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REPORT FOR INFORMATION

Unaudited Financial Results for the Year ended December 31, 2018

Date: February 7, 2019
To: Toronto Atmospheric Fund Board of Directors
From: Director of Finance & Operations

SUMMARY

The unaudited consolidated financial results for the full 2018 fiscal year are compared to the approved 2018 budget. Performance of the marketable securities was softer in Q4 due to global financial market volatility. These unrealized 'paper losses' during Q4 were partially offset by excellent performance of TAF's direct investments. Despite softer Q4 results, full year total revenues are positive and full year total expenses are within budget.

FINANCIAL IMPACT

None.

COMMENTS

The City-appointed Auditor has begun the audit process and TAF's Audited Financial Statements (including the financial positions of TAF's two endowments reported on a stand-alone basis) will be presented at the Annual General Meeting on April 30, 2019.

The unfavourable variance in Total Revenues (line A5) was largely contributed by softer Q4 performance due to global financial market volatility during fourth quarter but were partially offset by direct investments, recognizing that the softer securities performance are unrealized and only 'paper losses'.

In keeping with best practices in endowment management, performance surpluses resulting from exceeding the budgeted investment performance are contributed to the Stabilization Fund. The Stabilization Fund is part of TAF's endowment capital (net asset value (NAV)) which can be drawn on in "lean" years to reduce revenue variability due to financial market fluctuations. In 2015, the Board capped the Stabilization Fund to a maximum 25% of NAV. TAF's Stabilization Fund was at $6.1M at the end of fiscal 2017 for its Toronto endowment fund. A Stabilization Fund was also established for the Ontario endowment fund in fiscal 2017 with a balance of zero to reflect the addition of the Ontario endowment.

TAF's consolidated investment portfolio was invested 52% in global equities, 31% in fixed income holdings, 12% in direct investments and the balance in cash/private equity funds. TAF's investment portfolio allocations are in compliance with the Statement of Investment Objectives & Principles (SIOP) approved by City Council on December 9, 2015.

TAF's Direct Investments (line A2) continued to deliver growing returns against a conservative budget. This was largely contributed by its ESPA assets and loan interest.

Program Expenses of $2.1M (line B3) and Corporate Expenses of $660K (line C3) show large favourable variances for fiscal 2018 of operations.

In conclusion**,** despite softer performance in TAF's global equity portfolio in Q4, TAF is in a strong financial position at the end of 2018 contributed by generous contributions from external funders to TAF projects and management of programs and operations within the budget envelope.

FUNDING AND PROCUREMENT DISCLOSURE

In keeping with section 7.1(a) of the Transfer Payment Agreement:

a) New funding signed during Q4-2018:

1) $12K CIC Internship Funding (Mina Rizkalla hired as a Building Energy & Environmental Researcher)
2) $150K approved by CMHC (note that Contribution Agreement is in process)

b) Procurement activity during Q4-2018:

Goods or Services Procured	**Process Followed**	**Selected Provider**	**Contract Value** (plus applicable taxes)
IEQ Sensors	Informal Quotation Action Form	AWAIR	$23,863.82
Electric Meters for Lynden Pilot	Informal Quotation Action Form	Hoskin Scientific	$5,243
Window panel installation for Lynden Pilot	Informal Quotation Action Form	Magnetite	$5,830
IR Camera	Informal Quotation Action Form	FLIR	$8,144.50

CONTACT

Jason Wong, Director of Finance & Operations, jwong@taf.ca, 416-338-8103.

SIGNATURE

Jason Wong
Director of Finance & Operations

ATTACHMENTS

Unaudited Consolidated Summary of Revenues and Expenditures for the fiscal year ended December 31, 2018.