



## STAFF REPORT INFORMATION ONLY

<b>Date:</b>	September 14, 2016
<b>To:</b>	TAF Board of Directors
<b>From:</b>	Richard Rysak, Director of Finance
<b>Re:</b>	Draft Financial Results for Six Months ending June 30, 2016

### SUMMARY

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After 6 months of operations the unaudited financial results are compared to the pro-rated budget for the same 6 month period where TAF shows an unfavourable overall variance primarily due to "paper losses" in its marketable securities equity portfolio. TAF has a long-term investment horizon where investment revenue variability due to market fluctuations is normal for TAF.

### FINANCIAL IMPACT

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None.

### COMMENTS

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**Total Revenues** (line A5) - The unfavourable variance in Total Revenues (line A5 which includes both realized and unrealized investment gains) was due to unrealized "paper losses" in TAF's equities portfolio.

Although the Generation Fund showed a 3.8% gain in the fund's performance during the first six months when measured on USD\$, this gain was offset by an unfavourable shift in USD/CAD dollar currency exchange rate during the same time period resulting in this segment of the portfolio showing a paper loss during the same six months. This was combined with Greenchip's paper loss of \$154K which was offset by TDAM's \$165K paper gain in TAF's fixed income holdings. In addition, the trustee administering Pure Energies warrants deposited a total of \$177K during the first half of this fiscal year.

On a net basis, line A1 shows an unrealized loss (ie. negative revenue) of \$351 compared to the budgeted positive year-to-date revenues of \$660K. This difference of some \$1 million accounts for most of the unfavourable variance in TAF's bottom line shown in E1.

Given the overall paper losses, TAF added \$161K (50% of 2016 potential draw from capital budget) to its revenues in line A4 from the Stabilization Fund which totaled \$7.1 million at the end of 2015.

**Direct Investment** portfolio (line A2) continues to yield steady returns as all current loans and ESPA contracts are performing as expected to deliver steady returns yielding in excess of 8%.

**External Funding** revenues (line A3) TAF has brought forward a healthy \$1.3 million of deferred external revenues into 2016 of which \$283K was recognized by the end of Q2.

**Program Expenses** - Line B1 shows TAF's strong focus on project delivery – in particular energy retrofitting of seven TCHC high rise buildings. Overall (line B3) shows TAF continuing to track its operating budget.

**Corporate Expenses** - (line C3) indicates a favourable variance of \$34K.

**Overall** - TAF continues to be in a strong financial position after six (6) months of operations. TAF has a long-term investment horizon where investment revenue variability due to market fluctuations as currently shown is expected and normal for TAF.

## **CONTACT**

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