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# Financial statements of Toronto Lands Corporation

August 31, 2021

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## Independent Auditor's Report

To the Shareholder of  
Toronto Lands Corporation

### Opinion

We have audited the financial statements of Toronto Lands Corporation (the "Corporation"), which comprise the statement of financial position as at August 31, 2021, the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2021 and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
November 30, 2021

**Toronto Lands Corporation**  
**Statement of financial position**  
As at August 31, 2021

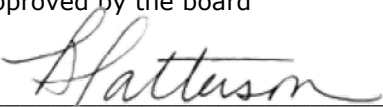
	Notes	2021 \$	2020 \$
<b>Financial assets</b>			
Cash		147,008	236,855
Accounts receivable		—	1,901
Due from Toronto District School Board	3(e)	1,107,416	568,757
		<b>1,254,424</b>	<b>807,513</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	6	760,349	468,849
Due to Toronto District School Board	3(f)	217,854	59,887
Loan payable to Toronto District School Board	3(f)	300,000	300,000
		<b>1,278,203</b>	<b>828,736</b>
Net debt		<b>(23,779)</b>	<b>(21,223)</b>
<b>Non-financial asset</b>			
Prepaid expenses		23,780	21,224
Share capital	7	1	1
<b>Accumulated surplus</b>		<b>—</b>	<b>—</b>


Commitments

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

Approved by the board

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

## Toronto Lands Corporation

### Statement of operations

As at August 31, 2021

	Notes	Budget \$	2021 Actual \$	2020 Actual \$
<b>Revenue</b>				
Contribution from Toronto District School Board	3(a)	5,651,887	4,583,437	3,600,273
Other revenue		—	—	74,530
Interest		—	748	4,450
		<b>5,651,887</b>	<b>4,584,185</b>	<b>3,679,253</b>
<b>Expenses</b>				
Realty staff and services expenses				
Facility services		140,000	145,363	140,960
Business services		100,000	90,496	103,704
Administrative support allocation	3(d)	60,000	60,000	60,000
		<b>300,000</b>	<b>295,859</b>	<b>304,664</b>
Administration expenses				
Board remuneration		70,000	44,064	34,842
Management salary		2,914,761	2,659,305	2,186,010
Professional development		3,500	3,702	3,462
Supply and services		80,005	86,937	68,349
Legal fees		800,000	484,149	436,505
Fees and contractual services		1,360,000	889,232	523,235
Office rental		118,621	118,671	118,031
Other		5,000	2,266	4,155
		<b>5,351,887</b>	<b>4,288,326</b>	<b>3,374,589</b>
		<b>5,651,887</b>	<b>4,584,185</b>	<b>3,679,253</b>
<b>Annual surplus</b>		—	—	—
Accumulated surplus, beginning of year		—	—	—
<b>Accumulated surplus, end of year</b>		—	—	—

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

**Toronto Lands Corporation**  
**Statement of change in net debt**  
Year ended August 31, 2021

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	<b>Budget</b>	<b>2021</b>	2020
	\$	Actual	Actual
	\$	\$	\$
<b>Annual surplus</b>	—	—	—
Acquisition of prepaid expense	—	<b>(23,779)</b>	(21,224)
Use of prepaid expense	—	<b>21,223</b>	16,698
	—	<b>(2,556)</b>	(4,526)
Increase in net debt	—	<b>(2,556)</b>	(4,526)
Net debt, beginning of year	—	<b>(21,223)</b>	(16,697)
<b>Net debt, end of year</b>	—	<b>(23,779)</b>	(21,223)

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

**Toronto Lands Corporation****Statement of cash flows**

Year ended August 31, 2021

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Annual surplus	—	—
Change in non cash items		
Increase in prepaid expenses	<b>(2,556)</b>	(4,526)
Decrease in accounts receivable	<b>1,901</b>	44,372
(Increase) decrease in due from Toronto District School Board	<b>(538,659)</b>	98,684
Increase in accounts payable and accrued liabilities	<b>291,500</b>	5,497
Increase (decrease) in due to Toronto District School Board	<b>157,967</b>	(30,376)
Increase (decrease) in loan payable to Toronto District School Board	—	(245,319)
Decrease in cash	<b>(89,847)</b>	(131,668)
Cash, beginning of year	<b>236,855</b>	368,523
<b>Cash, end of year</b>	<b>147,008</b>	236,855

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



## **1. Description of business**

The Toronto District School Board ("TDSB") established Toronto Lands Corporation (the "Corporation" or "TLC"), a wholly owned subsidiary. The Corporation was incorporated on April 25, 2008 under the Ontario Business Corporations Act. The Corporation 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, subject to the terms and conditions set out in the Shareholder's Direction and other related agreements.

The Corporation's initial mandate was to manage non-operating TDSB properties and designated real estate holdings to maximize rental income and to dispose of surplus sites. The TDSB Board approved an expansion to this mandate on March 21, 2018 and formally signed an amended Shareholder's Direction dated November 28, 2018. In addition to management of non-operating sites, the amended mandate now includes land use planning, real estate leasing, community planning and partnerships, redevelopment and school modernization opportunities, as well as acquisition and disposal of TDSB surplus sites.

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) Other revenue*

Other revenue relates to income earned from legal fees charged to tenants related to lease agreements, and revenue from recovery of payroll costs due to seconded staff.

#### *(iii) Interest income*

Interest income 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.

## **2. Significant accounting policies (continued)**

### *(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.

## **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 the Corporation related to the management of the leased properties and properties held for sale was \$4,583,437 (\$3,600,273 in 2020).
- (b) TDSB has purchased \$9,218 (\$21,744 in 2020) of furniture and equipment for use by the Corporation in carrying out its operations. This furniture and equipment is recorded in the consolidated financial statements of TDSB.
- (c) TDSB seconded three (two in 2020) full-time equivalent staff to provide services to the Corporation from September 1, 2020 to August 31, 2021. The salaries and benefits of these employees were paid by TDSB and invoiced to the Corporation at a cost of \$235,859 (\$244,664 in 2020). The seconded staff are employed directly by TDSB and TDSB is responsible for the payment of employees' future benefit costs. No inter-entity charges were made for these employee future benefits costs as TDSB is ultimately responsible for the benefits. During 2021, there were no payments of retirement gratuity as a retirement benefit (nil in 2020).
- (d) TDSB provides administrative services to the Corporation according to the Service Level Agreement at an annual cost of \$60,000 (\$60,000 in 2020) which is reflected in the financial statements of the Corporation.
- (e) The amount due from TDSB of \$1,107,416 (\$568,757 in 2020) represents August 2021 management fee paid in September of the following year, and an amount of nil (\$9,500 in 2020) receivable as of August 31, 2021.
- (f) The amount due to TDSB of \$217,854 (\$59,887 in 2020) represents seconded staff expenses amounting to \$55,025, administrative support fee amounting to \$16,950 invoiced and not paid as of August 31, 2021 and other accruals payable to TDSB amounting to \$145,879. The loan payable to TDSB of \$300,000 (\$300,000 in 2020) represents an interest free loan that has accumulated from August 31, 2009 to August 31, 2021. There is no fixed term of repayment for this loan.

## **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 consolidated financial statements of TDSB as TDSB is the legal owner of the properties.

During the fiscal year 2021, gross proceeds from the sale of TDSB properties totaled \$16,657,731 (\$45,096,494 in 2020) as reflected in TDSB's consolidated financial statements.

## 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"). 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, 2021, the Corporation contributed \$212,792 (\$176,041 in 2020) 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.

Each year, an independent actuary determines the funding status of the plan by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113.06 billion (\$107.7 billion in 2020) in respect of benefits accrued for service with actuarial assets at that date of \$109.84 billion (\$104.3 billion in 2020) indicating an actuarial deficit of \$3.21 billion (\$3.4 billion in 2020). As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the plan's pension surplus or deficit.

## 6. Accounts payable and accrued liabilities

The following amounts have been recorded in accounts payable and accrued liabilities as at August 31, 2021:

	<b>2021</b>	2020
	\$	\$
Payroll deductions and other government liability	<b>127,183</b>	86,706
Accrued wages	<b>93,401</b>	126,182
Professional and other fees	<b>323,438</b>	125,707
Accrued vacation	<b>216,327</b>	130,254
	<b>760,349</b>	468,849

## 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, 2021.

**8. Commitments**

The Corporation entered into an operating lease agreement for premises in January 2019 for a 7-year term commencing on March 1, 2019. The estimated annual commitments under this lease for the next 5 years and thereafter are as follows:

	Amount \$
Year	
2022	126,589
2023	130,211
2024	132,022
2025	133,833
2026	66,916
	<u>589,571</u>

**9. Contingent liabilities**

In normal course of business, the Corporation may be subject, from time to time, to lawsuits in which it is a defendant. Management accrues liabilities for claims against the Corporation when a liability is likely to incur and the amount of the claim can be reasonably estimated.