
Financial statements of Toronto Lands Corporation

August 31, 2018

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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, 2018, 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, 2018 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.



Chartered Professional Accountants
Licensed Public Accountants
November 20, 2018

Toronto Lands Corporation
Statement of financial position
As at August 31, 2018

	Notes	2018	2017
		\$	\$
Financial assets			
Cash		419,745	341,813
Accounts receivable		3,684	464
		423,429	342,277
Liabilities			
Accounts payable and accrued liabilities	6	392,964	276,365
Deferred revenue		—	2,628
Due to Toronto District School Board	3(e)	41,098	72,456
		434,062	351,449
Net debt		(10,633)	(9,172)
Non-financial asset			
Prepaid expenses		10,634	9,173
Share capital	7	1	1
Accumulated surplus		—	—

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

Approved by the board

_____, Director

_____, Director

Toronto Lands Corporation

Statement of operations

Year ended August 31, 2018

	Notes	Budget	2018 Actual	2017 Actual
		\$	\$	\$
Revenue				
Contribution from Toronto District School Board	3(a)	2,476,000	2,060,470	1,770,639
Community Hubs Grant		—	—	13,373
Other revenue		—	27,942	27,087
Interest		—	7,876	2,847
		2,476,000	2,096,288	1,813,946
Expenses				
Realty staff and services expenses				
Facility services		131,000	130,453	125,254
Business services		102,000	94,144	100,230
Administrative support allocation	3(d)	60,000	60,000	60,000
		293,000	284,597	285,484
Administration expenses				
Board remuneration		70,000	43,000	42,375
Management salary		940,000	873,959	947,609
Professional development		6,000	3,384	—
Supply and services		48,000	25,923	34,187
Legal fees		420,000	353,999	213,779
Fees and contractual services		632,000	418,923	186,991
Office rental		62,000	88,368	88,124
Other		5,000	4,135	2,024
		2,183,000	1,811,691	1,515,089
Community Hubs expenses				
Consulting fees		—	—	13,373
		2,476,000	2,096,288	1,813,946
Annual surplus		—	—	—
Accumulated surplus, beginning of year		—	—	—
Accumulated surplus, end of year		—	—	—

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

Toronto Lands Corporation
Statement of change in net debt
Year ended August 31, 2018

	Budget	2018 Actual	2017 Actual
	\$	\$	\$
Annual surplus	—	—	—
Acquisition of prepaid expense	—	(10,634)	(9,173)
Use of prepaid expense	—	9,173	10,211
	—	(1,461)	1,038
(Increase) decrease in net debt	—	(1,461)	1,038
Net debt, beginning of year	—	(9,172)	(10,210)
Net debt, end of year	—	(10,633)	(9,172)

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

Toronto Lands Corporation**Statement of cash flows**

Year ended August 31, 2018

	2018	2017
	\$	\$
Operating activities		
Annual surplus	—	—
Change in non cash items		
(Increase) decrease in prepaid expenses	(1,461)	1,038
Increase in accounts receivable	(3,220)	(259)
Increase in accounts payable and accrued liabilities	116,599	31,567
Decrease in deferred revenue	(2,628)	—
(Decrease) increase in due to Toronto District School Board	(31,358)	22,795
Increase in cash	77,932	55,141
Cash, beginning of year	341,813	286,672
Cash, end of year	419,745	341,813

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. 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.

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 TLC related to the management of the leased properties and properties held for sale was \$2,060,470 (\$1,770,639 in 2017).
- (b) TDSB has purchased \$49,288 (\$3,676 in 2017) of furniture and equipment for use by the Corporation in carrying out its operations.
- (c) TDSB seconded 2.0 (2.0 in 2017) 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 \$225,896 (\$223,546 in 2017). 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 2018 TDSB paid the amount of retirement gratuity of \$Nil (nil in 2017) 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 (\$60,000 in 2017) which is reflected in the financial statements of the Corporation.
- (e) The amount due to TDSB is made up of an amount receivable of \$520,933 and an amount payable of \$562,032 for a net payable of \$41,098 (net payable of \$72,456 in 2017).

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 2018, gross proceeds from the sale of TDSB properties totalled \$50,268,000 (nil in 2017) 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, 2018, the Corporation contributed \$41,297 (\$69,020 in 2017) 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.

6. Accounts payable and accrued liabilities

The following expenses have been recorded in accounts payable and accrued liabilities as at August 31, 2018:

	2018	2017
	\$	\$
Payroll deductions and other government liability	42,998	44,039
Accrued wages	42,762	42,143
Professional and other fees	246,059	134,646
Accrued vacation	61,145	55,537
	392,964	276,365

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, 2018.

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 to the end of the lease term are as follows:

Year	Amount
	\$
2019	91,500
2020	92,964
2021	46,848
	231,312

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 and supplies and services.