



STAFF REPORT ACTION REQUIRED

TA8.3

Date:	April 18, 2016
To:	Board of Directors
From:	Richard Rysak, Director of Finance
Re:	2015 Audited Financial Statements

SUMMARY

Draft 2015 Audited Financial Statements have been prepared by Welch LLP and, along with their Report to the Board of Directors, are attached for Board approval.

RECOMMENDATION

It is recommended that the Board of Directors approve the 2015 Audited Financial Statements – in conjunction with the proposal to cap the Stabilization Fund.

FINANCIAL IMPACT

None.

COMMENTS

The following key disclosure method should be highlighted with respect to the financial results. As of the 2013 year-end, TAF made a full transition to the Public Sector Accounting Standards for Not-for-Profit Organizations, which has a significant impact on TAF's Statement of Operations, and specifically on the 'bottom line' called Excess of Expenditures over Revenues.

Prior to the above change, TAF's portfolio of marketable securities was "marked-to-market" whereby *all* portfolio gains or losses (i.e., realized and unrealized "paper gains" and foreign exchange gains or losses) were all combined and reported in *one* revenue line called "Investment Income" in the Statement of Operations. However, under the above disclosure rules, it is the "realization" status of investment gains which determines in which financial statement such gains are presented.

Thus under the above disclosure rules, TAF's "realized gains" flow through the Investment Income revenue line in the Statement of Operations as before, but the "unrealized gains" are only included in the new statement called the Remeasurement Gains and Losses Statement.

In summary, despite reporting "operating deficits" under the above disclosure method, all investment portfolio gains (i.e., both realized and unrealized gains) contribute to TAF's "net worth" (ie. its Net Asset Value or NAV).

In general, the operating deficit is lower in years when TAF redeems more of its publicly-traded investments, ie. realizes more gains from its portfolio investments by turning them into cash. TAF's redemptions are driven by its needs to cover its operations (including grants); to re-allocate publicly-traded securities into Direct Investments or to meet investment portfolio weight targets under the SOIP policy.

TAF's Net Asset Value (NAV) was \$28.5 million at the end of fiscal 2015, continuing a multi-year trend of NAV growth.

\$ in 000's	2012	2013	2014	2015
A - Operating (Deficit) for the year	(\$ 583)	(\$ 737)	(\$ 31)	(\$ 425)
B - Accumulated Re-measurement gains, end of year	\$ 1,435	\$ 4,984	\$ 6,629	\$9,439
Net Asset Value (NAV)	\$ 21,667	\$ 24,479	\$ 26,092	\$ 28,476

CONTACT

Richard Rysak, Director of Finance
 416-338-8103 rrysak@taf.ca