

# **2020 Consolidated Trust Funds Financial Statements**

**December 31, 2020**

# Independent Auditor's Report

*KMPG signed and dated opinion to be inserted following City Council approval*

**CITY OF TORONTO TRUST FUNDS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at December 31, 2020 (in thousands of dollars)

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash	5,932	6,789
Accounts Receivable	44	177
Due from City of Toronto (Note 4)	13,516	13,427
Investments (Note 5)	86,497	52,374
<b>Total Assets</b>	<b>105,989</b>	<b>72,767</b>
<b>LIABILITIES</b>		
Accounts Payable	172	175
<b>Fund Balances</b>	<b>105,817</b>	<b>72,592</b>
<b>Total Liabilities and Fund Balances</b>	<b>105,989</b>	<b>72,767</b>

The accompanying Notes and Appendices are an integral part of these Consolidated Financial Statements.

**CITY OF TORONTO TRUST FUNDS****CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**

for the year ended December 31, 2020 (in thousands of dollars)

	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>		
Investment Income (Note 6)	9,116	8,083
Contributions and Other Income	31,565	3,475
<b>Total Revenue</b>	<b>40,681</b>	<b>11,558</b>
<b>EXPENSES</b>		
Expenditures	7,456	9,410
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<b>33,225</b>	<b>2,148</b>
FUND BALANCES – BEGINNING OF YEAR	72,592	70,444
<b>FUND BALANCES – END OF YEAR</b>	<b>105,817</b>	<b>72,592</b>

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**CITY OF TORONTO TRUST FUNDS**  
**CONSOLIDATED STATEMENT OF CONTINUITY OF FUND BALANCES**

for the year ended December 31, 2020 (in thousands of dollars)

	Balance January 1, 2020	Contributions	Investment Income	Expenditures	Balance December 31, 2020
Investments held in trust for:					
Toronto Atmospheric Fund	45,929	28,383	8,463	4,365	78,410
Keele Valley Site Post-Closure	7,644	-	21	-	7,665
Homes for the Aged Residents	5,885	2,944	170	2,793	6,206
Community Centre Development Levy Trust	5,243	-	60	-	5,303
Toronto Police Services Board Mounted Unit	1,833	-	320	65	2,088
Indemnity Deposit – Waterpark Place	1,163	-	15	-	1,178
Contract Aftercare Project	1,144	-	13	-	1,157
Community Services and Facilities	814	-	8	-	822
Regent Park Legacy Trust	754	-	8	-	762
Music Garden Trust Fund	629	-	17	-	646
Queen’s Quay Community Services	350	-	5	-	355
Lakeshore Pedestrian Bridge	268	-	4	-	272
Municipal Elections Candidates' Surplus	219	1	-	-	220
Children’s Green House Trust	124	-	2	-	126
Green Lane Small Claims	119	-	1	-	120
Public Art Maintenance Trust	109	-	5	-	114
Toronto Police Services Board	97	237	-	222	112
Preservation Trust	56	-	-	-	56
Hugh Clydesdale	47	-	1	-	48
Michael Sansone	43	-	1	-	44
Tenant Displacement	30	-	1	-	31
90 Lisgar Street Trust	21	-	1	-	22
Other Trust Funds	71	-	-	11	60
<b>Total</b>	<b>72,592</b>	<b>31,565</b>	<b>9,116</b>	<b>7,456</b>	<b>105,817</b>

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**CITY OF TORONTO TRUST FUNDS**  
**CONSOLIDATED STATEMENT OF CONTINUITY OF FUND BALANCES**

for the year ended December 31, 2020 (in thousands of dollars)

	Balance January 1, 2019	Contributions	Investment Income	Expenditures	Balance December 31, 2019
Investments held in trust for:					
Toronto Atmospheric Fund	43,979	-	7,630	5,680	45,929
Keele Valley Site Post-Closure	7,607	-	37	-	7,644
Homes for the Aged Residents	6,227	3,088	109	3,539	5,885
Community Centre Development Levy Trust	5,121	-	122	-	5,243
Toronto Police Services Board Mounted Unit	1,823	-	48	38	1,833
Indemnity Deposit – Waterpark Place	1,133	-	30	-	1,163
Contract Aftercare Project	1,122	-	22	-	1,144
Community Services and Facilities	795	-	19	-	814
Regent Park Legacy Trust	736	-	18	-	754
Music Garden Trust Fund	614	-	15	-	629
Queen’s Quay Community Services	342	-	8	-	350
Lakeshore Pedestrian Bridge	261	-	7	-	268
Children’s Green House Trust	1	241	4	27	219
Green Lane Small Claims	121	-	3	-	124
Public Art Maintenance Trust	116	-	3	-	119
Toronto Police Services Board	109	-	-	-	109
Preservation Trust	77	146	-	126	97
Hugh Clydesdale	56	-	-	-	56
Michael Sansone	46	-	1	-	47
Tenant Displacement	43	-	-	-	43
90 Lisgar Street Trust	29	-	1	-	30
Municipal Elections Candidates' Surplus	21	-	-	-	21
Other Trust Funds	65	-	6	-	71
<b>Total</b>	<b>70,444</b>	<b>3,475</b>	<b>8,083</b>	<b>9,410</b>	<b>72,592</b>

The accompanying Notes and Appendices are an integral part of these Consolidated Financial Statements.

# CITY OF TORONTO TRUST FUNDS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 (in thousands of dollars)

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### 1. Purpose of Trust Funds

The City of Toronto Consolidated Trust Funds (Trust Funds) consist of various trust funds administered by the City of Toronto. The Trust Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada).

### 2. Summary of Significant Accounting Policies

These consolidated financial statements include trust funds administered by the City as well as those within organizations that are accountable to the City. The Trust Funds' consolidated financial statements are the representation of management and have been prepared in accordance with the Chartered Professional Accountants of Canada's Public Sector Accounting Standards, except that investments are recorded at fair value to reflect their ability to support the purpose for which they were created. The significant accounting policies are summarized below.

#### (i) Revenue recognition

The Trust Funds follow the restricted fund method of accounting for contributions. The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Trust Funds are all classified as "restricted" and are to be used only for the specific purposes as specified by each trust agreement.

Investment income includes dividends, interest and realized and unrealized gains and losses and is included in the consolidated statement of operations and changes in fund balances.

#### (ii) Financial instruments and investment income

Investments consisting of government and corporate bonds, equity funds, debentures and short-term instruments of various financial institutions are authorized investments pursuant to the provisions of the Municipal Act.

The Trust Funds' investment activities expose it to a range of financial risks, including market risk, and credit risk. The value of investments recorded in the consolidated financial statements is the fair value determined as follows:

[a] Short-term investments are comprised of money market instruments, such as bankers acceptances and are valued based on cost plus accrued income, which approximates fair value.

[b] Publicly traded bonds and debentures are determined based on the latest bid prices.

[c] Equity Funds are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Transactions are recorded on a settlement date basis. Transaction costs are expensed as incurred.

#### (iii) Expenditures

Expenditures are recognized on an accrual basis of accounting based on the receipt of goods or services and the creation of a legal obligation to pay.

Distributions, withdrawals from, and management fees for investments held in trust for the Toronto Atmospheric Fund are recorded as expenditures in the period incurred in the Consolidated Statement of Operations and Changes in Fund Balances.

**CITY OF TORONTO TRUST FUNDS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2019 (in thousands of dollars)

**3. Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and surplus at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**4. Due from City of Toronto**

As at December 31, 2020 the Trust Funds have amounts due from the City of Toronto of \$13,516 (2019 - \$13,427) for investment and banking transactions, since the City maintains bank accounts or holds investments on behalf of the Trust Funds. These amounts are non-interest bearing and are due on demand.

**5. Investments**

Investments consist of the following:

	Fair value	Book value
<b>2020</b>		
Short-Term Investments	6,301	6,030
Mutual Fund Investments	80,196	62,232
<b>Total</b>	<b>86,497</b>	<b>68,262</b>
<b>2019</b>		
Short-Term Investments	4,910	4,776
Mutual Fund Investments	47,464	24,625
<b>Total</b>	<b>52,374</b>	<b>29,401</b>

	<b>2020</b>	<b>2019</b>
<b>Weighted average rate of return</b>	<b>2.77%</b>	<b>3.22%</b>
<b>Range of maturity dates</b>	<b>2021-2034</b>	<b>2020-2034</b>
<b>Excess of fair value over book value</b>	<b>18,235</b>	<b>22,973</b>

**6. Investment Income**

	<b>2020</b>	<b>2019</b>
Investment income	6,581	6,066
Interest income	435	691
Unrealized gain (loss) on change in fair value	2,100	1,326
<b>Total investment income</b>	<b>9,116</b>	<b>8,083</b>



# CITY OF TORONTO TRUST FUNDS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 (in thousands of dollars)

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### 7. Financial Instruments

The Trust Funds are subject to market risk, credit risk and interest rate risk with respect to their investment portfolio. The Trust Funds' interest bearing investments are exposed to interest rate risk. The Trust Funds' investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Unrealized gains and/or losses accounting for the valuation changes between fair value and book value of investments are recognized as part of the Trust Funds' Statement of Operations and Changes in Fund Balances.

Market risks include exposure arising from holdings of foreign currency denominated investments and equity prices. The Trust Funds' reporting currency is Canadian dollars. A decrease in the relative value of the Canadian dollar as compared to the US dollar will result in an increase to the Trust Funds' US dollar investments. An increase in the relative value of the Canadian dollar as compared to the US dollar will result in a decrease to the Trust Funds' US dollar investments.

Equity price risk is the risk the fair value or future cash flows of an equity financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust Funds manage risk by investing across a wide variety of asset classes and investment strategies.

The Trust Funds hold investments in fixed income securities issued by corporations and government entities and as such have fixed income credit risk. The Trust Funds mitigate this risk by limiting the investment portfolio to investments in BBB grade or higher.

### 8. Capital Management

In managing capital, the Trust Funds focus on liquid resources available for reinvestment. The Trust Funds' objective is to have sufficient liquid resources to meet payout requirements. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2020, the Trust Funds have met their objective of having sufficient liquid resources to meet their current requirements.

### 9. Consolidated Statement of Cash Flows

A separate consolidated statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other consolidated financial statements and notes.