Attachment 4

Toronto Community Housing Corporation – Financial Statements

Date:	August 18, 2009
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer

P:\2009\Internal Services\Cf\Ec09026cf – wo (AFS #10372)

Disclosure of Financial Results:

The City of Toronto is the sole shareholder of the Toronto Community Housing Corporation (TCHC). Council has approved a Shareholder Direction that requires delivery of audited statements of the corporation to the City as sole shareholder within 120 days of its fiscal year end, December 31.

In addition, as an independent business corporation established under the Ontario Business Corporations Act (s 94), TCHC is required to hold an Annual General Meeting no later than 15 months after the last preceding annual meeting. The last annual general meeting of the Corporation was held October 24, 2008.

Financial Results

For the fiscal year ended December 31, 2008, TCHC generated excess revenue over expenditures, before unrealized losses, of $67.2 million compared with $68.4 million in 2007. An $11.7 million year over year increase in expenses was offset in part by an increase in revenues of $10.5 million.

After unrealized equity related investment ($33.8 million) losses and unrealized interest hedge ($7.8 million) loss, excess revenue over expenditures for 2008 totalled $25.6 million compared with $59.4 million in 2007 (after unrealized investment losses of $9.0 million).

It should be noted that these results are not considered to be out of line with equity markets generally falling throughout 2008. The unrealized loss on the interest rate hedge was also consistent with market conditions. In 2006, TCHC put in place an interest rate hedge to guard against the impact rising interest rates would have on its debt. The deterioration in the overall economy coincided with declining interest rates. This negatively influenced the short-term performance of the interest rate hedge (which matures in February of 2018).

In addition, equity investments and the interest rate hedge are reported for Financial Statement purposes at market value as at December 31, 2008, as if the liquidation of the portfolio occurred as of that date. Therefore, losses are characterized as 'unrealized'. TCHC has revised its investment policy and the asset allocation model. Based upon a benchmark rate of return of 6% per annum, the new investment fund is expected to achieve the $200 million target in 6 years with significantly less risk than allowed by the previous investment policy.

Subsequent Event

Equity markets have recovered somewhat, and based on unaudited results to June 30, 2009, the value of the portfolio has increased by $7.1 million to $153.2 million compared with $143.1 million at 2008 yearend.

The table below summarizes changes to financial results between the 2007 and 2008 fiscal years.

Toronto Community Housing Corporation
Summary Revenues & Expenditures ($ million)
Year Ended December 31, 2008 versus 2007

	Year end 2008	**Year end 2007**	**Change**	**Comments**
Revenues:				
Subsidies	308.5	301.5	7.0	Primarily Housing allowance programs & balance for general increases.
Rents	270.1	270.0	0.1	
Investment Income	16.0	17.9	(1.9)	
Other	55.9	50.6	5.3	Increased Housing Service Inc. revenue offset in part by lower parking, laundry & cable revenues.
Sub-total Revenues	650.5	640.0	10.5	
Expenditures:				
Operating & Maintenance	227.6	229.5	(1.9)	
Municipal taxes	112.3	110.8	1.5	
Depreciation	87.4	79.9	7.5	Increase in capital assets
Interest	71.1	69.7	1.4	Increased debt financing activities
Administration	56.8	57.8	(1.0)	
Rent Supplement Program	27.5	23.6	4.0	Offset 100% by subsidies
Other	0.6	0.4	0.2	
Sub-total Expenditures	583.3	571.6	11.7	
Revenues over Expenses Before unrealized losses	67.2	68.4	(1.2)	
Change in unrealized (loss) Investments Interest rate Hedge	(33.8) (7.8)	(9.0)	(24.8) (7.8)	Change in market value
Net	25.6	59.4	(33.8)	

Disposition of 2008 Surplus

The 2008 'surplus' of $25.6 million was used to finance a portion of the Investment in Capital Assets for the year. The balance held in 'surplus' accounts at yearend 2008 is $134.9 million segregated as follows; $78.8 million in "Unrestricted Surplus" and $56.1 million "Surplus – Internally Restricted" (for specified projects: Don Mount - $0.7 million + Regent Park - $55.4 million).

CONTACT

Len Brittain, Director, Corporate Finance Division; Tel: (416) 392-5380
Fax: (416) 397-4555; E-mail: lbrittai@toronto.ca

SIGNATURE

____

Cam Weldon
Deputy City Manager and Chief Financial Officer