, rather than 2009 as anticipated. Notionally, this surplus will be carried forward to 2009.

- Administration costs have increased over 2007, primarily due to the creation of the Director of Finance position and recording of full year salaries for the CEO and Senior Development Officer positions which were vacant for the 1st quarter of 2007.


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Marketing & Media
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the bold look

the old look

CENTREVENTURE
DEVELOPMENT CORPORATION

The "Downtown Living" logo to be made available to developers and marketers of downtown residential units, used to promote the semi-annual Downtown Living Tours and promote downtown living in general.



Marketing and Media

With CV's renewed sense of purpose and direction, it was deemed important to convey a new and more vibrant image to the public and the development community.

- CV had a new logo created and undertook an aggressive marketing campaign.
- The CV web site was redesigned and can be viewed at www.centreventure.com.
- CV participated with its downtown partners to create a brand for a downtown living campaign and in the formulation of a marketing strategy to promote downtown living.
- The CEO made numerous public presentations to promote awareness of the services CV provides and stress the importance downtown revitalization plays in the vibrancy of our City as a whole.
- CV contributed seed money to create the "Urbanite" magazine, a magazine dedicated to promoting all downtown has to offer. Promotional ads in various publications were also placed throughout the year.
- CV successfully communicated with the Media to generate more positive media coverage for downtown issues/projects.

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Marketing and Media



Example of an Advertisement that CentreVenture has run in various publications.


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Planning
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Planning



Other collaborative planning initiatives in 2008 include:

- South Point Douglas Secondary Plan
- Exchange District Secondary Plan
- Main Street Advisory Group
- Wpg. Parking Authority Advisory Committee
- Downtown Housing Strategy
- Downtown Retail Strategy
- Downtown Lighting Strategy
- Exchange Biz Residents Association
- Neon Museum Initiative
- Tax Increment Financing Consultations
- Urban Design Advisory Committee
- Safe Communities Committee

- CV places primary importance on the need for short and long term planning to successfully fulfill its mandate.

- Plans must be communicated effectively to instill confidence in the development community, stakeholders and the public. Plans, while still allowing for flexibility to take advantage of unanticipated opportunities and needs, must be adhered to and at the forefront of consideration during the decision making process.

- In 2008, CV took the initiative to update the CentrePlan Development Framework. The updated plan was accepted by EPC in the fall of 2008.

- CV also actively participates in many other planning exercises that are initiated and led by our downtown partners. There were numerous planning activities underway in 2008 and the results of all of these projects/plans have an effect on CV's decision making and direction of resources.

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Planning



The 2008 Downtown Council

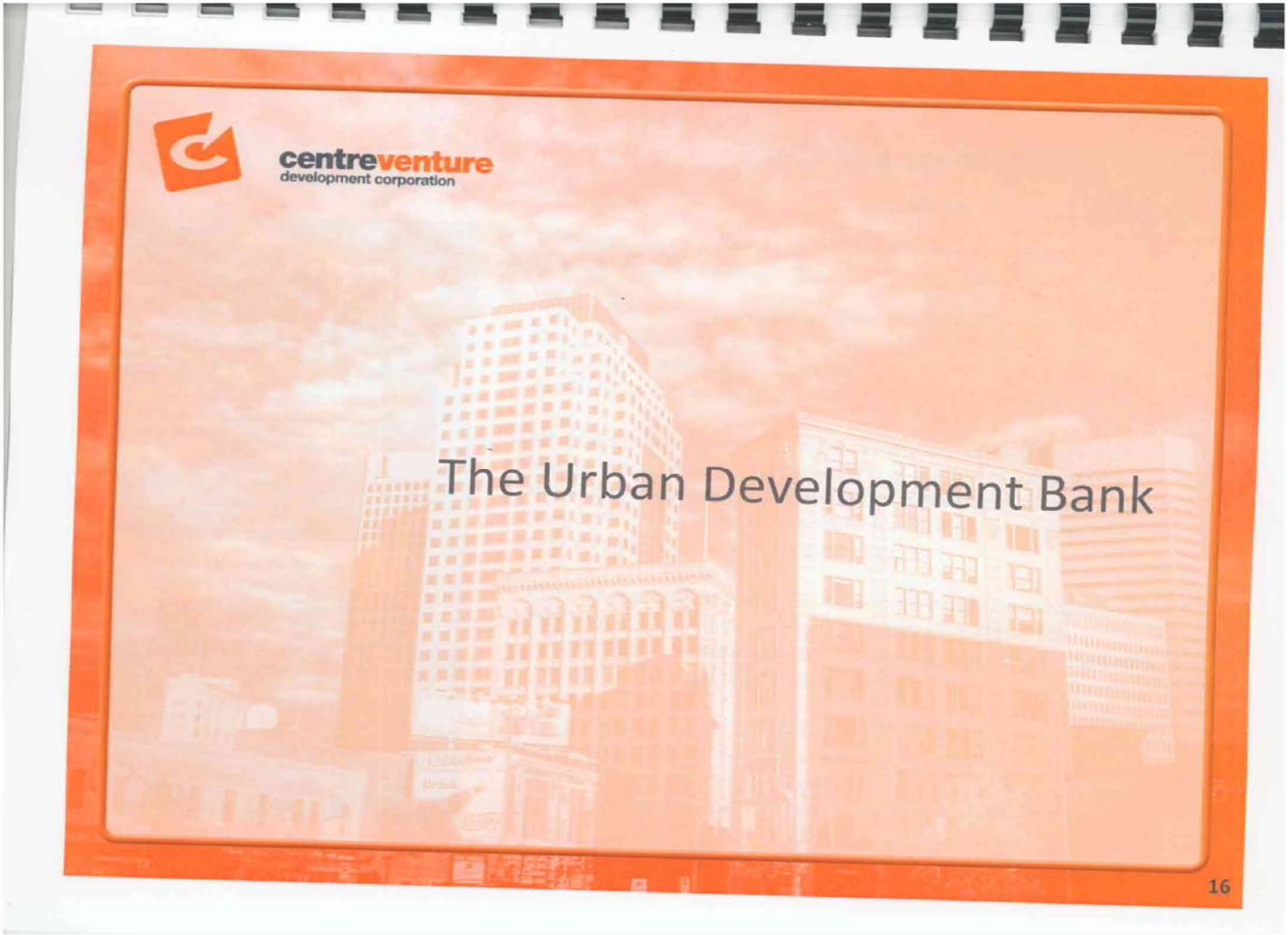
Current Downtown Council Members:

City Of Winnipeg:	*Deepak Joshi*
City of Winnipeg:	*Barry Thorgrimson*
Province of MB:	*Angela Matheison*
Wpg. Chamber:	*Dave Angus*
Destination Wpg.:	*Stuart Duncan*
Downtown Biz:	*Stefano Grande*
Exchange Biz:	*Mal Anderson*
Forks North Portage:	*Jim August*

- Downtown revitalization requires the commitment and participation of all levels of government and stakeholders from many organizations. In 2007, CV initiated the Downtown Council in an effort to avoid competitive and redundant efforts. CV continues to chair the Council, which has proven to be an effective means to achieve interagency and government collaboration, exchange information and discuss broader policy issues.

- CV is very encouraged by the Province's decision to introduce Tax Increment Financing (TIF) legislation that, if passed, will provide additional financial resources that can be used in conjunction with the municipal incentives to accelerate downtown revitalization efforts.

- CV is in the unique position of being able to fully concentrate its efforts and resources in the downtown and, as such, possess a unique knowledge of the opportunities and impediments to advancing downtown redevelopment. CV looks forward to being part of the consultation process for TIF policy and implementation.

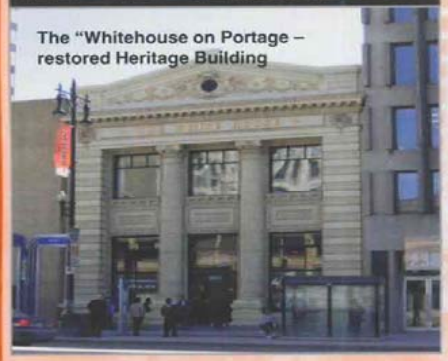

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The Urban Development Bank
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The Urban Development Bank
Loans & Mortgages


"You Cube" condominiums on Waterfront – new development


Ship Street Condominiums on Waterfront


The "Whitehouse on Portage – restored Heritage Building

2008 was a unique year in that, more dollars were received in loan principal repayment than were advanced as new loans.

- CentreVenture provided significant construction financing loans for two condominium projects , both of which sold a sufficient number of condominium units in 2008 to discharge the CV loans, resulting in a repayment of $1.4 million.

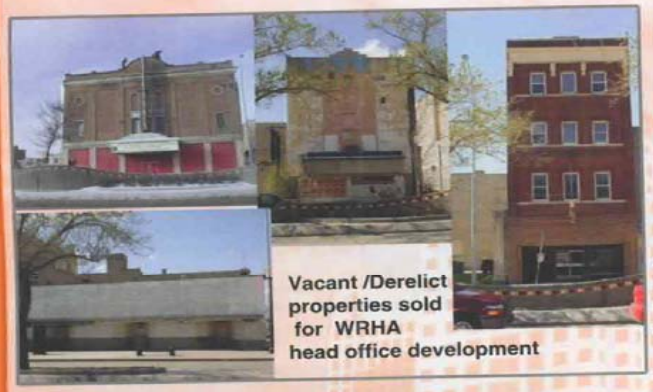
- In 2008, three new loans were advanced totaling $477,451. These loans were all gap financing of the tax credits/grants developers were approved for under the various City incentive programs. Two of the loans were for residential projects and one was for a commercial redevelopment.

- The amount of the loans CV projected would be advanced in 2008 was $2.5 million. As is the nature of commercial development, some projects that were anticipated to start and require financing in 2008 were delayed.

- At the end of 2008, an additional $1.13 million in loans had been approved but not yet advanced. Two of the major projects we had expected to advance loans for in 2008 appear to be making progress and we anticipate they will make application for financing in 2009.

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The Urban Development Bank
Property Transactions



Vacant /Derelict properties sold for WRHA head office development



The new WRHA 70,000 sq. ft. head office and 300 stall parking structure

Property Sales

CV sold a total of 11 properties in 2008, with sale proceeds exceeding $1.8 million.

- Seven properties were sold to facilitate the WRHA project at the corner of Main & Logan. Of these seven properties, six were either vacant/boarded up buildings or undeveloped parcels.

- A vacant, derelict City surplus property at 661 Main was sold to Main Meats, who have done a fabulous redevelopment and relocated their grocery store to this location.

- An undeveloped City surplus property at the corner of Waterfront Drive and Heaton was sold and development of 21 new, mid-market priced, condominiums units will commence in the spring of 2009.

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The Urban Development Bank
Property Transactions



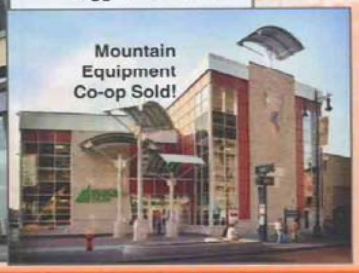
"You Cube" – 21 Unit residential condominium development at Waterfront & Heaton



New Aerospace Training Facility at Higgins & Meade



The "New" Main Meats



Mountain Equipment Co-op Sold!

Property Sales (continued)

- Undeveloped City surplus property at the corner of Higgins and Meade was sold to the Aboriginal Centre for the development of its aerospace training facility.

- Undeveloped City surplus property at the corner of Higgins and Argyle was sold to the Aboriginal Centre to provide the playground/parking required to open a Day Care Centre on the adjacent property.

- CV also sold one of its assets, the Mountain Equipment Co-op (MEC) building on Portage Avenue. CV developed the building in 2002 and leased it to MEC, with MEC having the option to purchase the building. Having been very pleased with the building and location and, having confidence in the future of Winnipeg's downtown, MEC exercised their option to purchase in November, 2008.

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The Urban Development Bank
Property Transactions



"Sky Waterfront" - largest Waterfront Drive condominium/mixed use development.

Urban Development Bank – Financial Note
The UDB had an excess of revenues over expenditures of $313,000 for the year ending December 31, 2008.

- Following the environmental remediation of the largest development parcel offered for sale in the 2004 Waterfront Drive request for proposals, the sale of the land was finally concluded and construction commenced. The development will have 128 residential units and approximately 8,000 sq. ft. of commercial space.

General Comments...

CV has very few City surplus properties remaining on the Asset Agreement and, as of the end of 2008, all but one of the developable parcels had been either committed for pending development or sold.

CV's property sales/acquisitions going forward will be concentrated on either purchasing underutilized properties for redevelopment and/or doing land assemblies to facilitate larger redevelopment opportunities.

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The Urban Development Bank
Property Transactions – Land assembly





Properties assembled for United Way Head Office



In the summer of 2008, CentreVenture started working with the United Way of Winnipeg (whose current lease expires in 2010) to explore downtown options for their relocation.

It was ultimately determined that United Way space requirements could support a stand alone building. It was their desire to be located closer to their constituents and CV seized the opportunity to further Main Street revitalization efforts. CV committed to assembling land to accommodate a new 21,000 sq. ft. United Way head office.

By the end of 2008, CV had successfully negotiated purchase agreements on four underutilized properties fronting on Main Street between Alexander and Pacific Avenues.

The property purchases will close in early 2009. Construction of the new head office will start in June 1, 2009 with occupancy in June 2010.

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Advocacy & Facilitation

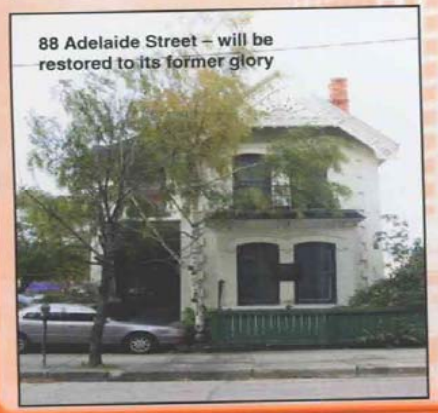
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Advocacy & Facilitation



CV continues to play a significant role initiating, facilitating and advocating for numerous other downtown developments, for example:

- CV was instrumental in brining the owner, the City and the heritage advocates together to finalize development plans and financial commitments that will save the façade of 104 King Street, an extremely significant building in the Exchange District;



- CV was able to successfully negotiate with the owner of 88 Adelaide Street to arrive at a solution that will see the Kelly House restored. The City's commitment to provide a loan to assist with the redevelopment was a key to this project and CV will provide ongoing management of the property until the City loan is fully repaid with interest;

- CV staff have been working with the Central Park community to initiate a new housing development in the neighbourhood. Utilizing six City surplus lots and by doing a complicated series of land swaps and a subdivision, CV has assembled a property that will soon be the site of the "Centre Village Non-Profit Housing Co-op.

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Advocacy & Facilitation



Sport MB Office and sport training facility - Redevelopment of the office is underway

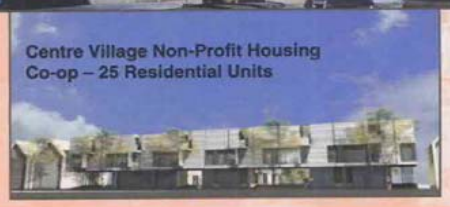
- CV worked closely with Sport MB to resolve heritage issues that could have jeopardized the ability for Sport MB to purchase 146 Alexander for the site of their new office and training facility. CentreVenture offered to finance the acquisition if the Provincial loan was not able to be put in place in time to close the sale;

- CV acted as an intermediary between the seller and the buyer of 93 Lombard. This acquisition will see the partially vacant building redeveloped to high quality office space;

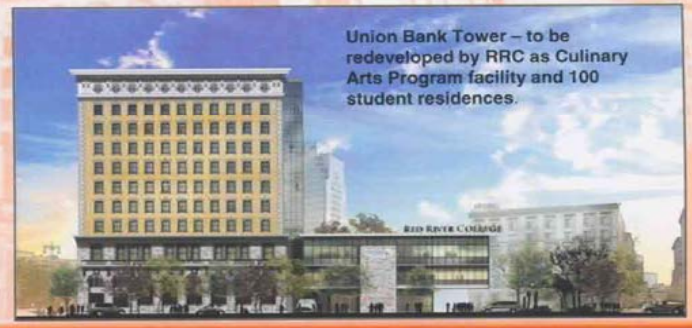
- CV worked tirelessly throughout 2008 toward the redevelopment of the Union Tower by Red River College. All parties are optimistic this project will proceed in 2009.



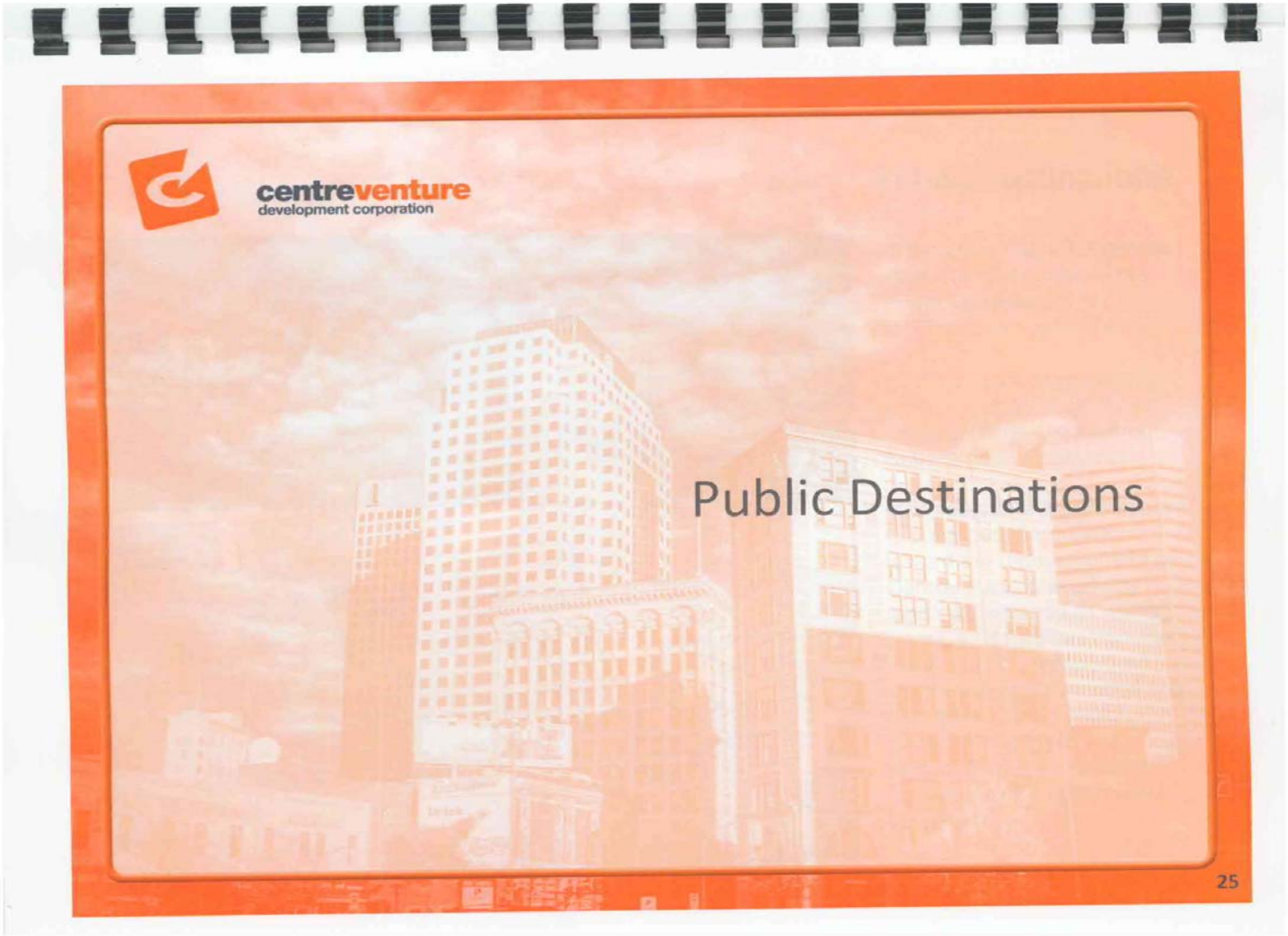
93 Lombard – United Equities converting the Brick's Fine Furniture building to Office space



Centre Village Non-Profit Housing Co-op – 25 Residential Units

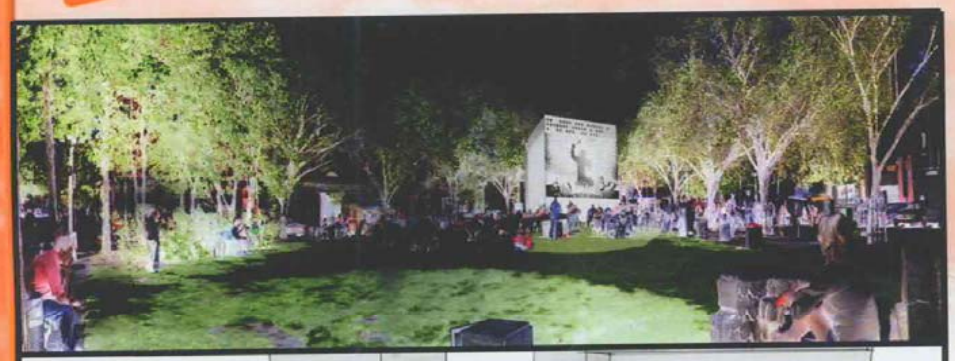


Union Bank Tower – to be redeveloped by RRC as Culinary Arts Program facility and 100 student residences.


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Public Destinations
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Public Destinations





In the 2008 – 2010 Business Plan, CV committed to the Public Destinations program for downtown open space.

- CV made a commitment to provide a cash contribution to assist with the Old Market Square redevelopment.

- CV secured a private donor to contribute $1 million toward the redevelopment of Central Park. The private funding leveraged $1 million from CV, $1 million from the Province , $.5 million from the Winnipeg Foundation and with the City's $1 million commitment, there is a project budget sufficient to enable major additions and upgrades.

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Public Destinations



Central Park redevelopment plan - $4.5 million budget with work to commence in May 2009 with completion scheduled for November, 2009.

A conceptual rendering of "Carousel Park". Donors are being sought and discussion are ongoing with the Forks regarding the possibility of this being located adjacent to the Children's museum.



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Financial Position & 2009 Budget

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Financial Position

CENTREVENTURE DEVELOPMENT CORPORATION Statement of Financial Position (in thousands)		
December 31	2008	2007
Assets		
Current Assets		
Cash and bank	$ 4,005	$ 2,794
Short term investments	-	-
Accounts Receivable & Prepaid Expenses	3,082	139
Property held for resale	2,118	2,150
Current portion of mortgages & loans receivable	1,585	2,250
	10,789	7,334
Mortgages receivable	731	1,523
Loans receivable	2,249	1,755
Capital Assets	986	2,159
	14,755	12,771
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,229	$ 76
Deferred grant revenue	1,313	891
	2,543	966
Net Assets		
Invested in capital assets	986	2,159
General	1,916	1,722
Urban Development Bank	9,311	7,924
	12,213	11,805
	14,755	12,771

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2009 Budget

CentreVenture Development Corporation 2009 Operating Budget (in thousands)		
Revenue		
Grant		
City of Winnipeg	$	100,000
Interest		488,351
Commission and development fees		236,350
Rental		24,000
		848,701
Expenditures		
Administration		607,517
Amortization		62,000
Bank charges and interest		600
Insurance		10,250
Office		70,496
Professional Fees		
Contract management		7,622
IT and other		11,250
Legal, accounting and transactional costs		25,966
Marketing		48,000
Public destinations		5,000
	$	848,701
Excess (deficiency) of revenue over expenditures	$	-