

2023 Consolidated Trust Funds Financial Statements

December 31, 2023

Independent auditor's report

KPMG signed and dated opinion to be inserted following City Council approval

Consolidated statement of financial position

As at December 31, 2023 with comparatives to 2022

	2023	2022
Assets		
Cash	\$ 6,113	\$ 5,884
Accounts receivable	246	154
Due from City of Toronto (Note 3)	13,925	13,608
Investments (Note 4 and 6)	89,896	91,127
Total assets	110,180	110,773
Liabilities		
Accounts payable	173	158
Fund balances (Note 6)	110,007	110,615
Total liabilities and fund balances	\$ 110,180	\$ 110,773

The accompanying notes and appendices are an integral part of these consolidated financial statements.

Consolidated statement of operations and changes in fund balances

For the year ended December 31, 2023 with comparatives to 2022

	2023	2022
Revenues		
Investment income (loss) (Note 5 and 6)	\$ 9,795	\$ (7,085)
Contributions and other income	15,957	14,960
Total revenues	25,752	7,875
Expenses	26,360	13,441
Annual deficit (Note 6)	(608)	(5,566)
Fund balances – beginning of year	110,615	116,181
Fund balances – end of year	\$ 110,007	\$ 110,615

The accompanying notes and appendices are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended December 31, 2023 with comparatives to 2022

	2023	2022
Cash flows provided by (used in):		
Operating activities		
Annual deficit	\$ (608)	\$ (5,566)
Add (deduct) items not involving cash:		
Unrealized (gain) loss on investments which does not involve cash	(8,553)	10,879
	(9,161)	5,313
Change in non-cash operating items:		
Accounts receivable – accrued interest on bank balance	(73)	(35)
Accounts receivable – other	1	(7)
Due from Toronto Police Services	(20)	5
Due from City of Toronto	(317)	(297)
Accounts payable	15	(12)
Cash (used in) provided by operating activities	(9,555)	4,967
Investing activities		
Purchase of investments	(20,350)	(22,235)
Proceeds from maturities of investments	6,335	6,449
Proceeds from sale of investments	23,799	11,016
Cash provided by (used in) investing activities	9,784	(4,770)
Net increase in cash during the year	229	197
Cash – beginning of year	5,884	5,687
Cash – end of year	\$ 6,113	\$ 5,884

The accompanying notes and appendices are an integral part of these consolidated financial statements.

Consolidated statement of continuity of fund balances

As at and for the year ended December 31, 2023

	Balance, beginning of year	Contributions	Investment income	Expenses	Balance, end of year
Investments held in trust for:					
Toronto Atmospheric Fund	\$ 82,995	\$ 12,887	\$ 8,563	\$ 22,885	\$ 81,560
Keele Valley Site Post-Closure	7,703	-	99	-	7,802
Homes for the Aged Residents	6,411	2,845	288	3,020	6,524
Community Centre Development Levy Trust	5,463	-	275	-	5,738
Toronto Police Services Board Mounted Unit	2,015	-	167	41	2,141
Indemnity Deposit – Waterpark Place	1,212	-	69	-	1,281
Contract Aftercare Project	1,192	-	51	-	1,243
Community Services and Facilities	847	-	43	57	833
Regent Park Legacy Trust	785	-	40	-	825
Music Garden Trust Fund	628	-	26	8	646
Queen's Quay Community Services	366	-	18	28	356
Lakeshore Pedestrian Bridge	280	-	16	-	296
Children's Green House Trust	131	-	7	-	138
Green Lane Small Claims	124	-	6	-	130
Toronto Police Services Board	98	-	104	105	97
Public Art Maintenance Trust	79	-	4	-	83
Preservation Trust	57	-	3	-	60
Hugh Clydesdale	50	-	2	-	52
Michael Sansone	45	-	1	-	46
Tenant Displacement	33	-	2	-	35
90 Lisgar Street Trust	24	-	1	-	25
Other Trust Funds	77	225	10	216	96
Total	\$ 110,615	\$ 15,957	\$ 9,795	\$ 26,360	\$ 110,007

The accompanying notes and appendices are an integral part of these consolidated financial statements.

Consolidated statement of continuity of fund balances

As at and for the year ended December 31, 2022

	Balance, beginning of year	Contributions	Investment (loss) income	Expenses (recoveries)	Balance, end of year
Investments held in trust for:					
Toronto Atmospheric Fund	\$ 88,695	\$ 12,427	\$ (7,517)	\$ 10,610	\$ 82,995
Keele Valley Site Post-Closure	7,667	-	36	-	7,703
Homes for the Aged Residents	6,337	2,533	140	2,599	6,411
Community Centre Development Levy Trust	5,341	-	122	-	5,463
Toronto Police Services Board Mounted Unit	2,235	-	(158)	62	2,015
Indemnity Deposit – Waterpark Place	1,188	-	24	-	1,212
Contract Aftercare Project	1,168	-	24	-	1,192
Community Services and Facilities	828	-	19	-	847
Regent Park Legacy Trust	767	-	18	-	785
Music Garden Trust Fund	628	-	12	12	628
Queen's Quay Community Services	359	-	7	-	366
Lakeshore Pedestrian Bridge	274	-	6	-	280
Children's Green House Trust	128	-	3	-	131
Green Lane Small Claims	121	-	3	-	124
Toronto Police Services Board	100	-	167	169	98
Public Art Maintenance Trust	79	-	3	3	79
Preservation Trust	56	-	1	-	57
Hugh Clydesdale	49	-	1	-	50
Michael Sansone	44	-	1	-	45
Tenant Displacement	32	-	1	-	33
90 Lisgar Street Trust	23	-	1	-	24
Other Trust Funds	62	-	1	(14)	77
Total	\$ 116,181	\$ 14,960	\$ (7,085)	\$ 13,441	\$ 110,615

The accompanying notes and appendices are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended December 31, 2023

1. Summary of accounting policies

The City of Toronto Consolidated Trust Funds (Trust Funds) consist of various trust funds administered by the City of Toronto as well as those within organizations that are accountable to the City. The Trust Funds' consolidated financial statements are the representation of management and have been prepared in accordance with the Chartered Professional Accountants of Canada's Public Sector Accounting Standards, except that investments are recorded at fair value to reflect their ability to support the purpose for which they were created. The Trust Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada). The significant accounting policies are summarized below.

a. Revenue recognition

The Trust Funds follow the restricted fund method of accounting for contributions. The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Trust Funds are all classified as "restricted" and are to be used only for the specific purposes as specified by each trust agreement.

Investment income includes dividends, interest and realized and unrealized gains and losses and is included in the Consolidated Statement of Operations and Changes in Fund Balances.

b. Financial instruments and investment income

Investments consisting of government and corporate bonds, equity funds, debentures and short-term instruments of various financial institutions are authorized investments pursuant to the provisions of the Municipal Act.

The Trust Funds' investment activities expose it to a range of financial risks, including market risk, liquidity risk, and credit risk. The value of investments recorded in the consolidated financial statements is the fair value determined as follows:

- i. Short-term investments are comprised of money market instruments, such as bankers acceptances and are valued based on cost plus accrued income, which approximates fair value.
- ii. Publicly traded bonds and debentures are determined based on the latest bid prices.

- iii. Equity Funds are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

c. Expenses

Expenses are recognized on an accrual basis of accounting based on the receipt of goods or services and the creation of a legal obligation to pay.

Distributions, withdrawals from, and management fees for investments held in trust for the Toronto Atmospheric Fund are recorded as expenses in the period incurred in the Consolidated Statement of Operations and Changes in Fund Balances.

2. Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and surplus/loss at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Due from City of Toronto

As at December 31, 2023 the Trust Funds have amounts due from the City of Toronto of \$13,925 (2022 – \$13,608) for investment and banking transactions, since the City maintains bank accounts or holds investments on behalf of the Trust Funds. These amounts are non-interest bearing and are due on demand.

4. Investments

Investments consist of the following:

	2023		2022	
	Fair value	Book value	Fair value	Book value
Short-term investments	\$ 6,573	\$ 6,394	\$ 6,418	\$ 6,355
Mutual fund investments	83,323	64,125	84,709	76,666
Total investments	\$ 89,896	\$ 70,519	\$ 91,127	\$ 83,021

	2023	2022
Weighted average rate of return	6.07%	2.91%
Range of maturity dates	2024-2034	2023-2034
Excess of fair value over book value	\$ 19,376	\$ 8,106

5. Investment income (loss)

	2023	2022
Investment income	\$ 215	\$ 2,770
Interest income	1,027	1,081
Unrealized gain (loss) on change in fair value (Note 7)	8,553	(10,936)
Total investment income (loss)	\$ 9,795	\$ (7,085)

6. Risk exposure

The Trust Funds are subject to market risk, credit risk, liquidity risk, and interest rate risk with respect to their investment portfolio. The Trust Funds' interest bearing investments are exposed to interest rate risk. The Trust Funds' investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or market conditions affecting all securities traded in the market. Unrealized gains and/or losses accounting for the valuation changes between fair value and book value of investments are recognized as part of the Trust Funds' Consolidated Statement of Operations and Changes in Fund Balances.

Market risks include exposure arising from holdings of foreign currency denominated investments and equity prices. The Trust Funds' reporting currency is Canadian dollars. A decrease in the relative value of the Canadian dollar as compared to the US dollar will result in an increase to the Trust Funds' US dollar investments. An increase in the relative value of the Canadian dollar as compared to the US dollar will result in a decrease to the Trust Funds' US dollar investments.

Equity price risk is the risk that the fair value or future cash flows of an equity financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust Funds manage risk by investing across a wide variety of asset classes and investment strategies.

The Trust Funds hold investments in fixed income securities issued by corporations and government entities and as such have fixed income credit risk. The Trust Funds mitigate this risk by limiting the investment portfolio to investments in BBB grade or higher.

7. Capital management

In managing capital, the Trust Funds focus on liquid resources available for reinvestment. The Trust Funds' objective is to have sufficient liquid resources to meet payout requirements. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2023, the Trust Funds have met their objective of having sufficient liquid resources to meet their current requirements.