Consolidated Financial Statements of

TORONTO COMMUNITY HOUSING CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Toronto Community Housing Corporation

Opinion

We have audited the consolidated financial statements of Toronto Community Housing Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 24, 2023

TORONTO COMMUNITY HOUSING CORPORATION

Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 15)	$ 86,497	$ 64,609
Investments (notes 2, 15 and 20(a))	245,295	244,594
Restricted cash for externally restricted purposes (note 5(d))	5,538	5,852
Accounts receivable (notes 5(a), 6 and 20(d))	72,816	87,002
Loans receivable (note 4)	10,033	50,190
Grants receivable (note 13(b))	51,949	81,228
Prepaid expenses, deposits and other assets	16,100	14,270
	488,228	547,745
Loans receivable (note 4)	65,660	26,496
Grants receivable (note 13(b))	9,244	10,270
Investments in joint ventures (note 3)	10,094	11,814
Receivable from the City of Toronto (note 5(b))	18,325	18,325
Housing projects acquired or developed (note 7)	1,682,790	1,684,434
Improvements to housing projects (note 8)	2,335,627	2,183,376
Assets held for sale or transfer (note 9)	1,361	6,135
Prepaid lease	634	690
	$ 4,611,963	$ 4,489,285

	2022	2021

Liabilities and Net Assets

	2022	2021
Current liabilities:		
Bank loan and bank indebtedness (notes 10 and 20(b)(iii))	$ 58,000	$ 42,700
Accounts payable and accrued liabilities (notes 5(a), 6 and 20(b)(iii))	223,833	206,598
Tenants' deposits and rents received in advance (note 20(b)(iii))	16,024	17,673
Deferred revenue	27,707	24,032
Project financing and debenture loans (note 12)	63,023	60,478
	388,587	351,481
Deferred revenue on long-term leases	24,381	24,853
Deferred revenue on land sale	12,349	17,358
Employee benefits (note 11)	74,073	84,921
Long term payable TSHC (note 6)	4,181	–
Project financing and debentures loans (note 12)	1,786,226	1,767,092
Deferred capital contributions (note 13(a))	1,369,888	1,242,998
	3,659,685	3,488,703
Net assets:		
Share capital:		
Authorized and issued:		
100 common shares	1	1
Internally restricted funds (note 15)	268,348	268,470
Contributed surplus	5,136	5,136
Unrestricted surplus	678,793	726,975
	952,278	1,000,582
Contingencies (note 16)		
Commitments (note 19)		
Subsequent events (note 21)		
	$ 4,611,963	$ 4,489,285

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

Consolidated Statement of Operations
(In thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Subsidies (note 5(c))	$ 281,233	$ 246,392
Rent:		
Residential	352,808	339,500
Commercial	18,609	18,311
Amortization of deferred capital contributions (note 13(a))	79,180	68,862
Parking, laundry and cable fees	17,969	18,447
Investment income	8,075	9,107
Joint venture (note 3)	9,283	915
Safe Restart program (note 5(a))	–	34,182
Gain on sale of housing projects, land and other capital assets (note 17)	36,204	5,549
Plant and other	24,408	5,917
	827,769	747,182
Expenses:		
Operating and maintenance	256,332	255,064
Utilities	130,332	130,582
Municipal taxes	19,495	18,917
Depreciation	244,668	233,273
Interest (note 12)	75,322	75,539
Community safety services	37,066	36,383
Corporate services	73,888	66,200
Plant and other (note 9)	6,148	12,762
Non-recurring item (notes 18 and 21)	20,129	–
	863,380	828,720
Deficiency of revenue over expenses	$ (35,611)	$ (81,538)

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

Consolidated Statement of Changes in Net Assets
(In thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

2022	Share capital	Internally restricted funds	Contributed surplus	Unrestricted surplus	Accumulated remeasurement gains (loss)	Total
Net assets, January 1, 2022	$ 1	$ 268,470	$ 5,136	$ 726,975	$ –	$ 1,000,582
Deficiency of revenue over expenses	–	–	–	(35,611)	–	(35,611)
Net change in unrealized gains on portfolio investments	–	–	–	–	(12,693)	(12,693)
Reallocation of unrealized gains (losses) attributable to portfolio investments held for internally restricted purposes (note 14)	–	(12,693)	–	–	12,693	–
Change in internally restricted funds (note 14)	–	12,571	–	(12,571)	–	–
Net assets, December 31, 2022	$ 1	$ 268,348	$ 5,136	$ 678,793	$ –	$ 952,278

2021	Share capital	Internally restricted funds	Contributed surplus	Unrestricted surplus	Accumulated remeasurement gains (loss)	Total
Net assets, January 1, 2021	$ 1	$ 245,884	$ 5,136	$ 823,553	$ –	$ 1,074,574
Deficiency of revenue over expenses	–	–	–	(81,538)	–	(81,538)
Net change in unrealized gains on portfolio investments	–	–	–		7,546	7,546
Reallocation of unrealized gains (losses) attributable to portfolio investments held for internally restricted purposes (note 14)	–	7,546	–	–	(7,546)	–
Change in internally restricted funds (note 14)	–	15,040	–	(15,040)	–	–
Net assets, December 31, 2021	$ 1	$ 268,470	$ 5,136	$ 726,975	$ –	$ 1,000,582

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash and cash equivalents provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (35,611)	$ (81,538)
Items not involving cash:		
Amortization of deferred capital contributions (note 13(a))	(79,180)	(68,862)
Depreciation	244,668	233,273
Gain on sale of housing projects, land and other capital assets (note 17)	(36,204)	(5,549)
Imputed interest on loan (note 12)	39	40
Joint venture income (note 3)	(9,283)	(915)
Employee benefit obligations (note 11)	(6,667)	2,523
Capital assets impairment (notes 8 and 18)	5,031	8,031
Changes in non-cash operating working capital:		
Accounts receivable	14,737	(21,490)
Prepaid expenses	(1,704)	666
Accounts payable and accrued liabilities	6,850	(27,030)
Tenants' deposits and rents received in advance	(1,649)	96
Deferred revenue	3,202	3,573
	104,229	42,818
Financing activities:		
Borrowing of bank loan (note 10)	15,300	42,700
Decrease in long term receivable	–	1,000
Deferred financing cost (note 12)	227	221
New project financing and debenture loans (note 12)	82,147	94,293
Repayment of project financing (note 12)	(60,734)	(85,442)
Restricted grants for housing projects	237,034	229,908
	273,974	282,680
Capital activities:		
Acquisition of housing projects	(47,788)	(40,352)
Proceeds on sale of housing projects (note 17)	3,365	194
Proceeds on sale of land (note 17)	694	2,361
Improvements to housing projects	(359,610)	(368,095)
	(403,339)	(405,892)
Investing activities:		
Receipt of loans receivable	49,004	(130)
Payment received on long term lease	–	25,000
Increase in investments	(9,334)	(17,441)
Contributions to joint ventures and shared costs (note 3)	(15)	171
Distributions from joint ventures (note 3)	7,055	2,165
Decrease in restricted cash (note 12(c))	314	414
	47,024	10,179
Increase (decrease) in cash and cash equivalents	21,888	(70,215)
Cash and cash equivalents, beginning of year	64,609	134,824
Cash and cash equivalents, end of year	$ 86,497	$ 64,609
Supplemental cash flow information:		
Change in accrued capital expenditures	$ 10,385	$ 7,708
Other non-cash expenditures	581	420
Issuance of loans receivable (note 4(c))	45,300	4,039

See accompanying notes to consolidated financial statements.

Toronto Community Housing Corporation was incorporated under the provisions of the Ontario Business Corporations Act on December 14, 2000 as Metro Toronto Housing Corporation. On October 9, 2001, articles of amendment were filed to affect a name change to Toronto Community Housing Corporation ("TCHC"). TCHC is wholly owned by the City of Toronto (the "City"). The City includes all organizations that are accountable for administration of their financial affairs and resources to City Council and are controlled by the City. In establishing TCHC, the City approved a Shareholder Direction that set guiding principles, high-level objectives and expected accountability to the City. The Shareholder Direction establishes TCHC as operating at arm's length from the City, under the direction of an independent Board of Directors.

TCHC owns and manages housing for low and moderate income tenants.

TCHC is a municipally-owned corporation as it is owned by the City of Toronto and, as such, is exempt from income taxes under paragraph 149(1)(d.5) of the Income Tax Act (Canada).

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economy environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and TCHC's response to the COVID-19 pandemic had an operational and financial impact on TCHC.

1. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), including accounting standards that apply to government not-for-profit organizations. The significant accounting policies are summarized below:

(a) Basis of consolidation:

These consolidated financial statements include the assets, liabilities and results of operations of TCHC and its wholly owned subsidiaries:

- 2001064 Ontario Inc.
- Access Housing Connections Inc. ("AHCI")
- Regent Park Development Corporation ("RPDC")
- Toronto Community Housing Enterprises Inc. ("TCHE")
- Railway Lands Development Corporation ("RLDC")
- Allenbury Gardens Development Corporation ("AGDC")
- Regent Park Energy Inc. ("RPEI")
- Alexandra Park Development Corporation ("APDC")
- Leslie Nymark Development Corporation ("LNDC")

All intercompany transactions and balances have been eliminated.

These consolidated financial statements also include TCHC's interest in the following joint ventures, which have been accounted for using the modified equity method:

- Dundas and Parliament Development Corporation ("DPDC")
- Parliament and Gerrard Development Corporation ("PGDC")
- Library District Inc. ("LDI")
- Allenbury Gardens Revitalization General Partnership ("AGP")
- Alexandra Park Phase I Partnership ("APPI")
- Alexandra Park Phase II Partnership ("APPII")
- Leslie Nymark Partnership ("LNP")

Under the modified equity method, investments are initially valued at cost and the carrying value is adjusted thereafter to include TCHC's contributions and it's pro rata share of net income (loss) less distributions received.

1. Significant accounting policies (continued):

(b) Revenue recognition:

TCHC follows the deferral method of accounting for contributions. Unrestricted contributions, which include subsidies, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized unless the contributions are restricted for the purchase of capital assets when they are recognized as revenue on the same basis as the capital assets are amortized. Externally restricted net investment income is deferred in the appropriate reserve and is recognized as revenue on the same basis as externally restricted contributions as the restrictions are met.

Rent, parking, laundry, cable fees and other revenue are recorded when services are provided and collection is reasonably assured.

(c) Financial instruments:

At initial recognition, TCHC records financial instruments at the transaction price and classifies them in the following categories, depending on the purpose for which the instruments were acquired:

	Category	Measurement
Cash and cash equivalents and restricted cash	Cash and cash equivalent	Amortized cost
Investments	Portfolio investments	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Receivable from the City of Toronto	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Grants receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost
Tenants' deposits	Financial liabilities	Amortized cost
Bank loan and bank indebtedness	Financial liabilities	Amortized cost
Project financing and debenture loans	Financial liabilities	Amortized cost

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1. Significant accounting policies (continued):

(d) Investments and investment income:

The value of investments recorded in the consolidated financial statements is determined as follows:

- short-term notes and treasury bills - cost plus accrued income, which approximates fair value;
- publicly traded bonds - most recent bid prices in an active market; and
- investments in pooled funds - valued at their reported net asset value per unit to reflect fair value.

Transactions are recorded on a trade date basis. Transaction costs are expensed as incurred.

Investment income includes interest, pooled fund distributions and realized gains and losses. Investment income is recognized in the consolidated statement of operations when earned. Investment income earned on internally restricted funds is recognized in the consolidated statement of operations and subsequently is allocated to the sinking fund reserve and the working capital reserve as disclosed in the consolidated statement of changes in net assets. The unrealized gain or loss adjust the value of the offsetting reserve recorded on the consolidated statement of change in net assets - unrestricted unless related to the sinking fund and the working capital , in which case, the unrealized gains or losses adjust the value of the offsetting reserve recorded on the consolidated statement of financial position.

Investment income and fair value adjustments generated from the investments that were apportioned to various internally restricted funds will be allocated as follows:

- Annual investment return of up to 3.13% on the sinking fund is allocated to the sinking fund;
- Annual investment return in excess of 3.13% is allocated to the working capital reserve; and
- A claw back from the working capital reserve will be made in a year where the returns are less than 3.13% for allocation to the sinking fund.

1. Significant accounting policies (continued):

(e) Financing costs:

Financing costs of the debenture loans and project financing are presented as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debt to which they relate.

(f) Housing projects acquired and developed and improvements to housing projects:

Housing projects acquired and developed are recorded at cost less accumulated depreciation. Cost includes the original cost of land, buildings, other related costs (including capitalized interest) and net operating expenses during the development period until the asset is substantially complete. The costs of major improvements necessary to renovate and refurbish buildings are also included in housing project costs. Depreciation is calculated using the straight-line method and is based on the estimated useful lives of the buildings up to a maximum of 50 years.

When a capital asset no longer has any long-term service potential to TCHC, the excess of its net carrying value over any residual value is recognized as an expense in the consolidated statement of operations. Any write downs are not reversed.

Guaranteed equity units consist of rights that include membership in the equity corporation and the right to occupy a particular suite in the building, which were sold to seniors under terms guaranteeing the repurchase of each unit by TCHC at the purchase price plus, for some, an inflation factor related to the consumer price index. This asset is reflected in the consolidated statement of financial position as a housing project, with an associated liability for the repurchase obligation. No gain or loss is recorded on sale or repurchase of a guaranteed equity unit.

Improvements to housing projects are recorded at cost with depreciation calculated using the straight-line method, based on the estimated useful lives of the assets, as follows:

Improvements to land and buildings	4 to 25 years
Furniture and equipment	4 to 15 years
Leasehold improvements	Over the term of the lease

1. Significant accounting policies (continued):

(g) Deferred capital contributions:

Capital contributions for the purpose of acquiring depreciable capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

(h) Employee related costs:

TCHC has adopted the following policies with respect to employee benefit plans:

- TCHC's contributions to a multi-employer, defined benefit pension plan and other post-employment benefit plans are expensed as contributions come due;
- the costs of terminating benefits and compensated absences that do not vest or accumulate are recognized when an event that obligates TCHC occurs; costs include projected future income payments, health-care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees, salary escalation, expected health-care costs and plan investment performance. Actuarial gains and losses are amortized over the expected average remaining service lives;
- employee future benefit liabilities are discounted using the average expected borrowing rate of TCHC over the period during which benefits are expected to be earned;
- past service costs from plan amendments are expensed as incurred; and
- the costs of workplace safety and insurance obligations are actuarially determined and expensed. Actuarial gains and losses are recognized as incurred.

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of these consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Significant estimates include determining the amounts for future employee benefits, the allowance for uncollectible accounts receivable and contingent liabilities. Actual results could differ from those estimates.

(j) Liability for contaminated sites:

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when: TCHC is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. As at December 31, 2022, TCHC has not recorded any liability in the consolidated financial statements as no sites have met the recognition criteria.

TCHC will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

2. Investments:

Current investments consist of $245,295 (2021 - $244,594) of pooled equity funds, fixed income securities and high savings interest rate bank account, which are restricted internally for internally restricted funds. The fixed income securities consist of corporate and Canadian government fixed income securities with nominal coupon rates between 0.50% and 7.20% (2021 - 0.50% and 7.20%) and have maturity dates ranging from 2023 to 2081 (2021 - 2022 to 2081). These securities are considered to be highly liquid (notes 15 and 20).

TORONTO COMMUNITY HOUSING CORPORATION

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2022

3. Investments in joint ventures and other interests:

	DPDC	PGDC	LDI	AGP	APPI	APPII	LNP	2022	2021 Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)		
Balance, January 1, per joint venture	$ 1,674	$ (896)	$ 33	$ 10,981	369	–	$ 26,289Total	38,450	39,769
Net income (loss)	324	621	(1)	6,393$	6$	(2,386)	4,393$	9,350$	831
Contributions	15		–	–	–	17,911		17,926	15
Distributions	(400)	(425)	–	(10,290)	–	–	–	(11,115)	(2,165)
Balance, December 31, per joint venture	1,613	(700)	32	7,084	375	15,525	30,682	54,611	38,450
Exchange amount of land transferred to joint venture	(112)	–	–	–	–	(17,909)	(27,018)	(45,039)	(27,130)
Carrying value of land transferred to joint venture	22		–	–	–	123	300	445	350
Pre-development costs	–	–	–	77		–	–	77	144
Balance, December 31,	$ 1,523	$ (700)	$ 32	$ 7,161	$ 375	$ (2,261)	$ 3,964	$ 10,094	$ 11,814

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(In thousands of dollars)

3. Investments in joint ventures and other interests (continued):

	DPDC (a)	PGDC (b)	LDI (c)	AGP (d)	APPI (e)	APPII (f)	LNP (g)	2022 Total	2021 Total
Joint ventures' assets, liabilities and cash flows at 100% share									
Total assets	$ 5,434	13,309	122	112,444	3,522	$ 60,994	$ 114,921	310,746	416,371
Total liabilities	2,216 $	15,426 $	63 $	114,000 $	2,772	34,624	58,544 $	227,645 $	355,023
Cash flow from (used in) operating activities	$ 692	1,338	122	31,229	$ 163	$ (7,440)	$ (5,022)	$ 21,082	$ (20,803)
Cash flow from (used in) financing activities	$ (627)	$ (1,337)	$ –	(32,710)		10,011	4,850	(19,813)	19,073
Cash flow from (used in) investing activities	–	–	–	(78)	–	–	–	(78)	919
Net income (loss) per joint venture	$ 324	$ 621	$ (1)	$ 6,393	– 6	$ (2,386)	$ 4,393	9,350	831
Write off pre-development costs associated with market units that have sold	–	–	–	$ (67)	–	–	$ –	$ (67)	84
Net income (loss) per TCHC	$ 324	$ 621	$ (1)	$ 6,326	$ 6	$ (2,386)	$ 4,393	$ 9,283	$ 915

3. Investments in joint ventures and other interests (continued):

(a) On October 31, 2006, TCHC's wholly owned subsidiary, RPDC, entered into a co-tenancy agreement with a developer for the construction of certain properties in Regent Park. The co-tenancy operates through a nominee corporation, DPDC. The value of RPDC's equity investment in DPDC differs from the balance reported by the co-tenant. This difference is due to RPDC recording contributions of land to DPDC at the carrying value of the land whereas DPDC has recorded the contributed land at an exchange amount that has been agreed to by the two co-tenants. The difference between the exchange amount and the carrying value of the land of $89 (2021 - $89) will be recognized on the closing of market units that have been developed by DPDC.

(b) On January 12, 2009, TCHC's wholly owned subsidiary, RPDC, entered into a co-tenancy agreement with a developer for the construction of certain properties in Regent Park. The co-tenancy of the development operates through a nominee corporation, PGDC.

(c) On May 22, 2009, TCHC's wholly owned subsidiary, RLDC, entered into a co-tenancy agreement with a developer for the construction of certain properties. The co-tenancy operates through a nominee corporation, LDI.

(d) On February 5, 2013, TCHC's wholly owned subsidiary, AGDC, entered into a partnership agreement with a developer, thus forming AGP for the revitalization of certain properties in Allenbury Gardens. The value of AGDC's equity investment in AGP differs from the balance reported by the co-tenant. As at December 31, 2022, the difference is due to AGDC recording contributed pre-development costs of $77 (2021 - $144), which will be written off in the year market units are closed.

(e) On July 19, 2013, TCHC's wholly owned subsidiary, APDC, entered into a partnership agreement with a developer, forming APPI, for the revitalization of certain properties in Alexandra Park. APDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Alexandra Park Condominium Residences Inc. ("APCRI"), which holds legal title to the real property as a bare trustee for APDC and the development partner to whom beneficial ownership of the property is transferred on closing.

(In thousands of dollars)

3. Investments in joint ventures and other interests (continued):

(f) On June 30, 2020, TCHC's wholly owned subsidiary, APDC, entered into a partnership agreement with a developer, forming APPII, for the revitalization of certain properties in Alexandra Park. APDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Dundas Alexandra Park Residences Inc. ("DAPRI"), which holds legal title to the real property as a bare trustee for APDC and the development partner to whom beneficial ownership of the property is transferred on closing.

(g) On October 2, 2015, TCHC's wholly owned subsidiary, LNDC, entered into a partnership agreement with a developer, forming LNP, for the revitalization of certain properties. LNDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Scala Residences Inc. Scala Residences Inc. holds legal title to the real property as a bare trustee for LNDC and the development partner to whom beneficial ownership of the property is transferred on closing.

4. Loans receivable:

	2022	2021
DPDC (a)	$ 1,878	$ 15,960
AGP (b)	8,155	12,970
Lawrence Heights development partner (c)	9,181	12,575
250 Davenport (d)	–	23,882
Don Summerville (e)	45,300	–
Mortgages receivable (f)	11,179	11,299
	75,693	76,686
Less current portion	10,033	50,190
	$ 65,660	$ 26,496

4. Loans receivable (continued):

(a) The DPDC loans receivable consists of:

(i) On August 31, 2010, TCHC provided a $500 revolving demand facility and a $2,500 non-revolving term loan to the co-tenancy, which consists of three credit facilities:

- Facility 1 - revolving demand facility to $500. The facility bears interest at the bank's prime rate plus 0.5% per annum and is repayable five days following demand for repayment by the lender.

- Facility 2 - non-revolving term loan to $2,000. The facility bears interest at 6.0% per annum and is repayable on demand.

- Facility 3 - non-revolving term loan to $500. The facility bears interest at 6.0% per annum and is repayable on demand.

The three credit facilities are secured by the co-tenancy's land and assets and are guaranteed by the co-tenancy partner. As at December 31, 2022, TCHC has advanced $1,878 (2021 - $1,735) to DPDC.

(ii) On September 18, 2020, TCHC sold land to a developer with a carrying value of $302 and received cash and cash equivalents of $3,551 and a loan receivable of $14,202, bearing no interest in the first year and bears 4.5% per annum thereafter with a maturity date of December 18, 2022. The loan amount of $14,566 (2021 - $14,222) including interest was repaid in 2022.

(b) On April 27, 2018, TCHC transferred land with a carrying value of $92 to Vivo Residences Inc. in exchange for a promissory note for $4,815. On August 15, 2018, TCHC transferred land with a carrying value of $108 to Verde Residences Inc. in exchange for a promissory note for $8,155. The promissory note of $4,815 was repaid in 2022.

(c) On July 11, 2018, TCHC transferred land to a developer with a carrying value of $726 and received cash and cash equivalents of $2,137 and a loan receivable of $4,986, bearing interest at a rate of 3% per annum with a maturity date of April 30, 2022 and a loan receivable of $3,000, bearing no interest with a maturity date of March 31, 2024. The loan amount of $5,672 (2021 - $5,533) including interest was repaid in 2022.

4. Loans receivable (continued):

On December 20, 2021, TCHC transferred land to a developer with a carrying value of $90 and received cash and cash equivalents of $1,154 and a loan receivable of $4,039, bearing interest at a rate of 3% per annum with a maturity date of December 20, 2024. As at December 31, 2022, TCHC recognized interest receivable of $127 (2021 - $4), which is included in loans receivable.

As per the multi-year commitment dated in October 2013, on October 13, 2022, TCHC transferred land to a developer with a carrying value of $47 and received cash and cash equivalents of $572 and a loan receivable of $2,002, bearing interest at a rate of 3% per annum with a maturity date of October 13, 2025. As at December 31, 2022, TCHC recognized interest receivable of $13 (2021 - nil), which is included in loans receivable.

(d) On January 17, 2018, TCHC transferred land to a developer with a carrying value of $834 and received cash and cash equivalents of $8,750, a letter of credit of $2,000 and a loan receivable of $21,250, bearing interest at a rate of 3% per annum with a maturity date at the earlier of four years from the closing date and the final closing of the sale of all market units. The loan amount of $23,951 (2021 - $23,882) including interest was repaid in 2022.

(e) As per the multi-year commitment dated October 2019, on February 17, 2022, TCHC transferred land to a developer with a carrying value of $151 and received cash and cash equivalents of $100 and a loan receivable of $45,300, the term of this loan is 10 years bearing interest at a rate of 3% per annum, which interest shall accrue until the principal amount of this loan is fully repaid.

(f) The mortgages receivable consist of three mortgages, which are related to a sales-type lease from 2010 to 2057 for commercial space in a TCHC building. The first mortgage has a maturity date of May 11, 2037 and bears interest at 4.877%. The other two mortgages have a term starting on May 11, 2037 and ending on May 11, 2057, and the interest rate will be equal to the negotiated debenture coupon rate at the expiry of the Debenture Series A bonds (note 12(f)(i)) that are due on May 11, 2037.

5. Account balances with the City:

(a) TCHC enters into transactions with the City in the normal course of business and receives payments for various services and supplies. Included in accounts receivable is $27,190 (2021 - $59,054) receivable from the City and included in accounts payable and accrued liabilities is $5,392 (2021 - $5,180) payable to the City as a result of these transactions. Within the $27,190, the City allocated Safe Restart program funding of nil (2021 - $34,182) to TCHC. The Safe Restart program is a federal investment to help provinces and territories safely restart their economies.

(b) The City has agreed to fund certain employee benefit costs relating to the former Toronto Housing Corporation ("THC"), as the former company previously contributed to the City's Sick Pay Reserve Fund and Payroll Benefits Plan Reserve Fund. TCHC has recorded a receivable in connection with the expected recoveries of these employee benefit costs from the City.

Included in the long-term receivable from the City is $4,269 (2021 - $4,269) for sick leave benefits (note 11(a)) and $14,056 (2021 - $14,056) for post-retirement (note 11(a)) and disability benefits (note 11(a)).

(c) During the year ended December 31, 2022, the City provided gross subsidies of $281,233 (2021 - $246,392), which are reflected on the consolidated statement of operations as revenue. Subsidies include Regent Park Block 17N mortgage principal and interest of $2,456 (2021 - $1,432) recognized as revenue following completion of construction. In 2022, TCHC recognized expenditures incurred with the City which include $39,268 (2021 - $40,937) for hydro, $59,818 (2021 - $58,464) for water and waste, $19,495 (2021 - $18,917) for property taxes and $4,176 (2021 - $3,991) for the mortgage interest charges paid to the City.

(d) The City provided funds that it received under Section 37 of the Planning Act to TCHC for capital improvements in specific developments, including design work, associated labour costs and capital maintenance. As at December 31, 2022, accumulated grants of $10,308 (2021 - $10,308) were received and the accumulated capital expenditures were $4,437 (2021 - $3,748). The funds available for future capital expenditures are $4,889 (2021 - $5,158), including $68 (2021 - $20) accumulated interest, invested as restricted cash as at December 31, 2022.

6. Account balances with Toronto Senior Housing Corporation ("TSHC"):

On June 1, 2022, TCHC and TSHC formalized an interim plan to transfer the responsibility of operating the 83 senior-designated TCHC properties to TSHC.

TCHC enters into transactions with the TSHC in the normal course of business and receives payments for various services and supplies due to the transition. Revenue received from the senior designated properties less operating costs related to the properties was provided to TSHC as a monthly net revenue advance totaling to $20,596 (2021 - nil). This has been recognized as an operating and maintenance expense during the year with an unspent balance receivable from TSHC of $1,483 (2021 - nil) included in the accounts receivable at year end. During 2022, TCHC recognized $5,453 in other revenue from shared services provided to TSHC.

Accounts payable and accrued liabilities on December 31 2022 include $1,211 (2021 - nil) payable to the TSHC for vacation and lieu time liability for staff transferred to TSHC and long term payable includes $4,181 of post-retirement benefit obligation as part of the transition on June 1.

(In thousands of dollars)

7. Housing projects acquired or developed:

Housing projects acquired or developed consist of the following:

	Cost, December 31, 2021	Additions	Transfer[i] (note 9)	Disposal/ write-off/	Completed during the year	Cost, December 31, 2022	Accumulated depreciation[i]	Net book value, December 31,	Net book value, December 31,
Land	$ 370,473	50	$ (1,637)	$ (1,977)	$ –	$ 366,909	–	$ 366,909	370,473
Buildings	2,271,832	1,092	(1,454)	(4,232)	448	2,267,686	(1,109,029)	1,158,657	1,205,173
Guaranteed Equity Housing projects	8,194		–	(588)	–	7,606	(4,120)	3,486	3,910
Plant	71,696		–	–	502	72,198	(19,209)	52,989	54,268
Housing projects under construction	50,610	52,992	–	(1,903)	(950)	100,749	–	100,749	50,610
Balance, December 31, 2022	$ 2,772,805	$ 54,134	$ (3,091)	$ (8,700)	$ –	$ 2,815,148	$ (1,132,358)	$ 1,682,790	$ 1,684,434

(i) Included in transfers and accumulated depreciation is the cost and accumulated depreciation of land and buildings transferred to assets held for sale (note 9).

The guaranteed equity housing project units are repurchased on termination of the project in 2042 or earlier based on the terms of the arrangement. During the year ended December 31, 2022, TCHC repurchased 2 units and holds 58 repurchased units as at December 31, 2022. The associated cost and accumulated depreciation of $422 of the repurchased units was transferred to housing projects acquired or developed and rented at the market rate. As at December 31, 2022, an obligation of $8,561 (2021 - $8,756) for the repurchase of guaranteed equity units has been recorded in accounts payable and accrued liabilities.

(In thousands of dollars)

8. Improvements to housing projects:

Improvements to housing projects consist of the following:

	Cost, December 31, 2021	Additions	Disposal/ write-off/ transfer	Completed during the year	Cost, December 31, 2022	Accumulated depreciation[i]	Net book value, December 31, 2022	Net book value, December 31, 2021
Improvements to land and buildings[i]	$ 3,400,842	338,193	$ (13,875)	$ –	$ 3,725,160	(1,476,960)	$ 2,248,200	2,099,479
Furniture and equipment	275,995	18,226	(290)	15,989	309,920	(222,524)	87,396	75,569
Leasehold improvements	3,006		–	–	3,006	(2,975)	31	36
Other capital work-in-process	8,292	7,697		(15,989)	–	–	–	8,292
Balance, December 31, 2022	$ 3,688,135	$ 364,116	$ (14,165)	$ –	$ 4,038,086	$ (1,702,459)	$ 2,335,627	$ 2,183,376

[i] Disposal of land and building includes capitalized costs allocated to asset held for sale based on square footage (note 9).

(In thousands of dollars)

9. Assets held for sale or transfer:

During 2018, the Board of Directors resolved to transfer the ownership of the TCHC Agency Houses, Scattered Homes and Uninhabitable Homes portfolio to non-profit corporations as approved by City Council.

As of December 31, 2022, TCHC classified 14 (2021- 445) Scattered Homes and 39 (2021 - nil) agency home as assets held for sale following City Council's motion. The transfer price of $1,361 is based on bids from top-ranked proponents. In 2022, TCHC recognized an impairment loss of nil (2021 - $8,031).

The assets which are expected to be transferred within 12 months have been classified as held for sale and are presented separately in the consolidated statement of financial position.

	Cost, December 31, 2021	Additions	Disposal	Cost December 31, 2022	Accumulated depreciation	Accumulated impairment	Net book value, December 31, 2022	Net book value, December 31, 2021
Land	$ 7,889	$ 1,637	$ (7,889)	$ 1,637	$ –	$ (806)	$ 831	$ 2,349
Buildings	14,645	1,454	(14,645)	1,454	(821)	(234)	399	1,018
Improvement to buildings	11,282	261	(11,233)	310	(52)	(127)	131	2,768
	$ 33,816	$ 3,352	$ (33,767)	$ 3,401	$ (873)	$ (1,167)	$ 1,361	$ 6,135

10. Bank loan and bank indebtedness:

TCHC has a committed revolving credit facility of $200,000 (2021 - $200,000) that is available for short-term advances and letters of credit, with standby charges of 0.2%. Short-term advances are available by way of a prime loan at the Canadian prime rate and bankers' acceptances ("BA") at the bank's BA rate plus 1.10%. Short-term advances of $58,000 (2021 - $42,700) have been used and are repayable on demand. The amount available under the facility is $131,695 (2021 - $146,194), which is net of outstanding letters of credit of $10,305 (2021 - $11,106).

11. Employee benefits:

TCHC has the following employee benefits plans:

(a) Non-pension post-retirement and post-employment benefit plans (other benefits):

TCHC provides post-retirement benefit plans for medical, dental and life insurance benefits. Post-employment benefit plans provide income benefits for employees on long-term disability and the continuation of benefits (medical, dental, life insurance and income replacement benefits) in respect thereof; accumulated sick leave benefits; accumulated termination benefits; and self-insured Workplace Safety and Insurance Board ("WSIB") Benefits (for Schedule 2 employers).

(i) Post-retirement medical, dental and life insurance benefits:

The former THC participated in a payroll benefits plan reserve fund established by the City to provide for future post-retirement benefits and disability benefits to all City employees and retirees. An amount of $14,056 (2021 - $14,056), representing the liability portion relating to the former THC, is recorded as a long-term receivable from the City (note 5(b)).

(ii) Accumulating sick leave benefits:

This past service liability was set up as a result of the former THC participation in a reserve fund established by the City. TCHC recorded a receivable from the City equal to the liability of the former THC of $4,678 (2021 - $4,678), less $409 (2021 - $409), which is an amount funded internally by TCHC. At the time of amalgamation of Metropolitan Toronto Housing Corporation, a long-term disability obligation was transferred to TCHC from the City. As at December 31, 2022, the liability was recorded as $297(2021 - $415).

11. Employee benefits (continued):

The most recent actuarial valuation was completed as at December 31, 2021. The next actuarial valuation is scheduled to be performed on December 31, 2024.

(b) Supplementary employee retirement plan ("SERP"):

In 2006, TCHC established the SERP for current eligible employees whose pension benefits were frozen in the Public Service Pension Plan or the Ontario Public Service Employees' Union Pension Plan as at January 1, 2001. A current eligible employee is one who was an active employee on February 15, 2006 (the date this benefit was approved by the Board of Directors) and had transferred employment on January 1, 2001 from the Metropolitan Toronto Housing Authority to TCHC and became a member of the Ontario Municipal Employees' Retirement Fund ("OMERS"). This plan provides a supplementary benefit so that the total pension benefit on retirement would have been the same as that received had the employee been able to transfer his or her pension to OMERS.

The most recent actuarial valuation was completed as at December 31, 2020. The next actuarial valuation is scheduled to be performed on December 31, 2023.

(c) OMERS:

Employees are members of OMERS, a multi-employer pension plan. The plan is a defined benefit plan and specifies the amount of the retirement benefits to be received by the employees based on length of service and the highest five years' average earnings. Employees and employers contribute jointly to the plan.

In 2022, the OMERS funded ratio stands at 95% (2021 - 97.0%) and the primary plan ended 2022 with a funding deficit of $6.7 billion (2021 - $3.1 billion). As OMERS is a multi-employer plan, any pension plan surplus or deficit is the joint responsibility of all Ontario municipalities and their employees. TCHC does not recognize any share of the OMERS pension surplus or deficit.

(In thousands of dollars)

11. Employee benefits (continued):

Depending on the individual's normal retirement age and pensionable earnings, 2022 contribution rates were 9% to 14.6% (2021 - 9.0% to 14.6%). Total employee contributions amounted to $16,168 (2021 - $16,013). Total employer contributions amounted to $16,187 (2021 - $16,109).

Employee benefits liabilities of TCHC:

	2022	2021
Post-retirement benefits (a)(i)	$ 17,146	$ 18,016
Sick leave benefits (a)(ii)	11,631	13,065
Termination benefits (a)(iii)	1,480	1,557
Disability benefits	5,242	6,604
WSIB obligation	6,746	9,601
Unamortized actuarial gain	213	451
Other benefits	42,458	49,294
SERP (b)	31,615	35,627
	$ 74,073	$ 84,921

Additional information about TCHC's SERP and other benefit plans as at December 31 is as follows:

	SERP		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Accrued benefit obligation	$ 27,857	$ 36,165	$ 38,439	$ 50,669	$ 66,296	$ 86,834
Plan assets	(2,516)	(1,596)	–	–	(2,516)	(1,596)
Unamortized actuarial gain (loss)	6,274	1,058	4,019	(1,375)	10,293	(317)
Accrued benefit liability	$ 31,615	$ 35,627	$ 42,458	$ 49,294	$ 74,073	$ 84,921

(In thousands of dollars)

11. Employee benefits (continued):

Continuity of TCHC's accrued benefit liabilities:

	SERP		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Balance, beginning of year	$ 35,627	$ 34,211	$ 49,294	$ 48,187	$ 84,921	$ 82,398
Transfer to TSHC	(1,061)	–	(3,120)	–	(4,181)	–
Current service cost	173	221	2,400	2,262	2,573	2,483
Interest cost	1,079	834	986	599	2,065	1,433
Benefits paid	–	–	(2,682)	(2,107)	(2,682)	(2,107)
Actuarial loss (gain)	(8,287)	383	(8,439)	1,728	(16,726)	2,111
Funding contributions	(2,190)	(1,080)	–	–	(2,190)	(1,080)
Unamortized actuarial gain (loss)	6,274	1,058	4,019	(1,375)	10,293	(317)
Balance, end of year	$ 31,615	$ 35,627	$ 42,458	$ 49,294	$ 74,073	$ 84,921

TCHC's employee benefits expense:

	SERP		Other benefits		Total	
	2022	2021	2022	2021	2022	2021
Current service cost	$ 173	$ 221	$ 2,400	$ 2,262	$ 2,573	$ 2,483
Interest cost	1,079	834	986	599	2,065	1,433
Amortization of actuarial loss (gain)	(2,013)	1,441	(4,089)	353	(6,102)	1,794
Settlement gain	(1,061)	–	(3,451)	–	(4,512)	–
Balance, end of year	$ (1,822)	$ 2,496	$ (4,154)	$ 3,214	$ (5,976)	$ 5,710

(In thousands of dollars)

11. Employee benefits (continued):

Actuarial assumptions:

The significant actuarial assumptions adopted in measuring TCHC's accrued benefit obligations and the benefit costs for the SERP and other employment and post-employment benefits are as follows:

	SERP		Other benefits	
	2022	2021	2022	2021
Discount rates for benefit obligations:				
Post-retirement and sick leave	–	–	4.10%	2.50%
Post-employment	–	–	3.90%	1.90%
Pension	4.40%	2.68%	–	–
Discount rates for benefit costs:				
Post-retirement and sick leave	–	–	2.50%	1.70%
Post-employment	–	–	1.90%	0.90%
Pension	2.68%	2.15%	–	–
Rate of compensation increase	2.50%	2.50%	2.50%	2.50%
Inflation rate	2.00%	2.00%	2.00%	2.00%
Healthcare inflation - select	n/a	n/a	5.22%	5.29%
Healthcare inflation - ultimate	n/a	n/a	4.00%	4.00%
Expected rate of return on plan assets	–	–	–	–
Actual rate of return on plan assets	–	–	–	–

For measurement purposes, a 6.7% annual rate of increase in the per capita cost of covered health-care benefits was assumed. The rate is assumed to decrease gradually to 4.00% by 2040 and remain at that level thereafter.

(In thousands of dollars)

12. Project financing and debenture loans:

Project financing consists of mortgages, loans payable to the Canada Mortgage and Housing Corporation ("CMHC"), City, Infrastructure Ontario ("IO") and others and debentures. The changes in project financing for the year ended December 31, 2022 are as follows:

	December 31, 2021	New project financing	Imputed interest on loans	Mortgages and loans payments	Deferred financing costs	December 31, 2022
Canada Mortgage and Housing Corporation ("CMHC") (a)	$ 268,714	$ 82,147	$ –	$ (16,679)	$ 1	$ 334,183
Other mortgages (b)	92,536	–	–	(13,207)	–	79,329
Long-term loans payable to the City (c)	115,075	–	39	(5,549)	1	109,566
Long-term loans payable to others (d)	16,780	–	–	(2,457)	2	14,325
Long-terms loans payable to IO (e)	888,389	–	–	(22,842)	68	865,615
Debenture loans used in project financing (f)	446,076	–	–	–	155	446,231
	1,827,570	82,147	39	(60,734)	227	1,849,249
Less current portion	60,478					63,023
	$ 1,767,092	$ –	$ –	$ –	$ –	$ 1,786,226

(In thousands of dollars)

12. Project financing and debenture loans (continued):

For the year ended December 31, 2022, interest incurred on long-term debt totaled $75,322 (2021 - $75,539) has been recorded as interest expense in the consolidated statement of operations.

Principal repayments are due as follows:

	CMHC	Other mortgages	City	Other loans	IO	Debenture loans used in project financing	Total
	(a)	(b)	(c)	(d)	(e)	(f)	
2023	$ 18,953	$ 12,370	$ 5,476	$ 2,541	$ 23,681	$ –	$ 63,021
2024	18,065	11,797	5,330	2,629	24,551	–	62,372
2025	18,555	12,329	5,524	2,719	25,454	–	64,581
2026	18,503	11,437	5,725	2,813	26,391	–	64,869
2027	18,966	10,441	5,022	2,910	27,362	–	64,701
2028 and thereafter	241,195	20,955	82,507	722	739,641	450,000	1,535,020
Deferred financing charges on project financing	(54)	–	(18)	(9)	(1,465)	(3,769)	(5,315)
	$ 334,183	$ 79,329	$ 109,566	$ 14,325	$ 865,615	$ 446,231	$ 1,849,249

12. Project financing and debenture loans (continued):

(a) CMHC mortgages bear interest at rates between 0.64% and 11.00% (2021 - 0.68% and 11.00%). These mortgages mature between 2023 and 2053.

On December 20, 2019, a financing agreement was signed between TCHC and CMHC. TCHC expects to receive loans up to $1,341,058 to fund eligible expenditures under the capital repair program between 2020 and 2027. The loans contain a repayable amount up to $813,546 and a forgivable amount up to $527,512.

Pursuant to the financing arrangement with CMHC, TCHC submitted claims and received a total amount of $470,612 (2021 - $348,869) comprised: (i) repayable loans of $256,126 (2021- $173,979) and (ii) forgivable loans of $214,486 (2021 - $174,890).

(b) Other mortgages bear interest at rates between 1.82% and 12.75% (2021 - 1.82% and 12.75%). These mortgages mature between 2024 and 2048.

(c) Long-term loans payable to the City consists of the following:

(i) Zero-interest term loans mature on October 1, 2023 to finance the building renewal and energy retrofit measures of certain properties.

(ii) On December 1, 2014, TCHC received $52,411 non-revolving credit facility at a fixed interest rate of 4.5% for a 30-year term from the City to refinance loans of 37 properties. $54 (2020 - $52) of the loan proceeds is included in externally restricted cash.

(iii) Beginning 2018, TCHC has a non-revolving, 20-year loan of $35,948 at a fixed interest rate of 3.7% with the City to finance the implementation of 9 energy efficiency projects at TCHC facilities.

(iv) Beginning 2019, TCHC has a non-revolving, 20-year loan of $24,000 at a fixed interest rate of 2.6% with the City to finance the implementation of 40 energy efficient generators at TCHC facilities.

(v) Other loans from the City bear interest at rates between 3.92% and 4.12% (2021 - 3.92% and 4.12%). These loans mature between 2026 and 2042.

12. Project financing and debenture loans (continued):

(d) Long-term loans payable to others primarily consist of a non-revolving, 10-year loan of $14,325 (2021 - $16,780) at a fixed interest rate of 3.39% with National Bank of Canada.

(e) Infrastructure Ontario loans bear interest at rates between 2.76% and 4.53% (2021 - 2.76% and 4.53%). These loans mature between 2043 and 2051.

TCHC incurred financing costs of $2,479 (2021 - $2,479) related to the origination and maintenance of the IO funding with an unamortized deferred financing cost of $1,465 (2021 - $1,534) as at December 31, 2022.

During the year ended December 31, 2022, TCHC repaid $22,842 (2021 - $30,224) towards the principle of the loans.

(f) TCHC has entered into a credit agreement (the "Credit Agreement"), dated May 11, 2007, with the TCHC Issuer Trust (the "Trust"), which in turn entered into an agreement with various agents to issue bonds. The Trust has advanced all proceeds of the bond offerings to TCHC as a loan having the same interest rate and term as the debenture.

(i) In 2007, $250,000, 4.877% Debentures Series A bonds due on May 11, 2037:

TCHC incurred financing costs of $3,297 which are amortized over the term of the debt. Amortization of $101 (2021 - $96) and interest expense of $12,193 (2021 - $12,193) were recorded.

(ii) In 2010, $200,000, 5.395% Debentures Series B bonds due on February 22, 2040:

TCHC incurred financing costs of $2,121, which are amortized over the term of the debt. Amortization of $54 (2021 - $52) and interest expense of $10,790 (2020 - $10,790) were recorded.

(In thousands of dollars)

13. Deferred capital contributions and grants receivable:

(a) Deferred capital contributions represent the unamortized amount of restricted contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations on the same basis as the asset to which they relate is depreciated.

The changes in the deferred capital contributions balance are as follows:

	2022	2021
Balance, beginning of year	$ 1,242,998	$ 1,062,088
Restricted grants for housing projects ((b)(ii))	207,989	249,885
Amortization of deferred capital contributions	(79,180)	(68,862)
Disposal of properties with unamortized deferred capital contributions (note 17)	(1,919)	(113)
Balance, end of year	$ 1,369,888	$ 1,242,998

(b) As at December 31, 2022, the grants receivable comprise:

	2022	2021
Provincial affordability housing grants (i)	$ 10,270	$ 11,529
Contributions receivable from the City (ii)	50,923	79,969
	61,193	91,498
Less current portion	51,949	81,228
	$ 9,244	$ 10,270

(i) Provincial affordability housing grants for the development of five projects are to be paid monthly over 20 years from the date of grant through to various dates in 2029 to 2034. As at December 31, 2022, $10,270 (2021 - $11,529) has been set up as a grant receivable.

(ii) On December 22, 2016, the City signed a contribution agreement for funding of $48,167 to TCHC to assist in the repair and energy and water retrofit of 21 locations. TCHC received $6,367 (2021 - $4,167) in 2022.

(In thousands of dollars)

13. Deferred capital contributions and grants receivable (continued):

In 2022, the City approved funding of $160,000, Support & Housing Administration ("SSHA") to TCHC to address its state of good repair backlog for 2022. TCHC received the contribution of $173,960 in 2022 (2021 - $120,216) and expect to receive $50,923 in 2023 for eligible work performed in 2022.

During 2019, the City approved funding of $133,111 to TCHC for the retrofit of 12 apartment buildings with 150 units or more in order to reduce greenhouse gas emissions and improve energy efficiency. TCHC received the balance of $14,285 in 2022 (2021 - $15,294).

On December 20, 2019, a financing agreement was signed between TCHC and CMHC. TCHC expects to receive forgivable amount up to $527,512. The forgivable loan amount is forgivable over a 20-year period subject to TCHC meeting certain terms and conditions as outlined in the financing agreement. In 2022, TCHC received forgivable loans of $39,596 (2021 - $73,292) (note 12(a)).

During 2020, the City approved funding of $9,000 to TCHC for Ontario Priorities Housing Initiative ("OPHI") program to renovate, repair and rehabilitate the affordable social housing located at seven apartment buildings. TCHC received the balance of $900 in 2022 (2021 - $3,600).

14. Funds under administration:

The following funds are administered by TCHC on behalf of the City and accordingly have not been included in these consolidated financial statements:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Toronto Affordable Housing Fund	$ 11,049	$ 8,505	$ 10,719	$ 8,502

The programs provide financial support to qualified individuals to purchase eligible homes. The funding agreement was signed with the City on April 30, 2009, for which principal and interest shall be paid to the City and all outstanding mortgages shall be assigned to the City on April 30, 2029, unless otherwise determined by the City.

(In thousands of dollars)

15. Internally restricted funds:

Internally restricted funds are held for specific purposes as resolved by TCHC's Board of Directors. These funds, and the investment income allocated towards them, are not available for TCHC's general operating expenses.

On May 25, 2015, the Board of Directors approved an investment fund allocation, relating to internally restricted funds (note 2). Investment income and fair value adjustments generated from the investments that were apportioned to various internally restricted funds will be allocated based on the TCHC accounting policy (note 1).

	Capital risk reserve fund	State of good repair fund	Sinking fund of public debentures	Working capital reserve fund	Total
Balance, January 1, 2022	$ 55,132	$ 19,573	$ 132,490	$ 61,275	$ 268,470
Contributions	–	–	9,091	–	9,091
Net investment income	–	–	2,935	901	3,836
Fair value adjustments for investment held	–	–	1,115	(13,808)	(12,693)
Expenditures	–	(356)	–	–	(356)
Balance, December 31, 2022	$ 55,132	$ 19,217	$ 145,631	$ 48,368	$ 268,348

As at December 31, 2022, the funds comprise cash and cash equivalents of $223 and investments of $245,528, including $233 of accrued investment income recorded in accounts receivable (2021 - cash and cash equivalents of $217, investments of $245,014 and $420 of accrued investment income).

					2022	2021
	Capital risk reserve fund	State of good repair fund	Sinking fund of public debentures	Working capital reserve fund	Total	Total
Cash and cash equivalents	$ –	$ 223	$ –	$ –	$ 223	$ 217
Investment	51,529	–	145,631	48,368	245,528	245,014
Balance, December 31, 2022	$ 51,529	$ 223	$ 145,631	$ 48,368	$ 245,751	$ 245,231

As at December 31, 2022, the state of good repair fund and capital risk reserve fund have a shortfall of $18,994 (2021 - $19,356) and $3,603 (2021 - $3,883), respectively. The shortfall can be funded from TCHC's revolving credit facilities (note 10) should expenditures relating to the fund arise.

16. Contingencies:

(a) TCHC will be liable to repay certain CMHC, federal, provincial and City loans not yet formally forgiven, which are included in deferred capital contributions (note 13), should it fail to adhere to the terms and conditions under which the loans were originally granted. As at December 31, 2022, the amount of forgivable loans is $319,151 (2021 - $288,312).

(b) The nature of TCHC's activities is such that there is often litigation pending or in progress. With respect to claims as at December 31, 2022, it is management's position that TCHC has valid defences and appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material impact on TCHC's consolidated financial position.

17. Gain on sale of housing projects, land and other capital assets:

(a) In February 2022, TCHC transferred land to a developer with a carrying value of $151, TCHC recorded a loan receivable of $45,300 (note 4(e)) and cash and cash equivalents of $100. As at December 31, 2022, TCHC recognized a net gain on land of $45,249.

(b) In June 2018, TCHC transferred land to a developer with a carrying value of $91 in exchange for a promissory note for $4,814. As of December 31, 2022, TCHC recognized a net gain on land sale of $4,723 after closing on the market units.

(c) In October 2022, TCHC transferred land to a developer with a carrying value of $48 and housing projects under construction of $1,903, TCHC recorded a loan receivable of $2,002 (note 4(c)) and cash and cash equivalents of $572. As at December 31, 2022, TCHC recognized a net gain on land of $909 and deferred gain on land of $286.

(d) During 2022, TCHC sold 43 agency houses and 739 scattered homes to non-profit organizations with a carrying value of $18,109 and received cash and cash equivalents of $3,365. As at December 31, 2022, TCHC recognized a net loss on sale of properties of $14,744.

(e) For the year ended December 31, 2022, TCHC disposed of other capital assets and recognized a gain of $67.

(In thousands of dollars)

18. Non-recurring item:

Swansea Mews consists of 9 blocks of 4-storey stacked townhouses totaling 154 units, built in 1973. On May 27, 2022, the underside of a structural concrete panel detached and fell in a bedroom of a townhome unit in Block H of the Swansea Mews community (the "May 27 Event").

TCHC engaged third-party architectural/structural engineers to identify the factors that contributed to the May 27 Event and provide recommendations. Initial engineering reports found defects with the manufacture of the ceiling slab dating back to the original construction of Swansea Mews in 1973. On June 12, 2022 the City's Chief Building Official (the "CBO") issued an Order to Remedy Unsafe Condition and an Emergency Order to TCHC to relocate any remaining Swansea Mews tenants until such time as work was completed that would make the buildings safe for tenants to return. As of July 10, 2022, all Swansea Mews households were successfully evacuated to temporary locations. TCHC's external engineers, recommended that all residential blocks at Swansea Mews must be demolished in order to respond to the conditions identified in the Emergency Order issued by the City's CBO. Accordingly, as of December 31, 2022 TCHC recognized Swansea incident as a non-recurring item which includes an expense of $15,099 (2021- nil) and an impairment loss of $5,031 (2021- nil).

Non-recurring expense comprise the following:

	2022	2021
Cost contractors (shoring, engineering and abatement)	$ 8,397	$ –
Capital impairment	5,031	–
Cost for temporary accommodation	2,747	–
Cost of daily living support provided to eligible households	1,735	–
Cost of security contracts	1,182	–
Other	1,037	–
	$ 20,129	$ –

(In thousands of dollars)

19. Commitments and contractual obligations:

(a) TCHC is obligated under the terms of operating leases and other commitments to the following annual payments:

	Operating lease	Other (b)	Total
2023	$ 1,978	$ 143,127	$ 145,105
2024	1,847	–	1,847
2025	1,748	–	1,748
2026	1,171	–	1,171
2027	1,171	–	1,171
2028 and thereafter	1,952	–	1,952
	$ 9,867	$ 143,127	$ 152,994

(b) As at December 31, 2022, TCHC has commitments and contractual obligations of $143,127 to vendors for capital repairs and services to be performed over the next 12 months.

20. Fair value and risk management:

(a) Fair value measurement:

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate, based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's-length transaction.

20. Fair value and risk management (continued):

The following table illustrates the classification of TCHC's financial instruments that are measured at fair value within the fair value hierarchy:

2022	Level 1	Level 2	Level 3	Total
Investments and restricted investments	$ 245,295	$ –	$ –	$ 245,295

2021	Level 1	Level 2	Level 3	Total
Investments and restricted investments	$ 244,594	$ –	$ –	$ 244,594

(b) Risk management:

TCHC is exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. TCHC's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on TCHC's financial performance.

(i) Interest rate risk:

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. TCHC is exposed to significant interest rate risk as a result of cash and cash equivalents balances, fixed rate and floating rate investments carried at fair value, and floating rate debt.

(a) Fixed income investments:

TCHC is exposed to the risk of fluctuation in the fair value and cash flows from its fixed income investments due to changes in interest rates.

20. Fair value and risk management (continued):

TCHC mainly invests in debt instruments with terms to maturity of one year or less or other short-term fixed income securities and as such has minimal sensitivity to changes in interest rates since these debt instruments have short maturity profiles and are usually held to maturity. For every 1% increase in the investment rate of return, the investments held by TCHC as at December 31, 2022 would have increased by $358 (2021 - $1,146). For every 1% decrease in the investment rate of return, the investments held by TCHC as at December 31, 2022 would have decreased by $358 (2021 - $1,146).

TCHC utilizes an investment manager to manage the investment portfolio with the performance of the portfolio being assessed in relation to pre-established benchmarks and the risks associated with the investment portfolio are reviewed on a bi-annual basis by TCHC's Investment Advisory Committee, which reports to TCHC's Building Investment, Finance and Audit Committee.

(b) Floating interest rate risk - project financing:

As at December 31, 2022, the effect on unrestricted surplus of a 50 basis point absolute change in the market interest rate of the floating rate debt obligations is $290 (2021 - $419).

The risk of increases in the floating interest rate on TCHC's project financing, if unmitigated, could lead to decreases in cash flow and excess of expenses over revenue. As at December 31, 2022, floating rate debt represented 3.04% (2021 - 2.33%) of total debt obligations.

20. Fair value and risk management (continued):

(ii) Credit risk:

(a) Fixed income credit risk:

TCHC has investments in fixed income securities issued by corporations and government entities. TCHC mitigates its risk by limiting its investment portfolio to investments in BBB grade or higher. TCHC conducts the following so as to mitigate credit risk: TCHC's investment portfolio is limited to investments in BBB grade or higher; an investment manager manages the investment portfolio on behalf of TCHC, and investment performance is assessed in relation to pre-established benchmarks; and the performance and risks associated with the investment portfolio are reviewed on a bi-annual basis by TCHC's Investment Advisory Committee, which reports to TCHC's Building Investment, Finance and Audit Committee. There are no amounts past due on the fixed income investment portfolio.

(b) Loans receivable credit risk:

Credit risk in the event of non-payment by the development partners is not considered to be significant as agreements outlining repayments are in place and there are no past due balances as at December 31, 2022.

(c) Accounts receivable from the City credit risk:

TCHC recorded the long-term receivable from the City in 2001. TCHC and the City mutually agreed to a repayment schedule. The City acknowledges the amount payable. TCHC believes it is not exposed to significant credit risk as a result of non-payment.

(In thousands of dollars)

20. Fair value and risk management (continued):

(d) Accounts receivable credit risk:

TCHC is exposed to credit risk in the event of non-payment by tenants.

As at December 31, 2022, the following is the aging of accounts receivable:

	30 days	60 days	90 days	120 days	Over 120 days	Total
Accounts receivable	$ 62,568	$ 2,146	$ 191	$ 272	$ 7,639	$ 72,816

Total accounts receivable of $72,816 (2021 - $87,002) comprises the City and other receivables of $66,244 (2021 - $83,248) and tenant accounts receivable, net of allowance for doubtful accounts, of $6,572 (2021 - $3,754).

(iii) Liquidity risk:

Liquidity risk results from TCHC's potential inability to meet its obligations associated with financial liabilities as they come due. TCHC monitors its operations and cash flows to ensure current and future obligations will be met. TCHC has access to an undrawn revolving credit facility of $131,695 to meet its current and future obligations.

The table below is a maturity analysis of TCHC's financial liabilities as at December 31, 2022:

				2022	2021
	Up to 1 year	More than 1 year up to 5 years	More than 5 years	Total	Total
Bank loan and bank indebtedness	$ 58,000	$ –	$ –	$ 58,000	$ 42,700
Accounts payable and accrued liabilities	223,833	–	–	223,833	206,598
Tenants' deposits and rents received in advance	16,024	–	–	16,024	17,673
Project financing including interest	137,676	528,571	2,162,571	2,828,818	2,836,186
	$ 435,533	$ 528,571	$ 2,162,571	$ 3,126,675	$ 3,103,157

21. Subsequent events:

Swansea Mews:

On the February 24, 2023, the Board of Directors, based on the information provided by TCHC's external engineers, resolved that there is no viable engineering solution that would permit the buildings located at TCHC properties at Swansea Mews to be remediated to satisfy the Chief Building Official's Order to Remedy Unsafe Condition. Accordingly, Board authorized TCHC to apply to the City of Toronto for a permit to demolish the buildings located at Swansea Mews.

The cost of demolition has not been included in the financial statements as this permit has not yet been issued by the City of Toronto and cost of demolition is not determinable at this time.