Toronto Islands
Residential Community Trust Corporation

ANNUAL REPORT
2015-16

July 27, 2016

TORONTO ISLANDS RESIDENTIAL
COMMUNITY TRUST CORPORATION
102 Lakeshore Avenue, Ward's Island, Toronto, Ontario M5J 1X8
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July 20, 2016

To the Honourable Bill Mauro
Minister of Municipal Affairs

Minister,

On behalf of the Trust and Board of Directors, I am pleased to submit the Toronto Islands Residential Community Trust Corporation's Annual Report, 2015-16, together with its audited financial statements for the period 2015-16.

Respectfully submitted,

Lorraine Filyer
Chair
Toronto Islands Residential Community Trust Corporation

Message from the Chair:

Another busy and fruitful year for the Toronto Islands Residential Community Trust Corporation has passed. Our administrator, Amanda Street-Bishop, completed her third full year of employment in October 2015. Amanda continues to provide the Trust, the community and the public with unwavering professional expertise and cheerful goodwill.

Thanks to all of my colleagues on the board and the staff of the Municipal Services Office – Central Region of the Ministry of Municipal Affairs for their ongoing support.

The Trust has completed the third year of its strategic plan; the priorities continue to guide our operations. We will be developing a new plan beginning in the fall of 2016, but in the meantime we continued to manage and administer Trust obligations, make excellent progress in levy collection and improve overall communications with the Island community and the public. The Trust held two appraisal information sessions for leaseholders that were based on our new appraisal policy that codifies the management of Island house appraisals. The Trust also managed the sale of three Island homes.

I look forward to continuing to work with my colleagues on the board and the many community volunteers who support the Trust to ensure we meet the mandate of the Trust and preserve the legacy of the Island community.

Lorraine Filyer
Chair

A. ABOUT THE TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

Under the *Toronto Islands Residential Community Stewardship Act, 1993* (the Act), residents of Ward's Island and Algonquin Island may hold title to their homes, and may lease the lots on which their houses are located.

The Toronto Islands Residential Community Trust Corporation (the Trust) was established in December 1993 to manage the leasing process, the lands specified in the Act and six related community buildings on behalf of the Island residents and the public. These are:

- The Algonquin Island Association Clubhouse, located at 18 Wyandot Avenue on Algonquin Island
- The Shaw House, located at 108 Lakeshore Avenue on Ward's Island
- The Rectory, located at 102 Lakeshore Avenue on Ward's Island
- The Old Fire hall, located at 101 Cibola Avenue on Ward's Island
- The two Ward's Island Association Clubhouse Buildings, located at 18 and 20 Withrow Street on Ward's Island

The lands administered by the Trust for residential purposes and the six community buildings are vested in the province under the Act. They are leased to the Trust until December 15, 2092, under specified conditions set out in the Act.

The Trust is managed by a board of directors (the board) which can include up to 15 members. Board members are appointed on the recommendation of the Minister of Municipal Affairs by the Lieutenant Governor in Council. In 2015-16, the board was composed of six volunteer members and supported by one part-time staff person and a part-time bookkeeper. Four of the six board members were employees of the Ontario Public Service and two members were Island residents.

Trust operations are financed by a levy on leaseholders, property rentals, administrative fees and investment income. The Trust receives no provincial funding.

The Memorandum of Understanding, signed in 2011, clarifies the mandate of the Trust and the accountability relationship between the Minister and the Trust. It was reaffirmed by the chair and the then Minister of Municipal Affairs and Housing, the Honourable Ted McMeekin. In June 2016, the provincial government reorganized Cabinet and the Ministry of Municipal Affairs and Housing became two separate portfolios. The Trust now reports to the new Ministry of Municipal Affairs Minister Bill Mauro.

To comply with the province's Agencies and Appointments Directive, the Trust Chair is required to provide the Minister annually with a Three-Year Business Plan and an Annual Report.

B. MANDATE

The Trust's mandate is set out in the Act and is complemented by a Memorandum of Understanding between the Trust and the Minister of Municipal Affairs. The mandate of the Trust includes the following responsibilities:

- Managing the land and other buildings and structures on the land described in the Schedule to the Act for the benefit of the residential community on the Toronto Islands and the public;
- Operating the buildings and structures on the land described in the Act for the benefit and enjoyment of the public;
- Ensuring that the public has reasonable access to the buildings and structures operated by the Trust;
- Managing the sale of houses and land leases and vacant land leases on the Toronto Island;
- Raising sufficient revenues to carry out the objects of the Trust.

To carry out its responsibilities, the Trust must maintain a waiting list of people who wish to purchase land leases when they become available. This Purchasers' List contains up to 500 positions.

The Trust must also raise sufficient revenue to fulfill its mandate, administer the Trust's operations and manage the six community buildings for the benefit of both the community and the public.

C. TRUST GOVERNANCE

Board of Directors, Committees and Staff

The Trust's board of directors is appointed by the Lieutenant Governor in Council. It generally consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as nominated/elected by the Island community at large). The board elects the following officers from amongst its members: chair, vice-chair, treasurer and secretary. The membership remained as it was in 2015-16 with the following board appointees:

Board Member	Appointment Initial Date	Appointment Expiry Date	Appointee of
Lorraine Filyer Chair	April 1, 2012	March 31, 2017	Island Resident
Susan Wang Treasurer	July 29, 2010	March 31, 2017	Ontario Public Service
Heather Black	April 9, 2014	March 31, 2017	Ontario Public Service
Astero Patsali Secretary	July 29, 2011	March 31, 2017	Ontario Public Service
Jim Adams	April 9, 2014	March 31, 2017	Ontario Public Service
Cheryl DeGras Vice Chair	November 5, 2014	March 31, 2017	Island Resident

The Trust office is staffed by an administrator on a part-time basis. The Trust office is also supported by a part-time bookkeeper and temporary staff as needed.

Board Meetings

In 2015-16, the board held 11 meetings to oversee Trust business and to ensure the objects of the Trust were met. Meetings are open to the community and the public. Members of the Toronto Island Community Association (TICA) regularly attended the meetings.

The board also attended two community meetings. At the first meeting on May 27, 2015, the community endorsed the Trust's 2015-16 budget prior to final board approval. At the second meeting on October 20, 2015, the community received the Trust's 2014-15 audited financial statements as presented by the Trust treasurer, Susan Wang.

Board Committees

In 2015-16, the Trust continued to be supported by the following committees: Communications, Finance, Governance, Management and Properties as well as two ad hoc sub-committees – Appraisal and Lease Breach. The purpose of the committees is to provide advice and recommendations to the board so that the board can ensure that the financial and operational activities of the Trust are carried out in the most efficient, economical manner and in accordance with acceptable accounting practices and applicable government legislation, regulations, directives, guidelines, and policies.

The committees are composed of board members, TICA members and Island community volunteers. The administrator has an active role in supporting all of these committees.

Community Volunteerism

The Trust views the community as a partner and welcomes and relies on community volunteers to provide additional perspectives in its deliberations and to inform its decisions in carrying out the mandate of the Trust. Community volunteers are also involved in other community related activities that contribute to a healthy and vibrant island community.

Community volunteer activities include the following:

- operating five of the six Trust buildings
- assisting with open houses related to sales of Island homes
- undertaking projects that enhance the beauty of the eastern part of the Island
- holding annual garden and house tours to benefit both community and charitable activities
- offering programs for children and youth
- running a concert series at the church
- serving as members of groups that deal with waterfront issues and city-wide cycling initiatives, and
- participating in annual clean-ups of the park.

Both Islanders and the general public participate in many of these activities.

D. OPERATIONAL ACTIVITIES IN 2015-16

The Trust's core activities include:

- Conducting the sale and permitted transfers of leases and homes on leaseholds.
- Managing six community buildings, in cooperation with the Island community and leaseholders.
- Disseminating information about and managing the lease process, and overseeing compliance with lease agreements. This includes informing and responding to inquiries from leaseholders, prospective leaseholders, third parties and the Ministry of Municipal Affairs, as required.
- Maintaining official records of existing leases and common facilities, including the Property Register.
- Maintaining the Purchasers' List.
- Achieving compliance with mandatory aspects of the Government of Ontario agency-related directives that apply to the Trust.

The Trust also conducts ongoing reviews of its policies and procedures to ensure transparency, consistent application and the achievement of efficiencies.

In 2015-16, the Trust undertook a number of activities and made progress in several areas as follows:

House Sales

In 2015-16, there were three house sales. In accordance with the provisions of the Act, notices of the house sales were sent to the first 150 names at the top of the Purchasers' List. The houses all closed on or before February 2, 2016.

Information Sharing

The Trust regularly receives and responds to leaseholder requests for information or access to documentation regarding their properties. The Trust also receives a large number of inquiries regarding the Purchasers' List and the public. For example, from April 1, 2015 to March 31, 2016, the Trust office responded to over 900 telephone inquiries. Approximately 30% of these were in reference to the Purchasers' List and 10% were from the public. The Trust also responded to 1250 email enquiries regarding the Purchasers' List and 12 letters directed to the Trust on various topics.

As part of the Trust's communications strategy three community newsletters were published and distributed in 2015-16. The Trust website is updated regularly with information about both Trust activities. As per the Province of Ontario's Travel, Meal and Hospitality Expenses Directive, a public posting of expense information can also be found on the website.

Lease Compliance/Levy Payments

The Trust continues to focus resources towards collecting the established annual levy payments from all leaseholders. Progress is ongoing as evidenced by a 4% increase compared to the previous year. Currently 86% of leaseholders have paid in full or have made payment plan arrangements with the Trust.

Managing Community Buildings

Maintenance of community buildings, vested in the province and managed by the Trust, for the benefit of the public and the community is ongoing. These buildings and facilities provide venues for organizational sports and recreational programs, accessible to both the residential community and the public, such as the Toronto Island Canoe Club and Camp, the Ward's Island Recreation Association lawn bowling and tennis and the Montessori Day Care and Camp at the Algonquin Island Association clubhouse. The buildings are also rented to the public for special functions, such as weddings, and two of the Trust buildings also house cafés. This rental income to the Trust helps to keep the buildings in good repair. The Rectory Café housed in the Rectory building is a popular dining destination for locals and the general public.

In 2013-14, building inspections were completed for all six of Trust buildings and asset management plans were completed for all six buildings on March 31, 2016, as part of the Trust's asset management strategy. The Trust properties committee will be working with all community building leaseholders in 2016-17 to ensure their asset management plans are progressing well.

The increased revenue from the negotiation of a new lease for the Rectory Café, consistent with current market rates, is expected to be used for any needed major repairs to the Rectory building over the long run. This will ensure the continued use of the building for both commercial and Trust operations purposes.

In 2015-16, the Trust undertook the following improvements to the Rectory Café building:

- Underground plumbing replacement and back-flow protector
- New roof over washroom extension
- Replacement of eaves, soffits and fascia

Appraisal Policy

As reported in the 2013-14 Trust annual report, the appraisal policy was approved by the board in December 2014 and came into effect on May 18, 2015. Two appraisal policy information sessions for leaseholders were held in June with attendance exceeding 120 leaseholders.

Property Register

The Property Register outlines property information for all residential properties on Ward's and Algonquin Islands. The Property Register was updated and submitted to the City of Toronto as required in November 2015.

E. OPERATIONAL PERFORMANCE

The Trust continues to adhere to the requirements of the province's directives including the Agencies and Appointments Directive. The Memorandum of Understanding between the Trust and the province continues to be complied with. The Trust's 2016-19 Business Plan was developed and submitted according to the province's requirements and timelines, as was the Trust's 2014-15 Annual Report.

Achievement of Strategic Goals and Performance Targets

In its 2015-18 Business Plan, the Trust identified the following strategic goals:

The Trust board, its staff and members of its committees will have the skills and knowledge to carry out the mandate of the Trust.

The Trust is supported by several committees to carry out its objects. It maintains up to date terms of reference for all of its committees on an ongoing basis (last updated April 2015). Each committee reports into monthly board meetings with updates on activities or recommendations for action as necessary.

The Trust developed a training plan in 2013-14 for its board members and committee volunteers. Board members attended an appraisal policy and equity amount tutorial in June 2015. The Trust administrator continued accessibility training.

The Trust recently developed an accessibility policy and plan that includes training material in accordance with the government's accessibility standard for Customer Service under the Accessibility for Ontarians with Disabilities Act. The material is available to board members, staff and volunteers on Trust committees and also posted on the Trust website.

The Trust will become a modern organization that delivers responsive services for the benefit of the residents and the public.

The Trust developed an appraisal policy which was approved in December 2014 and came into effect on May 18, 2015.

The Terms of Reference have been updated for all committees and have been posted on the Trust website.

An information technology plan is in place and addresses on-line collection of fees and storage and backup of Trust records. All information technology equipment has been upgraded, security protocols have been implemented and appropriate Internet service provider and technology support are in place to address technical issues. The Trust began accepting payments via e-transfer in August 2014. In 2015-16, seventy-one (27%) leaseholders and 187 (39%) purchasers' list members chose this method of payment for their levies and list fees.

The Trust conducted its business within the established service standards by responding to over 900 phone calls within two business days and 12 letters within 10 business days. The Trust undertook the sale of three Island homes starting in 2015-16. All three homes were sold in 2015-16 in accordance with the legislation.

The Trust will have a strong relationship with the Island community and the public in delivering its mandate through enhanced and consistent communications.

The Trust Communications Committee delivered three Trust newsletters, and held two community meetings. The committee also facilitated the appraisal policy and equity amount information sessions.

All new and amended policies and committee terms of reference are posted on the Trust website, including the Trust's Appraisal Policy.

The Trust will effectively manage the public buildings and the natural assets under its mandate to protect and preserve them for current and future uses.

The Trust actively works with the leaseholders of the Trust buildings to ensure that the buildings are maintained for the use of the Island community and the general public. Building inspections have been completed on all of the Trust buildings. The

Trust through the Properties Committee continues to work with leaseholders to complete the work outlined in asset management plans to address any deficiencies from the inspection audits.

Maintenance of Trust buildings is ongoing. In fiscal year 2015-16 the underground plumbing, washroom extension roof, and eaves soffits and fascia were installed at the Rectory Café building.

The Trust continued to maintain trees on Trust land as per the approved 2015/16 tree maintenance plan. The annual assessment of the trees on Trust land was completed in March 2016 facilitating the tree maintenance budget for the next fiscal year.

F. FINANCIAL PERFORMANCE

The Trust's 2015-16 budget, approved by the community on May 27, 2015 and by the Trust board on March 26, 2015, confirmed that the business of the Trust would continue to be financed primarily by a levy on the 262 leaseholders, as well as by property rental fees, administrative fees and investment income. The Trust is self-sufficient and receives no provincial or municipal funding to support its operations.

A copy of the 2015-16 audited financial statements is attached to this annual report. The audit found that the financial statements presented the Trust's financial position and financial performance fairly. As per the Trust's by-law, these audited financial statements will be presented to the community in the fall 2016. The audit of the Trust's financial statements for 2014-15 was presented to the community on October 21, 2015.

The following are summary tables of the actual results and variances against budget. Some additional details are in the audited financial statements in the appendix.

Revenues and Expenses:

	2014-15 Actuals	2015-16 Actuals	2015-16 Budget	2015-16 Actuals vs. Budget Variances	Variance Explanation
Revenue	$185,438	$199,655	$190,720	$8,935	*See Note 1
Expenses	$159,983	$164,089	$165,720	-$1,631	
Excess (deficiency) of revenue over expenses for the year	$25,455	$35,566	$25,000	$10,566	

Change in Net Assets:

	2014-15 Actuals	2015-16 Budget (approved)	2015-16 Actuals	2015-16 Actuals vs. Budget Variances	Variance Explanation
Transfer to Reserves	$26,000	$25,000	$35,566	$10,566	*See Note 2

Note 1:
Variance in revenue is due to an additional house sale and additional purchasers' list applications.

Note 2:
The projected excess of revenues over expenses in the approved budget for 2015-16 included transfers to reserves as follows: $20,000 to the reserve for Capital Expenditures and Major Repairs due to the aging buildings, $2000 to the reserve for Office Expenses for photocopier replacement, five thousand into the reserve for contingencies and the remainder into the unappropriated balance.

Attachment:

Audited Financial Statements

Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2016

Chaplin & co
CHARTERED ACCOUNTANTS

Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2016

Index

Chaplin & co
CHARTERED ACCOUNTANTS

July 14, 2016

Independent Auditors' Report

To the Board of Directors of Toronto Islands Residential Community Trust Corporation

We have audited the accompanying financial statements of Toronto Islands Residential Community Trust Corporation, which comprise the balance sheet as at March 31, 2016 and the statements of changes in net assets, revenue and expenses, 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 accounting standards for non-for-profit organizations, 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.

Auditors' 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 our 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, we consider 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 Islands Residential Community Trust Corporation as at March 31, 2016 and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

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Report on other legal and regulatory requirements
In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Other matter
The financial statements of Toronto Islands Residential Community Trust Corporation for the year ended March 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on July 23, 2015.

Chaplin & Co.,

Chartered Accountants
Licensed Public Accountants

	Notes	March 31 2016	March 31 2015
Assets			
Current			
Cash		$ 91,930	$ 77,460
Guaranteed Investment Certificates maturing within 12 months	2	23,664	145,818
Accounts receivable	3	65,471	63,996
Prepaid expenses		10,878	2,155
		191,943	289,429
Guaranteed Investment Certificates maturing over 12 months	2	175,456	51,598
Capital assets	4	436,900	467,138
		$ 804,299	$ 808,165
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 7,184	$ 16,111
Government remittances payable		3,143	4,892
Current portion of unamortized capital contribution		28,756	28,756
		39,083	49,759
Unamortized capital contribution	5	364,248	393,004
		403,331	442,763
Net assets		400,968	365,402
		$ 804,299	$ 808,165

See accompanying notes

Approved on behalf of the Board of Directors of Toronto Islands Residential Community Trust Corporation:

Lorraine Filyer, Chair

Susan Wang, Treasurer

Chaplin & co
CHARTERED ACCOUNTANTS

	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital assets	Unappropri-ated balance	Total 2016	Total 2015
Balance, beginning of year	$ 238,070	$ 58,400	$ 6,500	$ 45,378	$ 17,054	$ 365,402	$ 339,947
Excess of revenue over expenses for the year	-	-	-	(1,482)	37,048	35,566	25,455
Transfer to reserves (note 6)	5,000	20,000	2,000	-	(27,000)	-	-
Balance, end of year	$ 243,070	$ 78,400	$ 8,500	$ 43,896	$ 27,102	$ 400,968	$ 365,402

See accompanying notes

Toronto Islands Residential Community Trust Corporation

	Year ended March 31 2016	2015
Revenue		
Administration fees	$ 12,810	$ 11,640
Investment and other income	8,717	8,936
Operating levy	85,096	83,507
Purchaser list fees and renewals	30,541	20,374
Rental income	62,491	60,981
	199,655	185,438
Expenses		
Human resources	67,924	65,890
Insurance	11,001	16,690
Office and general	15,967	13,140
Professional fees	17,921	17,301
Repairs and maintenance	49,794	44,182
Utilities	22,283	26,278
	184,890	183,481
less recovery from tenants	(22,283)	(26,278)
	162,607	157,203
Excess of revenue over expenses before amortization	37,048	28,235
Amortization of capital assets	(30,238)	(31,536)
Amortization of unamortized capital contribution	28,756	28,756
	(1,482)	(2,780)
Excess of revenue over expenses for the year	$ 35,566	$ 25,455

See accompanying notes

	Year ended March 31 2016	2015
Cash flows from (used in)		
Operations		
Excess of revenue over expenses for the year	$ 35,566	$ 25,455
Non-cash items		
Amortization of capital assets	30,238	31,536
Amortization of unamortized capital contributions	(28,756)	(28,756)
	37,048	28,235
Changes in non-cash working capital		
Accounts receivable	(1,475)	(9,494)
Harmonized sales tax	-	9,803
Prepaid expenses	(8,723)	(557)
Accounts payable and accrued liabilities	(8,927)	8,160
Government remittance payable	(1,749)	3,603
	16,174	39,750
Investing		
Redemption of Guaranteed Investment Certificates	145,818	128,238
Purchase of Guaranteed Investment Certificates	(147,522)	(129,119)
	(1,704)	(881)
Changes in cash during year	14,470	38,869
Cash, beginning of year	77,460	38,591
Cash, end of year	$ 91,930	$ 77,460

See accompanying notes

Toronto Islands Residential Community Trust Corporation (Trust), which was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature on December 1, 1993, manages certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses, the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

1. Summary of significant accounting policies

Basis of presentation
These financial statements were prepared using Canadian accounting standards for not-for-profit organizations.

Financial instruments
The Trust initially measures its financial assets and liabilities at fair value. The Trust subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, Guaranteed Investment Certificates, accounts receivable and accounts payable and accrued liabilities.

Guaranteed Investment Certificates
Guaranteed investment certificates are recorded at cost plus accrued interest.

Capital assets
The land lease of the residential area on Toronto Islands is recorded at nominal value.

All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost.

Depreciation is provided over their estimated useful lives on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	2.5%
Furniture and equipment	10 % - 25%

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis.

If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2016.

1. **Summary of significant accounting policies** (continued)

Capital contributions
The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust, which had a value of $1,150,248, is being amortized and brought into income on a straight-line basis over 40 years, being the expected useful lifetime of the buildings.

Reserves
The Trust maintains reserves for capital expenditure and major repairs, contingencies and for office expenses as Board-designated allocations out of net assets.

Revenue recognition
The Trust's operating levy is recognized as revenue during the year to which the levy applies.

Purchaser list fees and renewals are recognized when earned.

Administration fees from sale of land leases are recognized when the land lease agreement is concluded.

Rental, interest and other income are recorded as revenue when they are earned.

Use of estimates
The preparation of Trust's financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

2. Guaranteed Investment Certificates

	2016	2015
Maturing within 12 months		
$72,000 Equitable Trust Co., GIC, 2.32% per annum, due July 27, 2015	$ -	$ 73,130
$72,000 TD Bank Special Offer GIC, 1.55% per annum, due November 17, 2015	-	72,688
$23,620 Toronto Dominion Bank GIC, 0.40% per annum, due October 12, 2016	23,664	-
	23,664	145,818
Maturing over 12 months		
$51,078 Toronto Dominion Bank, 3 Year Premium Rate Cashable GIC, 1.65% per annum, due August 19, 2017	51,598	51,598
$73,395 Toronto Dominion Bank GIC, 1.20% per annum, due November 17, 2017	73,721	-
$50,000 Toronto Dominion Bank Mortgage Corporation GIC, 0.59% per annum,, due October 13, 2020	50,137	-
	175,456	51,598
	$ 199,120	$ 197,416

3. Accounts receivable

	2016	2015
Levies receivable	$ 57,327	$ 62,181
Other	8,144	1,815
	$ 65,471	$ 63,996

These receivables are presented net of an allowance for doubtful accounts of $nil (2015 - $2,073).

4. Capital assets

2016

	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	757,246	393,002
Building improvements	59,277	15,380	43,897
	$ 1,209,526	$ 772,626	$ 436,900

2015

	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	728,490	421,758
Building improvements	59,277	13,898	45,379
Furniture and equipment	37,958	37,958	-
	$ 1,247,484	$ 780,346	$ 467,138

During the year, fully-amortized furniture and equipment of $37,958 have been written-off.

5. Unamortized capital contribution

	2016	2015
Balance, beginning of year	$ 421,760	$ 450,516
Amortization of capital contribution during the year	(28,756)	(28,756)
Balance, end of year	$ 393,004	$ 421,760

6. Net transfer to reserves

During the year the Board decided to transfer the following amounts from unappropriated reserve balance to the reserves:

	2016	2015
Contingencies	$ 5,000	$ 5,000
Capital expenditures and major repairs	20,000	20,000
Office expenses	2,000	1,000
	$ 27,000	$ 26,000

7. Financial instruments and risk management

The Trust is exposed to various risks through its financial instruments. The following analysis provides a measure of the Trust's risk exposure at the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust's main credit risks relate to accounts receivable. The Trust mitigates credit risk by regularly monitoring the accounts. Management has included adequate provision for doubtful accounts receivable in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The trust is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Trust expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust is not exposed to significant currency risk, interest rate and price risks

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Trust's activities and operations. The Trust has invested its funds in guaranteed investment certificates to avoid unexpected market price fluctuations.

8. Guarantees and indemnities

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counter parties in certain circumstances against losses or liabilities arising from the acts of omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.

9. Lawsuit

Subsequent to the year-end, the Trust was named in a lawsuit, for damages of $1,300,000, together with The Corporation of the City of Toronto and the owners of a business on the island, with respect to the consequences of an accident at the business. The Trust has sought advice from its insurance company. As of the report date of these financial statements, the impact on the Trust, if any, is not determinable.