Toronto Islands
Residential Community Trust Corporation

ANNUAL REPORT
2019-2020

June 2020

Ministry of
Municipal Affairs
and Housing

Office of the Minister

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Ontario

TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, I am presenting the Annual Report of the Toronto Islands Residential Community Trust Corporation for the fiscal year 2019-2020.

Respectfully submitted,

Steve Clark
Minister

TORONTO ISLANDS RESIDENTIAL
COMMUNITY TRUST CORPORATION
102 Lakeshore Avenue, Ward's Island, Toronto, Ontario M5J 1X9
(416) 203-6163 fax (416) 203-6168 email trust@torontoisland.org

July 2, 2020

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, 2019-2020, together with its audited financial statements for the period 2019-2020.

Respectfully submitted,

Lorraine Filyer
Chair
Toronto Islands Residential Community Trust Corporation

Message from the Chair:

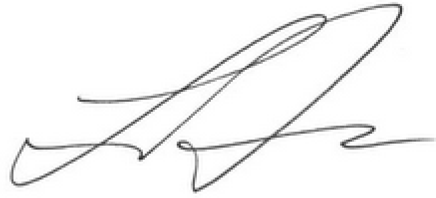
In 2018, the Government of Ontario established the Provincial Agency Review Task Force to lead a comprehensive review of Ontario's provincial agencies to ensure they are relevant, efficient, effective and provide value for money. The review of the Trust was completed in November 2019 and reaffirmed the Trust's role as set out in the *Toronto Islands Residential Community Stewardship Act, 1993*.

This confirmation of the Trust mandate and of the Trust board's abilities to carry out that mandate is the result of years of dedication and service from volunteers as well as the professional leadership of Trust staff. Thank you to all of my fellow Island and city board members, past and present. And to all of the MMAH staff who sat on the board since 1995 – a truly dedicated group. The Trust learned much from your knowledge and expertise and I am sorry that Ontario public servants will no longer be a part of Ontaro agency boards.

In the past fiscal year, the Trust developed a five-year strategic plan; sold three houses; engaged a landscape architect as part of the community Green Space Initiative; completed its cycle of five-year inspections on community buildings; began to develop a new website and drew up a permitted transfer bylaw, which was approved by both the Trust board and the community. The spring 2019 flood, while not affecting the Trust directly, had an enormous impact on Islanders, especially on the volunteers who spent countless hours working to protect homes, parkland and community buildings.

In March, amidst planning to forestall damage by yet another predicted flood, the community, like most of the world, was shuttered because of the COVID-19 outbreak. The Trust shelved some of its immediate plans, ensured community buildings were closed, requested Trust staff work from home and began to hold committee and board meetings remotely.

My term has been extended once more, until October 31, 2020 because the full complement of Island board members has not yet been filled. I am looking forward to retirement.



Lorraine Filyer, Chair

Toronto Islands Residential Community Trust Corporation 2019-2020 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 both 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 two part-time staff persons and a part-time bookkeeper.

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

A Memorandum of Understanding (MOU) was signed by the Trust on February 8, 2018 and by the Minister of the former Ministry of Municipal Affairs on March 6, 2018. A letter of affirmation for the MOU was signed June 27, 2019. The MOU sets out the mandate of the Trust and the accountability relationship between the Minister and the Trust. 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 first nine months of the 2019-2020 fiscal year, the board was composed of eight volunteer members. Three of the eight board members were employees of the Ontario Public Service, three were Island residents and two were City of Toronto residents. On December 31, 2019, the Ontario Public Service Members completed the term of their appointments, leaving five members on the board. The board was supported by one non-voting provincial staff liaison, one non-voting City of Toronto staff liaison, two part-time staff persons employed by the Trust, and a contract bookkeeper. The board elects the following officers from amongst its members: chair, vice-chair, treasurer and secretary.

The membership of the board in 2019-2020 was as follows:

Board Member	Position	Appointment Initial Date	Appointment Expiry Date	Appointee of
Lorraine Filyer	Chair	April 1, 2012	October 31, 2020	Toronto Island Resident
Alison Rogers	Current Vice-Chair	March 21, 2018	March 21, 2022	Toronto Island Resident
Andre Fabierkiewicz	Current Treasurer	March 21, 2020	March 20, 2021	City of Toronto Resident
Karen Rothfels	Secretary	March 25, 2020	March 20,2022	Toronto Island Resident
Gary Pieters	Board Member	March 21, 2020	March 20, 2021	City of Toronto Resident
Heather Black	Past Secretary	April 9, 2014	December 31, 2019	Ontario Public Service
Jesse Rosensweet	Past Vice-Chair	March 21, 2018	March 20, 2020	Toronto Island Resident
Jim Adams	Board Member	April 9, 2014	December 31, 2019	Ontario Public Service
Corwin Troje	Board Member	October 1, 2017	December 31, 2019	Ontario Public Service
Marcy Burchfield	Past Treasurer	March 21, 2018	March 20, 2020	City of Toronto Resident
David Woodside	Board Member	March 21, 2018	March 20, 2020	City of Toronto Resident

The board was to transition to a new composition on April 1, 2019. However, in March of 2019, the Ministry of Municipal Affairs and Housing extended the appointments of four board members to December 31, 2019 to allow time for agency reviews to be completed by the province's Agency Review Task Force. The Trust review was completed and an acknowledgement letter and a mandate letter were received on November 27, 2019. The proposed new board composition includes four Toronto Island residents and three City of Toronto residents.

The board members are not remunerated for their services to the Trust.

Board Meetings

In 2019-2020, the board held 13 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 18, 2019, the community endorsed the Trust's 2019-2020 budget prior to final board approval. At the second meeting on October 22, 2019, the community received the Trust's 2018-2019 audited financial statements as presented by the Trust board's auditor, Roger Chaplin of Chaplin and Company.

The board also held an information session for the community on September 22, 2019 on the proposed permitted transfer by-law. The by-law was approved by the community on October 22, 2019.

Board Committees

In 2019-2020, the Trust continued to be supported by the following committees: finance, governance, management and properties with the communications committee transitioning to a committee of the board. 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 manager 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 decision-making 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 2019-2020

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 2019-2020, 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, 2019 to March 31, 2020, the Trust office responded to 862 telephone inquiries. Approximately 40% of these were in reference to the Purchasers' List and house sales and 8% were from the public. The Trust also responded to over 1000 email inquiries regarding the Purchasers' List and 10 letters directed to the Trust on various topics.

Two community newsletters were published and distributed in 2019-2020 as part of the Trust's communications strategy as well as one special bulletin regarding the proposed permitted transfer by-Law. 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 Agencies and Appointments Directive and Travel, Meal and Hospitality Expenses Directive, a public posting of expense information for appointees and senior executives 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 being made and we have remained steady in the collections year over year for the last four years. Currently 86% of leaseholders have paid in full or have made payment plan arrangements with the Trust.

In 2018-2019 the Trust governance committee in collaboration with the Trust legal counsel began work on a permitted transfer by-Law. The by-law codifies the lease transfer policies followed by the Trust since its inception and clarifies the status of stepchildren as legal transferees. The by-law was presented to the community in September 2019 and approved by the community at its October 22, 2019 community meeting.

Updates and minor revisions were also completed on the Organizational By-Law, the Governance By-Law and the Purchasers' List By-Law all of which will be presented to the community for approval at the October 2020 community meeting.

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's lawn bowling and tennis programs 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.

In early 2019 the Rectory Café underwent a rebranding and the Riviera Ward's Island Kitchen began operating on February 2, 2019, with the official name change in April. They continue to meet regularly with the Trust properties committee and to liaise with the Trust manager on a weekly basis.

On March 17, 2020, Ontario issued an order declaring an emergency under the *Emergency Management and Civil Protection Act* to protect the health and safety of Ontarians against the COVID-19 outbreak. As a result of this declaration and its associated orders restaurants were required to close to the public, except to the extent that such facilities provide takeout food and delivery. Outdoor recreation amenities were also closed for a period of time, as a result of provincial orders and municipal direction. Orders also required facilities providing indoor recreational programs and licensed child care centres or private schools to be closed and restricted the gathering of people. As such, this impacted the operations of the community buildings, which were closed to the public and Island residents. The City closed the Toronto Island Park and limited ferry use to Island residents only. The COVID-19 outbreak has had a significant impact on all Ontarians, physically, mentally and financially and the Trust and its leaseholders are no exception. The Trust has been advised that it would unlikely qualify for the COVID-19 related assistance under the support programs put in place at various levels of government. The Trust board is carefully reviewing its financial position and monitoring budgets and cash flow accordingly.

In 2019-2020, the Trust continued with its building inspections, inspecting both Shaw House and the Canoe Club. This completes the five-year cycle of inspections. All buildings have updated maintenance plans to work with for the next five years.

In 2019-2020, the Rectory required only minor repairs, including a new toilet on the second floor, regular servicing and maintenance of the HVAC and water heater systems and back flow preventer installation and inspection. Plans for additional washrooms were postponed by the tenant.

Flooding on the Island was an issue throughout the spring and early summer of 2019, however none of the community buildings were directly affected and the park did not close.

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.

In 2019-2020 the properties committee contracted a landscape architect to prepare a design for the Third Street greenspace. The final design was shared with the neighbours and work was to begin in the spring of 2020, however, was postponed due to the COVID-19 outbreak.

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 2019.

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 2020-2023 Business Plan was developed and submitted according to the province's requirements, as was the Trust's 2018-2019 Annual Report.

In its 2020-2023 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 on an ongoing basis. Each committee reports into monthly board meetings with updates on activities or recommendations for action as necessary.

The Trust Manager attended a workshop entitled *Making Digital Transformation Affordable and Doable*.

The Trust board and additional Trust stakeholders attended a facilitated strategic planning session.

The Trust manager developed a matrix that rated four financial institutions in eight key areas: location, hours, fees, rates, customer services, communications, mortgages and electronic transactions. The Trust will use this as a decision-making tool for the next fiscal year.

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

As a result of the community's endorsement of the Green Space Initiative in 2016, the properties committee's work continued with further onsite neighbourhood meetings. In 2019-2020 the properties committee contracted a landscape architect to prepare a design for the Third Street greenspace. The final design was shared with the neighbours and work was to begin in spring 2020, however, was postponed due to the COVID-19 outbreak.

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. Requests for proposals have been received for upgrading the Trust's website to meet the *Accessibility for Ontarians with Disabilities Act* (AODA) requirements. The board is expected to approve the proposals early in the 2020-2021 fiscal year with work to be completed by the fall of 2020.

An inventory of bylaws, policies, procedures has been completed and a plan has been put in place for review on an annual basis.

The Governance Committee with the assistance of the Trust law firm Lewis & Collyer, developed a permitted transfer by-law, which was approved by both the community and the Trust board.

The Trust conducted its business within the established service standards. In 2019-2020, the Trust completed three house sales and two permitted transfers to the satisfaction of all involved.

The Trust satisfied all the requirements for the province's Open Data Directive and Travel, Meal and Hospitality Expenses Directive.

The Trust completed and submitted for the Minister's approval, the 2019-2022 Business Plan and 2018-2019 Annual Report.

The Trust continues to enforce the lease breach policy and has followed up on all complaints raised to date. Further follow-up and monthly reporting will continue. Currently, there are 17 lease breaches, seven under investigation, seven in transition with either construction having commenced or notice being given to tenants, and three remedied successfully in the 2019-2020 fiscal year.

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's Communications Committee, as a committee of the board, met regularly and communicated with the community through the Trust newsletters, community bulletins, neighbourhood meetings, two community meetings and one information session. All new and amended policies and committee terms of reference are posted on the Trust website.

The Trust developed its Green Space Initiative in spring of 2016 to create a best practices model for the vacant lots on Ward's Island to address the use of these lots and encroachment issues. During 2019-2020, four onsite neighbourhood meetings took place related to the Green Space Initiative. Maintenance plans were developed with community consultation and a landscape architect was hired to design the Third Street spaces.

The Trust produced two newsletters in 2019-2020. Information bulletins were distributed in advance of the permitted transfer by-law session and before the meeting to vote on the by-law.

The Trust, with the assistance of key stakeholders, updated its Strategic Plan to 2025. The plan was published on the Trust's website and took effect on April 1, 2020.

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 buildings to ensure that the buildings are maintained for the use of the Island community and the general public. Building inspections are completed on a rotating five-year basis and the Shaw House and Canoe Club were both inspected in 2019-2020. The Trust, through the Properties Committee, continues to work with leaseholders to complete asset management plans to address any deficiencies from the inspection audits. Five-year plans were finalized for the Shaw House, the Canoe Club and the Ward's Island Association Clubhouse this fiscal year.

Notwithstanding the development of asset management plans, maintenance of Trust buildings is ongoing as evidenced by renovations completed this year on the Rectory, including a new toilet in the upper washroom, tap replacement in the staff washroom, gutter maintenance and back flow preventer installation and inspection.

A maintenance plan for the trees was developed and all work in the plan was completed by October 2019. A maintenance plan for the 2020-2021 fiscal year was completed in January 2020.

The Rectory Café changed its name to the Riviera Ward's Island Kitchen in April 2019. The properties committee approved a deck on the north patio after the Riviera Ward's Island Kitchen was advised not to use paving stones due to flooding issues. All work was completed in September 2019.

F. FINANCIAL PERFORMANCE

The Trust's 2019-2020 budget, approved by the Trust board on March 21, 2019 and by the community on June 18, 2019, 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, purchasers' list 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 2019-2020 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 organizational by-law No. 1, these audited financial statements will be presented to the community in the fall of 2020. The audit of the Trust's financial statements for 2018-2019 was presented to the community on October 22, 2019.

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:

	2018-2019 Actuals	2019-2020 Actuals	2019-2020 Budget	2019-2020 Actuals vs. Budget	Variance Explanation
Revenue	**$183,378**	**$196,065**	**$187,684**	**$8,381**	***See Note 1**
Expenses	**$162,378**	**$174,781**	**$181,284**	**($6,503)**	***See Note 1**
Less Amortization	**$1,482**	**$1,482**	**$1,400**	**$82**	
Excess (deficiency) of revenue over expenses for the year	**$19,518**	**$19,802**	**$5,000**	**$14,802**	

Transfer to Reserves:

	2018-2019 Actuals	2019-2020 Actuals	2019-2020 Budget	2019-2020 Actuals vs. Budget	Variance Explanation
Transfer to Reserves (before amortization for the budget)	**$21,000**	**$19,802**	**$6,400**	**$13,402**	***See Note 2**

Note 1:
Variance in revenue is due to two additional house sales and higher than expected investment returns. Variance in expenses is due to decisions made by the Riviera to defer updating of facilities.

Note 2:
Transfers to reserves are generally for contingencies, capital expenditures/major repairs and office expenses. The transfers are based on the unappropriated reserve balance which is comprised of the excess of revenues over expenses.

In 2019-2020, the variance in transfer to reserves from the approved budget includes a transfer of $3,000 to reserves for office expenses and an additional $10,402 to reserves for contingencies.

Other Notes:
In 2019-2020, the total transfer to reserves was $19,802, as per board approval on June 18, 2020. Separate from the transfer, there were expenditures of $18,689 that were made from the reserve for contingencies for legal costs related to two residents' violations of the Act and flood relief support to the Toronto Island Community Association. More details are in the audited financial statements in the appendix to this report.

Attachment:

Audited Financial Statements

Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2020

Chaplin & co
CHARTERED ACCOUNTANTS

Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2020

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Chaplin & co
CHARTERED ACCOUNTANTS

June 18, 2020

Independent Auditors' Report

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

Opinion
We have audited the financial statements of Toronto Islands Residential Community Trust Corporation, which comprise the balance sheet as at March 31, 2020, and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Toronto Islands Residential Community Trust Corporation as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Toronto Islands Residential Community Trust Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-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.

In preparing the financial statements, management is responsible for assessing the Toronto Islands Residential Community Trust Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Toronto Islands Residential Community Trust Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Toronto Islands Residential Community Trust Corporation's financial reporting process.

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

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Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Toronto Islands Residential Community Trust Corporation's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Toronto Islands Residential Community Trust Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Toronto Islands Residential Community Trust Corporation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chaplin & Co.

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario

Balance Sheet

	Notes		March 31 2020		2019
Assets					
Current					
Cash		$	57,292	$	63,563
Guaranteed Investment Certificates maturing within 12 months	2		111,503		131,968
Accounts receivable	3		78,808		67,203
Harmonized sales tax recoverable			1,248		2,265
Prepaid expenses			20,105		549
			268,956		265,548
Guaranteed Investment Certificates maturing over 12 months	2		200,425		197,062
Capital assets	4		315,948		346,186
		$	785,329	$	808,796
Liabilities					
Current					
Accounts payable and accrued liabilities		$	25,102	$	31,256
Deposit for house sales			10,330		-
Current portion of unamortized capital contribution			28,756		28,756
			64,188		60,012
Unamortized capital contribution	5		249,224		277,980
			313,412		337,992
Net assets			471,917		470,804
		$	785,329	$	808,796

See accompanying notes

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

Lorraine Filyer, Chair

Andre Fabierkeiwicz, Treasurer

Year ended March 31, 2020

	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital balance	Unappropri-ated balance	Total 2020
Balance, beginning of year	$ 266,070	$ 98,409	$ 8,964	$ 39,451	$ 57,910	$ 470,804
Excess of revenue over expenses (expenses over revenue) for the year	-	-	-	(1,482)	21,284	19,802
Expenditures (note 6)	(18,689)	-	-	-	-	(18,689)
Transfers (note 6)	16,802	-	3,000	-	(19,802)	-
Balance, end of year	$ 264,183	$ 98,409	$ 11,964	$ 37,969	$ 59,392	$ 471,917

Year ended March 31, 2019

	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital balance	Unappropri-ated balance	Total 2019
Balance, beginning of year	$ 253,070	$ 98,409	$ 964	$ 40,933	$ 57,910	$ 451,286
Excess of revenue over expenses (expenses over revenue) for the year	-	-	-	(1,482)	21,000	19,518
Transfers (note 6)	13,000	-	8,000	-	(21,000)	-
Balance, end of year	$ 266,070	$ 98,409	$ 8,964	$ 39,451	$ 57,910	$ 470,804

See accompanying notes

	Year ended March 31 2020	2019
Revenue		
Administration fees	$ 9,500	$ 339
Investment and other income	10,226	8,815
Operating levy	92,054	89,984
Purchaser list fees and renewals	20,340	21,240
Rental income	63,945	63,000
	196,065	183,378
Expenses		
Human resources	85,392	80,341
Insurance	9,930	9,597
Office and general	14,527	15,357
Professional fees	28,900	34,837
Repairs and maintenance	34,230	21,423
Utilities	22,891	26,352
	195,870	187,907
less recovery from tenants	(21,089)	(25,529)
	174,781	162,378
Excess of revenue over expenses before amortization	21,284	21,000
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	$ 19,802	$ 19,518

See accompanying notes

	Year ended March 31 2020	2019
Cash flows from (used in)		
Operations		
Excess of revenue over expenses for the year	$ 19,802	$ 19,518
Non-cash items		
Amortization of capital assets	30,238	30,238
Amortization of unamortized capital contributions	(28,756)	(28,756)
	21,284	21,000
Changes in non-cash working capital		
Accounts receivable	(11,605)	(7,661)
Harmonized sales tax recoverable	1,017	(2,265)
Prepaid expenses	(19,556)	9,010
Accounts payable and accrued liabilities	(6,154)	(30,139)
Government remittance payable	-	(216)
Deposit on house sales	10,330	-
	(4,684)	(10,271)
Investing		
Redemption of Guaranteed Investment Certificates	134,027	95,418
Purchase of Guaranteed Investment Certificates	(116,925)	(172,765)
Expenditures from reserve for contingencies	(18,689)	-
	(1,587)	(77,347)
Changes in cash during year	(6,271)	(87,618)
Cash, beginning of year	63,563	151,181
Cash, end of year	$ 57,292	$ 63,563

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%

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 2020.

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

	2020	2019
TD Special Offer GIC, 2.10% (2019 - 1.75%) per annum, due July 12, 2020 (2019 - May 11, 2019)	$ 10,545	$ 10,333
The Canada Trust Company, 5 year Stepper GIC, 0.82%, per annum, due June 21, 2020 (2019 - June 21, 2019)	25,428	25,166
TD Canadian Bank GIC, guaranteed minimum interest rate of 0.1674% per annum, due August 16, 2019	-	20,088
Toronto-Dominion Bank, 1 year Cashable GIC, 1.5% (2019 - 0.5%) per annum, due October 14, 2020 (2019 - October 12, 2019)	24,191	23,961
TD Special Offer GIC, 2.05% per annum, due February 21, 2021 (2019 - December 21, 2019)	53,589	52,420
Toronto-Dominion Bank Mortgage Corporation GIC, guaranteed minimum interest rate of 0.59% per annum, due October 13, 2020	51,339	51,037
TD Mortgage Corporation, TD Canadian Bank GIC, 0.82% per annum, due June 21, 2021	25,367	25,162
The Canada Trust Company, 3 Year Premium Rate Cashable GIC, 1.10% per annum, due October 9, 2021	25,131	25,132
TD Canadian Banking & Utilities GIC, guaranteed minimum interest rate of 0.5451% per annum, due November 17, 2022	76,141	75,730
TD Mortgage Corporation, TD Canadian Top 60 GIC, 0.98% per annum, due March 24, 2024	20,197	20,001
	$ 311,928	$ 329,030

	2020	2019
Maturing within 12 months	$ 111,503	$ 131,968
Maturing over 12 months	200,425	197,062
	$ 311,928	$ 329,030

3. Accounts receivable

	2020	2019
Levies receivable	$ 67,640	$ 61,592
Other	9,668	5,611
	$ 77,308	$ 67,203

These receivables are presented net of an allowance for doubtful accounts of $nil (2019 - $nil).

4. Capital assets

	2020		
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	872,271	277,977
Building improvements	59,277	21,307	37,970
	$ 1,209,526	$ 893,578	$ 315,948

	2019		
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	843,514	306,734
Building improvements	59,277	19,826	39,451
	$ 1,209,526	$ 854,340	$ 346,186

5. Unamortized capital contribution

	2020	2019
Balance, beginning of year	$ 306,736	$ 335,492
Amortization of capital contribution during the year	(28,756)	(28,756)
Balance, end of year	277,980	306,736
less current portion	(28,756)	(28,756)
	$ 249,224	$ 277,980

6. Reserve transfers and expenditures

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

	2020	2019
Contingencies	$ 16,802	$ 13,000
Office expenses	3,000	8,000
	$ 19,802	$ 21,000

During the year, the following expenditures were made from the reserve for contingencies:

	2020	2019
Legal costs related to an Application in the Superior Court of Justice to seek remedies associated with two residents' violations of the Toronto Islands Residential Community Stewardship Act, 1983	$ 8,689	$ -
Flood relief support to Toronto Island Community Association	10,000	-
	$ 18,689	$ -

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. COVID-19

The outbreak of the COVID-19 virus has resulted in the federal and provincial governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential businesses, such as restaurants, have resulted in an uncertain and challenging economic environment,-

As an emerging risk, the duration and impact of the COVID-19 pandemic is unknown at this time. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty. Accordingly, estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, materially and adversely affect the Trust's operations, financial results and condition in future periods are also subject to significant uncertainty, and cannot be estimated.