

## Toronto Community Housing Corporation – 2009 Financial Statements

<b>Date:</b>	May 4, 2011
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer

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### 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.

The 2009 Audited Financial Statements were adopted by the TCHC Board at their meeting of June 29, 2010, and made available on the TCHC web site. The delay in transmitting/reporting the statements to the Shareholder is due in part to the municipal election.

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 November 5, 2009.

### Financial Results

For the fiscal year ended December 31, 2009, TCHC generated excess revenue over expenditures, before unrealized gains, of \$33.7 million compared with a restated amount of \$56.5 million in 2008. A \$26.3 million year over year increase in expenses was offset in part by an increase in revenues of \$3.5 million.

Under a revised Investment Policy, TCHC sold its equity investments during 2009 and invested the entire portfolio in government and corporate bonds. Investment income was lower for the year due to lower interest rates and a lower investment balance, as cash resources were deployed to fund redevelopment expenditures incurred during the year.

After unrealized investment (\$11.9 million) gains and unrealized interest hedge (\$4.3 million) gains, excess revenue over expenditures for 2009 totalled \$49.9 million compared with a restated \$14.9 million for 2008 after unrealized investment and interest hedge losses.

The 2008 restatement of the operating surplus from \$67.2 million to \$56.5 million (-\$10.7 million) results from a decision to retroactively change the accounting policy for

the treatment of actuarial assumptions used to measure obligations as part of the Supplementary Employee Retirement Plan. The amended policy will amortize actuarial gains/losses over the average remaining service period of active employees versus recording them as incurred. The intent is to reduce volatilities of yearly swings providing an improved reflection of the plan performance and obligation.

The table below summarizes changes to financial results for the 2008 and 2009 fiscal years:

Toronto Community Housing Corporation  
Summary Revenues & Expenditures (\$ million)  
Year Ended December 31, 2009 versus 2008

	Year end 2009	Year end 2008 Restated	Change	Year end 2008 Reported	Comments
Revenues:					
Subsidies	304.4	308.5	(4.1)	308.5	Primarily due to lower municipal taxes (\$4.5M), a flow through under a 'subsidy agreement' with the City.
Rents	274.8	270.1	4.7	270.1	Lower vacancy rates
Amortization of deferred capital contributions	31.2	26.8	4.4	26.8	Restricted legacy 'grants' recognized to offset Depreciation of an equal amount.
Investment Income	8.1	16.0	(7.9)	16.0	Lower interest rates & investment balance
Parking, laundry & cable fees	16.2	15.1	1.1	15.1	
Other	<u>19.3</u>	<u>14.0</u>	<u>5.3</u>	<u>14.0</u>	Increased subsidiary revenues for external contracted work
Sub-total Revenues	<u>654.0</u>	<u>650.5</u>	<u>3.5</u>	<u>650.5</u>	
Expenditures:					
Operating & Maintenance	254.0	234.5	19.5	227.6	Includes Waste pickup fee of \$7.3 M for 2009
Municipal/Education taxes	107.8	112.3	(4.5)	112.3	
Depreciation	98.0	87.4	10.6	87.4	Increase in capital assets
Interest	65.7	71.1	(5.4)	71.1	
Administration	65.4	60.7	4.7	56.8	
Rent Supplement Program	28.4	27.5	.9	27.5	Offset 100% by subsidies
Other	1.0	0.5	0.5	0.6	
Sub-total Expenditures	<u>620.3</u>	<u>594.0</u>	<u>26.3</u>	<u>583.3</u>	
Revenues over Expenses Before unrealized losses	<u>33.7</u>	<u>56.5</u>	<u>(22.8)</u>	<u>67.2</u>	
Unrealized Gain / (loss)					
Investments	11.9	(33.8)	45.7	(33.8)	
Interest rate Hedge	4.3	(7.8)	12.1	(7.8)	
Net	<u>49.9</u>	<u>14.9</u>	<u>35.0</u>	<u>25.6</u>	

## **Disposition of 2009 Surplus**

The 2009 ‘surplus’ of \$49.9 million was used to finance a portion (\$16.1 million) of the Investment in Capital Assets for the year and the balance (\$33.8 million) contributed to “Unrestricted Surplus”.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENT**

Appendix A: 2009 TCHC Audited Annual Consolidated Annual Financial Statements  
and Auditor’s Report