

## **Toronto Community Housing Corporation - Annual General Meeting and 2021 Audited Consolidated Financial Statements**

**Date:** June 27, 2022

**To:** Executive Committee

**From:** City Manager and Chief Financial Officer and Treasurer

**Wards:** All

### **SUMMARY**

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This report transmits materials submitted by the Board of Directors of Toronto Community Housing Corporation (TCHC) to the City. No independent review or analysis has been performed by City staff. Management of TCHC has confirmed all financial information was made available to the auditors for the performance of the audit.

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act, Ontario (OBCA) for holding the Annual General Meeting of the Shareholder of TCHC, including receipt of its Annual Report and Audited Consolidated Financial Statements (Statements) for 2021 and appointment of the auditor for 2022.

TCHC's 2021 Statements were audited by KPMG LLP and received an unqualified opinion stating that the financial statements present fairly, in all material respects, the financial position of the TCHC as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

The report also provides information on subsidiaries and joint ventures, individual compensation of executive officers, and additional items as directed by the Shareholder.

### **RECOMMENDATIONS**

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The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council treat that portion of the City Council meeting at which this Report is considered as the Annual General Meeting of the Shareholder for Toronto Community Housing Corporation by:

a. receiving the Letter to the Shareholder from the Toronto Community Housing Corporation's Chair of the Board of Directors and President and Chief Executive Officer dated April 30, 2022 transmitting the "Toronto Community Housing Corporation 2021 Annual Report: Opening Doors with Purpose" and "Additional Information" (including Executive Compensation Disclosure), forming Attachment 1 to this Report;

b. receiving the "Toronto Community Housing Corporation 2021 Audited Consolidated Financial Statements", forming Attachment 2 to this Report;

c. appointing KPMG LLP as the Auditor of Toronto Community Housing Corporation for fiscal year 2022, and authorizing the Board of Directors of Toronto Community Housing Corporation to set the fee of the Auditor; and

d. receiving the Toronto Community Housing Corporation's executive compensation disclosure included in "Additional Information" of Attachment 1 to this Report;

2. City Council direct the City Clerk to forward a copy of the "Toronto Community Housing Corporation 2021 Audited Consolidated Financial Statements", forming Attachment 2 to this Report, to the Audit Committee for information.

## **FINANCIAL IMPACT**

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There are no financial implications to the City resulting from the approval of recommendations in this report.

Toronto Community Housing Corporation has provided City staff with information with respect to their 2021 fiscal year operations and capital plan which can be found in TCHC's 2021 Annual Report in Attachment 1 of this report, and TCHC's 2021 Audited Annual Financial Statements in Attachment 2 of this report.

The City provided operating subsidies to TCHC of \$246.4 million (an increase of \$1.4 million over 2020), which includes \$1.4 Regent Park Block 17N mortgage principal and interest recognized as revenue following completion of construction.

The City provided capital subsidies of \$160 million in 2021 to TCHC to support their capital plan. This is the same amount as was provided for this purpose in 2020.

## **DECISION HISTORY**

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On July 14, 2021, that portion of the City Council meeting where EX25.12 Toronto Community Housing Corporation - Annual General Meeting and 2020 Audited Financial Statements was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Toronto Community Housing Corporation. Council also amended the composition of the Board of Directors to add one tenant member, and

approved an amended Shareholder Direction to Toronto Community Housing Corporation, as part of consideration of this item.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX25.12>

On July 11, 2012, City Council approved a requirement that Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from executives.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.19>

## **ISSUE BACKGROUND**

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Subsection 154(1) of the Business Corporations Act, Ontario (OBCA) requires that the Shareholder receive the Toronto Community Housing Corporation's (TCHC) audited consolidated financial statements and the Auditor's Report at the annual meeting of the Shareholder. Subsection 94(1) requires that the directors of the TCHC call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting. The last annual meeting was held by City Council on July 14, 2021.

Section 149(2) of the OBCA requires that the TCHC Shareholder at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting, and allows the Shareholder to authorize the Auditor's fee for the service.

The City's current Shareholder Direction to TCHC, issued in 2021, requires that it prepare an annual report and audited consolidated financial statements and submit them to City Council. In addition, the Shareholder Direction requires, or Council has directed, that TCHC report annually on a number of other items to Council.

## **COMMENTS**

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### **1. Appointment of Auditor**

The City's Auditor General conducts a competitive process to select an external auditor. On June 29, 2020, City Council appointed KPMG LLP as the auditor licensed under the Public Accounting Act, 2004 to be responsible for annually auditing the accounts and transactions of the City and certain of its local boards of City agencies and corporations and expressing an opinion on the financial statements of these bodies based on the audit, as per [AU5.7:Contract Award of Request for Proposal No. 9119-19-7141 \(Doc2038917448\) to KPMG LLP for External Audit Services for the City and Certain of its Agencies and Corporations](#).

As a result, this report recommends that KPMG LLP be appointed as the Auditor for Toronto Community Housing Corporation for fiscal year 2022. The Building Investment,

Finance and Audit Committee (BIFAC) of Toronto Community Housing Corporation will approve the annual fee for the Auditor.

## **2. Toronto Community Housing Corporation Achievements in 2021**

The Letter to the Shareholder from TCHC's Chair of the Board of Directors and the President and Chief Executive Officer transmits the 2021 Annual Report and Additional Information (Attachment 1), which highlights key Toronto Community Housing Corporation achievements in 2021.

## **3. Toronto Community Housing Corporation 2021 Audited Financial Statements**

TCHC's 2021 Audited Annual Financial Statements form Attachment 2 of this report.

## **4. Subsidiaries and Joint Ventures**

An overview of TCHC subsidiaries and joint ventures/partnerships is provided in Attachment 1, Additional Information, Appendix C (page 26). Further detail on assets, liabilities, and results of operations of TCHC and its wholly owned subsidiaries, and TCHC's interest in joint ventures and partnerships, is provided in TCHC's 2021 Audited Annual Financial Statements in Attachment 2.

## **5. 2021 Executive Compensation**

Toronto Community Housing Corporation has disclosed executive compensation information for senior management as requested by City Council in Attachment 1, Additional Information, Section 4.1 (page 16). The compensation paid to the corporation's executive officers is required to be disclosed pursuant to the Province of Ontario's public disclosure of the salary and benefits paid in respect of employment in the public sector under the Public Sector Salary Disclosure Act, 1996.

## **6. Additional TCHC Reporting Requirements**

TCHC is required by its Shareholder Direction and Council decisions to report annually on a number of items. As part of meeting these requirements, Attachment 1 contains information on:

- Sale of Single Family Homes
- Update on Current Capital and Development Projects
- Update on the Ten-Year Capital Financing Plan
- Tenant Engagement System
- Eviction Prevention Policy and 2021 Eviction Results
- Corporate Policy Adoption and Human Rights Complaints
- Positive Tenant Experience
- Business Foundations

- Transparency and Accountability
- Procurement
- Update on Policies and Occupational Health and Safety
- Challenges faced in 2021
- Information on TCHC's subsidiaries.

A summary of additional Shareholder reporting requirements and where they are met can be found in Attachment 1, Additional Information, Appendix B (page 21).

## **CONTACT**

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## **SIGNATURE**

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Heather Taylor  
Chief Financial Officer and Treasurer

Chris Murray  
City Manager

## **ATTACHMENTS**

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Attachment 1: Letter to the Shareholder from the Toronto Community Housing Corporation's Chair of the Board of Directors and President and Chief Executive Officer dated April 30, 2022 transmitting the Toronto Community Housing Corporation 2021 Annual Report, and Additional Information (including Executive Compensation Disclosure).

Attachment 2: Toronto Community Housing Corporation 2021 Audited Consolidated Financial Statements