Grant Thornton

Consolidated Financial Statements

Toronto Atmospheric Fund

December 31, 2023

Contents

Independent auditor's report

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To the Board of Directors for the
Toronto Atmospheric Fund

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, 2023, and the consolidated statements of operations, change in fund balances and cash flow 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 Toronto Atmospheric Fund as at December 31, 2023, and its results of operations, its changes in fund balances, 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 consolidated 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information for the year ended December 31, 2022 has been restated. The consolidated financial statements for the year ended December 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 27, 2023. Our opinion is not modified in respect of this matter.

Note 2 of the consolidated financial statements explains that the restatement was due to the adjustments the Organization made as a result of adopting the deferral method of accounting on January 1, 2023 with a transition date of January 1, 2022.

As part of our audit of the consolidated financial statements for the year ending December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented resulting from the change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2022 taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated 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 a 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 objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 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.

Grant Thornton LLP

Toronto, Canada
April 30, 2024

Chartered Professional Accountants
Licensed Public Accountants

Toronto Atmospheric Fund
Consolidated Statement of Financial Position

December 31	2023	2022 (Restated – Note 2)
Assets		
Current		
Cash	**$ 2,624,929**	$ 1,432,092
Accounts receivable	**1,650,668**	1,622,833
Current portion of loans receivables (Note 4)	**1,954,143**	187,676
Prepaid expenses	**-**	5,299
	6,229,740	3,247,900
Capital assets (Note 8)	**2,268,419**	3,055,191
Loans receivable (Note 4)	**2,212,345**	3,401,658
Investments held in trust by the City of Toronto (Note 5)	**81,259,200**	82,696,135
Investments in private funds and private entities (Note 6)	**5,842,736**	2,723,370
	$ 97,812,440	$ 95,124,254
Liabilities		
Current		
Line of credit (Note 9)	**$ -**	$ 1,960,000
Accounts payable and accrued liabilities	**987,902**	1,285,468
Grants payable (Note 10)	**1,424,040**	1,263,776
Current portion long-term debt (Note 13)	**311,521**	447,898
Deferred contributions (Note 11)	**469,035**	311,345
Funds held in trust - Dan Leckie Fund (Note 14)	**33,246**	44,529
	3,225,744	5,313,016
Long-term debt (Note 13)	**668,464**	1,123,263
	3,894,208	6,436,279
Fund balances (Note 16)		
Toronto Fund	**36,640,337**	34,147,892
Ontario Fund	**18,519,323**	17,641,703
Canada Fund	**38,758,572**	36,898,380
	93,918,232	88,687,975
	$ 97,812,440	$ 95,124,254

On behalf of the Board

K. Marshall

K. Marshall (May 13, 2024 17:39 EDT)

Director Director

See accompanying notes to the financial statements.

Toronto Atmospheric Fund

Consolidated Statement of Changes in Fund Balances

Year ended December 31, 2023

	Toronto Fund				
	Unrestricted	Remeasurement gains and losses	Stabilization (internally restricted)	Endowment	Total (Restated - Note 2)
Fund balances, January 1, 2022, as restated (Note 2)	**$ (8,684,643)**	**$ 14,479,613**	**$ 9,598,324**	**$ 23,000,000**	**$ 38,393,294**
Excess of revenue over expenses	702,339	-	-	-	702,339
Remeasurement losses	-	(4,947,741)	-	-	(4,947,741)
Stabilization transfer (Note 3c)	4,245,402	-	(4,245,402)	-	-
Fund balances, December 31, 2022	**(3,736,902)**	**9,531,872**	**5,352,922**	**23,000,000**	**34,147,892**
Deficiency of revenue over expenses	(607,987)	-	-	-	(607,987)
Remeasurement gains	-	3,100,432	-	-	3,100,432
Stabilization transfer (Note 3c)	(1,427,127)	-	1,427,127	-	-
Fund balances, December 31, 2023	**$ (5,772,016)**	**$ 12,632,304**	**$ 6,780,049**	**$ 23,000,000**	**$ 36,640,337**

	Ontario Fund				
	Unrestricted	Remeasurement gains and losses	Stabilization (internally restricted)	Endowment	Total
Fund balances, January 1, 2022, as restated (Note 2)	**$ (5,426,146)**	**$ 5,426,146**	**$ 3,098,207**	**$ 17,000,000**	**$ 20,098,207**
Excess of expenses over revenue	(17,944)	-	-	-	(17,944)
Remeasurement losses	-	(2,438,560)	-	-	(2,438,560)
Stabilization transfer (Note 3c)	2,456,504	-	(2,456,504)	-	-
Fund balances, December 31, 2022	**(2,987,586)**	**2,987,586**	**641,703**	**17,000,000**	**17,641,703**
Deficiency of revenue over expenses	(701,381)	-	-	-	(701,381)
Remeasurement gains	-	1,579,001	-	-	1,579,001
Stabilization transfer (Note 3c)	(763,775)	-	763,775	-	-
Fund balances, December 31, 2023	**$ (4,452,742)**	**$ 4,566,587**	**$ 1,405,478**	**$ 17,000,000**	**$ 18,519,323**

	Canada Fund				
	Unrestricted	Remeasurement gains and losses	Stabilization (internally restricted)	Endowment	Total
Fund balances, January 1, 2022, as restated (Note 2)	**$ (1,721,846)**	**$ 3,783,169**	**$ 1,713,979**	**$ 38,000,000**	**$ 41,775,302**
Excess of expenses over revenue	(762,569)	-	-	-	(762,569)
Remeasurement losses	-	(4,114,353)	-	-	(4,114,353)
Stabilization transfer (Note 3c)	1,713,979	-	(1,713,979)	-	-
Fund balances, December 31, 2022	**(770,436)**	**(331,184)**	**-**	**38,000,000**	**36,898,380**
Deficiency of revenue over expenses	(1,270,846)	-	-	-	(1,270,846)
Remeasurement gains	-	3,131,038	-	-	3,131,038
Stabilization transfer (Note 3c)	(1,483,753)		1,483,753	-	-
Fund balances, December 31, 2023	**$ (3,525,035)**	**$ 2,799,854**	**$ 1,483,753**	**$ 38,000,000**	**$ 38,758,572**

See accompanying notes to the financial statements.

Toronto Atmospheric Fund
Consolidated Statement of Operations
Year ended December 31

	Toronto Fund	Ontario Fund	Canada Fund	**Total 2023**	Total 2022
Revenue					
Investment income, net of fees	$ 264,695	$ 204,774	$ 494,715	**$ 964,184**	$ 3,522,705
Direct investment interest (loss) income	(36,309)	(84,181)	143,476	**22,986**	369,380
External funding (Note 11)	1,306,948	678,225	1,245,754	**3,230,927**	1,493,634
Energy Savings Performance Agreements	1,411,444	-	-	**1,411,444**	1,095,617
Sundry	160,088	(217)	2,063	**161,934**	16,645
	3,106,866	798,601	1,886,008	**5,791,475**	6,497,981
Expenses					
Programs (Note 15)	2,094,487	1,072,648	2,260,945	**5,428,080**	3,456,825
Grants	392,916	162,185	471,449	**1,026,550**	1,329,967
Administration salaries and employee benefits (Note 15)	236,734	119,175	257,125	**613,034**	519,459
Corporate expenses	109,886	55,880	127,171	**292,937**	486,866
Amortization	713,198	-	-	**713,198**	840,064
Bad debts (recoveries)	167,632	90,094	40,164	**297,890**	(57,026)
	3,714,853	1,499,982	3,156,854	**8,371,689**	6,576,155
Deficiency of revenue over expenses	$ (607,987)	$ (701,381)	$ (1,270,846)	**$ (2,580,214)**	$ (78,174)

See accompanying notes to the financial statements.

Toronto Atmospheric Fund
Consolidated Statement of Remeasurement Gains and Losses
Year ended December 31

	Toronto Fund	Ontario Fund	Canada Fund	**Total 2023**	Total 2022
Accumulated remeasurement gains, beginning of year	$ 9,531,872	$ 2,987,586	$ (331,184)	**$ 12,188,284**	$ 23,688,928
Increase (decrease) in unrealized gains and losses attributed to:					
Foreign exchange	(326,168)	(149,443)	(284,226)	**(759,837)**	1,295,695
Investments held in trust by the City of Toronto	3,443,394	1,755,755	3,474,180	**8,673,329**	(11,928,689)
Amounts reclassified to the Statement of Operations					
Investments held in trust by the City of Toronto	(16,794)	(27,311)	(58,916)	**(103,021)**	(867,660)
Net remeasurement gains and (losses) for the year	3,100,432	1,579,001	3,131,038	**7,810,471**	(11,500,654)
Accumulated remeasurement gains, end of year	$ 12,632,304	$ 4,566,587	$ 2,799,854	**$ 19,998,745**	$ 12,188,274

See accompanying notes to the financial statements.

Toronto Atmospheric Fund
Consolidated Statement of Cash Flows

Year ended December 31	**2023**	2022
Increase (decrease) in cash and cash equivalents		
Operating activities		
Deficiency of revenue over expenses	**$ (2,580,214)**	$ (78,174)
Items not affecting cash		
Gain on sale of investments	**(103,021)**	(867,660)
Valuation allowance on capital assets and loans receivable	**(31,442)**	1,026
Amortization	**713,198**	840,064
	(2,001,479)	(104,744)
Change in non-cash working capital items		
Accounts receivable	**(27,835)**	(1,034,659)
External funding receivable	**-**	381,777
Prepaid expenses	**5,299**	9,695
Accounts payable and accrued liabilities	**(297,566)**	64,061
Grants payable	**160,264**	458,283
Deferred contributions	**157,690**	311,345
	(2,003,627)	85,758
Investing activities		
Sale of investments	**11,375,000**	3,160,498
Purchase of investments	**(5,143,939)**	(9,469,987)
Income attributed to Dan Leckie Fund	**(11,283)**	2,321
Loans receivable collections	**1,207,080**	118,683
Loans receivable advances	**(1,774,038)**	(1,043,013)
	5,652,820	(7,231,498
Capital activities		
Proceeds from sale of capital assets	**94,820**	682,548
Investment in capital assets	**-**	(137,923)
	94,820	544,625
Financing activities		
Advances from line of credit	**-**	1,960,000
Repayment of line of credit	**(1,960,000)**	-
Repayment of long-term debt	**(591,176)**	(356,952)
	(2,551,176)	1,603,048
Increase (decrease) in cash	**1,192,837**	(4,998,067)
Cash		
Beginning of year	**1,432,092**	6,430,159
End of year	**$ 2,624,929**	$ 1,432,092

See accompanying notes to the financial statements.

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 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 (the “Board”) while the TAF Relationship Framework, approved by City Council in 2022, establishes specific governance protocols and accountability requirements to the City.

TAF is funded by three separate endowment contributions from the City, the Province of Ontario (the ”Province” or “Ontario”) and the Government of Canada, via the Federation of Canadian Municipalities (the “FCM” or “Canada”) (collectively referred to as the “Endowments”).

- The original endowment from the City was provided in 1992, upon creation of the TAF Act, for $23,000,000.

- Under a tripartite agreement between TAF, the City and the Province, TAF received a $17,000,000 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 a $38,000,000 endowment from the FCM, along with $2,000,000 in operating funding.

TAF’s operations, including administrative and project expenses, is primarily financed through investment income from investments utilizing the Endowments, as well as by external grants and contributions. TAF does not draw on the City’s, the Province’s or Canada’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. Change in accounting policy

Canadian Public Sector Accounting Standards for Government Not-for-profit Organizations (PSAS-GNPO) provides a choice of two methods for accounting for contributions. The deferral method and the restricted fund method. TAF has elected to change its accounting policy from the restricted fund method to the deferral method of accounting for contributions.

Under the deferral method of accounting, restricted contributions for which the related restrictions remain unfulfilled are recognized as deferred contributions on the consolidated statement of financial position. As a result, the organization's excess of revenue over expenses for the period represents the increase in resources that are not restricted to cover specific expenses of a future period. Under the deferral method of accounting endowment contributions are not recognized as revenue when received and are instead recognized as a direct increase in the endowment fund in the year received.

2. Change in accounting policy (continued)

The Endowments originally provided to TAF by the City, the Province and the FCM are restricted such that they must be maintained permanently, can not be used for general operations and programs and can only be used for investment purposes. Investment income earned on the Endowments may be used by TAF for operations and programs, at the direction of the Board. As a result, the original endowment contributions received by TAF are reported as endowments in the Toronto fund, the Ontario fund and the Canada fund.

The only impacts of the change in accounting policy was the following opening fund balance adjustments, to correspond to the required presentation under the deferral method of accounting:

	Toronto Fund					
	Unrestricted	Remeasurement Gains and losses	Stabilization (Internally restricted)	Externally restricted	Endowment	Total
Balances, January 1, 2022, as previously stated	**$ -**	**$ -**	**$ 9,598,324**	**$ 28,794,970**	**$ -**	**$ 38,393,294**
Reallocation under deferral method	(8,684,643)	14,479,613	-	(28,794,970)	23,000,000	-
Balances, January 1, 2022, as restated	**$ (8,684,643)**	**$ 14,479,613**	**$ 9,598,324**	**$ -**	**$ 23,000,000**	**$ 38,393,294**

	Ontario Fund					
	Unrestricted	Remeasurement Gains and losses	Stabilization (Internally restricted)	Externally restricted	Endowment	Total
Balances, January 1, 2022, as previously stated	**$ -**	**$ -**	**$ 3,098,207**	**$ 17,000,000**	**$ -**	**$ 20,098,207**
Reallocation under deferral method	(5,426,146)	5,426,146	-	(17,000,000)	17,000,000	-
Balances, January 1, 2022, as restated	**$ (5,426,146)**	**$ 5,426,146**	**$ 3,098,207**	**$ -**	**$ 17,000,000**	**$ 20,098,207**

	Canada Fund					
	Unrestricted	Remeasurement Gains and losses	Stabilization (Internally restricted)	Externally restricted	Endowment	Total
Balances, January 1, 2022, as previously stated	**$ -**	**$ -**	**$ 1,713,979**	**$ 40,061,323**	**$ -**	**$ 41,775,302**
Reallocation under deferral method	(1,721,846)	3,783,169	-	(40,061,323)	38,000,000	-
Balances, January 1, 2022, as restated	**$ (1,721,846)**	**$ 3,783,169**	**$ 1,713,979**	**$ -**	**$ 38,000,000**	**41,775,302**

3. Significant accounting policies

a) Basis of accounting

The consolidated financial statements have been prepared in accordance with PSAS-GNPO as issued by the Public Sector Accounting Board.

b) Basis of consolidation

These consolidated financial statements also include TAF's wholly owned subsidiary, CAIT Ventures Inc., which is currently inactive and has an insignificant impact on TAF's consolidated financial statements.

c) Fund accounting

TAF follows the deferral method of accounting for contributions. The Board have designated the following funds to report TAF's activities:

Endowments

To meet the reporting requirements of the City, the Province and the FCM, the Board established three endowment funds, the Toronto Fund, the Ontario Fund and the Canada Fund, which tracks the Endowments contributed to TAF by each level of government.

Stabilization

In keeping with best practice for endowments, the Board established the Stabilization Funds 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 investments which exceeds the long-term average rate of return assumed in the annual budget is transferred from unrestricted funds to the stabilization funds. Similarly, when such investment income falls below the budgeted amount, the shortfall may be transferred from the stabilization funds to the unrestricted funds to cover the shortfall. TAF caps its stabilization funds to a maximum of 25% of its net asset value.

To meet the reporting requirements of the City, the Province and the FCM, the Board established three stabilization funds, the Toronto Fund, the Ontario Fund and the Canada Fund, which tracks the internally restricted amounts, one for each level of government.

During the year, the Board approved transfers of $1,427,127, $763,775 and $1,483,753 from unrestricted to Stabilization for the Toronto Fund, the Ontario Fund and the Canada Fund respectively (2022 - $4,245,402, $2,456,504 and $1,713,979 from Stabilization to unrestricted).

3. Significant accounting policies (continued)

c) Fund accounting (continued)

Unrestricted

Unrestricted funds report TAFs operating and program revenue and expenses. Revenue under the unrestricted funds include investment income and direct investment income from TAF's use of the Endowments and other external funding. All of TAFs operating, program and corporate expenses are reported in the unrestricted funds.

To meet the reporting requirements of the City, the Province and FCM, the Board has established three unrestricted funds, one for each level of government. The revenues and expenses in each unrestricted fund are associated with the investment income and allocated expenses, which align to the requirements of the agreements with each level of government. A proportionality ratio based on the audited net asset value of each fund is established annually in order to allocate investment income proportionately to each unrestricted funds, where applicable. External funding is received and used proportionately.

The Board has the authority to transfer excess revenues over expenses in the unrestricted funds to the corresponding stabilization funds or to utilize stabilization funds to cover any deficiency of revenue over expenses in each corresponding unrestricted fund.

d) Revenue recognition

Restricted contributions are deferred on the consolidated statement of financial position and recognized as revenue, in the unrestricted funds, in the year in which the related expenses are recognized.

Restricted contributions for depreciable capital assets are deferred on the consolidated statement of financial position and amortized into revenue, in the unrestricted funds, over the life of the related capital assets. 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.

Unrestricted contributions are recognized in the unrestricted funds as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Energy Savings Performance Agreement (ESPA) revenue includes payments made by building owners who have entered into an ESPA with TAF. Under an ESPA, the building owner pay TAF, a significant portion (typically 90%) of their actual energy savings from a building retrofit completed under the ESPA. Monthly payments made by the building owner are variable. TAF recognizes payments as revenue when receivable, as the payments are based on an investment grade energy audits performed before installation, which is a reliable estimate of the expected actual energy savings to be achieved by the building owner under the ESPA. Any true-up payments or refunds, as a result of energy savings audits required under the contract are recognized in the period in which the audits occur, and the actual energy savings are known. ESPA revenue is recognized in the unrestricted funds.

Sundry revenue is 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.

3. Significant accounting policies (continued)

e) 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.

f) 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 held in trust by the City of Toronto, which represent equities quoted in an active market, are measured at fair value; and
- Investments in private funds and private entities, which are measured at cost less impairment.

Loans receivable denominated in foreign currencies are remeasured at the end of each reporting period and the unrealized foreign exchange gains and losses are recognized through the consolidated statement of remeasurement gains and losses.

For loans receivable recorded at amortized cost, 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 consolidated statements of operations as bad debt expense. Interest is accrued on loans receivable and is recognized in the statements of operations as direct investment income.

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

g) Investment and direct investment income

Investment income consists of interest, dividends and realized gains (losses) on disposition of investments held in trust by the City of Toronto and investments in private funds and private entities. Investment income is recorded net of portfolio management fees and related fees, when received or receivable and is recognized in the consolidated statements of operations.

Direct investment income consists of interest earned on loans receivable and is recognized in the consolidated statements of operations.

Unrealized gains and losses on investments held in trust by the City of Toronto, measured at fair value, are recorded in the consolidated statements of remeasurement gains and losses. To meet the reporting requirements of the City, the Province and the FCM, TAF tracks the accumulated remeasurement gains and losses in separate funds, one for each level of government. Once realized, any gain or loss is transferred to the statement of operations.

3. Significant accounting policies (continued)

h) 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 statements of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are reclassified from the statements of remeasurement gains and losses to the statements of operations.

i) Grant expense

Approved one time payment grants are reported as current liabilities and expenditures in the year approved. 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 is made after approval of the Board and on execution of a contribution 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 compliance with any conditions.

Grants can be rescinded by TAF when the original granting conditions have not been met, 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 purchased by TAF are recorded at cost and capital assets contributed to TAF are initially recorded at fair value at the date of contribution and subsequently accounted for at cost less impairment, if any.

Energy efficiency equipment, used in ESPAs and which is located on client premises, is amortized over its useful life, ranging from eight and half to ten years, using the straight-line method over.

Office improvements are amortized over its useful life of five years, using the straight-line method.

Assets under construction are not amortized until the asset is substantially complete and available for use.

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

k) Corporate expenses

Corporate expenses include activities related to corporate communications, governance, organizational development, operations, and administration.

3. Significant accounting policies (continued)

l) Use of estimates and measurement uncertainty

The preparation of these consolidated financial statements in conformity with PSAS-GNPO 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, useful life of capital assets 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.

m) 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 and loans receivable. TAF's cash is deposited with a Canadian Chartered bank and as a result, management believes the risk of loss to be remote. Accounts receivable is 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, 2023, cash, loans receivable and investments held denominated in U.S. dollars were, $206,876, $1,100,000 and $24,935,366, respectively (2022 - $678,449, $740,000, and $12,721,686).

3. Significant accounting policies (continued)

m) Financial instruments (continued)

ii) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value of financial instruments with a fixed interest rate or financial loss caused by cash flow fluctuations of financial instruments with a variable interest rate. TAF is exposed to fair value interest rate risk through its fixed income investments and loans receivable with fixed interest rates. There was no significant change in exposure from the prior year.

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 operates within the constraints established by the City-approved investment policy. This policy's application is guided and monitored by management, a third-party investment advisor, the Board and TAF's Board appointed Investment Committee and Direct Investment Committee.

Changes in risk

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

4. Loans receivable

One of TAF's mandates, as established through the TAF Act, includes making direct investments, including loans, to support local projects that help stabilize the concentration of greenhouse gases in the atmosphere and improve local air quality. Loans receivable are made using endowments from the City, the Province and FCM in accordance with the endowment agreements. TAF's direct investments in loans receivable (Note 5) are in accordance with the TAF investment policy that dictates the aggregate total investments in each asset category. Loans receivable are one of many potential financial instruments that fall under the direct investments category.

As part of a lending program, TAF has entered into two funding facilities with Efficiency Capital (EC) Inc. ("EC Inc."). EC Inc. is an exclusive licensee of TAF's ESPAs (Note 7) for the purpose of scaling up TAF's financing method for energy retrofit projects in buildings. The two funding facilities are to assist EC Inc.'s capital mobilization. Both facilities are revolving and thus can be repaid anytime if EC Inc. can refinance using external capital. Facilities include:

a. Warehouse revolving debt facility, up to $7,000,000 in aggregate, which is to be used to bridge finance the funding of ESPAs, for which EC Inc. is committed to under a licensing agreement with TAF. EC Inc. has up to two years from the time of a draw on this facility to either re-finance the draw under the secured subordinated debt facility or to repay the draw. At the end of 2023 EC Inc. has $Nil (2022 - $Nil) outstanding on this facility; and

4. Loans receivable (continued)

b. Secured subordinated revolving debt facility, up to $2,000,000 in aggregate, which is to be used by EC Inc. to finance, on a long-term basis, ESPAs under their licensing agreement with TAF. Each draw is a term loan within the facility with flexible repayment schedules, and penalties for loan term extensions. At the end of 2023, EC Inc. has $1,375,829 (2022 - $1,468,045) outstanding, in aggregate, on this facility.

Other loans are provided to for-profit and non-profit organizations under TAF's mandate. All loans are negotiated based on market rates and terms.

Loans receivable consist of the following:

	2023	2022
Secured subordinated debt facility with EC Inc.		
Loan for $483,953, repayable in monthly blended principal and interest installments of $4,523, maturing in February 2032 (iv)	**$ 451,561**	$ 443,362
Loan for $568,270, repayable in monthly blended principal and interest installments of $6,863, maturing in June 2032 (v)	**505,761**	568,270
Loan for $157,711, repayable in monthly blended principal and interest installments of $2,940, maturing in December 2027 (vi)	**121,089**	145,970
Loan for $317,032, repayable in monthly blended principal and interest installments of $3,143, maturing in June 2036 (vii)	**297,418**	310,443
Other loans		
Loan for $750,000 repayable in monthly blended principal and interest installments of $9,048, maturing in September 2025 (i)	**176,965**	267,701
Loan for $990,338 (USD$740,000), is a payment dependent note. The borrower has the option to make principal payments in accordance with the repayment schedule or to defer the principal payments to a future date. Interest is payable annually, and any remaining principal is repayable in full on maturity in October 2027 (ii)	**990,338**	990,338
Loan for $1,000,000, principal is due on maturity in February 2024. The loan is convertible to equity shares of the borrower at the option of TAF, at the fair market value of the borrowers shares on the date of conversion. During the year TAF elected to convert its loan, plus all accrued interest into 6,139 shares of Peak, a privately held corporation, at fair market value at the time of conversion (Note 6) (iii)	**-**	1,000,000
Loan for $1,250,000, no scheduled payments and convertible to equity on or before maturity date October 2024, at the option of TAF. Interest accrues daily. Interest and principal due at maturity (viii)	**1,250,000**	-

4. Loans receivable (continued)

	2023	2022
Loan for $499,910 (USD$360,000), no scheduled payments , interest accrues daily. Principal and interest due on maturity October 2024, with option to extend term at a higher interest rate (ix)	**499,910**	-
	4,293,042	3,726,084
Less current portion	**(1,954,143)**	(187,676)
	2,338,899	3,538,408
Allowance for credit losses	**(126,554)**	(136,750)
	$ 2,212,345	$ 3,401,658

Loans receivable (i), (vi), and (vii) pertain to the City funds. Loan receivable (ii) pertains proportionately to the City and Province funds. Loan receivables (iii) and (iv) pertain proportionately to the Province and the FCM funds. Loan receivable (v) pertains proportionately to the City, the Province and the FCM funds.

The subordinated debt is a fixed interest rate facility and other loans are negotiated to reflect market rates and risk factors at the time of issuance. The loan receivables have fixed rates of interest in the range of 6% to 13%.

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:

	2023	2022
Balance, beginning of year	**$ 136,750**	$ 135,724
(Decrease) increase in credit provision	**(10,196)**	1,026
Balance, end of year	**$ 126,554**	$ 136,750

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"). Investments consist of pooled funds managed by investment managers selected and conditioned 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 all 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 (including loans receivable (Note 4)) up to 60%;
- publicly traded equities (including pooled funds) up to 55%;
- alternative investments (which includes private equities) up to 15%; and
- a minimum of 20% in fixed income.

TAF's investments 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, 2023, investments include items classified as Level 2 and 3 (2022 – Level 2 and 3).

	Toronto Fund	Ontario Fund	Canada Fund	**2023 Total**	2022 Total
TD Emerald Canadian Bond Pooled Fund Trust	$ 923,574	$ 1,361,803	$ 3,092,029	**$ 5,377,406**	$ 5,037,376
TD Emerald Canadian Short Term Investment Fund	2,015,104	1,338,333	1,754,536	**5,107,973**	27,466,980
TD Greystone Short Bond Plus Fund	5,458,196	4,024,788	11,300,697	**20,783,681**	7,178,811
Greenchip Global Equity Fund	6,974,028	3,259,419	5,734,648	**15,968,095**	15,394,026
Generation IM Global Equity A Shares A32	9,859,248	5,280,988	10,157,471	**25,297,707**	20,209,948
NEI Environmental Leaders Fund	1,249,542	746,965	1,477,426	**3,473,933**	2,993,126
Dimensional Global Sustainability Core Equity Fund	3,247,412	729,133	1,273,860	**5,250,404**	4,415,868
	$ 29,727,104	$ 16,741,429	$ 34,790,667	**$ 81,259,200**	$ 82,696,135

6. Investments in private funds and private entities

Investment in private funds and private entities is comprised of:

	Toronto Fund	Ontario Fund	Canada Fund	**2023 Total**	2022 Total
InvestEco Private Equity Fund III, LP	$ 937	$ -	$ -	**$ 937**	$ 937
InvestEco Sustainable Food Fund	27,304	-	-	**27,304**	35,971
InvestEco Sustainable Food Fund III	70,185	36,155	-	**106,340**	74,540
Greensoil Building Innovation Fund	108,622	96,983	-	**205,605**	468,993
Greensoil Property Fund Tech Fund	-	66,723	266,657	**333,380**	250,090
One Planet Living Fund	-	108,655	434,620	**543,275**	393,869
Active Impact	-	47,602	190,412	**238,014**	160,511
Spring Lane Capital Fund II	-	80,359	321,436	**401,795**	30,150
Noveon Magnetic (Project Uncommon)	545,440	290,887	618,029	**1,454,356**	1,308,309
Kite Mobility	152,000	80,000	168,000	**400,000**	-
Peak	-	226,349	905,381	**1,131,730**	-
RE Royalties	380,000	200,000	420,000	**1,000,000**	-
	$ 1,284,488	$ 1,233,713	$ 3,324,535	**$ 5,842,736**	$ 2,723,370

7. Energy Savings Performance Agreements Program

<u>TAF Energy Savings Performance Agreements and Capital Assets</u>

In 2012, TAF began marketing a program based on its proprietary 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 building owner who undertakes to 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. Remittances and other amounts due to TAF under the ESPA agreements are recorded as revenue in the general funds.

The equipment installed in the building under an ESPA is the property of TAF and is part of TAF's capital assets (Note 8). Amortization expense associated with these assets are recorded as an expense in the unrestricted funds. At the end of the agreement, ownership of the equipment is sold to the building owner, in accordance with the terms and conditions of the ESPA.

7. Energy Savings Performance Agreements Program (continued)

As at December 31, 2023, there were five (2022 - seven) active TAF ESPAs. The total depreciated value of the ESPA capital assets amounts to $2,235,137 (2022 - $2,984,459). The ESPAs have a term ranging from 8.5 to 15 years.

Energy Savings Performance Agreements Licensing

Efficiency Capital (EC) Inc. ("EC Inc."), an arm's length third party, is the exclusive licensee of TAF's ESPA program and can finance projects under TAF's revolving warehouse or revolving secured subordinated debt facilities (Note 4).

Under the warehouse facility, TAF enters into ESPAs with a building owner, which EC Inc. will administer for a fee. The draw on the warehouse facility is equal to the cost of the retrofit and EC Inc. then has up to two years to repay the warehouse facility draw or re-finance the draw under the secured subordinated debt facility.

Under the licensing 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, 2023, such events have not yet occurred and are unlikely to occur in the foreseeable future. The value of these rights are considered nominal and no value has not been included in these consolidated financial statements.

TAF uses the same financial risk mitigation policies above for its ESPA licensing arrangements.

The cash flows from three active ESPAs are pledged as security for third party loans as discussed in Note 13. The total revenue from those active ESPAs amounted to $161,088 (2022 - $161,088).

8. Capital assets

	Cost	Accumulated Amortization	**2023 Net Book Value**	2022 Net Book Value
ESPA equipment (Note 7)	$ 6,319,764	$ 4,084,627	**$ 2,235,137**	$ 2,984,459
Office improvements	395,053	361,771	**33,282**	70,732
	$ 6,714,817	$ 4,446,398	**$ 2,268,419**	$ 3,055,191

9. Credit facility

TAF has a revolving line of credit with a Canadian chartered bank, repayable on demand with interest calculated at the bank's prime rate plus 0.50% per annum. The credit limit is the lesser of $3,070,000 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, 2023 was $Nil (2022 - $1,960,000).

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 and paid during the year are as follows:

	2023	2022
Balance, beginning of the year	**$ 1,263,776**	$ 805,493
Grants approved during the year	**2,707,902**	1,651,928
Grants rescinded during the year	**(420,951)**	-
Grants paid during the year	**(2,126,687)**	(1,193,645)
	$ 1,424,040	$ 1,263,776

11. Deferred contributions

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

	2023	2022
External funding brought forward from prior year	**$ 311,345**	$ -
External funding received during the year	**3,388,617**	1,654,241
Total external funding committed to TAF	**3,699,962**	1,654,241
External funding recognized - Toronto fund	**1,306,948**	878,742
External funding recognized - Ontario fund	**678,225**	313,654
External funding recognized - Canada fund	**1,245,754**	150,500
	3,230,927	1,342,896
External funding carried forward into subsequent year	**$ 469,035**	$ 311,345

12. Canada Operating Funding

During 2020, TAF received $2,000,000 from the FCM, as operating funding to support eligible operating expenditures. The $2,000,000 in operating funding was unrestricted and recognized in the statement of operations of the Canada Fund in 2020 when it was received. The unspent balance of the operating funding is included in the Canada unrestricted fund balance.

	2023	2022
Canada Operating Funding brought forward from prior year	**$ 1,283,328**	$ 1,495,828
Canada Operating Funding received during the year	**-**	-
Total Canada Operating Funding committed to TAF	**1,283,328**	1,495,828
Expenditures incurred during the year:		
Programs	**184,339**	195,860
Administration salaries and employee benefits	**8,188**	8,700
Corporate expenses	**7,473**	7,940
	200,000	212,500
Canada Operating Funding carried forward into subsequent year	**$ 1,083,328**	$ 1,283,328

13. Long-term debt

	2023	2022
FCM loan, bearing interest at 1.75%, due May 20, 2026, repayable in blended semi-annual installments of $154,111, secured by the investment portfolio.	**$ 898,122**	$ 1,186,841
Third party loan, 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. The remaining loan balance was forgiven in 2023.	**-**	88,651
Third party loan, due on demand and secured by a portion of the future cash flows from an ESPA project. The remaining loan balance was forgiven in 2023.	**-**	81,735
Third party loan, 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. The remaining loan balance was forgiven in 2023.	**-**	115,204
Third party loan, 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.	**40,932**	49,365

13. Long-term debt (continued)

	2023	2022
Third party loan, 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.	**40,931**	49,365
	979,985	1,571,161
Less: current portion	**311,521**	447,898
	$ 668,464	$ 1,123,263

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

2024	$ 311,521
2025	317,597
2026	324,963
2027	20,593
2028	5,311
	$ 979,986

Debt balances forgiven during the year have been taken into revenue of the unrestricted funds.

14. Dan Leckie Fund

The purpose of the Dan Leckie Fund, which was originally funded at $28,373, is to generate income to explore innovative opportunities for emission reduction that TAF can potentially support and advance. 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:

	2023	2022
Opening balance and original fund principal	**$ 44,529**	$ 42,208
Income attributed from TAF	**2,450**	2,321
Funding applied	**(13,733)**	-
Closing balance	**$ 33,246**	$ 44,529

15. Salary allocation to program delivery

TAF allocates salaries and benefits to program expenditures based on the time staff spends working on TAF programs. The percent of salaries and benefits allocated to the program expenditures was 82% in 2023 (2022 - 80%).

	2023			
	Toronto Fund	Ontario Fund	Canada Fund	Total
Program salaries and benefits	$ 1,066,158	$ 556,135	$ 1,171,141	$ 2,793,434
Administration salaries and benefits	236,734	119,175	248,937	604,846
Total salaries and benefits	**$ 1,302,892**	**$ 675,310**	**$ 1,420,078**	**$ 3,398,280**

	2022			
	Toronto Fund	Ontario Fund	Canada Fund	Total
Program salaries and benefits	$ 815,669	$ 421,900	$ 886,336	$ 2,123,905
Administration salaries and benefits	199,036	104,198	207,525	510,759
Total salaries and benefits	**$ 1,014,705**	**$ 526,098**	**$ 1,093,861**	**$ 2,634,664**

16. Fund balances by restriction

	Unrestricted			
	Toronto Fund	Ontario Fund	Canada Fund	Total
Fund balances, January 1, 2022, as previously stated	$ -	$ -	$ -	$ -
Reallocation under deferral method (Note 2)	(8,684,643)	(5,426,146)	(1,721,846)	(15,832,635)
Fund balances, January 1, 2022, as restated	**(8,684,643)**	**(5,426,146)**	**(1,721,846)**	**(15,832,635)**
Excess of revenue over expenses (expenses over revenue)	702,339	(17,944)	(762,569)	(78,174)
Net changes in remeasurement losses	-	-	-	-
Stabilization transfer	4,245,402	2,456,504	1,713,979	8,415,885
Fund balances, December 31, 2022	(3,736,902)	(2,987,586)	(770,436)	(7,494,924)
Deficiency of revenue over expenses	(607,987)	(701,381)	(1,270,846)	(2,580,214)
Net changes in remeasurement gains	-	-	-	-
Stabilization transfer	(1,427,127)	(763,775)	(1,483,753)	(3,674,655)
Fund balances, December 31, 2023	**$ (5,772,016)**	**$ (4,452,742)**	**$ (3,525,035)**	**$ (13,749,793)**

16. Fund balances by restriction (continued)

	Remeasurement gains and losses			
	Toronto Fund	Ontario Fund	Canada Fund	Total
Fund balances, January 1, 2022, as previously stated	$ -	$ -	$ -	$ -
Reallocation under deferral method (Note 2)	14,479,613	5,426,146	3,783,169	23,688,928
Fund balances, January 1, 2022, as restated	**14,479,613**	**5,426,146**	**3,783,169**	**23,688,928**
Excess of revenue over expenses (expenses over revenue)	-	-	-	-
Net changes in remeasurement losses	(4,947,741)	(2,438,560)	(4,114,353)	(11,500,654)
Stabilization transfer	-	-	-	-
Fund balances, December 31, 2022	9,531,872	2,987,586	(331,184)	12,188,274
Deficiency of revenue over expenses	-	-	-	-
Net changes in remeasurement gains	3,100,432	1,579,001	3,131,038	7,810,471
Stabilization transfer	-	-	-	-
Fund balances, December 31, 2023	**$ 12,632,304**	**$ 4,566,587**	**$ 2,799,854**	**$ 19,998,745**

	Internally Restricted			
	Stabilization Fund Toronto	Stabilization Fund Ontario	Stabilization Fund Canada	Total
Fund balances, January 1, 2022, as previously stated	$ 9,598,324	$ 3,098,207	$ 1,713,979	$ 14,410,510
Reallocation under deferral method (Note 2)	-	-	-	-
Fund balances, January 1, 2022, as restated	9,598,324	3,098,207	1,713,979	14,410,510
Excess of revenue over expenses	-	-	-	-
Net changes in remeasurement gains	-	-	-	-
Stabilization transfer	(4,245,402)	(2,456,504)	(1,713,979)	(8,415,885)
Fund balances, December 31, 2022	5,352,992	641,703	-	5,994,625
Excess of revenue over expenses	-	-	-	-
Net changes in remeasurement gains	-	-	-	-
Stabilization transfer	1,427,127	763,775	1,483,753	3,674,655
Fund balances, December 31, 2023	**$ 6,780,049**	**$ 1,405,478**	**$ 1,483,753**	**$ 9,669,280**

	Endowment			
	Toronto Fund	Ontario Fund	of Canada Fund	Total
Fund balances, January 1, 2022, as previously stated	$ 28,794,970	$ 17,000,000	$ 40,061,323	$ 85,856,293
Reclassification of fund balances (Note 2)	(5,794,970)	-	(2,061,323)	(7,856,293)
Fund balances, January 1, 2022, as restated	23,000,000	17,000,000	38,000,000	78,000,000
Excess of revenue over expenses	-	-	-	-
Net changes in remeasurement gains	-	-	-	-
Stabilization transfer	-	-	-	-
Fund balances, December 31, 2022	23,000,000	17,000,000	38,000,000	78,000,000
Excess of revenue over expenses	-	-	-	-
Net changes in remeasurement gains	-	-	-	-
Stabilization transfer	-	-	-	-
Fund balances, December 31, 2023	**$ 23,000,000**	**$ 17,000,000**	**$ 38,000,000**	**$ 78,000,000**

17. Comparative figures

Certain comparative figures have ben reclassified from those previously presented to conform to the presentation of the 2023 financial statements.

18. TAF budget fiscal year 2023 (unaudited)

TAF is a self-sustaining organization, funded through endowment funds (restricted contributions) 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 quarterly. TAF's approved 2023 consolidated annual operating budget is as follows:

(In thousands of dollars)	**2023 (unaudited)**	2022 (unaudited)
Revenue		
Investment portfolio revenues	**$ 5,100**	$ 5,540
Loan interest and transaction fees	**1,500**	1,460
External funding	**2,600**	1,520
Allocation from TAF's capital (if required)	**200**	455
	9,400	8,975
Program delivery expenditures		
Strategic programs	**6,400**	5,885
New and committed grants	**1,600**	1,700
Total programs and projects	**8,000**	7,585
Administration (including amortization)	**1,400**	1,390
Total expenditures	**$ 9,400**	$ 8,975