

CONSOLIDATED FINANCIAL STATEMENTS

For

TORONTO ATMOSPHERIC FUND

For the year ended

DECEMBER 31, 2021

DRAFT
FOR DISCUSSION PURPOSES ONLY

Management's Responsibility for the Financial Statements

The consolidated financial statements of the Board of Directors for the Toronto Atmospheric Fund (the "Organization") are the responsibility of management and have been approved by the Board.

The consolidated financial statements have been prepared in compliance with the Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board reviews the Organization's consolidated financial statements and discusses any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the City of Toronto's City Council, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's consolidated financial statements.

..... Chairperson

..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors for the

TORONTO ATMOSPHERIC FUND AND THE CITY OF TORONTO

Opinion

We have audited the consolidated financial statements of the Toronto Atmospheric Fund (the Organization), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations - City of Toronto fund, remeasurement gains and losses - City of Toronto fund, the consolidated statements of operations - Province of Ontario fund, remeasurement gains and losses - Province of Ontario fund, the consolidated statements of operations - Government of Canada fund, remeasurement gains and losses - Government of Canada fund, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021 and the results of its operations, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
Date to be determined.

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 6,430,159	\$ 14,187,398
Accounts receivable	588,174	1,357,498
External funding receivable	381,777	383,793
Loans receivable - current portion (note 4)	83,890	117,614
Prepaid expenses	<u>14,994</u>	<u>16,184</u>
	7,498,994	16,062,487
CAPITAL ASSETS (note 8)	4,439,880	4,836,568
LOANS RECEIVABLE (note 4)	2,582,140	2,216,413
INVESTMENTS HELD IN TRUST BY THE CITY OF TORONTO (note 5)	88,402,777	78,107,977
INVESTMENTS IN PRIVATE FUNDS (note 6)	<u>1,340,233</u>	<u>868,446</u>
	<u>\$ 104,264,024</u>	<u>\$ 102,091,891</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,221,407	\$ 2,284,334
Grants payable (note 10)	805,493	878,091
Current portion of long-term debt (note 13)	439,048	430,480
Deferred contributions (note 11)	-	135,496
Funds held in trust Dan Leckie Fund (note 14)	<u>42,208</u>	<u>40,008</u>
	2,508,156	3,768,409
LONG-TERM DEBT (note 13)	<u>1,489,065</u>	<u>1,846,379</u>
	<u>3,997,221</u>	<u>5,614,788</u>
FUND BALANCES		
City of Toronto fund - externally restricted	28,794,970	27,097,649
Province of Ontario fund - externally restricted	17,000,000	17,000,000
Government of Canada fund - externally restricted (note 12)	40,061,323	40,052,880
Stabilization funds - internally restricted (note 15)	<u>14,410,510</u>	<u>12,326,574</u>
	<u>100,266,803</u>	<u>96,477,103</u>
	<u>\$ 104,264,024</u>	<u>\$ 102,091,891</u>
Commitments (note 18)		

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021

	Internally restricted			Externally restricted			Total 2021	Total 2020
	Stabilization Fund <u>Toronto</u> (note 15)	Stabilization Fund <u>Ontario</u> (note 15)	Stabilization Fund <u>Canada</u>	City of Toronto Fund	Province of Ontario Fund	Government of Canada Fund		
Fund balances, beginning of year	\$ 9,075,386	\$ 2,328,410	\$ 922,778	\$ 27,097,649	\$ 17,000,000	\$ 40,052,880	\$ 96,477,103	\$ 52,170,724
Excess of revenue over expenses (expenses over revenue)	-	-	-	(79,899)	(656,541)	(1,557,395)	(2,293,835)	7,253,449
Net changes in remeasurement gains	-	-	-	2,300,158	1,426,338	2,357,039	6,083,535	(947,070)
Endowment fund received	-	-	-	-	-	-	-	38,000,000
Stabilization transfer (note 15)	<u>522,938</u>	<u>769,797</u>	<u>791,201</u>	<u>(522,938)</u>	<u>(769,797)</u>	<u>(791,201)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,598,324</u>	<u>\$ 3,098,207</u>	<u>\$ 1,713,979</u>	<u>\$ 28,794,970</u>	<u>\$ 17,000,000</u>	<u>\$ 40,061,323</u>	<u>\$ 100,266,803</u>	<u>\$ 96,477,103</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
- CITY OF TORONTO FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Accumulated remeasurement gains, beginning of year	<u>\$ 12,179,455</u>	<u>\$ 14,992,297</u>
Increase (decrease) in unrealized gains attributed to:		
Foreign exchange	(43,173)	(204,693)
Equity instruments	3,273,791	4,287,342
Amounts reclassified to the statement of operations	<u>(930,460)</u>	<u>(6,895,491)</u>
Net changes in remeasurement gains	<u>2,300,158</u>	<u>(2,812,842)</u>
Accumulated remeasurement gains, end of year	<u>\$ 14,479,613</u>	<u>\$ 12,179,455</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF OPERATIONS
- CITY OF TORONTO FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Investment income, net of fees	\$ 1,187,225	\$ 7,119,982
Direct investment interest income	120,660	174,725
External funding (note 11)	120,632	125,037
Energy Savings Performance Agreement revenues (note 7)	1,125,696	1,076,851
Sundry	<u>127,783</u>	<u>17,664</u>
	<u>2,681,996</u>	<u>8,514,259</u>
Expenses		
Program delivery	1,165,397	1,494,052
Grants approved, net (note 10)	618,801	869,126
Salaries and employee benefits	718,787	1,321,251
Salaries allocated to program delivery (note 16)	(613,661)	(1,091,093)
Corporate expenses (note 17)	100,881	185,482
Amortization	849,043	835,185
Provision for (recovery of) bad debt (note 4)	<u>(77,353)</u>	<u>145,200</u>
	<u>2,761,895</u>	<u>3,759,203</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ (79,899)</u>	<u>\$ 4,755,056</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
- PROVINCE OF ONTARIO FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Accumulated remeasurement gains, beginning of year	<u>\$ 3,999,808</u>	<u>\$ 3,560,166</u>
Increase (decrease) in unrealized gains attributed to:		
Foreign exchange	(33,845)	(108,257)
Equity instruments	1,712,585	2,511,066
Amounts reclassified to the statement of operations	<u>(252,402)</u>	<u>(1,963,167)</u>
Net changes in remeasurement gains	<u>1,426,338</u>	<u>439,642</u>
Accumulated remeasurement gains, end of year	<u>\$ 5,426,146</u>	<u>\$ 3,999,808</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF OPERATIONS
- PROVINCE OF ONTARIO FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Investment income, net of fees	\$ 286,418	\$ 2,002,633
Direct investment interest income	55,799	63,725
External funding (note 11)	42,029	55,393
Energy Savings Performance Agreement revenues (note 7)	<u>2,895</u>	<u>-</u>
	<u>387,141</u>	<u>2,121,751</u>
Expenses		
Program delivery	573,119	494,298
Grants approved, net (note 10)	381,589	389,744
Salaries and employee benefits	391,260	479,815
Salaries allocated to program delivery (note 16)	(320,007)	(349,399)
Corporate expenses (note 17)	39,919	83,628
Provision for bad debt (recovery of) (note 4)	(26,923)	74,800
Amortization	<u>4,725</u>	<u>-</u>
	<u>1,043,682</u>	<u>1,172,886</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ (656,541)</u>	<u>\$ 948,865</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
- GOVERNMENT OF CANADA FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Accumulated remeasurement gains, beginning of year	<u>\$ 1,426,130</u>	<u>\$ -</u>
Increase (decrease) in unrealized gains attributed to:		
Foreign exchange	(110,740)	(466,006)
Equity instruments	3,441,006	1,892,136
Amounts reclassified to the statement of operations	<u>(973,227)</u>	<u>-</u>
Net changes in remeasurement gains	<u>2,357,039</u>	<u>1,426,130</u>
Accumulated remeasurement gains, end of year	<u>\$ 3,783,169</u>	<u>\$ 1,426,130</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF OPERATIONS
- GOVERNMENT OF CANADA FUND
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Investment income, net of fees	\$ 302,162	\$ 46,648
Direct investment interest income	41,819	-
External funding (note 11)	18,064	15,877
Energy Savings Performance Agreement revenues (note 7)	6,159	-
Canada Operating Fund (note 12)	-	2,000,000
	<u>368,204</u>	<u>2,062,525</u>
Expenses		
Program delivery	231,927	72,800
Grants approved, net (note 10)	520,685	172,123
Salaries and employee benefits	800,056	56,847
Corporate expenses (note 17)	49,391	7,055
Canada Operating Fund (note 12)	300,000	204,172
Amortization	10,040	-
Provision for bad debt	13,500	-
	<u>1,925,599</u>	<u>512,997</u>
Excess of revenue over expenses	<u>\$ (1,557,395)</u>	<u>\$ 1,549,528</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue):		
City of Toronto fund	\$ (79,899)	\$ 4,755,056
Province of Ontario fund	(656,541)	948,865
Government of Canada fund	<u>(1,557,395)</u>	<u>1,549,528</u>
	(2,293,835)	7,253,449
Adjustments for:		
Changes in unrealized gain on investments	(1,220,523)	(8,858,657)
Government of Canada fund received	-	38,000,000
Provision on credit losses	(104,275)	220,000
Amortization	<u>863,808</u>	<u>835,185</u>
	(2,754,825)	37,449,977
Increase (decrease) resulting from changes in:		
Accounts receivable	769,324	2,231,261
External funding receivable	2,016	(381,777)
Prepaid expenses	1,190	17,083
Accounts payable and accrued liabilities	(1,062,927)	(711,259)
Grants payable	(72,598)	295,040
Deferred contributions	<u>(135,496)</u>	<u>55,579</u>
	<u>(3,253,316)</u>	<u>38,955,904</u>
INVESTING ACTIVITIES		
Withdrawals of investments	13,948,375	14,511,080
Purchase of investments	(17,410,904)	(39,586,043)
Income attributed to Dan Leckie fund	2,200	2,086
Repayments from loans receivable	1,232,097	109,541
Loans receivable advanced	<u>(1,459,825)</u>	<u>(96,907)</u>
	<u>(3,688,057)</u>	<u>(25,060,243)</u>
CAPITAL ACTIVITIES		
Investment in capital assets	(467,120)	(40,099)
FINANCING ACTIVITIES		
Advances from (repayments of) line of credit	-	(680,000)
Repayments of long-term debt	<u>(348,746)</u>	<u>(340,562)</u>
	<u>(348,746)</u>	<u>(1,020,562)</u>
INCREASE (DECREASE) IN CASH	(7,757,239)	12,835,000
CASH AT BEGINNING OF YEAR	<u>14,187,398</u>	<u>1,352,398</u>
CASH AT END OF YEAR	<u>\$ 6,430,159</u>	<u>\$ 14,187,398</u>

(See accompanying notes)

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

The Toronto Atmospheric Fund ("TAF") was incorporated under the laws of the Province of Ontario, by the Toronto Atmospheric Fund Act, 1992 (the "TAF Act"), on December 10, 1992 as a Corporation without share capital. TAF is currently governed by the TAF Act, 2005, which amended the objectives, investment powers and other provisions of the original TAF Act. TAF is an arms-length agency of the City of Toronto (the "City") operating as a not-for-profit organization which is exempt from income tax pursuant to the Income Tax Act (Canada).

The City appoints TAF's Board of Directors while the TAF Relationship Framework, approved by the City Council in 2013, establishes specific accountability requirements to the City.

The original endowment from the City was \$23 million. Under a tripartite agreement between TAF, the City and the Province of Ontario (the "Province"), TAF received an additional \$17 million endowment from the Province in November 2016 which expanded TAF's geographical scope to the Greater Toronto and Hamilton Area ("GTHA").

In September 2020, TAF received an additional \$38 million endowment from the Government of Canada, via the Federation of Canadian Municipalities, along with \$2 million in operating funding.

TAF is primarily financed by investment revenues from its three funds including income from marketable securities and direct investments, as well as by external grants and contributions. TAF does not draw on the City's, the Province's or the Federal government's operating budgets.

TAF's aim is to innovate, demonstrate, de-risk and advance social, financial, policy and technological opportunities to achieve reductions in air pollution and greenhouse gas emissions.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations as issued by the Public Sector Accounting Board.

(b) Basis of presentation

These consolidated financial statements include the accounts of original funds provided by the City of Toronto, the Province of Ontario, and the Government of Canada. Each of the funds are accounted for separately, using fund accounting as the basis of presentation. A proportionality ratio based on the audited net asset value of each fund is established annually in order to allocate proceeds of the funds proportionately, where applicable. External funding is received and used proportionately. These consolidated financial statements also include TAF's wholly-owned subsidiary, CAIT Ventures Inc. ("CVI"). The financial statements of this subsidiary are summarized in note 19.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

(c) Revenue recognition

TAF follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions not expended for which there is not a specified fund are deferred and recognized as revenue in the year in which the related expenses are recognized.

Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contribution on the consolidated statement of financial position.

Other revenues are recorded on an accrual basis, when the service has been provided, evidence of an arrangement exists, the fee is fixed or determinable and the amount is collectible.

(d) Volunteers

Volunteers contribute their time and expertise during the year to assist TAF in delivering on its mandate. Due to the difficulty in determining their fair market value, contributed services are not recognized in the consolidated financial statements.

(e) Financial assets and liabilities

Initial measurement

TAF recognizes a financial asset or a financial liability on the consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at fair value

Subsequent measurement

At each reporting date, TAF measures its financial assets and liabilities at amortized cost, except for investments, which are measured at fair value for marketable securities and cost for private equity investments, including any impairment in the case of financial assets.

TAF determines whether there is any objective evidence of impairment of the financial assets subsequently measured at amortized cost. Any financial asset impairment is recognized in the consolidated statements of operations.

(f) Investment income

Investment income consists of interest, dividends and realized gains (losses) on disposition of investments. Investment income is recorded net of portfolio management fees and related fees. Changes in unrealized gains or losses are recorded in the consolidated statements of remeasurement gains and losses.

(g) Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions.

Financial instruments included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

(h) Loans receivable

Loans receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations as bad debt expense. Interest is accrued on loans receivable and is recognized in the statement of operations as investment income from direct investments.

(i) Grants

All grants must receive a funding recommendation by TAF's Grants and Programs Committee and subsequently be approved by the Board of Directors. Approved one-time payment grants are reported as current liabilities and expenditures in the year. Approved grants which are in effect across several years are only recorded as current liabilities and expenditures in the year they become payable.

Payment of the first installment of a grant for a project meeting the objectives of TAF is made after approval of the Board of Directors and on execution of an agreement. Subsequent payments of grant installments are generally made after acceptance and approval of reports from grantees detailing results of work on the project and are subject to various conditions.

Grants can be rescinded by TAF when the original granting conditions have not been met, or cannot be met, or when the applicant/recipient no longer needs the grant. The rescinded amounts are recognized in the year the grant is rescinded.

(j) Capital assets

Capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Energy efficiency equipment which is located on client premises is amortized using the straight line method over eight and half to ten years with half year rates applying in the year of acquisition. Office improvements is amortized using the straight line method over five years with half year rates applying in the year of acquisition. Assets under construction are not amortized until the asset is substantially complete and available for productive use.

(k) Deferred expenses

Expenditures related to programs to be completed in future fiscal years are deferred and recognized in proportion to progress made. Legal expenses related to financing negotiations which are payable by the borrower are deferred and expensed in future fiscal years when reimbursement is received by TAF.

(l) Use of estimates and measurement uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions, which include valuation of investments, valuation of loans receivable, and significant accrued liabilities, are based on management's best information and judgment. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

3. FINANCIAL INSTRUMENTS

The investment activities undertaken by TAF expose it to a variety of financial risks described below:

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its cash flow obligations as they come due. TAF mitigates this risk by maintaining a committed credit facility and monitoring cash activities and expected outflows through budgeting and maintaining liquid investments that may be converted to cash on short notice if unexpected cash outflows arise.

Credit risk

Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due. TAF's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable, loans receivable and external funding receivable. TAF's cash is deposited with a Canadian Chartered bank and as a result, management believes the risk of loss of this item to be remote. Accounts receivable and external funding receivable balances are managed and analyzed on an ongoing basis and accordingly, management believes all amounts receivable will be collected and has determined that a provision for bad debts is not required. Credit risk on loans receivable is reduced through a financial approval process, the use of general security agreements and pledges of assets, and insurance.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors and is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk relates to financial assets and liabilities denominated in foreign currency and converting these to Canadian currency at different points in time when adverse or beneficial changes in foreign exchange rates can occur. Cash and investments are translated into Canadian dollars at the prevailing exchange rate. At December 31, 2021, the cash, receivables, and investments held denominated in U.S. dollars were, \$253,975, \$990,338, and \$23,030,407, respectively (2020 - \$18,737, \$990,338, and \$17,722,717).

ii) *Interest rate risk*

Interest rate risk is the potential for financial loss caused by fluctuations in fair value of financial instruments due to changes in market interest rates. TAF is exposed to this risk through its investments in marketable securities and direct loans.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future associated cash flows will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

TAF is exposed to other price risk due to its investments in a variety of equities. Risk and volatility of investment returns are mitigated through diversification of investments. To minimize market risks, TAF's investment policy operates within the constraints established by the City. This policy's application is monitored by management, a third party investment advisor, TAF's Board appointed Investment Committee and the Board of Directors.

Changes in risk

There have been no significant changes in TAF's risk exposures or policies, procedures and methods used to measure the above risks, from the prior year.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

4. LOANS RECEIVABLE

Loans receivable consist of the following:

	<u>2021</u>	<u>2020</u>
(a) Loan receivable A	\$ 351,591	\$ 429,152
(b) Loan receivable B	-	188,180
(c) Loans receivable C	-	205
(d) Loan receivable D	-	966,152
(e) Loan receivable E	990,338	990,338
(f) Loan receivable F	1,000,000	-
(g) Loan receivable G	459,825	-
	<u>2,801,754</u>	<u>2,574,027</u>
Less current portion	(83,890)	(117,614)
	<u>2,717,864</u>	<u>2,456,413</u>
(h) Allowance for credit losses	(135,724)	(240,000)
	<u>\$ 2,582,140</u>	<u>\$ 2,216,413</u>

Loans receivable (a), (b), (c) pertain to the City of Toronto fund and loans receivable (d) and (e) pertain proportionately to the City and Province Fund as per note 2(b). The loans receivable earn interest in the range between 7% to 13%.

(a) In 2015, TAF advanced \$750,000 as a "Green Condo Loan" to a condominium corporation for the installation of energy efficiency measures. This loan is repayable in blended monthly installments of \$9,048, maturing September 2025.

(b) In 2012, TAF advanced \$355,000 as a "Green Condo Loan" to a condominium corporation for the installation of energy efficiency measures. In 2021, the customer exercised early buyout privileges.

(c) Between 2009 and 2011, TAF provided loans to homeowners participating in the Toronto Solar Neighbourhoods Initiative. The loans are backed by unsecured promissory notes from the homeowners who have full repayment privileges at any time. As of December 31, 2021, the two loans receivable were repaid in full.

(d) TAF made a loan to a third party for the construction and operation of a facility to extract renewable natural gas from industrial waste bio-gas to inject into the bulk natural gas supply pipeline and sell through a long-term off-take agreement. As at December 31, 2021, the loan has been repaid in full.

(e) TAF made a loan to a third party who focuses on a low-carbon wastewater treatment technology that uses algae to remove nitrogen and phosphorous. As at December 31, 2021, \$990,338 (\$740,000 U.S. dollars) has been advanced. Interest is payable annually, and entire principal is repayable when the loan matures in October 2025.

(f) TAF made a loan to a third party who focuses on providing energy storage, management, and efficiency technology to the building sector. The loan matures February 2024.

(g) TAF made a loan to a third party to partially finance a energy savings performance agreement for a Co-operative Housing organization. The loan term is 15 years maturing in February 2032.

(h) Allowance for credit losses

Management makes an assessment of the collectability of each loan receivable at year end and establishes an allowance for potential credit losses. Any write-offs, net of recoveries, will be deducted from this allowance. Allowance for impaired loans is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 240,000	\$ 20,000
Increase (decrease) in credit provision	<u>(104,276)</u>	<u>220,000</u>
Closing balance	<u>\$ 135,724</u>	<u>\$ 240,000</u>

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

5. INVESTMENTS HELD IN TRUST BY THE CITY OF TORONTO

In accordance with the TAF Act, monies that are not immediately required are in the custody of the Treasurer of the City of Toronto ("City Treasurer"). Marketable securities investments consist of pooled funds managed by investment managers selected by TAF and engaged by the City Treasurer. These monies are invested in securities authorized under Sections 27 to 31 of the Trustee Act and income thus earned accrues to TAF.

TAF's investment policy states that the investment limits as percentages of TAF's net asset value are as follows: direct investments up to 60%, publicly-traded equities up to 55%, private equities up to 5%, and a minimum of 20% in fixed income.

TAF's equity instruments are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

As at December 31, 2021 and 2020, all marketable securities are classified as Level 1.

	2021				2020
	<u>Toronto</u>	<u>Ontario</u>	<u>Canada</u>	<u>Total</u>	<u>Total</u>
TD Emerald Canadian Bond Pooled Fund Trust	\$ 979,146	\$ 1,443,742	\$ 3,278,076	\$ 5,700,964	\$ 8,665,140
TD Short Term Bond Fund, O-Series	965,929	1,193,096	5,326,386	7,485,411	8,561,782
TD Emerald Canadian Short Term Investment Fund	5,152,928	5,379,796	12,254,500	22,787,224	19,015,674
Greenchip Global Equity Fund	6,951,575	3,248,925	4,684,706	14,885,206	9,644,180
Generation IM Global Equity A Shares A32	11,213,994	6,029,366	11,645,458	28,888,818	27,721,683
NEI Environmental Leaders Fund	692,107	771,283	2,123,638	3,587,028	2,934,759
Dimensional Global Sustainability Core Equity Fund	3,134,670	703,819	1,229,637	5,068,126	1,564,759
Total investments in marketable securities	<u>\$ 29,090,349</u>	<u>\$ 18,770,027</u>	<u>\$ 40,542,401</u>	<u>\$ 88,402,777</u>	<u>\$ 78,107,977</u>

6. INVESTMENTS IN PRIVATE FUNDS

Investment in private funds are valued at cost as market value is not readily determinable. Investment in private funds are comprised of:

	2021				2020
	<u>Toronto</u>	<u>Ontario</u>	<u>Canada</u>	<u>Total</u>	<u>Total</u>
InvestEco Private Equity Fund III, LP	\$ 199,830	\$ 17,646	\$ -	\$ 217,476	\$ 199,830
InvestEco Sustainable Food Fund	69,070	-	-	69,070	183,759
InvestEco Sustainable Food Fund III	34,254	-	-	34,254	18,000
Greensoil Building Innovation Fund	265,370	248,099	-	513,469	466,857
Greensoil Property Fund Tech Fund	-	41,091	164,362	205,453	-
One Planet Living Fund	-	50,000	200,000	250,000	-
Active Improvements	-	10,102	40,409	50,511	-
Total investments in private funds	<u>\$ 568,524</u>	<u>\$ 366,938</u>	<u>\$ 404,771</u>	<u>\$ 1,340,233</u>	<u>\$ 868,446</u>

TAF's Board of Directors approved participation of up to \$500,000 USD in the Greensoil Building Innovation Fund. As at December 31, 2021, \$405,007 USD (\$513,469 CAD) had been advanced to date. TAF's Board of Directors also approved participation of up to \$150,000 in the InvestEco Sustainable Food Fund III. As at December 31, 2021, \$34,254 had been advanced to date.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

7. ENERGY SAVINGS PERFORMANCE AGREEMENTS

In 2012, TAF began marketing a financing program based on its proprietary Energy Savings Performance Agreement ("ESPA"), which enables building owners to retrofit and upgrade their buildings' energy performance. The ESPA is a multi-year performance contract between TAF and a building owner where TAF provides a turnkey energy efficiency retrofit for the owner who undertakes to re-pay TAF from realized energy cost savings. The installation process is managed by pre-qualified engineering firms who perform investment grade energy audits and use proven energy-saving technologies to achieve significant savings in both energy consumption and cash flow for building owners to make energy retrofits economically feasible.

Under an ESPA, the building owner remits to TAF a significant portion (typically 90%) of their actual energy savings based on an investment grade energy audit performed before installation. The energy savings are remitted monthly to TAF for up to 10 years until TAF recovers its capital plus a financial return. The equipment installed in the building under an ESPA is the property of TAF and is part of TAF's capital assets. At the end of the agreement, ownership of the equipment is transferred to the building owner.

Efficiency Capital (EC) Inc. ("EC Inc.") is the exclusive licensee of TAF's ESPA program and can finance projects under TAF's warehouse financing facility ("Warehouse Facility"). Under the Warehouse Facility, TAF enters into ESPAs with building owner clients which EC Inc. will administer for a fee. Under the agreement with EC Inc., TAF has the right to purchase a limited number of shares of EC Inc. at a discount at a future date upon the completion of certain milestone events. As at December 31, 2021, such events have not yet occurred, and the value of the rights has not been included in these consolidated financial statements.

TAF's financial risk related to ESPA retrofit projects is mitigated by: (1) review of project economics and building owner's creditworthiness with TAF's Investment Committee; (2) project-specific insurance policy to ensure that TAF will receive the projected energy savings; (3) TAF's right to increase a building's energy savings remittances up to 100% of actual savings; (4) regular equipment maintenance combined with measurement and verification of building systems' operating performance for the duration of the ESPA.

As at December 31, 2021, there were 8 (2020 - 9) active ESPA projects. The total depreciated value of the ESPA capital assets, net of rebates and incentives amounts to \$4,527,826 (2020 - \$4,894,042). The ESPAs have a term ranging from 8.5 to 15 years.

The cash flow from four active ESPA projects are pledged as security for third party loans as discussed in note 13. The total revenue from those active ESPA projects amounted to \$161,088 (2020 - \$160,100).

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

8. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
ESPA capital assets (note 7)	\$ 8,199,349	\$ 3,671,523	\$ 7,787,751	\$ 2,893,709
Office improvements	<u>374,686</u>	<u>259,132</u>	<u>267,395</u>	<u>134,869</u>
	8,574,035	\$ 3,930,655	8,055,146	\$ 3,028,578
Accumulated amortization	<u>(3,930,655)</u>		<u>3,028,578</u>	
	4,643,380		5,026,568	
Less provisions related to ESPAs	<u>(203,500)</u>		<u>(190,000)</u>	
	<u>\$ 4,439,880</u>		<u>\$ 4,836,568</u>	

Included in ESPA capital assets is \$nil (2020 - \$40,773) of assets under construction.

9. CREDIT FACILITY

TAF has a revolving line of credit with a Canadian chartered bank repayable on demand with interest rate calculated at the bank's prime rate plus 0.50% per annum. The credit limit is the lesser of \$3.07 million or the standard margin value of TAF's fixed income investment portfolio. Security has been provided using TAF's fixed income investment portfolio. The line of credit balance drawn as of December 31, 2021 was \$nil (2020 - \$nil).

10. GRANTS APPROVED AND PAYABLE

Grants are funded from the Toronto, Ontario and/or Canada funds based on the project and proponent's characteristics. Grants approved by TAF's Board of Directors and paid during the year are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 878,091	\$ 583,051
Grants approved during the year	1,430,993	1,444,189
Grants rescinded during the year	-	(13,196)
Grants paid during the year	<u>(1,503,591)</u>	<u>(1,135,953)</u>
Closing balance	<u>\$ 805,493</u>	<u>\$ 878,091</u>

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

11. DEFERRED CONTRIBUTIONS

External revenues received by TAF which are externally restricted for project expenditures in the future are deferred and recognized as revenue in the year the expenditures are incurred.

	<u>2021</u>	<u>2020</u>
External funding brought forward from prior year	\$ 135,496	\$ 79,917
External funding received during the year	<u>148,037</u>	<u>236,009</u>
Total external funding committed to TAF	283,533	315,926
External funding recognized - City of Toronto fund	120,632	125,037
External funding recognized - Province of Ontario fund	42,029	55,393
External funding recognized - Government of Canada fund	<u>120,872</u>	<u>-</u>
	<u>283,533</u>	<u>180,430</u>
External funding carried forward into subsequent year	<u>\$ -</u>	<u>\$ 135,496</u>

12. CANADA OPERATING FUND

During 2020, TAF received \$2 million from the Government of Canada, via the Federation of Canadian Municipalities, as an operating fund to support eligible operating expenditure. The balance of unspent operating fund is included in the externally restricted fund - Government of Canada.

	<u>2021</u>	<u>2020</u>
Operating fund brought forward from prior year	\$ 1,795,828	\$ -
Operating fund received during the year	<u>\$ -</u>	<u>\$ 2,000,000</u>
Total external funding committed to TAF	1,795,828	2,000,000
Operating fund expenditure to date:		
Program deliveries	150,500	120,872
Salaries and employee benefits	100,000	24,700
Corporate expenses	<u>49,500</u>	<u>58,600</u>
	<u>300,000</u>	<u>204,172</u>
Operating fund carried forward into subsequent year	<u>\$ 1,495,828</u>	<u>\$ 1,795,828</u>

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

13. LONG-TERM DEBT

In 2013, TAF was approved for a loan from Federation of Canadian Municipalities ("FCM"), via the City, for the purpose of financing eligible costs of green energy retrofits to social housing buildings owned by the Toronto Community Housing Corporation. The loan is to be repaid over a period of nine years, with principal repayments commencing in 2018.

For those third party loans secured by cash flows from an ESPA project, TAF's total liability is limited to the lesser of the principle or the secured cash flow of the related ESPA. Any default of the secured ESPA by the building owner would result in a revaluation of the future cash outflows of the loan. These third party loans bears interest at 4% to 6%.

	<u>2021</u>	<u>2020</u>
FCM loan - 1.75% interest, due May 20, 2026, repayable in blended semi-annual installments of \$154,111, secured by the investment portfolio	\$ 1,470,574	\$ 1,749,406
Third party loan A - due February 2, 2026, repayable in blended quarterly installments of \$7,906, secured by a portion of the future cash flows from an ESPA project	113,630	137,497
Third party loan B - term expired, remaining payable amount due on demand and under negotiation, secured by a portion of the future cash flows from an ESPA project	81,735	81,735
Third party loan C - due March 2, 2026, repayable in blended quarterly installments of \$9,578, secured by a portion of the future cash flows from an ESPA project	147,398	178,179
Third party loan D - due February 1, 2028, repayable in blended quarterly installments of \$2,689, secured by a portion of the future cash flows from an ESPA project	57,388	65,021
Third party loan E - due February 1, 2028, repayable in blended quarterly installments of \$2,689, secured by a portion of the future cash flows from an ESPA project	<u>57,388</u>	<u>65,021</u>
	1,928,113	2,276,859
Less current portion	<u>439,048</u>	<u>430,480</u>
	<u>\$ 1,489,065</u>	<u>\$ 1,846,379</u>

Principal repayments over the next five years and thereafter are as follows:

2022	\$ 439,048
2023	366,163
2024	375,303
2025	384,757
2026 and thereafter	<u>362,842</u>
	<u>\$ 1,928,113</u>

Interest expense of \$67,650 (2020 - \$63,818) relating to long-term debt has been included in program delivery.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

14. DAN LECKIE FUND

The Clean Air Partnership ("CAP") has engaged TAF as its agent to invest this Fund for CAP's account. The purpose of the Dan Leckie Fund, which was originally funded at \$28,373, is to support emission reduction opportunities in Toronto undertaken by TAF. TAF attributes investment income, based on the long-term average rate of return as budgeted by TAF for its portfolio, to be recognized as income of the Fund. The changes in the fund were as follows:

	<u>2021</u>	<u>2020</u>
Opening balance and original fund principal	\$ 40,008	\$ 37,922
Income attributed from TAF	<u>2,200</u>	<u>2,086</u>
Closing balance	<u>\$ 42,208</u>	<u>\$ 40,008</u>

15. INTERNALLY RESTRICTED FUND - STABILIZATION FUND

In keeping with best practice for endowments, the Stabilization Fund was established in 2003 to enable TAF to reduce variability in its program spending due to fluctuating financial markets which directly impact TAF's investment income.

Any investment income from marketable securities which exceeds the long-term average rate of return assumed in the annual budget is added to the Stabilization Fund. Similarly, when such investment income falls below the budgeted amount, the shortfall may be withdrawn from the Stabilization Fund. TAF caps its Stabilization Fund to a maximum of 25% of its net asset value.

As the marketable securities portfolio yielded returns above projections, additions to the Stabilization Funds are being made, specifically, \$522,938 to the Toronto Stabilization Fund (2020 - \$485,553), which brings the Toronto Stabilization Fund to the maximum; a net addition of \$769,797 to the Ontario Stabilization Fund (2020 - \$513,628), which includes a reduction of \$198,225 to maintain at least the original endowment amount in the Province of Ontario externally restricted fund; and an addition of \$791,201 to the Canada Stabilization Fund.

16. SALARY ALLOCATION TO PROGRAM DELIVERY

TAF's practice is to allocate program-related staff costs to the program delivery expenditure line. The percent of staff costs allocated to the program delivery expenditure was 80% (2020 - 70%).

17. CORPORATE EXPENSES

Corporate expenses include activities related to corporate communications, governance, organizational development, operations and administration. TAF shares its premises and certain office services with CAP, and the related costs are allocated between TAF and CAP based on utilization. CAP is a registered charity which was also created by the TAF Act.

18. COMMITMENTS AND CONTINGENCIES

EC Inc. is an exclusive licensee of TAF's ESPA program for the purpose of scaling up TAF's financing method for energy retrofit projects in buildings. TAF has two financing commitments for the purpose of assisting EC Inc.'s capital mobilization. Both financing commitments are revolving and thus can be repaid anytime if EC Inc. can refinance using external capital:

- up to \$2 million from TAF's secured subordinated debt facility which finances ESPAs signed between EC Inc. and building owner clients;
- up to \$7 million from the Warehouse Facility which finances ESPAs signed between TAF and building owner clients which EC Inc. is committed to buy from TAF within two years.

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

19. TAF BUDGET FISCAL YEAR 2021

TAF is a self-sustaining endowment fund, and it does not draw on the tax base of the City, the Province or the Federal government. Financial reports against the budget are provided to the Board of Directors quarterly. TAF's annual budget is as follows:

	2021 (in \$ Thousands)	2020 (in \$ Thousands)
<u>Revenue</u>		
Investment portfolio revenues*	\$ 3,800	\$ 3,190
Loan interest and transaction fees	1,840	1,288
External funding	1,690	500
Allocation from TAF's capital - if required	<u>570</u>	<u>652</u>
Total revenue	<u>\$ 7,900</u>	<u>\$ 5,630</u>
<u>Program delivery expenditures</u>		
Strategic programs	\$ 4,370	\$ 2,388
New and committed grants	<u>1,620</u>	<u>1,200</u>
Total programs and projects	5,990	3,588
Administration (including amortization)	<u>1,910</u>	<u>2,042</u>
Total expenditures	<u>\$ 7,900</u>	<u>\$ 5,630</u>

* Based on mark-to-market valuation assumption.

CAIT Ventures Inc. ("CVI") is a wholly-owned subsidiary of TAF which is currently inactive. CVI's financial status is as follows:

	2021	2020
Assets		
Cash	\$ 6,111	\$ 6,111
Liabilities		
Due to TAF	\$ 298,664	\$ 298,648
Equity		
Capital	1	1
Deficit	<u>(292,553)</u>	<u>(292,538)</u>
	<u>\$ 6,111</u>	<u>\$ 6,111</u>
	2021	2020
Expenses		
Bank charges	\$ 15	\$ 15
Net loss	<u>\$ (15)</u>	<u>\$ (15)</u>

TORONTO ATMOSPHERIC FUND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2021

20. COVID-19

In mid-March 2020, the Province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease. A degree of uncertainty persists surrounding the full economic impact of the situation. Consequently, at the time of issuance of these consolidated financial statements, the effect that the decline in economic activity on the TAF's operations, assets, liabilities, fund balances, revenues and expenses are not yet known. Management has undertaken reasonable and appropriate steps related to employee health and safety and continuing business operations. TAF is working with the Investment Committee to closely assess and manage the impacts to TAF's investment portfolio.

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