Attachment 1

Toronto Community Housing Corporation – 2011 Financial Statements

Date:	September 20, 2012
To:	Executive Committee
From:	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 2011 Audited Financial Statements were approved by the TCHC Board at their meeting of June 22, 2012 and made available on the TCHC web site.

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 for the fiscal year 2010 was held February 6, 2012.

The consolidated financial statements include the assets, liabilities and results of operations of TCHC, its wholly owned subsidiaries and proportionate interests of its joint ventures.

Financial Results

TCHC's 2011 financial results highlight include:

- net income of $23.3M, compared with $26.5M for the prior year
- $7.4M in net proceeds from the sale of certain capital assets, which was contributed to the State of Good Repair Fund established in 2011 to finance the capital repair needs of existing residential buildings
- $2.4 B in housing projects and capital assets, an increase of $57.3M over the prior year
- $735.7M in shareholder's equity, an increase of $23.3M over the prior year

Balance Sheet: The table below summarizes TCHC's consolidated balance sheet as at December 31, 2011 with comparative figures for 2010:

TCHC
Summary Consolidated Balance Sheet
As at December 31

	2011 $M	2010 $M	Increase/(Decrease) $M	%
Assets				
Current assets	399.7	491.7	(92.1)	-19%
Receivables and investments	125.6	108.6	16.9	16%
Housing projects and capital assets	2,409.6	2,352.2	57.3	2%
	2,934.8	**2,952.6**	**(17.8)**	**-1%**
Liabilities				
Current liabilities	266.9	322.7	(55.9)	-17%
Project financing	1,182.9	1,179.0	3.9	0%
Debenture loans	96.1	122.0	(25.9)	-21%
Other liabilities	653.2	616.5	36.7	6%
	2,199.1	**2,240.2**	**(41.1)**	**-2%**
Surplus & share capital	**735.7**	**712.4**	**23.3**	**3%**
Total liabilities, surplus and share capital	**2,934.8**	**2,952.6**	**(17.8)**	**-1%**

Total assets as at December 31, 2011 were $2,934.8M, a decrease of $17.8M (or 1%) compared with the prior year, mainly due to:

- a $92.1M decrease in current assets, mainly from a decrease in cash and bank investments, partially offset by:
  - a $16.9M increase in receivables and investments, and
  - a $57.3M increase in housing projects, other capital assets and leases

Total liabilities as at December 31, 2011 were $2,199.1M, a decrease of $41.1M (or 2%) compared with the prior year, mainly due to:

- a $55.9M decrease in current liabilities largely due to a $56.2M reduction in the current portion of project financing from loan and mortgage repayments
- a $25.9M decrease in debenture loans with a corresponding increase in long-term financings of social housing projects, partially offset by:
  - a $36.7M increase in other liabilities, consisting of a $23.1M increase in deferred capital contributions from provincial grants, a $6.3M increase in employee benefit liabilities, and a $5.5M increase in capital asset replacement reserve, and
  - a $3.9M increase in the long term portion of project financing, consisting of mortgages payable to Canada Mortgage and Housing Corporation (CMHC), long-term loans payable to the City of Toronto and others.

Income Statement: The following table summarizes TCHC's 2011 consolidated statement of operations:

TCHC
Summary Consolidated Statement of Operations
Year ended December 31

	2011 $M	2010 $M	Increase/(Decrease) $M	Increase/(Decrease) %
Revenue				
Subsidies	309.4	306.7	2.6	1%
Rent	282.6	277.7	4.8	2%
Amortization of deferred capital contributions	41.6	37.6	4.1	11%
Parking, laundry and cable fees	17.2	16.9	0.4	2%
Investment income	14.2	11.7	2.5	21%
Joint venture income	11.3	7.8	3.5	45%
Other revenues	11.3	22.3	(11.0)	-49%
Total revenues	**687.7**	**680.7**	**6.9**	**1%**
Expenses				
Operating and maintenance	266.0	263.9	2.0	1%
Municipal taxes	100.4	104.3	(4.0)	-4%
Depreciation	119.6	110.1	9.5	9%
Interest	75.5	74.1	1.5	2%
Rent supplement program	31.0	29.4	1.7	6%
Administration & other	69.7	73.3	(3.6)	-5%
Total expenses before unrealized losses	**662.3**	**655.1**	**7.2**	**1%**
Excess of revenue over expenses before unrealized losses	**25.4**	**25.7**	(0.3)	-1%
Unrealized gain /(losses)	(2.1)	0.8	(2.9)	-350%
Excess of revenue over expenses for the year	**23.3**	**26.5**	(3.2)	-12%

Total 2011 revenues were $687.7M, an increase of $6.9M (or 1%) over the prior year. Total revenues included:

- $309.4M (or 45% of total revenues) in subsidy revenues from the City for various housing programs administered by TCHC on behalf of the City
- $282.6M (or 41%) in residential and commercial rent revenues
- $41.6M (or 6%) in amortization of deferred capital contributions previously received
- $17.2M (or 2%) in parking, laundry and cable fee revenues
- $14.2M (or 2%) in investment income on fixed income securities including interest, pooled fund distribution and realized gains/losses
- $11.3M (or 2%) in income from joint ventures, namely Dundas and Parliament Development Corporation, Parliament and Gerrard Development Corporation and Library District Inc.
- $11.3M (or 2%) in other revenues including external sales, and gain on sale of housing projects

Total 2011 expenses were $662.3M before unrealized losses, an increase of $7.2M (or 1%) over the prior year. Total expenses included:

- $266.0M (or 40% of total expenses) in operating and maintenance costs
- $119.6M (or 18%) in depreciation of capital assets
- $100.5M (or 15%) in municipal taxes
- $75.5M (or 11%) in interest payments on the debt portfolio
- $68.3M (or 10%) in administration costs
- $31.0M (or 5%) in rent supplement program expense for the commercial rent supplement program, strong communities program, housing allowance rollout program, short-term rent support program and mental health commission program.

As a result, the year ended with an excess of revenue over expenses of $25.4M before unrealized gain or losses, a decrease of 0.3M over the prior year. Unrealized losses on investments and interest rate swap for the year was $2.1M, a decrease of $2.9M from the prior year. As a result, the net surplus after unrealized loss for the year was $23.3M, a decrease of $3.2M (or 12%) from the prior year. Excess revenues over expenses are an important source for capital funding, and hence any decline is undesirable.

Subsequent events:

In October 2011, City Council approved a by-law exempting certain properties of the TCHC from municipal and education property taxation effective January 1, 2012. This change is estimated to result in net savings to TCHC of up to $10.2M annually going forward, representing the provincial education share of taxes that would no longer be payable. There would be no net impact to the City's operating budget as the decrease in municipal tax revenues would be offset by a corresponding reduction in the City's annual subsidy to TCHC.

Regent Park Energy Inc. (RPEI) was a joint venture co-owned by Toronto Community Housing Enterprises Inc. (TCHE, a wholly owned subsidiary of TCHC) and Corix Utilities (Regent Park) Inc. TCHE's and Corix Utilities' interests in the joint venture were 60% and 40% respectively. On January 5, 2012, TCHE acquired full ownership of the joint venture by purchasing the remaining 40% interest from Corix Utilities for $15.3M, of which $13.5M was paid prior to year-end and was recorded as a prepayment of energy plant in the balance sheet. Corix utilities continue to provide general and operational management services.

CONTACT

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SIGNATURE

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ATTACHMENT

Appendix A: Toronto Community Housing Corporation Consolidated Financial Statements and Auditor's Report as at December 31, 2011