

Financial statements of

Toronto Lands Corporation

August 31, 2016

Toronto Lands Corporation

August 31, 2016

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Independent Auditor's Report

To the Shareholder of
Toronto Lands Corporation

We have audited the accompanying financial statements of Toronto Lands Corporation, which comprise the statement of financial position as at August 31, 2016, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Lands Corporation as at August 31, 2016 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 30, 2016

Toronto Lands Corporation

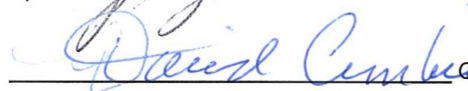
Statement of financial position as at August 31, 2016

	2016	2015
	\$	\$
Financial assets		
Cash	286,672	228,718
Accounts receivable	205	495
	286,877	229,213
Liabilities		
Accounts payable and accrued liabilities (Note 6)	244,798	226,300
Deferred income	2,628	-
Due to Toronto District School Board (Note 3g)	49,661	11,478
	297,087	237,778
Net debt	(10,210)	(8,565)
Non-financial asset		
Prepaid expenses	10,211	8,566
Share capital (Note 7)	1	1
Accumulated surplus	-	-

Approved by



Chief Executive Officer



Chair of the Board

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Lands Corporation

Statement of operations year ended August 31, 2016

	Budget	2016 Actual	2015 Actual
	\$	\$	\$
Revenue			
Contribution from Toronto District School Board (Note 3a)	2,453,656	1,982,155	2,066,074
Community Hubs Grant (Note 3e)	106,690	93,317	9,515
Other revenue	-	13,943	-
Interest	-	1,916	9,711
	2,560,346	2,091,330	2,085,300
Expenses			
Realty staff and services expenses			
Facility services	182,664	138,736	173,597
Business services	96,867	101,607	91,686
Administrative support allocation (Note 3d)	60,000	60,000	60,000
	339,531	300,343	325,283
Administration expenses			
Board remuneration	70,000	37,917	39,750
Management salary	862,025	855,885	866,263
Professional development	4,000	250	-
Supply and services	48,000	21,647	16,808
Legal fees	450,000	296,795	411,986
Fees and contractual services	617,000	409,330	361,232
Casual help	5,000	-	-
Office rental	53,100	69,764	47,674
Other	5,000	6,081	6,789
	2,114,125	1,697,670	1,750,502
Community Hubs expenses			
Consulting fees (Note 3e)	106,690	93,317	9,515
	106,690	93,317	9,515
Total expenses	2,560,346	2,091,330	2,085,300
Annual surplus	-	-	-
Accumulated surplus at beginning of year	-	-	-
Accumulated surplus at end of year	-	-	-

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Lands Corporation

Statement of change in net debt year ended August 31, 2016

		2016	2015
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	-	-	-
Acquisition of prepaid expense	-	(10,211)	(8,566)
Use of prepaid expense	-	8,566	8,511
	-	(1,645)	(55)
Increase in net debt	-	(1,645)	(55)
Net debt at beginning of year		(8,565)	(8,510)
Net debt at end of year	-	(10,210)	(8,565)

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Lands Corporation

Statement of cash flows

year ended August 31, 2016

	2016	2015
	\$	\$
Operating activities		
Annual surplus	-	-
Change in non cash items		
Increase in prepaid expenses	(1,645)	(55)
Decrease in accounts receivable	290	2,464
Increase (decrease) in accounts payable and accrued liabilities	18,498	(59,624)
Increase in deferred revenue	2,628	-
Increase (decrease) in due to Toronto District School Board	38,183	(255,628)
Increase (decrease) in cash	57,954	(312,843)
Cash, beginning of year	228,718	541,561
Cash, end of year	286,672	228,718

The accompanying notes to the financial statements are an integral part of this financial statement.

Toronto Lands Corporation

Notes to the financial statements

August 31, 2016

1. Description of business

The Toronto District School Board ("TDSB") established Toronto Lands Corporation (the "Corporation" or "TLC"), a wholly owned subsidiary. Its mandate is to manage designated real estate holdings of the TDSB to maximize rental income and dispose of surplus sites.

The Corporation was incorporated on April 25, 2008 under the Ontario Business Corporations Act, and subsequently entered into a Shareholder's Direction with the TDSB.

The Corporation, acting for the TDSB is responsible for providing services relating to the property management of all properties assigned to it by the TDSB from time to time subject to the terms and conditions set out in the Shareholder's Direction and other related agreements.

The Corporation is exempt from tax pursuant to paragraph 149 (1) (d.5) of the Canadian Income Tax Act.

2. Significant accounting policies

The financial statements of Toronto Lands Corporation are the representation of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted are as follows:

a) *Basis of accounting*

Revenue and expenses are reported on the accrual basis of accounting. This basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as the result of the receipt of goods or services and the creation of a legal obligation to pay.

b) *Revenue recognition*

i) *Contributions from TDSB*

Contributions from TDSB are recognized when received or receivable to the extent that contributions are needed to cover expenses not funded from other sources.

ii) *Interest income*

Interest income is recognized when earned.

iii) *Other revenue*

Other revenue relates to income earned from the subleasing of office space and is recognized when earned.

c) *Retirement benefits*

The Corporation's contributions to the Ontario Municipal Employees Retirement System (OMERS), a multiemployer defined benefit plan, are recorded in the period in which they become payable.

d) *Management estimates*

The preparation of periodic financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Accounts subject to estimates primarily relate to accrued liabilities. Actual results could differ from these estimates.

Toronto Lands Corporation

Notes to the financial statements

August 31, 2016

3. Transaction and balances with related parties

The Corporation had substantial transactions with its parent, TDSB. They are as follows:

- a) The contribution from TDSB for the cost of services provided by TLC related to the management of the leased properties and properties held for sale was \$1,982,155 (2015 - \$2,066,074).
- b) TDSB has purchased \$Nil (2015 - \$1,139) of furniture and equipment for use by the Corporation in carrying out its operations.
- c) TDSB seconded 2.0 (2015 - 3.5) staff to provide services to the Corporation in the current year of operation. The salaries and benefits of these employees were paid by TDSB and invoiced to the Corporation at a cost of \$236,642 (2015 - \$391,823). The seconded staff are employed directly by TDSB and TDSB will be responsible for the payment of employee future benefits. No inter-entity charges are made for these employee future benefits costs as TDSB is ultimately responsible for the benefits. During 2016 TDSB paid the amount of retirement gratuity of \$2,667 (2015 - \$9,920) as a retirement benefit.
- d) TDSB provides administrative services to the Corporation according to the Service Level Agreement at an annual cost of \$60,000 (2015 - \$60,000) which is reflected in the financial statements of the Corporation.
- e) During 2015 the Corporation was approved for a Capital Planning Capacity Program ("CPCP") grant from TDSB in the amount of \$116,205. These funds support the development of the community hubs concept in TDSB schools. During 2016, the Corporation spent an amount of \$93,317 (2015 - \$9,515) and recognized a corresponding amount of revenue. Future funding in the amount of \$13,373 will be recognized as eligible expenses are incurred.
- f) Pursuant to the Shareholder's Direction, TDSB is responsible for the indemnification of directors and officers of the Corporation. As a result, the Corporation is providing coverage for directors and officer, as well as errors and omissions insurance by TDSB.
- g) The amount due to TDSB is made up of an amount receivable of \$535,121 and an amount payable of \$584,782 for a net payable of \$49,661 (2015 - net payable of \$11,478).

Toronto Lands Corporation

Notes to the financial statements

August 31, 2016

4. Management of property and sales

The Corporation, as an agent of TDSB, negotiates leases, oversees the property management of the sites, collects rent, and negotiates sales of specific sites. The lease revenue, property management costs and sales, which the Corporation administered, are included in the financial statements of TDSB as TDSB is the legal owner of the properties.

The following financial information from both TDSB and the Corporation represent the overall operational results of real estate services.

	Budget (Unaudited)	Actual (Unaudited)
	\$	\$
Realty lease operations		
Lease revenue and recoveries	8,123,000	8,179,573
TDSB program and administration	493,000	52,956
Deferred capital improvement revenue	(1,000,000)	(1,000,000)
Total revenue	7,616,000	7,232,529
Property management expenses	4,082,000	2,448,132
TLC operating expenses		
Realty staff and services	339,531	300,343
Administrative expenses (net)	2,114,125	1,681,812
Other amounts		
Furniture and equipment purchased by the TDSB	7,500	-
Retirement service gratuity paid by the TDSB	-	2,667
	2,461,156	1,984,822
Property sale proceeds	23,050,000	11,640,000
Net contribution to TDSB	24,122,844	14,439,575

5. Ontario Municipal Employees Retirement System

Non-teaching employees of the TDSB are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. Employees of the Corporation are eligible to become members of OMERS by virtue of it being a wholly owned subsidiary of TDSB.

On July 1, 2011, the Corporation became a member of OMERS. During the year ended August 31, 2016, the Corporation contributed \$40,280 (2015 - \$43,767) to the Plan. As this is a multi-employer pension plan, these contributions are the Corporation's pension benefit expenses. No pension liability for this type of plan is included in the Corporation's financial statements.

Toronto Lands Corporation

Notes to the financial statements

August 31, 2016

6. Accounts payable and accrued liabilities

The following expenses have been recorded in accounts payable and accrued liabilities as at August 31, 2016:

	2016	2015
	\$	\$
Payroll deductions and other government liability	30,250	8,438
Accrued wages	35,588	5,500
Professional fees	133,625	167,136
Accrued vacation	45,335	45,226
	244,798	226,300

7. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares. The Corporation issued 1 common share to the TDSB and the 1 share is outstanding as at August 31, 2016.

8. Commitments

The Corporation negotiated new office equipment –operating lease agreement in September 2015 for a 5-year term. The estimated annual commitment under this contract will be \$1,806.

The Corporation negotiated a new operating lease for office furniture and premises in November 2015 for a 5-year term commencing March 1, 2016. The estimated annual commitments under this lease for the next five years are as follows:

Year	Amount
	\$
2017	87,547
2018	89,011
2019	90,475
2020	91,939
2021	46,336
	405,308