

Financial Statements of

**TORONTO SENIORS HOUSING
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Toronto Seniors Housing Corporation

Opinion

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

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of cash flows for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2023, and its results of operations and its 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.



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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. A long, horizontal, slightly curved line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 25, 2024

TORONTO SENIORS HOUSING CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,132,550	\$ 5,978,630
Accounts receivable	232,464	127,539
Due from TCHC (note 2(a)(ii))	4,862,487	1,210,814
Due from the City of Toronto (note 2(b))	703,461	—
Prepaid expenses	626,803	621,877
	7,557,765	7,938,860
Capital assets (note 3)	19,304	—
Due from TCHC (note 2(a)(i))	4,180,700	4,180,700
	\$ 11,757,769	\$ 12,119,560

TORONTO SENIORS HOUSING CORPORATION

Statement of Financial Position (continued)

December 31, 2023, with comparative information for 2022

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 3,478,170	\$ 3,157,304
Due to TCHC (note 2(a)(ii))	2,585,227	1,670,360
Due to the City of Toronto (note 2(b))	76,078	92,467
Deferred grant revenue (note 5)	–	3,118,831
	6,139,475	8,038,962
Employee benefits (note 6)	5,187,400	3,917,100
Net assets:		
Unrestricted	430,894	163,498
	\$ 11,757,769	\$ 12,119,560

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
City of Toronto grant (notes 2(b) and 5)	\$ 3,943,678	\$ 4,859,003
Revenue from TCHC (note 2(a)(ii))	38,907,658	20,214,275
Interest	267,396	162,452
	<u>43,118,732</u>	<u>25,235,730</u>
Expenses:		
Salaries and benefits	30,833,412	16,036,046
Professional services	866,979	2,523,806
Supplies and other operating (note 2(a)(ii))	11,150,945	6,513,426
	<u>42,851,336</u>	<u>25,073,278</u>
Excess of revenue over expenses	\$ 267,396	\$ 162,452

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 267,396	\$ 162,452
Change in non-cash operating working items:		
Accounts receivable	(104,924)	(90,380)
Due from TCHC (note 2(a)(ii))	(3,651,674)	(5,391,514)
Due to TCHC	914,867	1,670,360
Prepaid expenses	(4,926)	(621,877)
Amortization	6,434	—
Accounts payable and accrued liabilities	320,866	2,984,664
Deferred grant revenue (note 5)	(3,118,831)	2,775,996
Employee benefits (note 6)	1,270,300	3,917,100
	(4,100,492)	5,406,801
Financing activities:		
Due from the City of Toronto (note 2(b))	(703,461)	—
Due to the City of Toronto	(16,389)	92,467
	(719,850)	92,467
Investing activities:		
Purchase of capital assets (note 3)	(25,738)	—
Increase (decrease) in cash	(4,846,080)	5,499,268
Cash, beginning of year	5,978,630	479,362
Cash, end of year	\$ 1,132,550	\$ 5,978,630

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

Toronto Seniors Housing Corporation ("TSHC") was incorporated under the provisions of the Ontario Business Corporations Act on June 23, 2021 with the City of Toronto (the "City") as its sole shareholder. In establishing TSHC, the City approved a Shareholder Direction that set guiding principles, high-level objectives and expected accountability to the City. The Shareholder Direction establishes TSHC as operating at arm's length from the City, under the direction of an independent Board of Directors.

Effective June 1, 2022, TSHC operates as an affordable rental and social housing provider for low and moderate-income senior households.

TSHC and Toronto Community Housing Corporation ("TCHC") entered into a transition agreement on June 1, 2022 to operate the 83 buildings owned by TCHC. In return, TCHC advances to TSHC the net monthly cash collected on these properties for market rent and rent geared to income ("RGI") less utilities, property taxes, mortgages, security patrols, and facilities management. TCHC continues to own the buildings and be responsible for major capital. TSHC intends to lease the buildings from TCHC and be responsible for minor capital and maintenance and will be focused on tenant facing issues, including health and social supports.

TSHC and TCHC entered into a service delivery agreement for IT Support, and other back office administration as of June 1, 2022.

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

Under the Residential Tenancies Act, 2006, rental units located in a not-for-profit housing project, which are developed under a prescribed federal or provincial program, are exempt from residential rent controls.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

TSHC received the determined municipality status as of March 2023 from the Canada Revenue Agency for the purposes of Part IX of the Excise Tax Act, retroactively to June 23, 2021.

1. Significant accounting policies:

The 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) Revenue recognition:

TSHC follows the deferral method of accounting for contributions for PSAS. Grants and funding designated for TSHC's mandate are recognized as revenue in the year in which the related expenses are incurred.

Interest income is recorded when earned.

(b) Expenses:

In the statement of operations, TSHC presents its expenses by function. Expenses are recognized in the year incurred and recorded in the function to which they are directly related.

(c) Capital assets and amortization:

Capital assets are recorded at cost with amortization calculated using the straight-line method, based on the estimated useful lives of the assets, as follows:

Furniture and equipment	4 years
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TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value.

(e) Employee related costs:

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

- TSHC'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 TSHC 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 TSHC over the year during which benefits are expected to be earned;
- past service costs from plan amendments are expensed as incurred; and

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

- the costs of workplace safety and insurance obligations are actuarially determined and expensed. Actuarial gains and losses are recognized as incurred.

(f) Use of estimates:

These financial statements have been prepared by management in accordance with Canadian PSAS and accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from these estimates. The significant estimates in the financial statements include the collectability of receivables, deferred contributions, and the amount of certain accrued liabilities in the year they become known.

2. Related party transactions:

(a) Account balances with Toronto Community Housing Corporation ("TCHC"):

(i) Employee future benefits:

On June 1, 2022, 256 staff from TCHC seniors housing unit were transferred to TSHC inauguration and start of operation per the transition agreement. As result of the transfer of staff from TCHC to TSHC, vacation, lieu time, and post-retirement benefits were transferred from TCHC's book to TSHC. The vacation and lieu time of nil (2022 - \$1,210,814) was included in the short-term receivable, whereas the post-retirement benefits of \$4,180,700 (2022 - \$4,180,700) remained as a long-term receivable from TCHC due to the legacy employees that was part of TCHC and the City, and the arrangement made on the benefits payment as instalment from the City.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Related party transactions (continued):

(ii) Transition and service delivery agreements:

On June 1, 2022, TSHC entered into a transition agreement with TCHC to service the 83 properties. Revenue received by TCHC from the properties less costs related to the running of these properties are provided to TSHC as net revenue on a monthly basis.

The following are balances and transactions with TCHC as at and for the year:

	2023	2022
Net revenue received	\$ 34,266,596	\$ 21,658,000
Net revenue due from TCHC	2,856,853	–
Subsidies due from (to) TCHC	1,784,209	(1,443,725)
Revenue from TCHC	\$ 38,907,658	\$ 20,214,275
Due from (to) TCHC include:		
Net revenue receivable	\$ 4,641,063	\$ –
COVID cost recovery (note 2(b))	121,386	–
Seconded staff cost	100,038	–
Vacation in lieu	–	1,210,814
Due from TCHC	\$ 4,862,487	\$ 1,210,814
Net revenue payable	\$ (1,443,725)	\$ (1,443,725)
Harmonized sales tax (HST)	(187,684)	(187,684)
Others	(953,818)	(38,951)
Due to TCHC	\$ (2,585,227)	\$ (1,670,360)

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Related party transactions (continued):

As part of this agreement, TSHC pays to TCHC information technology services and back office administration costs. The monthly operating costs are included in the supplies and other operating expense line of \$9,676,431 (2022 - \$5,453,000) plus non-recoverable tax.

(b) Account balances with the City of Toronto:

Payable to the City is \$76,078 (2022 - \$92,467) representing cost of seconded staff to TSHC and a receivable of \$824,847 (2022 - nil) for funding related to COVID-19 costs incurred by TSHC. \$703,461 of COVID funds will be received by TSHC directly and \$121,386 will be received by TCHC from the City on TSHC's behalf (note 2(a)(ii)).

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Capital assets:

	Cost December 31, 2022	Additions	Accumulated amortization	Net book value December 31, 2023	Net book value December 31, 2022
Furniture and equipment	\$ –	\$ 25,738	\$ 6,434	\$ 19,304	\$ –

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Accounts payable and accrued liabilities:

	2023	2022
Salaries and benefits	\$ 2,996,090	\$ 2,570,118
Others	482,080	587,186
	<u>\$ 3,478,170</u>	<u>\$ 3,157,304</u>

5. Deferred grant revenue:

TSHC received funding from the City, as follows:

	2023	2022
Balance, beginning of year	\$ 3,118,831	\$ 342,834
Grant received	–	7,635,000
Revenue recognized	(3,118,831)	(4,859,003)
Balance, end of year	<u>\$ –</u>	<u>\$ 3,118,831</u>

6. Employee benefits:

On June 1, 2022 the employees of TCHC Seniors Housing Unit were transferred to TSHC as part of the transition agreement. Along with the transfer of staff, the post-retirement liability obligations were transferred to TSHC from TCHC. TSHC also adopted a number of benefit plans from TCHC, including OMERS Pension Plan, and other health benefit plans.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

The following are TSHC employee benefit plans:

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

The following benefit plan liabilities as at December 31, 2023 are based on the most recent actuarial valuation that has been completed as of December 31, 2023:

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

TSHC provides health, dental and life insurance benefits to certain employees. The same health, dental and life insurance benefits are provided to some retirees until age 65 and reduced benefits are provided thereafter.

The former Toronto Housing Corporation ("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. The reserve fund is currently with TCHC and recorded as a long-term receivable with the City. This was not transferred to TSHC during the transition.

- (ii) Accumulating sick leave benefits:

The accrued benefit obligation is based on the most recent actuarial valuation that was completed as at December 31, 2018. Under the sick leave benefit plan, unused sick leave can accumulate and bargaining unit employees may become entitled to a cash payment when they leave TSHC's employment. The liability for the accumulated sick leave represents both vested and unvested amounts that could be paid to bargaining unit employees on termination. The amount is currently accrued with TCHC and was not transferred to TSHC as of June 1, 2022.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

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. The amount is currently accrued with TCHC and was not transferred to TSHC as of June 1, 2022.

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

The following benefit plan liabilities as at December 31, 2023 are based on the most recent actuarial valuation that has been completed as at December 31, 2023:

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 next actuarial valuation is scheduled to be performed on December 31, 2026.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

(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 2023, the OMERS funded ratio stands at 97% and the primary plan ended 2023 with a funding deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surplus or deficit is the joint responsibility of all Ontario municipalities and their employees. TSHC does not recognize any share of the OMERS pension surplus or deficit.

Depending on the individual's normal retirement age and pensionable earnings, 2023 contribution rates were 9% to 14.6% (2022 - 9.0% to 14.6%).

In 2023, total employee contributions were \$2,055,101 (2022 - \$996,873) and total employer contributions amounted to \$2,055,101 (2022 - \$996,873).

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

Employee benefits liabilities of TSHC:

	2023	2022
Post-retirement benefits (a)(i)	\$ 2,293,000	\$ 1,435,000
Sick leave benefits (a)(ii)	1,520,400	1,395,000
Disability Benefits	361,000	—
Other benefits	4,174,400	2,830,000
SERP (b)	1,013,000	1,087,100
	\$ 5,187,400	\$ 3,917,100

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

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

	SERP		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Accrued benefit obligation	\$ 850,500	\$ 1,032,700	\$ 4,775,000	\$ 3,638,000	\$ 5,625,500	\$ 4,670,700
Unamortized actuarial gain (loss)	162,500	54,400	(600,600)	(808,000)	(438,100)	(753,600)
Accrued benefit liability	\$ 1,013,000	\$ 1,087,100	\$ 4,174,400	\$ 2,830,000	\$ 5,187,400	\$ 3,917,100

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

Continuity of TSHC accrued benefit liabilities:

	SERP		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Balance, beginning of year	\$ 1,087,100	\$ –	\$ 2,830,000	\$ –	\$ 3,917,100	\$ –
Transfer as of June 1, 2022	–	1,060,700	–	3,120,000	–	4,180,700
Current service cost	12,400	7,400	796,000	145,000	808,400	152,400
Interest cost	44,300	24,900	178,000	68,000	222,300	92,900
Benefits paid	(76,400)	(5,900)	(36,600)	(187,000)	(113,000)	(192,900)
Actuarial loss (gain)	(216,900)	(54,400)	1,007,600	492,000	790,700	437,600
Unamortized actuarial gain (loss)	162,500	54,400	(600,600)	(808,000)	(438,100)	(753,600)
Balance, end of year	\$ 1,013,000	\$ 1,087,100	\$ 4,174,400	\$ 2,830,000	\$ 5,187,400	\$ 3,917,100

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

TSHC's employee benefits expense:

	SERP		Other benefits		Total	
	2023	2022	2023	2022	2023	2022
Current service cost	\$ 12,400	\$ 7,400	\$ 796,000	\$ 145,000	\$ 808,400	\$ 152,400
Interest cost	44,300	24,900	178,000	68,000	222,300	92,900
Amortization of actuarial loss (gain)	(54,400)	—	407,000	(316,000)	352,600	(316,000)
Balance, end of year	\$ 2,300	\$ 32,300	\$ 1,381,000	\$ (103,000)	\$ 1,383,300	\$ (70,700)

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

Actuarial assumptions:

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

	SERP		Other benefits	
	2023	2022	2023	2022
Discount rates for benefit obligations:				
Post-retirement and sick leave	—	—	4.10%	4.10%
Post-employment Pension	—	—	3.80%	3.90%
	4.30%	4.40%	—	—
Discount rates for benefit costs:				
Post-retirement and sick leave	—	—	4.10%	4.00%
Post-employment Pension	—	—	3.90%	1.90%
	4.40%	4.01%	—	—
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	—	—	5.30%	5.39%
Healthcare inflation - ultimate	—	—	4.00%	4.00%

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Employee benefits (continued):

For measurement purposes, a 5.30% (2022 - 5.39%) 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.

7. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. TSHC is exposed to this risk relating to its cash and accounts receivable. TSHC holds its cash accounts with a federally regulated chartered bank who are insured by the Canadian Deposit Insurance Corporation.

TSHC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that TSHC will not be able to meet all cash outflow obligations as they come due. TSHC mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and keeping accounts payable current throughout the year.

8. Impact of COVID-19 pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This had an effect on TSHC's operation in 2023, of which \$121,386 (2022 - \$703,461) was incurred for staff wages and overtime due to extra cleaning as outlined by public health. The cost impact post 2023 will be absorbed within the regular operational cost.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.