

2025 Budget Notes

Toronto Atmospheric Fund

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Description

Toronto Atmospheric Fund (TAF) is a regional climate agency constituted as a non-share capital corporation via the *Toronto Atmospheric Fund Act*. Toronto Atmospheric Fund invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation, with no draw on the City's tax-base. We lead, support and collaborate with stakeholders in the private, public and non-profit sectors who have opportunities for reducing urban carbon emissions. We invest the endowments provided by City of Toronto (1991), Province of Ontario (2017) and Government of Canada (2020). In alignment with our mandate, and with the proceeds we provide grants to non-profit organizations, incubate and implement innovative programs and advocate for policies and programs, with particular focus on achieving environmental, social and economic benefits that improve health, create local jobs, boost urban resiliency and contribute to a fair society. Based on TAF's model and track record, six similar agencies have been endowed by the Government of Canada under the banner of Low Carbon Cities Canada.

Why We Do It

Toronto Atmospheric Fund was established to operate arms-length from the City of Toronto with a mandate that is aligned to achieving mutual objectives, more specifically with the City's TransformTO and forthcoming Net-Zero Strategy and the declaration of a climate emergency. Toronto Atmospheric Fund's actions are focused on advancing low-carbon solutions for the key sources of urban carbon emissions: buildings, both existing and new construction, transportation, industrial, waste and electricity. The expansion of TAF's mandate to the GTHA recognizes that strategic regional action is needed in order for local, provincial and national climate action efforts to succeed. Our investment strategy aims to generate both financial and mandate-related impact, and to demonstrate and mobilize much more than our capital for local low-carbon solutions. With the support and good governance of the Council-appointed Board (8 citizens, 3 Councillors), TAF provides unique, data-driven, strategic support, investment and allyship to private, public and non-profit stakeholders contributing to achieving Toronto's net-zero by 2040 goal. This target is not simply another milestone, it is a vision for a climate-smart urban region that functions within its environmental means and is a leader among climate-friendly urban centres around the world.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

For further information about TAF, please visit: <https://taf.ca/>

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What Service We Provide

Grants

Who We Serve: Eligible non-profit organizations, citizen groups and community organizations, charities, academia, research institutions, industry associations, and municipalities in the GTHA.

What We Deliver: We fund high-impact initiatives including capacity-building, projects and policies related to accelerating retrofits, net-zero new construction, electrification of transportation, low-carbon electricity, and other urban climate action priorities.

How Much Resources Required (gross 2025 operating budget): \$1.3 Million

Impact Investing (Revenue Generating)

Who We Serve: Businesses and enterprise with low-carbon projects and activities, non-profit and for-profit institutional co-investors, the wider financial sector as interest grows in Environmental Social and Governance.

What We Deliver: Prudent investment in marketable securities and projects/companies aligned with TAF's mandate, generate risk-adjusted return, and mobilize financial capital for urban low-carbon solutions through financial innovation, aggregation and/or syndication. Thought-leadership and development of innovative financial structures and instruments to address barriers to capital flow into urban low-carbon solutions.

How Much Resources Required (gross 2025 operating budget): \$1.4 Million

Strategic Program Implementation

Who We Serve: Government (Municipal, Provincial, and Federal), businesses and industry, not for profits, and other institutions promoting and delivering greenhouse gas (GHG) reduction.

What We Deliver: Programs, policy advocacy and engagement that demonstrate, de-risk, remove barriers and help scale solutions for existing buildings, new construction, electrification of transportation, and clean energy which will reduce carbon and deliver other (co)benefits like improved health, community resilience, reducing inequity, job creation, and economic value.

How Much Resources Required (gross 2025 operating budget): \$8.3 Million

Operations and Governance

Who We Serve: City Council, Province of Ontario and Government of Canada, TAF Board and Committees, other key stakeholders (e.g. industry partners, non-profits, academia, citizens in the GTHA).

What We Deliver: High standard of accountability and compliance with all governance requirements and mission-focused Key Performance Indicators, efficient and effective operations, a diverse, collaborative and mission-focused culture.

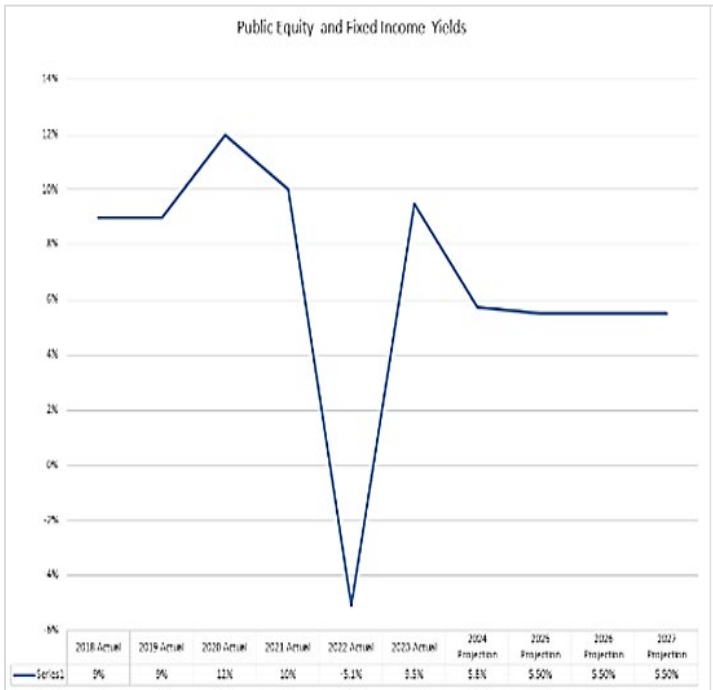
How Much Resources (gross 2025 operating budget): \$1.2 Million

Budget at a Glance

2025 OPERATING BUDGET			
\$Million	2025	2026	2027
Revenues	\$12.2	\$13.0	\$14.0
Gross Expenditures	\$12.2	\$13.0	\$14.0
Net Expenditures	\$ 0.0	\$0.0	\$0.0
Approved Positions	42	42	42

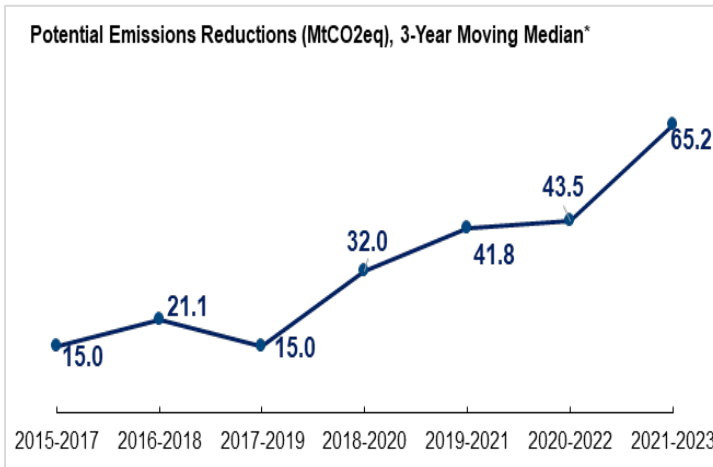
2025 - 2034 10-YEAR CAPITAL PLAN			
\$Million	2025	2026-2034	Total
Toronto Atmospheric Fund has no capital budget.			

How Well We Are Doing – Behind the Numbers



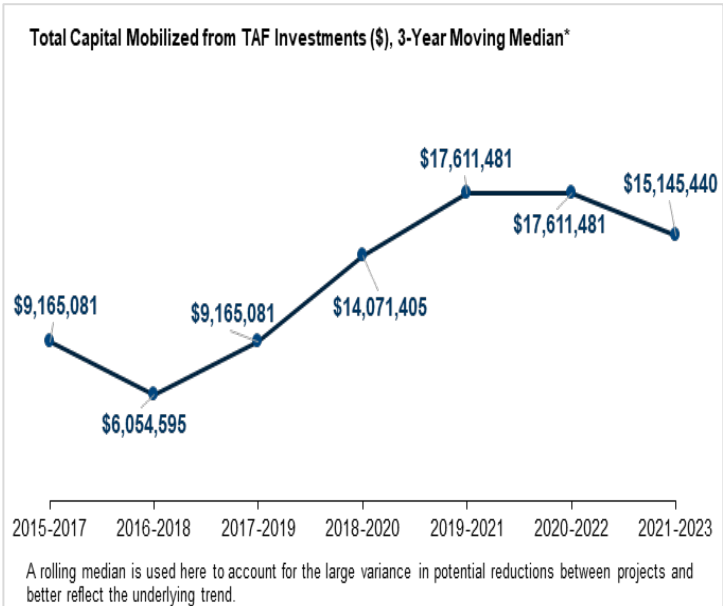
Portfolio Performance

- Investment returns are conservatively budgeted at 5.5%; the 3-year average has been 5% and 5-year average 7%.
- Portfolio asset mix was significantly re-balanced in 2024 towards the target portfolio by increasing Direct Investments and Alternatives to reduce volatility, provide risk-adjusted return, and achieve mandate-related impact.
- In addition to investment returns, significant external revenues (donations) have been secured for programs from various sources.
- Toronto Atmospheric Fund maintains a Stabilization Fund for each endowment to mitigate the impact of variability of investment earnings from year to year.
- To protect asset value, TAF's endowment-funded spending is maintained within the Payout Ratio established by the Board of 5-6% of the Net Asset Value, on a 4-year rolling average.
- In 2022, Marketable Securities had a -5% yield, reflecting the overall equity market decline and the negative impact of rising interest rates on bond markets.



Impact From TAF Activities

- Toronto Atmospheric Fund's budget and investment returns are measured in mandate-aligned impact reporting.
- Total greenhouse gas emissions reductions achieved in 2023 are 84.2 MtCO2eq (potential million tonnes of carbon dioxide equipment) and 4.3 MtCO2eq (Direct).
- Total capital mobilized in 2023 estimated at \$15 million.
- Total capital mobilized in 2024 project at significantly higher (>\$50 million) as climate action and investments particularly in building retrofits, are increasingly scaling.



Program Delivery

- Toronto Atmospheric Fund’s focus within emissions reductions programs is ensuring they achieve goals and are positioned for scale up. Toronto Atmospheric Fund’s program budget includes endowment-funded revenue as well as additional external funding which we raise and secure for projects in the GTHA.
- Retrofit Accelerator – 137 buildings (8,500 suites) in the funnel, over 40% average GHG reduction target.
- EV Station Fund – 350 chargers installed in Toronto since program launch (first quarter 2022) and 160 still projected; 641 installed across GTHA and 232 projected.
- Direct impact investing over the past twelve months included 34 opportunities considered. Eighteen (18) are active in pipeline, one approved in principle, and three realized close for \$1.8 million in capital, an increase of almost \$375 thousand compared to the prior period.
- Continued grant funding across GTHA. Specifically in Toronto: \$569K in 2022, \$505K in 2023 and \$468K to-date in 2024 (last round will be awarded in Nov 2024).

How Well We Are Doing

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
Outcome Measures								
Grants and Community Support	At least 20% of endowment proceeds disbursed to grantees and special funds fully subscribed	100%	100%	100%	100%	●	100%	100%
Impact Investing	Steady progress towards Direct Investment target allocation of 30%	80%	90%	100% (3 new)	100%	●	100% (3 new)	100% (3 new)
Impact Investing	Compliance with SIOP (Statement of Investment Objectives and Principles)	100%	100%	100%	100%	●	100%	100%
Strategic Programs	All programs demonstrate high potential (GHG reduction, community benefits, equity and scalability)	80%	80%	100%	90%	●	100%	100%
Operations and Governance	Board and Committees fully constituted and supported to undertake their fiduciary roles	90%	95%	100%	100%	●	100%	100%

2024 Projection to 2024 Target Comparison

● 80-100% (MET TARGET) ● 70 - 79% (LOW RISK) ● 69% and Under (REQUIRES ATTENTION)

Service	Measure	2022 Actual	2023 Actual	2024 Target	2024 Projection	Status	2025 Target	2026 Target
Service Level Measures								
Grants	Grants Applications across GTHA	16	22	17	11	●	15	15
Governance	Board Meetings	5	4	4	4	●	4	4
Impact Investing	New Investments approved	2	4	4	5	●	4	4
Program	External Funding attracted (\$ Millions)	1.49	2.7	3.9	5.0	●	5.6	6.0

2024 Projection to 2024 Target Comparison

● 80-100% (MET TARGET)
 ● 70 - 79% (LOW RISK)
 ● 69% and Under (REQUIRES ATTENTION)

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Toronto Atmospheric Fund has a unique position as a climate agency serving the Greater Toronto and Hamilton Area (GTHA). Stakeholders regard TAF as a trusted, impartial, authority on local climate solutions, recognized for its strong governance and effective leadership.
- Toronto Atmospheric Fund's annual operating budget is funded through proceeds from the investment of endowments provided by the City of Toronto, the Province of Ontario, and the Government of Canada, as well as program funding from governments, utilities, and foundations. Over the past few years, program funding has grown significantly, supporting the implementation of innovative initiatives that benefit Torontonians, such as deep retrofits of multi-family buildings and the installation of electric vehicle (EV) charging stations.
- Toronto Atmospheric Fund continues to be a leader in impact investing, providing financing to a range of companies and projects that advance local climate solutions.
- Toronto Atmospheric Fund's GHG Inventory for the GTHA has gained traction as an objective source of regional emissions data, analysis of the drivers of change, and guidance for decision-makers on the policies and programs that can make a difference.
- Toronto Atmospheric Fund has successfully advocated for policies and programs at the municipal, provincial, and federal levels related to our four focus areas: deep retrofits, green new construction, EV adoption, and clean electricity. For instance, TAF is working collaboratively with City colleagues to advance a Building Performance Standard, has supported municipalities in evaluating (and rejecting) proposals for increased gas-fired electricity, and made dozens of submissions related to provincial and federal regulations including the Clean Electricity Regulation and electric vehicle sales quotas.

Key Challenges and Risks

- Volatility in public markets, driven by geopolitical factors pose a significant risk to TAF's primary source of revenue. To mitigate, TAF will maintain a well-diversified investment portfolio across asset classes, sectors, and fund managers, while continuing to rely on the expertise and advice of its investment committees.
- External factors including political and economic shifts could impact TAF's ability to advance its mandate. To mitigate these risks, TAF will collaborate with a diverse range of stakeholders to highlight the multiple benefits of climate action – such as economic development, public health, social equity, resilience. Additionally, TAF will proactively anticipate potential scenarios to ensure timely responses and necessary course corrections.

Priority Actions

- Enhance TAF's multi-solving approach to ensure carbon reductions and co-benefits are achieved in tandem.
- Advance adoption of key policies to drive and scale local climate solutions including:
 - Building Performance Standards for existing buildings and net-zero standards for new construction, to stimulate the GTHA market for retrofit goods, services, and capital.
 - Requirements and support for public EV charging making multi-family buildings EV-ready.
 - Demand management (energy efficiency) framework and budget, along with updated policies for distributed electricity generation.
- Design and implement key programs to demonstrate, de-risk and scale for local climate solutions including:
 - Rooftop solar and storage systems to accelerate this locally viable energy resource.
 - EV-ready retrofits of multi-family buildings.
 - Toronto Atmospheric Fund's Retrofit Accelerator, a deep retrofit concierge for multi-family buildings.
- Make several high-impact direct investments including innovative financing structures to support EV-readiness in multi-family buildings and expand EV charging options for the vehicle-for-hire sector.
- Maintain TAF's commitment to good governance and accountability to our stakeholders, while supporting strong and efficient operations, project delivery, budget and financial management, human resources, and technology infrastructure.

CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2025 Operating Budget for Toronto Atmospheric Fund of \$12.224 million gross, \$12.224 million revenue and \$0.0 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Toronto Atmospheric Fund	12,224.0	12,224.0	0.0
Total Program Budget	12,224.0	12,224.0	0.0

- The 2025 staff complement for Toronto Atmospheric Fund of 42 positions is comprised entirely of operating positions.

2025 OPERATING BUDGET

2025 OPERATING BUDGET OVERVIEW

Table 1: 2025 Operating Budget by Service

(In \$000s)	2023 Actual	2024 Budget	2024 Projection*	2025 Base Budget	2025 New / Enhanced	2025 Budget	Change v. 2024 Budget	
	\$	\$	\$	\$	\$	\$	\$	%
By Service								
Revenues								
Toronto Atmospheric Fund	13,602.0	11,358.0	13,836.0	12,224.0	0.0	12,224.0	866.0	7.6%
Total Revenues	13,602.0	11,358.0	13,836.0	12,224.0	0.0	12,224.0	866.0	7.6%
Expenditures								
Toronto Atmospheric Fund	8,372.0	11,358.0	8,863.0	12,224.0	0.0	12,224.0	866.0	7.6%
Total Gross Expenditures	8,372.0	11,358.0	8,863.0	12,224.0	0.0	12,224.0	866.0	7.6%
Net Expenditures	(5,230.0)	0.0	(4,973.0)	0.0	0.0	0.0	0.0	N/A
Approved Positions**	33.0	38.0	N/A	42.0	0.0	42.0	4.0	10.5%

* 2024 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY DRIVERS

Total 2025 Budget expenditures of \$12.224 million gross reflects an increase of \$0.866 million in spending above 2024 budget, predominantly arising from:

- **Programs:** External funding for programs increased by \$0.55 million in 2025, due to a new federally funded retrofit accelerator project start-up with revenues of \$3.96 million which countered the declining revenues of the EV station program, and McConnell funding.
- **Salaries and Benefits:** In 2025, TAF increased \$0.70 million from 2024 budget due to external revenue driven program expansion.
- **Financial Markets:** Market performance is the key driver of TAF revenues, which is heavily influenced by the performance of the public stock and bond markets. With the markets currently performing well TAF will nevertheless continue efforts to diversify investment dollars to less market-volatile direct investments aligned with TAF's mandate.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The 2025 Operational Budget changes impacts equity through the design and implementation of the programs, grants, investments and policies we inform and support (i.e. indirect impact). The 2025 budget includes a continued investment in incorporating equity and community benefits into TAF's grant-making and investment opportunity analysis, and increasingly into our program and policy efforts (for example supporting the City's stakeholder engagement and technical review in the development of Emissions Performance Standards).

Toronto Atmospheric Fund's staff-led Equity, Diversity and Inclusion Working Group also supports the organization with internally oriented resources including learning opportunities, monitoring and reporting, staff engagement, and identifying considerations and action items for TAF management.

2025 OPERATING BUDGET KEY COST DRIVERS

The 2025 Net Operating Budget for Toronto Atmospheric Fund has no net change compared to the 2024 Net Budget. Table 2 below summarizes the key cost drivers for the 2025 Budget.

Table 2: 2025 Key Cost Drivers

(In \$000s)	2025				2026 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
2024 Projection*	13,836.0	8,863.0	(4,973.0)	N/A	N/A
2024 Budget	11,358.0	11,358.0	-	38.0	N/A
Key Cost Drivers:					
Strategic Programs					
Salaries and Benefits		660.0	660.0	4.0	
Program Implementation		211.0	211.0		
Governance and Engagement					
Salaries and Benefits		35.0	35.0		
Corporate Expenses		(40.0)	(40.0)		
Sub-Total - Key Cost Drivers		866.0	866.0	4.0	
Affordability Measures:					
Marketable Securities	591.0		(591.0)		
Direct Investments	(275.0)		275.0		
External Revenues	550.0		(550.0)		
Sub-Total - Affordability Measures	866.0		(866.0)		
Total 2025 Budget	12,224.0	12,224.0	-	42.0	
Change from 2024 Budget (\$)	866.0	866.0	-	4.0	N/A
Change from 2024 Budget (%)	7.6%	7.6%	N/A	10.5%	N/A

*Based on 9 Month Variance

**YoY comparison based on approved positions

Key Base Drivers:

Toronto Atmospheric Fund is revenue driven not operating expense driven with revenue being the primary driver of operating expenses.

Salaries and Benefits:

An increase in expenditures includes four additional permanent positions based on endowment capacity and additional contract positions supported by external revenues.

Program Implementation:

There is a slight increase in budgeted expenditures of \$0.211 million due to increased external revenue projects in the retro-fit program.

Corporate Expenses:

Administrative expenses are budgeted to decrease in 2025 due to lower spending, governance, and legal and audit spending.

Affordability Measures:

Toronto Atmospheric Fund is a self-funding organization and is primarily financed by investment revenues from its endowment funds including income from marketable securities, direct investment, as well as external grants and contributions.

2026 AND 2027 OUTLOOKS

Table 5: 2026 and 2027 Outlooks

(In \$000s)	2025 Budget	2026 Incremental Outlook	2027 Incremental Outlook
Revenues			
Toronto Atmospheric Fund	12,224.0	776.0	1,000.0
Total Revenues	12,224.0	776.0	1,000.0
Gross Expenditures			
Toronto Atmospheric Fund	12,224.0	776.0	1,000.0
Total Gross Expenditures	12,224.0	776.0	1,000.0
Approved Positions	42.0	0.0	0.0

Key Outlook Drivers

The 2026 Outlook with total gross expenditures of \$13.0 million reflects an anticipated \$0.776 million or 6.35% increase in gross expenditures above the 2025 Operating Budget; The 2027 Outlooks expects a further increase of \$1.0 million or 7.69% above the 2026 Outlook.

These changes arise from increase in gross expenditures which reflects an anticipated return on investments and increase in external revenues. Toronto Atmospheric Fund is not funded from the City's tax base.

APPENDICES

Appendix 1

2025 Operating Budget by Category

Category (In \$000s)	2022	2023	2024	2024	2025	2025 Change from 2024	
	Actual	Actual	Budget	Projection*	Budget	Budget	Budget
	\$	\$	\$	\$	\$	\$	%
Sundry and Other Revenues	(5,002.0)	13,602.0	11,358.0	13,836.0	12,224.0	866.0	7.6%
Total Revenues	(5,002.0)	13,602.0	11,358.0	13,836.0	12,224.0	866.0	7.6%
Salaries and Benefits	2,635.0	3,399.0	4,514.0	4,201.0	5,209.0	695.0	15.4%
Service and Rent	3,942.0	4,973.0	6,844.0	4,662.0	7,015.0	171.0	2.5%
Total Gross Expenditures	6,577.0	8,372.0	11,358.0	8,863.0	12,224.0	866.0	7.6%
Net Expenditures	11,579.0	(5,230.0)	-	(4,973.0)	-	-	-

*Projection based on 9 Month Variance

Appendix 2

Summary of 2025 Service Changes

N/A

Appendix 3

Summary of 2025 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 4

Operating Program Provincial/Federal Funding Streams by Program

N/A

Appendix 5

2025 Capital Budget;

2026 - 2034 Capital Plan Including Carry Forward Funding

N/A

Appendix 5a

2025 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 5b

2026 - 2034 Capital Plan

N/A

Appendix 6

Reporting on Major Capital Projects: Status Update

N/A

Appendix 7

Capacity to Deliver Review

N/A

Appendix 8

Summary of Capital Delivery Constraints

N/A

Appendix 9

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels in annual budget.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget and Plan: A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

Capital Delivery Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provide services.

Operating Impact of Completed Capital Projects: The Operating Budget Impact of Capital is the change in operating expenditure and / or revenue, which is projected to occur during the implementation of a capital project and / or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority.

State of Good Repair (SOGR): The cost of maintaining assets to ensure that they can support the delivery of City services and meet service outcomes.

Tax Supported Budget: Budget funded by property taxes.

User Fees: Includes all program-generated fees and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).