Attachment 1

Toronto Community Housing Corporation – 2012 Financial Statements

Date:	June 18, 2013
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 2012 Audited Financial Statements were approved by the TCHC Board at their meeting of April 29, 2013.

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. TCHC's previous annual shareholder meeting, at which its 2011 financial statements were considered, was held by City Council at its meeting on October 30, 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.

Consolidated Financial Results

Change in accounting policy (to PSAS from GAAP)

TCHC has adopted Canadian Public Sector Accounting Standards (PSAS) applicable to government not-for-profit organizations in the preparation of its financial statements commencing with the 2012 fiscal year. The change to PSAS (transition date of January 1, 2011) has resulted in a revaluation of TCHC's pension obligations and an impact on its accumulated net assets, and a restatement of its net income for 2011.

The following table shows the impact of PSAS on key 2011 financials compared with GAAP as previously reported.

Impact of PSAS on prior year financial results (as at Dec 31, 2011)	**Restated (PSAS)**	**Previously reported (GAAP)**	**Increase/ (Decrease)**
	($ million)		
Total assets	2,934.8	2,934.8	0.0
Total liabilities	2,199.3	2,199.1	0.2
Total Surplus & Share capital	735.5	735.7	(0.2)
Revenues	687.7	687.6	0.0
Expenses*	660.0	662.3	(2.3)
Unrealized losses	(2.1)	(2.1)	0.0
Net income	25.6	23.2	2.3

* The decrease in expenses is related to retroactively recognizing unamortized actuarial gains and losses in employee benefits and past service costs under PSAS.

Highlights of 2012 financial results

- $60.1 million as net income compared with $25.6 million (as restated) for 2011
- $798.0 million in shareholder's equity, an increase of $62.5 million over 2011
- $11.9 million 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
- $2.5 billion in housing projects and capital assets, an increase of $61.0 million over the prior year

Balance Sheet

The table below summarizes TCHC's consolidated balance sheet as at December 31, 2012 with comparative figures for 2011:

Summary Consolidated Balance Sheet as at December 31				
	2012	2011(restated)	Increase/(Decrease)	
	($ million)			%
Assets				
Current assets	278.4	399.7	(121.3)	-30%
Receivables and investments	149.1	125.6	23.5	19%
Housing projects and capital assets	2,470.6	2,409.6	61.0	3%
	2,898.1	**2,934.8**	**(36.7)**	**-1%**
Liabilities				
Current liabilities	216.4	266.9	(50.4)	-19%
Project financing	1,173.9	1,182.9	(8.9)	-1%
Debenture loans	37.9	96.1	(58.2)	-61%
Other liabilities	671.8	653.4	18.4	3%
	2,100.1	**2,199.3**	**(99.2)**	**-5%**
Surplus & share capital	**798.0**	**735.5**	**62.5**	**8%**
Total liabilities, surplus and share capital	**2,898.1**	**2,934.8**	**(36.7)**	**-1%**

Total assets were $2,898.1 million, a decrease of $36.7 million (or 1%) compared with the prior year, mainly due to:

- a $121.3 million decrease in current assets, comprising:
  a. a $77.9 million decrease in cash accounted for largely by the acquisition of housing projects and capital assets
  b. a $31.3 million decrease in the current portion of loans receivable
  c. a $13.5 million decrease in the amount classified as a prepayment for the acquisition of the Energy Plant in 2011

partially offset by

- a $23.5 million increase in receivables and investments, and
- a $61.0 million increase in housing projects and other capital assets

Total liabilities were $2,100.1 million, a decrease of $99.2 million (or 5%) compared with the prior year, mainly due to:

- a $50.4 million decrease in current liabilities largely due to a $66.9 million reduction in the utilization of short-term bank loans/advances (revolving credit facility) offset by an $18.1 million increase in mortgage repayments
- a $58.2 million decrease in debenture loans as a result of bond proceeds used/reported as (construction) project financing
- an $8.9 million decrease in the long-term portion of project financing resulting from $41.4 million in mortgage payments and $8.0 million in loan payments

partially offset by

- an $18.4 million increase in other liabilities, comprising:
  a. a $9.6 million increase in deferred capital contributions,
  b. a $7.5 million increase in employee benefits,
  c. a $2.7 million increase in the capital asset replacement reserve

Statement of Operations

The following table summarizes TCHC's 2012 consolidated statement of operations with comparative figures for 2011:

Summary Consolidated Statement of Operations Year ended December 31				2012 v/s 2011	
		2012	2011 (restated)	Increase/ (Decrease)	
		($ million)			%
Revenue					
	Subsidies	248.9	309.4	(60.4)	-20%
	Rent	291.6	282.6	9.0	3%
	Amortization of deferred capital contributions	44.7	41.6	3.1	7%
	Parking, laundry and cable fees	17.7	17.2	0.5	3%
	Investment income	10.7	14.2	(3.5)	-24%
	Joint venture income	14.0	11.3	2.6	23%
	Other revenues	22.1	11.3	10.8	95%

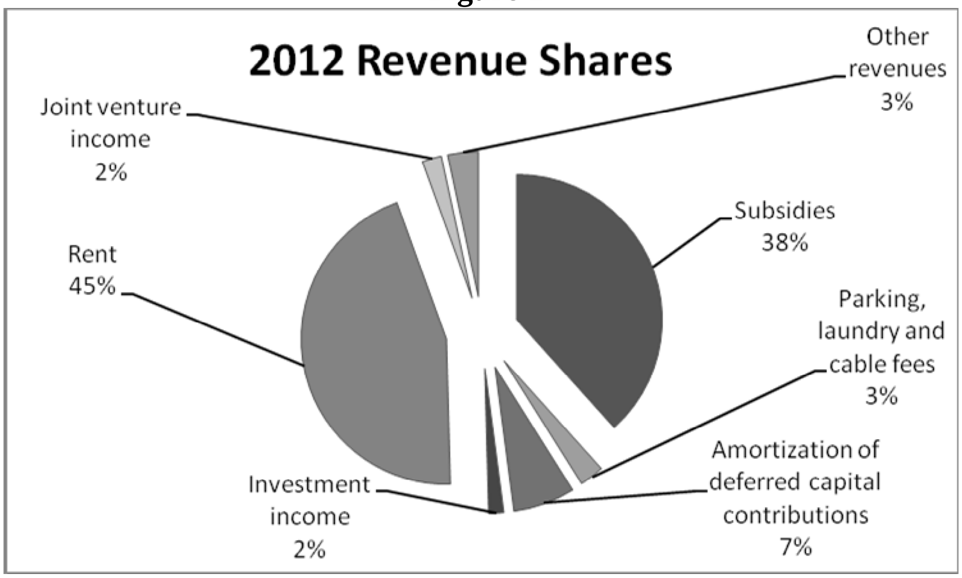
Summary Consolidated Statement of Operations Year ended December 31				2012 v/s 2011	
		2012	2011 (restated)	Increase/ (Decrease)	
		($ million)			%
	Total revenues	**649.7**	**687.7**	**(37.9)**	**-6%**
Expenses					
	Operating and maintenance	263.0	262.7	0.3	0%
	Municipal taxes	33.6	100.4	(66.8)	-67%
	Depreciation	124.1	119.6	4.4	4%
	Interest	69.8	75.5	(5.8)	-8%
	Rent supplement program	29.4	31.0	(1.7)	-5%
	Administration & other	69.8	70.7	(0.9)	-1%
	Total expenses before unrealized losses	**589.6**	**660.0**	**(70.4)**	**-11%**
Excess of revenue over expenses before unrealized losses		**60.1**	**27.6**	**32.5**	**118%**
	Unrealized gain /(losses)	0.0	(2.1)	2.1	-100%
Excess of revenue over expenses for the year		**60.1**	**25.6**	**34.5**	**135%**

Total 2012 revenues were $649.7 million, a decrease of $37.9 million (or 6%) over the prior year. The major change was a decline in City subsidies reflecting the elimination of property tax on newly designated municipal housing capital facilities. Total revenues included:

- $248.9 million in subsidy revenues from the City for various housing programs administered by TCHC on behalf of the City. A $60 million reduction in subsidies is on account of a 2011 Council decision exempting TCHC's 'affordable' housing stock from property taxes (which the City had funded with subsidies).
- $291.6 million in residential and commercial rent revenues Residential rental revenues increased by $7.8 million, while commercial rental revenues increased by $1.2 million
- $44.7 million in amortization of deferred capital contributions previously received
- $17.7 million in parking, laundry and cable fee revenues
- $10.7 million in investment income on fixed income securities including interest, pooled fund distribution and realized gains/losses. The $3.5 million decrease in investment income is a result of higher levels of fund application for project development.
- $14.0 million in income from joint ventures, namely Dundas and Parliament Development Corporation (DPDC), Parliament and Gerrard Development Corporation (PGDC) and Library District Inc. The increase of $2.6 million is accounted for almost entirely by the operations of DPDC and RPDC.
- $22.1 million in other revenues including external sales, and gain on sale of housing projects

The share of revenues classified by broad categories is presented in Figure 1.

Figure 1

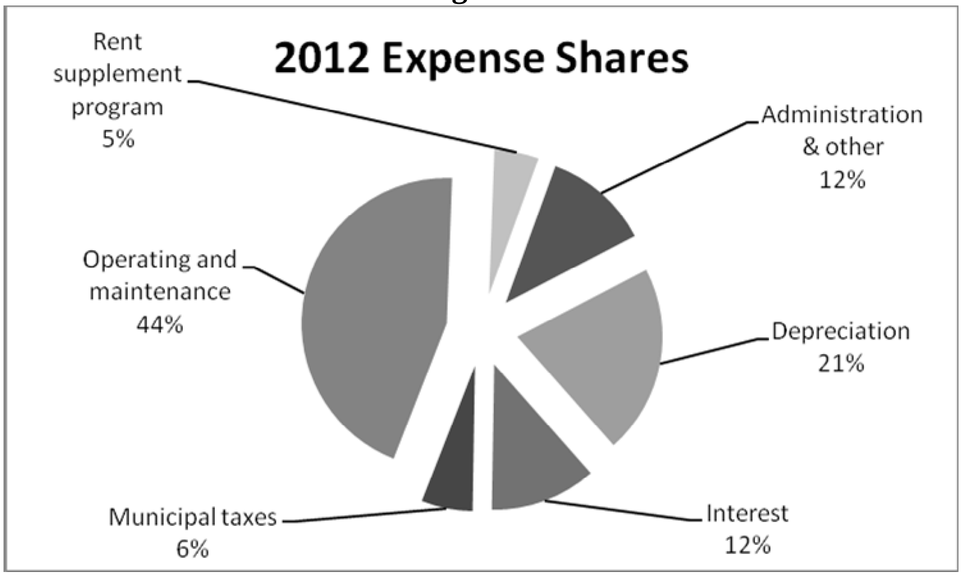


Total 2012 expenses were $589.6 million before unrealized losses, a decrease of $70.4 million (or 11%) over the prior year. Total expenses included:

- $263.0 million in operating and maintenance costs
- $33.6 million in municipal taxes (on account of the property tax exemption referenced above)
- $124.1 million in depreciation of capital assets
- $69.8 million in interest payments on the debt portfolio
- $65.4 million in administration costs
- $29.4 million 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

The share of expenses classified by broad categories is presented in Figure 2.

Figure 2



The year ended with an excess of revenue over expenses of $60.1 million, an increase of $34.5 million over the prior year.

Subsequent events:

On April 4, 2013, City Council approved a commitment between TCHC and Infrastructure Ontario to refinance mortgages due in 2013 for 18 TCHC properties. TCHC will receive $154.7 million in mortgage refinancing, of which $60.4 million will be utilized to pay out the maturing mortgages, and $94.3 million will be restricted for investment in future capital assets.

CONTACT

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ATTACHMENT

Appendix A: Toronto Community Housing Corporation Consolidated Financial Statements, December 31, 2012, December 31, 2011 and January 1, 2011