Toronto Islands
Residential Community Trust Corporation

ANNUAL REPORT
2017-2018

July 2018

Ministry of Municipal Affairs and Housing

Office of the Minister

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OCT 0 1 2018

TO TODD DECKER, CLERK, LEGISLATIVE ASSEMBLY
OF THE PROVINCE OF ONTARIO
Care of:
Procedural Services Branch, House Documents
Rm. 1405, Whitney Block
99 Wellesley St. W.
Toronto, ON, M7A 1A2

For the information of the Legislative Assembly, I am presenting the Toronto Islands Residential Community Trust Corporation Annual Report for the fiscal year 2017-2018.

Respectfully submitted,

Steve Clark
Minister

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

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July 12, 2018

TO THE HONOURABLE STEVE CLARK
MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

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, 2017-18, together with its audited financial statements for the period 2017-18.

Respectfully submitted,

Lorraine Filyer
Chair
Toronto Islands Residential Community Trust Corporation

Message from the Chair:

At the outset, I wish to express my thanks to my colleagues on the Board of Directors as well as the staff at the Ministry of Municipal Affairs and Housing (MMAH) for their ongoing dedication, commitment and support.

The past year has been busy, with four house sales, further development of the Green Space Initiative, the successful negotiation of a lease with new proprietors of the restaurant at the Rectory, the management of the wind-down of the Rectory Café (with a grateful thank-you to the outgoing partners for a successful 14-year operation), along with usual day-to-day business.

One recommendation of the 2016 mandate review that was implemented during the past year was the addition of two liaison positions, one from the City of Toronto and one from the province, who serve as non-voting members of the Board, but attend meetings of the Board of Directors to provide guidance and insight into municipal and provincial issues.

The legislation that created the Trust is now almost 25 years old. Further, the complexities associated with the current operations of the Trust have become increasingly challenging since the legislation that established the Trust came into force. This complexity and the other concomitant responsibilities of our permanent part-time staff member recently led to a decision by the Board of Directors of the Trust to reclassify the position from that of an administrator to a manager, beginning on April 1, 2018, the start of our new fiscal year. For over five years now, Amanda Street-Bishop has been the glue that binds the Trust board, the volunteer committee members, the community, the public and the government and we are therefore very happy to welcome her to this new position.

The next year will be my seventh and last year as chair of the Trust's Board of Directors and I very much hope I will leave behind an organization that is as sound, agile and adaptable as it can be.

Lorraine Filyer, Chair

Toronto Islands Residential Community Trust Corporation 2017-18 Annual Report

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 (6) related community buildings on behalf of the Island residents and the public. These include the following:

- 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 (6) community buildings are vested in the province under the Act. They are leased to the Trust until December 15, 2092, under specified conditions as 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 and Housing by the Lieutenant Governor in Council. The board is supported by one part-time staff person and a part-time bookkeeper.

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

A new Memorandum of Understanding (MOU) was signed by the Trust on February 8, 2018 and by the Minister of Municipal Affairs on March 6, 2018. The MOU clarifies the mandate of the Trust and the accountability relationship between the Minister and the Trust. The MOU also includes an updated board appointments process and additional sections on administrative functions, in accordance with an MOU template for board governed provincial agencies issued by the Treasury Board. The Trust reports to the Ministry of Municipal Affairs and Housing.

To comply with the province's Agencies and Appointments Directive, the Trust Chair is required to provide the Minister, on an annual basis, 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 and Housing. The mandate of the Trust includes the following responsibilities:

- Manage the land described in the Schedule to the Act, including the houses and other buildings and structures on the land, for the benefit of the residential community on the Toronto Islands and the public
- Operate for the benefit and enjoyment of the public the buildings and structures, other than houses and the firehall, that existed on the day the Act came into force on the land described in the Schedule of the Act, but nothing in this clause prevents the Trust from demolishing or relocating those buildings and structures at any time
- Ensure that the public has reasonable access to the buildings and structures required to be operated by the Trust
- Raise sufficient revenue to carry out the objects of the Trust
- Manage the sale of houses and land leases and vacant land leases on the Toronto Islands
- Subject to applicable legislation, such other matters as may be assigned to the Trust by the Minister which are within the Trust's statutory mandate.

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.

C. TRUST GOVERNANCE

Board of Directors, Committees and Staff

For the majority of the 2017-18 fiscal year, the board was composed of five volunteer members. However, in March 2018 four additional members were appointed to the board. Three of the nine board members were employees of the Ontario Public Service, four members were Island residents and two members were City of Toronto residents. The board was supported by one non-voting provincial staff liaison, one non-voting City of Toronto staff liaison, one part-time staff person employed by the Trust, a contract bookkeeper and temporary staff as needed.

The board elects the following officers from amongst its members: chair, vice-chair, treasurer and secretary.

The membership of the board in 2017-18 was as follows:

Board Member	Appointment Initial Date	Appointment Expiry Date	Appointee of
Lorraine Filyer Chair	April 1, 2012	March 31, 2019	Toronto Island Resident
Jim Adams Vice Chair	April 9, 2014	March 31, 2019	Ontario Public Service
Tony Farebrother Treasurer	April 26, 2017	March 31, 2019	Toronto Island Resident
Heather Black Secretary	April 9, 2014	March 31, 2019	Ontario Public Service
Susan Wang	July 29, 2010	September 30, 2017	Ontario Public Service
Corwin Troje	October 1, 2017	March 31, 2019	Ontario Public Service
Alison Rogers	March 21, 2018	March 20, 2020	Toronto Island Resident
Jesse Rosensweet	March 21, 2018	March 20, 2020	Toronto Island Resident

Board Member	Appointment Initial Date	Appointment Expiry Date	Appointee of
Marcy Burchfield	March 21, 2018	March 20, 2020	City of Toronto Resident
David Woodside	March 21, 2018	March 20, 2020	City of Toronto Resident

The board is transitioning to a new composition that will be complete by April 1, 2019. The final new board composition will consist of four Toronto Island residents and three City of Toronto residents. However, between March 2018 and March 31, 2019, a transitional board will ensure business continuity. This transitional board is composed of:

- Four Toronto Islands residents
- Three Ontario Public Service staff
- Two City of Toronto residents.

Board Meetings

In 2017-18, 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 of the board.

The board also attended two community meetings. At the first meeting on June 29, 2017, the community endorsed the Trust's 2017-18 budget prior to final board approval. At the second meeting on September 28, 2017, the community received the Trust's 2016-17 audited financial statements as presented by the Trust board's treasurer, Tony Farebrother. Additionally, the community was briefed on the new board composition and the recruitment process that would take effect for the new fiscal year commencing on or around April 1, 2018.

Board Committees

In 2017-18, the Trust continued to be supported by the following committees: Communications, Finance, Governance, Management and Properties. 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 and 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 Trust's 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 available to both the island community and the public 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
- Participating in annual clean-ups of the park.

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

D. OPERATIONAL ACTIVITIES IN 2017-18

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, including, for example, ensuring building inspections are undertaken and current asset management plans are in place
- Disseminating information about, and managing, the residential lease process, and overseeing compliance with lease agreements to ensure the leaseholders use their properties as primary residences
    - This includes responding to inquiries from leaseholders, prospective leaseholders, third parties and the Ministry of Municipal Affairs and Housing, 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 2017-18, the Trust undertook a number of activities and made progress in several areas as follows:

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 from those on the list and the public. For example, from April 1, 2017 to March 31, 2018, the Trust office responded to 1336 telephone inquiries. Approximately 40% of these were in reference to the Purchasers' List and 20% were from the public. The Trust also responded to over 1500 email enquiries regarding the Purchasers' List and 6 letters directed to the Trust on various topics.

Four community newsletters were published and distributed in 2017-18 as part of the Trust's communications strategy. The newsletters were also published on the Trust's website and were downloaded over 511 times over the past year. The Trust's website is updated regularly with information about Trust activities including board and community meeting dates. 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 Trust's website.

Lease Compliance/Levy Payments

The Trust continues to focus resources towards collecting the established annual levy payments from all leaseholders. Progress is ongoing with a two percent increase compared to the previous year. Currently, 89 percent 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 and events, such as weddings, and two of the Trust buildings also house cafés. This rental income to the organizations and the Trust help to keep the buildings in good repair.

On June 30, 2017, the operators of the Rectory Café notified the Trust that they would not be renewing their lease and would be vacating the building on December 31, 2017. The Trust underwent a request for proposal process, through which nine proprietors expressed an interest in the Café and attended a formal open house. The Trust properties committee reviewed the proposals submitted and the Trust board approved a lease with Andy Peace and Alex Bartlett.

In 2017-18, the Trust began its building inspections schedule with the inspection of the Rectory building. All other Trust buildings will be inspected during the 2018-2019 fiscal year. The new inspections will be used to establish asset management plans for the upcoming five year cycle.

In 2017-18, the Trust undertook the following physical improvements to the Rectory Café building:

- Painting and sealing the exterior of the building
- Preparation for the insulation of outdoor ventilation system
- Capping of windows.

The Canoe Club lease was renegotiated in 2017 and was signed by both parties on March 28, 2018.

Green Space Initiative

On October 20, 2015, the community requested that the Trust develop a best practices model for the vacant lots on Ward's Island to address the uses of the lots and encroachment issues. The Trust properties committee developed the green space initiative which was wholly endorsed by the community by motion on June 14, 2016.

The properties committee has since held four neighbourhood meetings and a results/next steps meeting which took place in January 2018. Land surveys have been conducted on all the green spaces and on-site neighbour meetings are set to begin in Spring 2018.

Property Register

The Property Register outlines property information for all residential properties on Ward's and Algonquin Islands and is required to be updated on an annual basis. The Property Register was updated and submitted to the City of Toronto in November 2017.

E. OPERATIONAL PERFORMANCE

The Trust continues to adhere to the requirements of the province's directives including the Agencies and Appointments Directive and the new Open Data Directive.

Achievement of Strategic Goals and Performance Targets

The Trust's 2018-21 Business Plan was developed and submitted according to the province's requirements, as was the Trust's 2016-17 Annual Report.

In its 2018-2021 Business Plan, the Trust identified the following four strategic goals:

1. '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. Each committee reports at monthly board meetings with updates on activities or recommendations for action as necessary.

The administrator successfully completed a professional development training course on conflict resolution, which is particularly helpful for the administrator who mitigates concerns of clients. All new committee members received a committee orientation. Required training has been provided on an ongoing basis, and in keeping with the training plan that was developed in 2013-14.

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

The Trust properties committee drafted the green space initiative and it was endorsed by the community in the spring of 2016. The Trust held four facilitated meetings with community groups to discuss plans for the green spaces on Ward's Island as well as a results meeting in January 2018. Detailed surveys were completed on all the green spaces and onsite meetings have begun.

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. The Trust has been successful at increasing the client uptake for online payment services. The performance targets include having 20% of the leaseholders and 20% of the purchasers' list members pay their levy and purchasers' list fees respectively, by e-transfer. In 2017-18, 114 (44 percent) leaseholders and 247 (49 percent) purchasers' list members chose this method of payment for their levies and list fees. This represents an increase of 12 percent and 5 percent respectively year over year.

The Trust conducted its business within the established service standards by responding to 1336 phone calls within two business days and 6 letters within 10 business days.

The Trust achieved its performance target of collecting greater than 80 percent of its levies at the end of every fiscal year. For this reporting year, the Trust collected over 89 percent of the levies.

Four house sales were completed in the 2017-18 fiscal year to the satisfaction of all parties involved.

The Trust continues to address residential lease breach complaints brought to the attention of the Trust in writing. In the 2017-2018 fiscal year, eleven lease breaches were actively pursued, with one breach being resolved. Status and resolution of lease breaches are reported monthly to the Trust board.

The Trust commits to review, update and communicate annually one by-law, policy or procedure. In the 2017-18 fiscal year, the Trust has commenced a review of the governance by-law. This review is still ongoing as of March 31, 2018, but is expected to be completed by Fall 2018.

The Trust was successful in securing a new tenant for the Rectory Café before the end of the fiscal year, ensuring minor income loss. The Trust finance committee, working with the Trust administrator, was able to manage the rent shortfalls with lower expenses and the opening of the purchasers' list.

3. '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 four Trust newsletters, and held two community meetings. The properties committee facilitated two neighbourhood meetings to discuss the green space initiative and a results document was distributed to all Island residents.

All new and amended policies and committee terms of reference are posted on the Trust's website, as well as corporate documents including the Public Posting of Expense Information, the Open Data Inventory, the Memorandum of Understanding, the latest Business Plan and the Minister's Mandate Letter.

4. '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 community buildings to ensure that the buildings are maintained for the use of the Island community and the general public. In the Trust's performance target there is a commitment to conduct inspections of each community building every five years. In 2017-18, the Trust began its building inspections schedule with the inspection of the Rectory building. All other Trust buildings will be inspected in the next fiscal year. The new inspections will be used to establish asset management plans for the upcoming five year cycle. The properties committee will work with leaseholders to complete the work outlined in asset management plans to address any deficiencies from the upcoming inspection audits.

The Trust continued to maintain trees on Trust land in keeping with the approved 2017-18 tree maintenance plan. The annual assessment of the trees on Trust land was completed in February 2018 facilitating the tree maintenance budget for the next fiscal year which will include monies for green space maintenance.

F. FINANCIAL PERFORMANCE

The Trust's 2017-18 budget, approved by the Trust board on March 16, 2017 and by the community on June 29, 2017, 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 2017-18 audited financial statements is attached to this annual report. The audit found that the financial statements fairly presented the Trust's financial position and performance. As per the Trust's by-law, these audited financial statements will be presented to the community in the fall of 2018. The audit of the Trust's financial statements for 2016-17 was presented to the community on September 28, 2017.

The following summary tables set out actual results and variances against budget. Some additional details can be found in the audited financial statements included in the appendix to this report.

Revenues and Expenses:

	2016-17 Actuals	2017-18 Actuals	2017-18 Budget	Variance	Variance Explanation
Revenue	**$180,014**	**$182,583**	**$190,318**	**($7,735)**	***See Note 1**
Expenses	**$134,687**	**$166,092**	**$190,318**	**$24,226**	
Less Amortization	**$1,482**	**$1,482**		**($1,482)**	
Excess (deficiency) of revenue over expenses for the year	**$43,845**	**$15,009**	**$0**	**$15,009**	

Change in Net Assets:

	2016-17 Actuals	2017-18 Budget	2017-18 Actuals	2017-18 Actuals vs. Budget	Variance Explanation
Transfer to Reserves (before amortization)	**$45,237**	**$0**	**$16,491**	**$16,491**	***See Note 2**

Note 1:
Variance in revenue is due to the change in tenancy at the Rectory Cafe. Variance in expenses is due to maintenance delays at the Rectory due to a change of tenancy.

Note 2:
The excess of revenues over expenses from the approved budget for 2017-18 includes a transfer of $10,009 to the reserve for capital expenditures and major repairs and $5000 to reserves for contingencies.

Attachment:

Audited Financial Statements

Toronto Islands Residential
Community Trust Corporation

Financial Statements

March 31, 2018

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Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2018

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July 12, 2018

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, 2018 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, 2018 and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

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.

Chaplin & Co.,

Chartered Accountants
Licensed Public Accountants

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

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Toronto Islands Residential Community Trust Corporation

	Notes	March 31 2018	2017
Assets			
Current			
Cash		$ 151,181	$ 115,114
Guaranteed Investment Certificates maturing within 12 months	2	95,418	149,960
Accounts receivable	3	59,542	58,576
Harmonized sales tax recoverable		-	296
Prepaid expenses		9,559	14,960
		315,700	338,906
Guaranteed Investment Certificates maturing over 12 months	2	156,265	100,495
Capital assets	4	376,424	406,662
		$ 848,389	$ 846,063
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 61,395	$ 45,538
Government remittances payable		216	-
Current portion of unamortized capital contribution		28,756	28,756
		90,367	74,294
Unamortized capital contribution	5	306,736	335,492
		397,103	409,786
Net assets		451,286	436,277
		$ 848,389	$ 846,063

See accompanying notes

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

Lorraine Filyer, Chair

Tony Farebrother, Treasurer

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	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital assets	Unappropri-ated balance	Year ended March 31 Total 2018	2017
Balance, beginning of year	$ 248,070	$ 88,400	$ 964	$ 42,415	$ 56,428	$ 436,277	$ 400,968
Excess of revenue over expenses for the year	-	-	-	(1,482)	16,491	15,009	43,845
Expenditures during the year	-	-	-	-	-	-	(8,536)
Transfer to reserves (note 6)	5,000	10,009	-	-	(15,009)	-	-
Balance, end of year	$ 253,070	$ 98,409	$ 964	$ 40,933	$ 57,910	$ 451,286	$ 436,277

See accompanying notes

Toronto Islands Residential Community Trust Corporation

	Year ended March 31 2018	2017
Revenue		
Administration fees	$ 12,913	$ 4,027
Investment and other income	10,342	4,553
Operating levy	88,653	86,584
Purchaser list fees and renewals	30,249	21,581
Rental income	40,426	63,269
	182,583	180,014
Expenses		
Human resources	78,393	70,295
Insurance	9,260	10,795
Office and general	12,740	12,556
Professional fees	31,022	24,391
Repairs and maintenance	32,302	16,650
Utilities	19,124	25,169
	182,841	159,856
less recovery from tenants	(16,749)	(25,169)
	166,092	134,687
Excess of revenue over expenses before amortization	16,491	45,327
Amortization of capital assets	(30,238)	(30,238)
Amortization of unamortized capital contribution	28,756	28,756
	(1,482)	(1,482)
Excess of revenue over expenses for the year	$ 15,009	$ 43,845

See accompanying notes

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CHARTERED ACCOUNTANTS

Toronto Islands Residential Community Trust Corporation

	Year ended March 31 2018	2017
Cash flows from (used in)		
Operations		
Excess of revenue over expenses for the year	$ 15,009	$ 43,845
Non-cash items		
Amortization of capital assets	30,238	30,238
Amortization of unamortized capital contributions	(28,756)	(28,756)
	16,491	45,327
Changes in non-cash working capital		
Accounts receivable	(966)	6,895
Harmonized sales tax recoverable	296	(296)
Prepaid expenses	5,401	(4,082)
Accounts payable and accrued liabilities	15,857	38,354
Government remittance payable	216	(3,143)
	37,295	83,055
Investing		
Redemption of Guaranteed Investment Certificates	159,289	23,664
Purchase of Guaranteed Investment Certificates	(160,517)	(74,999)
Expenditures from reserve for office expenses	-	(8,536)
	(1,228)	(59,871)
Changes in cash during year	36,067	23,184
Cash, beginning of year	115,114	91,930
Cash, end of year	$ 151,181	$ 115,114

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 the estimated useful lives of the assets 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 2018.

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

	2018	2017
Toronto Dominion Bank, 3 Year Premium Rate Cashable GIC, 1.65% per annum, due August 19, 2017	$ -	$ 51,598
Toronto Dominion Bank GIC, 1.20% per annum, due November 17, 2017	-	74,603
Toronto Dominion Bank Mortgage Corporation GIC, guaranteed minimum interest rate of 0.59% per annum, due October 13, 2020	50,736	50,436
Toronto Dominion Bank GIC, 0.40% per annum, due October 12, 2018	23,855	23,759
TD Canadian Banking & Utilities GIC, guaranteed minimum interest rate of 0.091% per annum, due August 16, 2018	20,030	20,011
TD Canadian Bank GIC, guaranteed minimum interest rate of 0.1674% per annum, due August 16, 2019	20,055	20,021
TD Special Offer GIC, 1.24% per annum, due March 12, 2018	-	10,027
TD Special Offer GIC, 1.75% per annum, due May 11, 2019	10,154	-
TD Special Offer GIC, 1.45% due October 20, 2018	51,533	-
TD Canadian Banking & Utilities GIC, guaranteed minimum interest rate of 0.5451% per annum, due November 17, 2022	75,320	-
	$ 251,683	$ 250,455

	2018	2017
Maturing within 12 months	$ 95,418	$ 149,960
Maturing over 12 months	156,265	100,495
	$ 251,683	$ 250,455

3. Accounts receivable

	2018	2017
Levies receivable	$ 55,352	$ 51,298
Other	4,190	7,278
	$ 59,542	$ 58,576

These receivables are presented net of an allowance for doubtful accounts of $nil (2017 - $nil).

4. Capital assets

			2018
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	814,758	335,490
Building improvements	59,277	18,344	40,933
	$ 1,209,526	$ 833,102	$ 376,424

			2017
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	786,002	364,246
Building improvements	59,277	16,862	42,415
	$ 1,209,526	$ 802,864	$ 406,662

5. Unamortized capital contribution

	2018	2017
Balance, beginning of year	$ 364,248	$ 393,004
Amortization of capital contribution during the year	(28,756)	(28,756)
Balance, end of year	$ 335,492	$ 364,248

6. Net transfer to reserves

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

	2018	2017
Contingencies	$ 5,000	$ 5,000
Capital expenditures and major repairs	10,009	10,000
Office expenses	-	1,000
	$ 15,009	$ 16,000

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.