

Financial Statements of

**TORONTO SENIORS HOUSING
CORPORATION**

And Independent Auditors' Report thereon

Period from June 23, 2021 (date of formation) to
December 31, 2021



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INDEPENDENT AUDITORS' 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, 2021
- the statement of operations for the period from June 23, 2021 (date of formation) to December 31, 2021
- the statement of cash flows for the period from June 23, 2021 (date of formation) to December 31, 2021
- 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, 2021, and its results of operations and its cash flows for the period from June 23, 2021 (date of formation) to December 31, 2021 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 23, 2022

TORONTO SENIORS HOUSING CORPORATION

Statement of Financial Position

December 31, 2021

Assets

Current assets:

Cash	\$ 479,362
Interest receivable	273
HST recoverable	36,885

\$ 516,520

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$ 172,640
Deferred grant revenue (note 2)	342,834

515,474

Net assets:

Unrestricted	1,046
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\$ 516,520

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Operations

Period from June 23, 2021 (date of formation) to December 31, 2021

Revenue:	
City of Toronto grant (note 2)	\$ 642,166
Interest	1,046
	<hr/> 643,212
Expenses:	
Salaries and benefits	298,491
Services	317,538
Supplies and other operating	26,137
	<hr/> 642,166
<hr/> Excess of revenue over expenses	<hr/> \$ 1,046

See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Statement of Cash Flows

Period from June 23, 2021 (date of formation) to December 31, 2021

Cash provided by (used in):

Operating activities:

Excess of revenue over expenses	\$ 1,046
Change in non-cash operating working items:	
Interest receivable	(273)
HST recoverable	(36,885)
Accounts payable and accrued liabilities	172,640
Deferred grant revenue	342,834

Increase in cash, being cash, end of period	\$ 479,362
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See accompanying notes to financial statements.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements

Period from June 23, 2021 (date of formation) to December 31, 2021

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 will operate affordable rental and social housing for low and moderate-income senior households.

Toronto Community Housing Corporation ("TCHC") will continue to own the buildings and be responsible for major capital while TSHC will operate the buildings. TSHC will 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 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.

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 period in which the related expenses are incurred.

Interest income is recorded when earned.

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Period from June 23, 2021 (date of formation) to December 31, 2021

1. Significant accounting policies (continued):

(b) Expenses:

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

(c) 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.

(d) 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 period. 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 period they become known.

2. Deferred grant revenue:

TSHC received funding from the City of Toronto, as follows:

Balance, beginning of period	\$	–
Grant received		985,000
Recognized as revenue		(642,166)
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Balance, end of period	\$	342,834

TORONTO SENIORS HOUSING CORPORATION

Notes to Financial Statements (continued)

Period from June 23, 2021 (date of formation) to December 31, 2021

3. 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 period 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 period.

4. Impact of COVID-19 pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The full extent of the financial impact on TSHC is currently indeterminable due to the evolving nature of the COVID-19 pandemic.