



STAFF REPORT ACTION REQUIRED

Toronto Community Housing Corporation – Annual Shareholder Meeting and Audited Annual Financial Statements

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| Date: | June 13, 2013 |
| To: | Executive Committee |
| From: | City Manager |
| Wards: | City-wide |
| Reference Number: | |

SUMMARY

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act (Ontario) ("OBCA") for holding an annual shareholder meeting for Toronto Community Housing Corporation ("TCHC"), including receipt of the 2012 financial statements and the auditor's report thereon and appointment of the auditor.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council treat the part of the Council meeting when this report is considered as the annual shareholder meeting for Toronto Community Housing Corporation (TCHC) and:
 - (a) receive TCHC's 2012 Audited Annual Consolidated Financial Statements for the period ending December 31, 2012, and the auditor's report thereon dated April 29, 2013, forming Appendix A to Attachment 1 to this report and forward a copy to the City's Audit Committee for information;
 - (b) reappoint PriceWaterhouseCoopers LLP, Chartered Accountants, as TCHC's auditor until the next annual shareholder meeting at the fee provided therefor in the City's agreement with that firm;

2. City Council receive the report of the Deputy City Manager and Chief Financial Officer, dated June 11, 2013 and entitled "Toronto Community Housing Corporation - 2012 Financial Statements", forming Attachment 1 to this report;
3. City Council receive Toronto Community Housing Corporation's 2012 Annual Report, forming Attachment 2 to this report, comprising the letter from the Corporation's Chief Executive Officer dated April 30, 2013 and related attachments.

Financial Impact

There will be no financial impacts to the City or TCHC as a result of adoption of the recommendations in this report.

TCHC's 2012 financial statements indicate net income of \$60.1 million (\$25.6 million in 2011), total assets of \$2.898 billion (decrease of \$36.7 million from 2011) and total liabilities of \$2.100 billion (decrease of \$99.2 million). Shareholder's equity increased by \$62.5 million in 2012 to \$798.0 million while the value of TCHC's housing projects and capital assets increased \$61.0 million to \$2.471 billion.

The Deputy City Manager and Chief Financial Officer has reviewed TCHC's 2012 financial statements and the auditor's report from PriceWaterhouseCoopers LLP thereon and his summary and comments are contained in Attachment 1 to this report.

DECISION HISTORY

The City's Shareholder Direction to TCHC was adopted by City Council at its meeting held on October 2, 3 and 4, 2001 and sets out the shareholder's objectives, establishes governance principles for TCHC and its subsidiaries and the powers of the Board of Directors, and details the accountability and reporting requirements for TCHC to the City.

TCHC's previous annual shareholder meeting, at which its 2011 financial statements were considered, was held by City Council at its meeting held on October 30 and 31 and November 1, 2012 as Item EX23.5.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.5>

ISSUE BACKGROUND

The OBCA requires that a corporation's annual shareholder meeting be held not later than 15 months after the date of the last preceding annual meeting, which was held by City Council at its meeting held on October 30 and 31 and November 1, 2012.

The City's Shareholder Direction to TCHC requires that it prepare an annual report and audited consolidated financial statements and submit them to Council through the Executive Committee. The annual report is required to include identification of the following:

- any material variances between the TCHC’s budget and actuals;
- any variances that may have a financial impact on the shareholder;
- anything that is likely to materially affect tenants’ views of TCHC;
- any major findings of audits;
- performance of Toronto Community Housing such that the Shareholder can determine that the Shareholder Direction has been respected; and
- the number of evictions each year, their cost and their rationale.

TCHC’s Board of Directors approved its 2012 annual report and 2012 annual consolidated financial statements at its meeting held on April 29, 2013.

COMMENTS

TCHC’s annual report highlighting key achievements in 2012 and eviction statistics are contained in the letter of TCHC’s President and Chief Executive Officer and attachments thereto comprising Attachment 2 to this report.

TCHC’s annual report presents a number of highlights for 2012, including:

- introducing “community audits” to the Participatory Budgeting process, which provided an opportunity for a group of residents to look at the needs of their building or community together;
- starting a joint resident and staff community safety workgroup to develop ideas and recommend ways to improve community safety engagement activities;
- hiring an additional 100 cleaners to address residents’ concerns about building cleanliness;
- enhancing their pest management team, which conducted 580 unit inspections and reported a 20% improvement in residents correctly preparing their units for treatment;
- completing the planning approval process for redevelopment of Allenbury Gardens in one year;
- transferring their fleet of vehicles to the City, which will generate an estimated \$2.6 million in savings over 5 years;
- generating \$11.93 million through the sale of six houses and the City’s property tax exemption for the *State of Good Repair Funds A and B*.

Council also requested that the City Manager review the City’s Shareholder Direction to TCHC. A revised and restated shareholder direction is to be reported to the Executive Committee in the fall of this year.

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Report of the Deputy City Manager and Chief Financial Officer dated June 11, 2013 and entitled “Toronto Community Housing Corporation – 2012 Financial Statements”

Appendix A: 2012 TCHC Audited Annual Consolidated Annual
Financial Statements and Auditor’s Report

Attachment 2: Letter dated April 30, 2013 from TCHC President and Chief Executive Officer transmitting TCHC's 2012 Annual Report, 2012 Audited Financial Statements, 2012 Eviction Statistics, 2012 Tenant Engagement Activities and 2012 Report on Sales of Standalone Properties

Attachment 3: TCHC 2012 Annual Report