

Financial Statements of

**TORONTO SENIORS HOUSING
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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, 2025
- 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, 2025, 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 horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 28, 2026

TORONTO SENIORS HOUSING CORPORATION

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 9,738,252	\$ 2,111,346
Accounts receivable	141,562	178,797
Due from TCHC (note 2(a)(ii))	1,816,810	9,803,892
Prepaid expenses	626,590	568,634
	12,323,214	12,662,669
Capital assets (note 3)	9,697	12,869
Due from TCHC (note 2(a)(i))	3,968,019	4,015,051
	\$ 16,300,930	\$ 16,690,589

TORONTO SENIORS HOUSING CORPORATION

Statement of Financial Position (continued)

December 31, 2025, with comparative information for 2024

	2025	2024
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 4,833,739	\$ 3,328,241
Due to TCHC (note 2(a)(ii))	1,254,618	6,702,006
	6,088,357	10,030,247
Employee benefits (note 5)	6,964,000	6,037,600
Net assets:		
Unrestricted	3,248,573	622,742
	\$ 16,300,930	\$ 16,690,589

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Net revenue from TCHC (note 2(a)(ii))	\$ 55,005,802	\$ 51,514,906
Interest	255,531	179,051
Other	45,655	12,797
	55,306,988	51,706,754
Expenses:		
Salaries and benefits	37,306,786	32,909,318
Professional services	856,326	337,180
Supplies and other operating (note 2(a)(ii))	13,363,480	13,043,453
	51,526,592	46,289,951
Surplus revenue payable to TCHC	(1,154,565)	(5,224,955)
Excess of revenue over expenses	\$ 2,625,831	\$ 191,848

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,625,831	\$ 191,848
Amortization which does not involve cash	6,731	6,434
Change in non-cash operating working items:		
Accounts receivable	37,235	53,668
Due from TCHC (note 2(a)(ii))	8,034,114	(4,775,756)
Due to TCHC (note 2(a)(ii))	(5,447,388)	4,116,779
Prepaid expenses	(57,956)	58,169
Accounts payable and accrued liabilities	1,505,498	(149,929)
Employee benefits (note 5)	926,400	850,200
	7,630,465	351,413
Financing activities:		
Due from the City of Toronto (note 2(b))	—	703,461
Due to the City of Toronto	—	(76,078)
	—	627,383
Investing activities:		
Purchase of capital assets (note 3)	(3,559)	—
Increase in cash	7,626,906	978,796
Cash, beginning of year	2,111,346	1,132,550
Cash, end of year	\$ 9,738,252	\$ 2,111,346

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2025

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 less utilities, property taxes, mortgages, security patrols, and facilities management. TCHC continues to own the buildings and be responsible for major capital repairs and improvements. TSHC and TCHC replaced the Transition Agreement with a new Relationship Agreement effective January 1, 2026 through December 30, 2030, where TSHC continues to be responsible for minor capital and maintenance and will be focused on tenant facing issues, including health, wellness, 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).

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

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.

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.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(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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(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;

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

- 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
- 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.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Related party transactions:

(a) Account balances with 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, post-retirement benefits were transferred from TCHC's book to TSHC. The post-retirement benefits of \$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. In 2025, \$47,033 (2024 - \$165,649) was transferred to short-term receivable, and reducing the long-term receivable to a balance of \$3,968,019 (2024 - \$4,015,051).

(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.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Related party transactions (continued):

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

	2025	2024
Revenue collected by TCHC	\$ 99,647,314	\$ 94,269,488
City of Toronto subsidy (note 2(b))	47,861,358	43,908,375
Total revenue received by TCHC	147,508,672	138,177,863
Less: operating property costs	(92,502,870)	(86,662,957)
Net revenue from TCHC	\$ 55,005,802	\$ 51,514,906
Net revenue received	\$ 53,236,025	\$ 43,660,872
Net revenue due from TCHC	1,769,777	7,854,034
Net revenue from TCHC	\$ 55,005,802	\$ 51,514,906
Due from (to) TCHC include:		
Net revenue receivable	\$ 1,769,777	\$ 7,854,034
Subsidies due from TCHC	—	1,784,209
Post-retirement benefit receivable (note 2(a)(i))	47,033	165,649
Due from TCHC	\$ 1,816,810	\$ 9,803,892

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Related party transactions (continued):

	2025	2024
Net revenue payable	\$ —	\$ (1,443,725)
Surplus fund payable to TCHC	(1,154,565)	(5,224,955)
Others	(100,053)	(33,326)
Due to TCHC	\$ (1,254,618)	\$ (6,702,006)

As part of this agreement, TSHC pays to TCHC information technology services and back-office administration costs. The monthly operating costs of \$11,775,938 (2024 - \$11,389,950) are included in the supplies and other operating expense line.

(b) Account balances with the City of Toronto:

TSHC receives \$47,861,358 (2024 - \$43,908,375) in City of Toronto operating subsidy. The subsidy flows to TCHC on a monthly basis, and TCHC advances to TSHC the net revenue, and operating expenses incurred on behalf of TSHC.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Capital assets:

	Cost December 31, 2024	Additions	Accumulated amortization	Net book value December 31, 2025	Net book value December 31, 2024
Furniture and equipment	\$ 25,738	\$ 3,559	\$ 19,600	\$ 9,697	\$ 12,869

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Accounts payable and accrued liabilities:

	2025	2024
Salaries and benefits	\$ 3,094,638	\$ 2,774,627
Others	1,739,101	553,614
	<u>\$ 4,833,739</u>	<u>\$ 3,328,241</u>

5. 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 Ontario Municipal Employees' Retirement Fund ("OMERS") Pension Plan, and other health benefit plans.

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, 2025 are based on the most recent actuarial valuation that has been completed as at December 31, 2025:

- (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.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

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, 2025. 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.

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.

(iii) WSIB Obligation:

The Corporation is a Schedule 2 Employer under the Workplace Safety and Insurance Act (Ontario) and, as such, assumes full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

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

The following benefit plan liabilities as at December 31, 2025 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 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, 2025

5. 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 2025, the OMERS funded ratio stands at 99% (2024 - 98%) and the primary plan ended 2025 with a funding deficit of \$1.3 billion (2024 - \$2.9 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, 2025 contribution rates were 9.0% to 14.6% (2024 - 9.0% to 14.6%).

In 2025, total employee contributions were \$2,681,745 (2024 - \$2,201,870) and total employer contributions amounted to \$2,681,745 (2024 - \$2,201,870).

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

Employee benefits liabilities of TSHC:

	2025	2024
Post-retirement benefits (a)(i)	\$ 3,249,000	\$ 3,147,000
Sick leave benefits (a)(ii)	1,712,400	1,532,400
Disability benefits	542,000	538,000
WSIB obligation (s)(iii)	638,000	—
Other benefits	6,141,400	5,217,400
SERP (b)	822,600	820,200
	\$ 6,964,000	\$ 6,037,600

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

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

	SERP		Other benefits		Total	
	2025	2024	2025	2024	2025	2024
Accrued benefit obligation	\$ 812,300	\$ 809,400	\$ 4,231,000	\$ 3,400,000	\$ 5,043,300	\$ 4,209,400
Unamortized actuarial gain	10,300	10,800	1,910,400	1,817,400	1,920,700	1,828,200
Accrued benefit liability	\$ 822,600	\$ 820,200	\$ 6,141,400	\$ 5,217,400	\$ 6,964,000	\$ 6,037,600

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

Continuity of TSHC accrued benefit liabilities:

	SERP		Other benefits		Total	
	2025	2024	2025	2024	2025	2024
Balance, beginning of year	\$ 820,200	\$ 1,013,000	\$ 5,217,400	\$ 4,174,400	\$ 6,037,600	\$ 5,187,400
Current service cost	2,200	2,100	357,000	824,000	359,200	826,100
Interest cost	35,200	35,200	131,000	211,000	166,200	246,200
Benefits paid	(24,200)	(67,600)	(83,000)	(205,000)	(107,200)	(272,600)
Actuarial loss	(21,100)	(173,300)	(1,391,400)	(1,604,400)	(1,412,500)	(1,777,700)
Unamortized actuarial gain	10,300	10,800	1,910,400	1,817,400	1,920,700	1,828,200
Balance, end of year	\$ 822,600	\$ 820,200	\$ 6,141,400	\$ 5,217,400	\$ 6,964,000	\$ 6,037,600

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

TSHC's employee benefits expense:

	SERP		Other benefits		Total	
	2025	2024	2025	2024	2025	2024
Current service cost	\$ 2,200	\$ 2,100	\$ 357,000	\$ 824,000	\$ 359,200	\$ 826,100
Interest cost	35,200	35,200	131,000	211,000	166,200	246,200
Amortization of actuarial loss (gain)	(10,800)	(162,500)	519,000	213,000	508,200	50,500
Balance, end of year	\$ 26,600	\$ (125,200)	\$ 1,007,000	\$ 1,248,000	\$ 1,033,600	\$ 1,122,800

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. 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	
	2025	2024	2025	2024
Discount rates for benefit obligations:				
Post-retirement and sick leave	—	—	4.40%	4.20%
Post-employment Pension	—	—	3.50%	3.40%
	4.50%	4.40%	—	—
Discount rates for benefit costs:				
Post-retirement and sick leave	—	—	4.20%	4.10%
Post-employment Pension	—	—	3.40%	3.80%
	4.40%	4.30%	—	—
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	—	—	5.10%	5.14%
Healthcare inflation - ultimate	—	—	4.00%	4.00%

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2025

5. Employee benefits (continued):

For measurement purposes, a 5.10% (2024 - 5.14%) 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.

6. 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.

7. Comparative information:

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