Toronto Islands Residential Community Trust Corporation

Financial Statements

March 31, 2022

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July 14, 2022

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, 2022, 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, 2022, 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.

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 reasonably 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 scepticism 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. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

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Toronto Islands Residential Community Trust Corporation

	Notes	March 31 2022	2021
Assets			
Current			
Cash		$ 46,111	$ 20,034
Guaranteed Investment Certificates maturing within 12 months	2	151,622	105,200
Accounts receivable	3	89,691	82,118
Harmonized sales tax recoverable		1,899	7,610
Prepaid expenses		10,943	20,601
		300,266	235,563
Guaranteed Investment Certificates maturing over 12 months	2	122,158	147,252
Capital assets	4	255,473	285,709
		$ 677,897	$ 668,524
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 17,281	$ 16,708
Current portion of unamortized capital contribution		28,756	28,756
		46,037	45,464
Unamortized capital contribution	5	191,712	220,468
		237,749	265,932
Net assets		440,148	402,592
		$ 677,897	$ 668,524

See accompanying notes

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

Alison Rogers, Chair

K Rothfels

Karen Rothfels, Treasurer

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Toronto Islands Residential Community Trust Corporation

Year ended March 31, 2022

	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital balance	Unappropri-ated balance	Total 2022
Balance, beginning of year	$ 225,732	$ 98,409	$ 11,964	$ 36,487	$ 30,000	$ 402,592
Excess of revenue over expenses (expenses over revenue) for the year	-	-	-	(1,480)	39,036	37,556
Transfers (note 6)	29,036	-	5,000	-	(34,036)	-
Balance, end of year	$ 254,768	$ 98,409	$ 16,964	$ 35,007	$ 35,000	$ 440,148

Year ended March 31, 2021

	Reserve for contingencies	Reserve for capital expenditures and major repairs	Reserve for office expenses	Invested in capital balance	Unappropri-ated balance	Total 2021
Balance, beginning of year	$ 264,183	$ 98,409	$ 11,964	$ 37,969	$ 59,392	$ 471,917
Excess of revenue over expenses (expenses over revenue) for the year	-	-	-	(1,482)	57,696	56,214
Expenditures (note 6)	(125,539)	-	-	-	-	(125,539)
Transfers (note 6)	87,088	-	-	-	(87,088)	-
Balance, end of year	$ 225,732	$ 98,409	$ 11,964	$ 36,487	$ 30,000	$ 402,592

See accompanying notes

Toronto Islands Residential Community Trust Corporation

	Year ended March 31 2022	2021
Revenue		
Administration fees	$ 3,339	$ 12,056
Bequest to offset operating levies	12,000	-
Investment and other income	7,392	15,743
Operating levy (net of bequest of $12,000)	82,645	93,987
Purchaser list fees and renewals	21,678	22,140
Purchaser list lottery application fees	-	16,920
Rental income	66,006	38,420
	193,060	199,266
Expenses		
Human resources	84,036	82,488
Insurance	10,601	10,104
Office and general	15,196	17,023
Professional fees	28,297	15,288
Repairs and maintenance	14,442	15,411
Utilities	13,155	15,614
	165,727	155,928
less recovery from tenants	(11,703)	(14,358)
	154,024	141,570
Excess of revenue over expenses before amortization	39,036	57,696
Amortization of capital assets	(30,236)	(30,238)
Amortization of unamortized capital contribution	28,756	28,756
	(1,480)	(1,482)
Excess of revenue over expenses for the year	$ 37,556	$ 56,214

See accompanying notes

Toronto Islands Residential Community Trust Corporation

	Year ended March 31 2022	2021
Cash flows from (used in)		
Operations		
Excess of revenue over expenses for the year	$ 37,556	$ 56,214
Non-cash items		
Amortization of capital assets	30,236	30,238
Amortization of unamortized capital contributions	(28,756)	(28,756)
	39,036	57,696
Changes in non-cash working capital		
Accounts receivable	(7,573)	(3,310)
Harmonized sales tax recoverable	5,711	(6,362)
Prepaid expenses	9,658	(496)
Accounts payable and accrued liabilities	573	(8,394)
Deposit on house sales	-	(10,330)
	47,405	28,804
Investing		
Redemption of Guaranteed Investment Certificates	105,200	310,045
Purchase of Guaranteed Investment Certificates	(126,528)	(250,568)
Expenditures from reserve for contingencies	-	(125,539)
	(21,328)	(66,062)
Changes in cash during year	26,077	(37,258)
Cash, beginning of year	20,034	57,292
Cash, end of year	$ 46,111	$ 20,034

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 2022.

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

	2022	2021
Toronto-Dominion Bank, 1 year cashable GIC, 0.30%, due October 14, 2022	$ 20,028	$ -
Toronto-Dominion Bank, 1 year Cashable GIC, 2% (2021 – 1.75%) per annum, due October 14, 2023	25,971	25,835
TD Special Offer GIC, 0.40% per annum, due June 2, 2022	54,637	54,495
Toronto-Dominion Bank Mortgage Corporation GIC, guaranteed minimum interest rate of 0.66% per annum, due October 14, 2024	25,356	-
TD Mortgage Corporation, TD Canadian Bank GIC, 0.82% per annum, due June 21, 2022	25,766	25,575
The Canada Trust Company, 3 Year Premium Rate Cashable GIC, 1.10% per annum, due October 9, 2021	-	25,130
TD Canadian Banking & Utilities GIC, guaranteed minimum interest rate of 0.5451% per annum, due November 17, 2022	76,957	76,552
TD Mortgage Corporation, TD Canadian Top 60 GIC, 0.98% per annum, due March 24, 2024	20,595	20,395
Toronto-Dominion, 3 years premium rate cashable GIC, 0.75%, due October 14, 2023	24,470	24,470
	$ 273,780	$ 252,452

	2022	2021
Maturing within 12 months	$ 151,622	$ 105,200
Maturing over 12 months	122,158	147,252
	$ 273,780	$ 252,452

3. Accounts receivable

	2022	2021
Levies receivable	$ 81,942	$ 81,010
Other	7,749	1,108
	$ 89,691	$ 82,118

These receivables are presented net of an allowance for doubtful accounts of $nil (2021 - $nil).

4. Capital assets

			2022
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	929,780	220,468
Building improvements	59,277	24,273	35,004
	$ 1,209,526	$ 954,053	$ 255,473

			2021
	Cost	Accumulated amortization	Net
Land lease	$ 1	$ -	$ 1
Leasehold interest in buildings	1,150,248	901,027	249,221
Building improvements	59,277	22,790	36,487
	$ 1,209,526	$ 923,817	$ 285,709

5. Unamortized capital contribution

	2022	2021
Balance, beginning of year	$ 249,224	$ 277,980
Amortization of capital contribution during the year	(28,756)	(28,756)
Balance, end of year	220,468	249,224
less current portion	(28,756)	(28,756)
	$ 191,712	$ 220,468

6. Reserve transfers and expenditures

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

	2022	2021
Contingencies	$ 29,036	$ 87,088
Office expenses	5,000	-
	$ 34,036	$ 87,088

6. Reserve transfers and expenditures (continued)

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

	2022	2021
Legal costs related to litigation on lease transfers under the Toronto Islands Residential Community Stewardship Act, 1983	$ -	$ 125,539

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.