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REPORT FOR INFORMATION

Draft Q3 Financial Results

Date: December 6, 2017
To: Toronto Atmospheric Fund Board of Directors
From: Director of Finance

SUMMARY

The unaudited financial results to the end of the third quarter ending September 30, 2017 are compared to the approved 2017 budget pro-rated for nine (9) months. Overall results are very favourable driven by strong "paper gains" of TAF's securities portfolio while operating expenses remained below budget.

FINANCIAL IMPACT

None.

COMMENTS

The favourable variance in Total Revenues (line A4) was driven by strong "paper gains" in TAF's publicly-traded securities portfolio. In particular, Generation and Green Chip who manage global equities returned 21.2% and 24.0% respectively for the last 12 months ending 2017-Q3, ranking in the top quartile of performance of their peer group.

As guided by TAF's Investment Committee, the $17M received from the Province in late 2016 is being gradually deployed to match the SIOP target asset mix. At the end of Q3, the Ontario endowment was invested 42% in global equities and 58% in fixed income holdings. By the end of the year, the Ontario fund should reach the target of 55% in global equities and it will also start to participate in new Direct Investments.

TAF's Direct Investments (line A2) continued to deliver growing returns against a conservative budget. This includes the ESPA-financed retrofits of seven TCHC buildings and several co-operatives which make payments based on the energy and water savings achieved. As reported to the Investment Committee, payments from one ESPA had been in arrears as of Q3 despite excellent energy performance. A catch-up payment has been received recently and a process is in place to maintain compliance.

A healthy $596K of deferred external revenues was brought into fiscal 2017 from last year which contributed towards the $488K (line A3) of external revenue recognized to the end of Q3. In addition, as covered in CEO reports during 2017, TAF has attracted new external funding contributions in excess of $1M.

Program Expenses ($1,769K in line B3) are 12% below budget after three quarters of operations.

Corporate Expenses ($295K in line C3) show a favourable variance after three quarters mainly due to deferred expenditures related to premises and IT, and approximately $6K of corporate overhead costs were covered by external funding.

Overall TAF is in a strong financial position after three quarters of operations.

CONTACT

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SIGNATURE

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ATTACHMENTS

Consolidated Unaudited Summary of Revenues and Expenditures for nine (9) months ending September 30, 2017