

Financial statements of

Toronto Lands Corporation

August 31, 2017

Toronto Lands Corporation

August 31, 2017

Table of contents

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of change in net debt	5
Statement of cash flows	6
Notes to the financial statements	7-9

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, 2017, 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, 2017 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

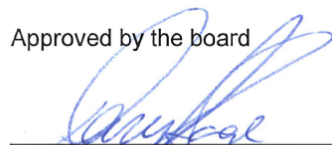
Chartered Professional Accountants
Licensed Public Accountants
November 28, 2017

Toronto Lands Corporation

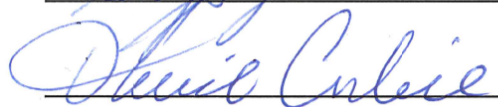
Statement of financial position as at August 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash	341,813	286,672
Accounts receivable	464	205
	342,277	286,877
Liabilities		
Accounts payable and accrued liabilities (Note 6)	276,365	244,798
Deferred revenue	2,628	2,628
Due to Toronto District School Board (Note 3f)	72,456	49,661
	351,449	297,087
Net debt	(9,172)	(10,210)
Non-financial asset		
Prepaid expenses	9,173	10,211
Share capital (Note 7)	1	1
Accumulated surplus	-	-

Approved by the board



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, 2017

	Budget	2017 Actual	2016 Actual (Note 9)
	\$		\$
Revenue			
Contribution from Toronto District School Board (Note 3a)	2,419,820	1,770,639	1,982,155
Community Hubs Grant (Note 3e)	13,373	13,373	93,317
Other revenue		27,087	13,943
Interest	-	2,847	1,915
	2,433,193	1,813,946	2,091,330
Expenses			
Realty staff and services expenses			
Facility services	130,000	125,254	138,736
Business services	100,000	100,230	101,607
Administrative support allocation (Note 3d)	60,000	60,000	60,000
	290,000	285,484	300,343
Administration expenses			
Board remuneration	70,000	42,375	37,917
Management salary	854,820	934,258	842,630
Professional development	4,000	-	250
Supply and services	48,000	47,538	38,474
Legal fees	450,000	213,779	296,795
Fees and contractual services	632,000	186,991	409,330
Casual help	5,000	-	-
Office rental	61,000	88,124	69,764
Other	5,000	2,024	2,510
	2,129,820	1,515,089	1,697,670
Community Hubs expenses			
Consulting fees (Note 3e)	13,373	13,373	93,317
	13,373	13,373	93,317
Total expenses	2,433,193	1,813,946	2,091,330
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, 2017

		2017	2016
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	-	-	-
Acquisition of prepaid expense	-	(9,173)	(10,211)
Use of prepaid expense	-	10,211	8,566
	-	1,038	(1,645)
Decrease (increase) in net debt	-	1,038	(1,645)
Net debt at beginning of year		(10,210)	(8,565)
Net debt at end of year	-	(9,172)	(10,210)

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, 2017

	2017	2016
	\$	\$
Operating activities		
Annual surplus	-	-
Change in non cash items		
Decrease (increase) in prepaid expenses	1,038	(1,645)
(Increase) decrease in accounts receivable	(259)	290
Increase in accounts payable and accrued liabilities	31,567	18,498
Increase in deferred revenue	-	2,628
Increase in due to Toronto District School Board	22,795	38,183
Increase in cash	55,141	57,954
Cash, beginning of year	286,672	228,718
Cash, end of year	341,813	286,672

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, 2017

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, 2017

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 \$1,770,639 (2016 - \$1,982,155).
- b) TDSB has purchased \$3,676 (2016 - \$Nil) of furniture and equipment for use by the Corporation in carrying out its operations.
- c) TDSB seconded 2.0 (2016 - 2.0) full-time equivalent 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 \$223,546 (2016 - \$236,642). The seconded staff are employed directly by TDSB and TDSB is 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 2017 TDSB paid the amount of retirement gratuity of \$Nil (2016 - \$2,667) 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 (2016 - \$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 2017, the Corporation completed the project and spent the remaining balance in the amount of \$13,373 (2016 - \$93,317) and recognized a corresponding amount of revenue.
- f) The amount due to TDSB is made up of an amount receivable of \$494,743 and an amount payable of \$567,199 for a net payable of \$72,456 (2016 - net payable of \$49,661).

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.

During the fiscal year 2017, gross proceeds from the sale of TDSB properties totalled \$Nil (2016 - \$11,640,000) as reported in TDSB's 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 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, 2017, the Corporation contributed \$69,020 (2016 - \$20,361) 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, 2017

6. Accounts payable and accrued liabilities

The following expenses have been recorded in accounts payable and accrued liabilities as at August 31, 2017:

	2017	2016
	\$	\$
Payroll deductions and other government liability	44,039	30,250
Accrued wages	42,143	35,588
Professional and other fees	134,646	133,625
Accrued vacation	55,537	45,335
	276,365	244,798

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, 2017.

8. Commitments

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

The Corporation negotiated a new operating lease agreement 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
	\$
2018	89,304
2019	90,768
2020	92,232
2021	46,482
	318,786

9. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year presentation. Amounts reclassified include management salary, supplies and services, and other expenses.