

Toronto Seniors Housing Corporation - Annual General Meeting and 2021 Audited Consolidated Financial Statements

Date: June 27, 2022

To: Executive Committee

From: City Manager and Chief Financial Officer and Treasurer

Wards: All

SUMMARY

This report transmits materials submitted by the Board of Directors of Toronto Seniors Housing Corporation (TSHC) to the City. No independent review or analysis has been performed by City staff. Management of TSHC has confirmed all financial information was made available to the auditors for the performance of the audit.

This report recommends the actions necessary to comply with the requirements of the Business Corporations Act, Ontario (OBCA) for holding the Annual General Meeting of the Shareholder of TSHC, including receipt of its Annual Report and Audited Consolidated Financial Statements (Statements) for 2021 and appointment of the auditor for 2022.

TSHC's 2021 Statements were audited by KPMG LLP and received an unqualified opinion stating that the financial statements present fairly, in all material respects, the financial position of the TSHC as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian Public sector Accounting Standards.

The report provides information on individual compensation of executive officers as directed by the Shareholder.

It also recommends confirmation of TSHC's General By-law 1-2021. Under the OBCA, the Shareholder is required to confirm corporation by-laws.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council treat that portion of the City Council meeting at which this Report is considered as the Annual General Meeting of the Shareholder for Toronto Seniors Housing Corporation by:

a. receiving the "Toronto Seniors Housing Corporation 2021 Annual Report", forming Attachment 1 to this Report;

b. receiving the "Toronto Seniors Housing Corporation 2021 Audited Consolidated Financial Statements", forming Attachment 2 to this Report;

c. appointing KPMG LLP as the Auditor of Toronto Seniors Housing Corporation for fiscal year 2022, and authorizing the Board of Directors of Toronto Seniors Housing Corporation to set the fee of the Auditor; and

d. receiving the Toronto Seniors Housing Corporation's executive compensation disclosure forming Attachment 3 to this Report;

2. City Council direct the City Clerk to forward a copy of the "Toronto Seniors Housing Corporation 2021 Audited Consolidated Financial Statements", forming Attachment 2 to this Report, to the Audit Committee for information.

3. City Council confirm the Toronto Seniors Housing Corporation By-law 1-2021, generally governing the business and affairs of the Corporation, forming Attachment 4 of this Report.

FINANCIAL IMPACT

There are no financial implications to the City resulting from the approval of the recommendations in this report.

Toronto Seniors Housing Corporation has provided City staff with information with respect to their 2021 fiscal year operations in TSHC's 2021 Annual Report in Attachment 1 of this report, and TSHC's 2021 Audited Annual Financial Statements in Attachment 2 of this report.

The City provided transitional funding amounting to \$985,000 from its 2021 operating budget to support the start-up of the organization.

DECISION HISTORY

On May 11, 2022, City Council directed Toronto Community Housing Corporation to flow all necessary existing net operational funding to Toronto Seniors Housing Corporation in 2022 to support their operations, approved one-time funding to support incremental transitional costs for TSHC, and received a report on the hiring of the new TSHC Chief Executive Officer and their compensation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX32.2>

On January 26, 2022, Executive Committee adopted EX29.14 TSHC - Phase One which directed City staff to provide Council with a status update on the set up and operations of Phase One of the transition plan prior to the June 1st transfer date.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX29.14>

On May 5, 2021, City Council directed the creation of TSHC and approval of a Shareholder Direction for the corporation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX23.4>

On February 2, 2021 City Council adopted Item EX20.9, Toronto Seniors Housing Corporation Board of Directors, which approved the recruitment of a Board of Directors for TSHC. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX20.9>

On July 11, 2012, City Council approved a requirement that Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from executives.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.19>

ISSUE BACKGROUND

This report recommends that City Council treat that portion of the City Council meeting at which this report is considered as the inaugural Annual General Meeting of the Shareholder for Toronto Seniors Housing Corporation.

Subsection 154(1) of the Business Corporations Act, Ontario (OBCA) requires that the Shareholder receive the Toronto Seniors Housing Corporation's (TSHC) audited consolidated financial statements and the Auditor's Report at the annual meeting of the Shareholder.

Section 149(2) of the OBCA requires that the TSHC Shareholder at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting, and allows the Shareholder to authorize the Auditor's fee for the service.

Under Sections 116(1) and 117(1)(a) of the OBCA, the Directors may make by-laws that regulate the business or affairs of a corporation. Under Section 116(2) of the OBCA, the

Board is required to submit any by-law approved by the Board for confirmation at the next meeting of the Shareholder.

The City's Shareholder Direction to TSHC, issued in 2021, requires that it prepare an annual report and audited consolidated financial statements and submit them to City Council. In addition, the Shareholder Direction requires that TSHC report annually on compensation of its senior executives.

COMMENTS

1. Appointment of Auditor

The City's Auditor General conducts a competitive process to select an external auditor. On June 29, 2020, City Council appointed KPMG LLP (KPMG) as the auditor licensed under the Public Accounting Act, 2004 to be responsible for annually auditing the accounts and transactions of the City and certain of its local boards and expressing an opinion on the financial statements of these bodies based on the audit, as per [AU5.7:Contract Award of Request for Proposal No. 9119-19-7141 \(Doc2038917448\) to KPMG LLP for External Audit Services for the City and Certain of its Agencies and Corporations.](#)

In consideration of KPMG's existing relationship with the City and its local boards, the Board of TSHC appointed KPMG as the Auditor for Toronto Seniors Housing Corporation for fiscal year 2021.

On April 28, 2022, the Board recommended to City Council, as Shareholder, that KPMG be appointed as the 2022 Auditor for TSHC, with remuneration to be set by the Board of Directors.

2. Toronto Seniors Housing Corporation Achievements in 2021

On February 2, 2021, City Council approved the Terms of Reference for the Toronto Seniors Housing Corporation Board. On May 5, 2021, City Council authorized the City Solicitor to establish the TSHC on behalf of the City of Toronto, its sole shareholder.

Once established, TSHC undertook to set the legal, corporate, financial, physical, technological, human resources, communications and security infrastructure to begin operating the corporation that would serve nearly 15,000 Toronto seniors living in approximately 14,000 units, employ more than 300 individuals and manage 83 buildings, all while respecting the principles and intent of the City's Tenants First Strategy and with minimal disruption to tenants.

TSHC first Annual Report (Attachment 1) highlights key achievements in 2021.

3. Toronto Seniors Housing Corporation 2021 Audited Financial Statements

TSHC has provided financial information for 2021 in their 2021 Audited Annual Financial Statements forming Attachment 2 of this report.

4. 2021 Executive Compensation

Toronto Seniors Housing Corporation has disclosed executive compensation information for senior management in 2021 in Attachment 3 of this report, as requested by City Council.

5. TSHC By-law 1-2021

TSHC By-law 1-2021 generally governs the business and affairs of TSHC. The By-law includes sections on the Board of Directors, meetings of the Board, Officers and Personnel, liability and indemnification, meetings of the Shareholder, banking and fiscal procedures, execution of documents, and notices. The By-law forms Attachment 4 of this report.

The By-law was developed by City staff in consultation with TSHC management, and aligns with similar by-laws of other City corporations. The Board of Toronto Seniors Housing Corporation approved the By-law 1-2021 at its meeting on June 30, 2021. In compliance with the OBCA, this report recommends that City Council, as Shareholder, confirm the TSHC By-law 1-2021.

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SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

Chris Murray
City Manager

ATTACHMENTS

Attachment 1: Toronto Seniors Housing Corporation 2021 Annual Report

Attachment 2: Toronto Seniors Housing Corporation 2021 Audited Annual Financial Statements

Attachment 3: Toronto Seniors Housing Corporation 2021 Executive Compensation Disclosure

Attachment 4: Toronto Seniors Housing Corporation By-law 1-2021