

**TORONTO SENIORS HOUSING CORPORATION (TSHC)
AUDIT & FINANCE AND RISK COMMITTEE (AFRC) MEETING**

AGENDA

Date: Thursday, January 26, 2023

Time: 4:00pm – 5:30pm

Location: WebEx & Livestream

Item	Time	Description	Action	Supporting Documents	Presenter
1.	4:00 5 min	Chair's Remarks	Information	NA	Lawrence D'Souza, Chair
2.	4:05 2 min	Land and African Ancestral Acknowledgements	N/A	N/A	Chair
3.	4:07 2 min	Approval of Public Meeting Agenda	Approval	Agenda	Chair
4.	4:09 2 min	Chair's Poll re: Conflict of Interest	Declaration	N/A	Chair
5.	4:11 1 min	Approval of Minutes of AFRC meeting of November 17 th , 2022	Approval	Minutes of AFRC meeting of November 17 th , 2022	Chair
6.	4:12 1 min	Approval of Closed Session Minutes of AFRC meeting of November 17 th , 2022	Approval	Minutes of AFRC meeting of November 17 th , 2022	Chair
7.	4:13 2 min	AFRC Action Items List	Information	AFRC Action Items List	Chair
8.	4:15 5 min	AFRC Work Plan	Information	Work Plan	Grant Coffey

**Toronto Seniors
Housing Corporation**

Item	Time	Description	Action	Supporting Documents	Presenter
9.	4:20 20 min	2023 TCHC/TSHC Consolidated Budget	Information	2023 Consolidated Budget	Vince Truong
10.	4:40 10 min	2023 COVID-19 Costs	Information	Report	Vince Truong
11.	4:50 10 min	Review of Policies: <ul style="list-style-type: none"> • Accounts Payable Policy • Delegation of Authority Policy 	Approval (to recommend to Board)	Report & Policies	Vince Truong
12.	5:00 10 min	2022 Preliminary Financial Result	Information	Report	Vince Truong
13.	5:10 10 min	Financial Update <ul style="list-style-type: none"> - HST Application - Vacation/Post Retirement Benefits - Letter of Guarantee - Financial Analysis Review 	Information	Report	Vince Truong
14.	5:20 1 min	Adjournment	N/A	N/A	Chair

(For approval at the January 26, 2023 AFRC meeting)

**TORONTO SENIORS HOUSING CORPORATION (TSHC)
Audit & Finance and Risk Committee (AFRC)**

Date: November 17, 2022

Time: 4:00pm – 5:30pm

Location: WebEx & Livestream

Draft Minutes

The Audit & Finance and Risk Committee (AFRC) of the Toronto Seniors Housing Corporation held its public meeting on November 17, 2022, at 4:00pm via WebEx video conference. The meeting was live streamed on YouTube and subsequently posted the link to TSHC's website.

Members in Attendance:

Lawrence D'Souza (Chair), Warren Law and Fareed Amin.

TSHC staff present: Vince Truong, Tom Hunter, Brad Priggen, Grant Coffey, Roman Zydownyk, Janelle Estwick, Liz Dizig (Recording Secretary)

ITEM 1: CHAIR'S REMARKS

The Chair welcomed everyone participating at this meeting as well as the virtual audience participating in the livestream.

ITEM 2: LAND AND AFRICAN ANCESTRAL ACKNOWLEDGEMENTS

The Chair called the meeting to order and noted the Acknowledgement of the Land.

ITEM 3: APPROVAL OF PUBLIC MEETING AGENDA

The Chair asked if there were any additions to the public meeting agenda. Hearing none:

Motion **UPON MOTION**, duly made by Warren Law, and seconded by Fareed
Carried Amin, **IT WAS RESOLVED THAT** the public meeting agenda, as presented,
is hereby approved.

ITEM 4: CHAIR'S POLL RE: CONFLICT OF INTEREST

The Chair asked if there was any conflict of interest to be declared.

No conflicts were declared.

ITEM 5: APPROVAL OF THE PUBLIC MINUTES OF AFRC MEETING OF SEPTEMBER 20, 2022

The Chair tabled the public minutes of the September 20, 2022 meeting and asked that they be taken as read.

Motion **UPON MOTION**, duly made Warren Law and seconded by Fareed Amin **IT**
Carried **WAS RESOLVED THAT** the public meeting minutes of September 20,
2022, as tabled, are hereby approved.

ITEM 6: APPROVAL OF THE CLOSED SESSION MINUTES OF AFRC MEETING OF SEPTEMBER 20, 2022

The Chair tabled the closed session minutes of the September 20, 2022 meeting and asked that they be taken as read.

Motion **UPON MOTION**, duly made Warren Law and seconded by Lawrence
Carried D'Souza, **IT WAS RESOLVED THAT** the closed session meeting minutes of
September 20, 2022, as tabled, are hereby approved.

ITEM 7: AFRC ACTION ITEM LIST

The Chair received for information the AFRC Action Item List (November 17, 2022).

ITEM 8: TSHC SEPTEMBER YTD FINANCIAL RESULT

At the invitation of the Chair, Mr. Vince Truong provided an update and overview of the TSHC current financial position through to September 30, 2022.

It was noted from January through September 30, 2022, TSHC incurred operating expenses of \$15,309,089. Revenue amounted to \$15,309,089 being composed of \$3,493,801 from the City of Toronto, \$11,730,662 from TCHC for TSHC's rental units (revenue less expense estimate per the Transition Agreement), and \$80,626 interest income earned on bank balances. Expenses incurred were for staff compensation and benefits, TSHC lead consultants and other third-party vendors and insurance, transportation and communication, Computer services, other miscellaneous costs and shared services paid to TCHC (per Service Delivery Agreement).

The City of Toronto revenue grant recognized at \$3,493,801 from a budget of \$5,097,576 with a positive variance year to date of \$1,603,775. The positive variance is a result of lower than expected legal and professional services due to the delay in the Lease Agreement, lower payroll and benefits cost, along with reduction in software licenses, travel, conference and other non payroll related expenses.

Salaries, wages and benefits were higher by \$273K versus budget mainly due to ISM Phase 3, and overtime related to COVID cleaning.

Mr. Truong provided a quick snapshot over the nine month results of TSHC's financial position. It was noted that the current results do not include the reconciliation with TCHC, the figures are based on an estimate. We have the reconciliation up until June 30, 2022 but the amount has not been adjustment into this statement. The June, July, August and September reconciliation will appear in the next quarter. The results from year to date (June, July, August and September) will be discussed during the in-camera session.

**ITEM 9: MOTION TO RECOMMEND FOR INFORMATION TO THE BOARD THE
SEPTEMBER 2022 FINANCIAL STATEMENT**

*Motion
Carried*

UPON MOTION, duly made by Fareed Amin, and seconded by Warren Law, **IT WAS RESOLVED THAT** the September 2022 Financial Statement go to the Board of Directors for information.

**ITEM 10: FINANCIAL UPDATES: 2022 FORECAST AND CASH FLOW PROJECTION;
LETTER OF GUARANTEE; VARIOUS OUTSTANDING MATTERS**

At the invitation of the Chair, Vince Truong provided an overview of the 2022 Forecast and Cash Flow Projection. It was noted that TSHC is projected to finish the year with a surplus of \$1.267M of which \$1.069M is generated from TCHC, the amount is subject to reconciliation with TCHC. The amount would have to be repaid as per the Transition Agreement. The balance of the surplus \$198,000 relates to the interest income earned from the City cash advance and a small operating surplus for the year.

The balance of the surplus relates to underspending of the City of Toronto grant and is due to timing of recruitment and not moving forward with the Lease Agreement at this time.

It is anticipated that TSHC will underspend for the remainder of 2022 as the Lease Agreement was to be in place by January 2023, but has since been delayed. We are anticipating to come in at \$1.267M, which is approximately \$46,000 from the earlier plan. This is mainly to do with salaries and absorbing ISM phase 3 and COVID cleaning.

A detailed discussion took place regarding TSHC cash flow position at year end.

A Letter of Guarantee is projected to be required by December 15th. We are projecting a negative cash position if we were to repay \$1.069M to TCHC and if in the event that the City of Toronto recalls the grant of \$2.1M. Worst case we would be in the negative of \$1M by December. We are asking to get the letter of guarantee out by December 15 with approval to get to RBC line of credit in the event we should require the funds.

Motion **UPON MOTION**, duly made by Warren Law, and seconded by Fareed
Carried Amin, **IT WAS RESOLVED THAT** it be recommend the Board receive for
Information the Financial Update & 2022 Forecast & Cash flow

**ITEM 12: INSURANCE RENEWAL: HSC INSURANCE INVOICE; EXCESS CRIME INVOICE;
SUMMARY OVERVIEW OF TSHC COVERAGE**

A discussion took place around insurance coverage for the Corporations buildings that expired on October 31, 2022. It was recommended that TSHC renew the policy with HSC Insurance Inc. at an annual premium of \$613,632.05 plus taxes for the period of November 1, 2022 to October 31, 2023.

The Excess Crime Insurance policy is to be renewed at the cost of \$37,273.00 plus applicable taxes.

It was noted that the Directors and Officers Liability insurance is covered under the City of Toronto.

ACTION: Staff to report back on the details of the Excess Crime insurance coverage.

Staff to confirm with HSC that although the insurance provider granted an extension of payment of the invoice to November 30, 2022, does it include coverage during that period?

ITEM 13: MOTION TO APPROVE FOR INFORMATION TO THE BOARD THE 2022 INSURANCE RENEWAL

Motion Carried **UPON MOTION**, duly made by Fareed Amin, and seconded by Warren Law, **IT WAS RESOLVED THAT** that the 2022 Insurance Renewal go to the Board of Directors for the following approval:

1. Approves the renewal of insurance with the Service Provider, effective November 1, 2022 to October 31, 2023 at an annual premium of \$613,632.05, excluding applicable taxes, a copy of such agreement is attached thereto as Attachment 1;
2. Approves the invoice of the Excess Crime insurance premium, \$37,273, attached thereto as Attachment 2;
3. Authorizes the Chief Executive Officer (or his designate) to take all actions and execute all necessary documents, on behalf of the TSHC, to implement the above recommendations.

ITEM 14: ENGAGEMENT LETTER

At the invitation of the chair, Vince Truong indicated the 2022 Audit is scheduled for February 21, 2023. The audit is expected to take approximately one to one and a half weeks to complete. KPMG is the assigned auditor for TCHC, and TSHC received audit services in 2021 from KPMG.

Vince Truong provided an overview of the services that will be provided by KPMG to provide audit services. Staff reviewed the scope of work and requirements and compared to last year, noting the statement is very similar.

ITEM 15: MOTION TO APPROVE FOR INFORMATION TO THE BOARD THE ENGAGEMENT & AUDIT TIMELINE

Motion Carried **UPON MOTION**, duly made by Warren Law, and seconded by Fareed Amin, **IT WAS RESOLVED THAT** the Board Chair sign the Audit Engagement Letter from KPMG, and the audit fees associated with the engagement.

ITEM 16: MOTION TO MOVE INTO CLOSED SESSION

Motion **UPON MOTION**, duly made by Warren Law, and seconded by Fareed
Carried Amin, and unanimously carried, **IT WAS RESOLVED THAT** the
Committee move into a closed session.

ITEM 17-22: CLOSED SESSION

ITEM 23: MOTION TO APPROVE CLOSED SESSION DECISIONS

Motion **UPON MOTION**, duly made by Warren Law, and seconded by Fareed
Carried Amin, and unanimously carried, **IT WAS RESOLVED THAT** the
Committee approve items discussed in the closed session.

ITEM 14: ADJOURNMENT

The Chair thanked the Committee members and the staff for their participation at today's meeting.

Motion **UPON MOTION**, duly made by Warren Law, and seconded by Fareed
Carried Amin, and unanimously carried, **IT WAS RESOLVED THAT** the public
meeting terminate

Lawrence D'Souza, Chair
Audit, Finance and Risk Committee

Item 7

**TORONTO SENIOR HOUSING CORPORATION (TSHC) Audit Finance and
Risk Committee
Action Items List**

Item	Meeting Arising From	Description	Resp.	Status
1.	September 20, 2022	Request for additional reporting breakdown details be circulated to members in advance of next board meeting	Vince Truong	Complete - Updated and sent to Chair for review
2	November 17, 2022	Staff to report back on the details of the Excess Crime insurance coverage.	Vince Truong	Complete - Details provided to the Chair and Committee on November 22, 2022.

AFRC Proposed Work Plan 2023

Q1 January 26 th , 2023	Q1 March 22 nd , 2023
AGENDA ITEMS	AGENDA ITEMS
2023 Budget	Contract Staff Extensions (If Needed- for information)
AFRC Review of Work Plan 2023	Financial Update
Financial Update	Audit Report (to be approved by Board)
	2022 Year End Reconciliation
	Forecast & Cashflow Update
	2022 Annual Report (approval for Board)

Q2 May 25 th , 2023	Q3 August 22 nd , 2023
AGENDA ITEMS	AGENDA ITEMS
Q1 2023 Reconciliation	Financial Update
Financial Update	Q2 2023 Reconciliation
Forecast & Cashflow Update	Forecast & Cashflow Update
	Budget Update

Q4 October 24 th , 2023 (proposal to have meeting Nov 17 th - 20 th) – Special ARFC meeting for Budget (also extend Board meeting in Nov)	
AGENDA ITEMS	
2024 Insurance Renewal	Risk Management Framework
2024 Proposed Budget (to be approved by board)	
Forecast & Cashflow Update	
Q3 2023 Reconciliation	
Financial Update	

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee
Consolidated 2023 Operating Budget**

Item # 9

DATE: January 26, 2023

Report: AFR: 2023 XX

To: Audit Finance Risk Committee

From: Vince Truong, Interim Finance Lead

Date: January 26, 2023

PURPOSE: FOR INFORMATION

The purpose of this report is to provide information regarding the Consolidated TCHC/TSHC 2023 Operating Budget.

RECOMMENDATION: It is recommended that the AFRC receive for this report information and recommend to the Board to receive for information.

REASONS FOR RECOMMENDATIONS:

Through consultation from the City, both TSHC and TCHC are presenting the 2023 Operating Budget in a consolidated format. The purpose of the consolidated budget format is to allow TSHC and TCHC to finalize remaining items. The Board of Directors, and the Audit, Finance, and Risk Committee have been updated on the 2023 Budget process in previous meetings, outlining the financial challenges faced by the City of Toronto and a transition budget year for both organizations. The Board of Directors approved the 2023 Consolidated TCHC/TSHC Budget at their meeting of December 12, 2022.

The Consolidated 2023 Operating Budget for TCHC and TSHC includes the following:

Toronto Seniors Housing Corporation

- Total consolidated revenue of \$696,087,000 comprising of Residential Rent Geared to Income (RGI), City Subsidies, and other income for TSHC and TCHC;
- The year over year increase in RGI and Market Rent is approximately 1% or flat, and mainly due to improvement in the vacancy rate;
- Subsidies and one-time adjustments were slightly higher than 2022 to accommodate for additional cost pressures as outlined in the consolidated expenses;
- Total consolidated expenses of \$696,087,000 is an increase of 3.6% from 2022;
- The consolidated COVID-19 expense is approximately \$10.8M.

The priority setting for TSHC's 2023 Operating Budget include:

- As resources permit, TSHC will work towards establishing corporate functions in Finance, People and Culture (HR), Policy Planning and Quality Improvement, and Communications/ Engagement;
- TSHC will continue to work with TCHC and the City for cost sharing models to achieve cost efficiencies;
- TSHC will continue to implement 3 quality improvement projects in priority areas as identified by tenants: Safety & Security; Pest Management; Staff and Tenant Relations. TSHC will implement priority policy reviews with a seniors-lens;
- TSHC will continue to extend community programming for tenants and health & wellness partnerships with agencies;
- TSHC will strive to maintain clean and well maintained buildings;
- TSHC will effectively manage vacancy and arrears to help ensure stable tenancy and rentable units;
- TSHC will ensure effective response to COVID-19 in both tenant supports and building management;
- TSHC will develop and implement a renewed Tenant Engagement Model;
- TSHC will improve health and wellness supports, and outcomes for tenants within the current construct and proposed recommendations (i.e. Integrated Service Model and Health Commons Report).

Key Risks and Challenges:

- TSHC has been impacted by COVID-19, and will continue to be impacted in 2023. This could include extra cleaning and PPE expense and materials;
- The inflationary pressure has played a significant impact to TSHC in the 2023 Budget;
- TSHC has delayed 10 FTE positions from the approved 20 positions in the 2023 Budget;
- TSHC to absorb ISM Phase 3 from TCHC/City in the 2023 Budget.

The consolidated 2023 Operating Budget is currently under consideration through the City of Toronto Budget process taking place in January and February 2023.

Vince Truong
Interim Finance Lead

List of Attachments

Attachment 1 – Consolidated TCHC-TSHC 2023 Operating Budget

Attachment 2 – Consolidated TCHC-TSHC 2023 Budget Notes (City of Toronto)

Item #9
Attachment # 1 -
Consolidated TCHC-
TSHC 2023 Operating
Budget

TCHC/TSHC Consolidated 2023 Operating Budget

(Amounts in \$000's)

	2023 BUDGET			2022 FORECAST (September)			Forecast vs Budget	
	Consolidated	COVID Expenses	Total	Consolidated	COVID Expenses	Total	Base \$ Change	Base % Change
CASH INFLOWS								
Residential rent - RGI	265,076	-	265,076	260,709	-	260,709	4,367	2%
Residential rent - Market	88,821	-	88,821	89,455	(1,407)	88,048	(634)	-1%
Bad Debt Expense	(3,669)	(5,662)	(9,331)	(2,335)	(6,280)	(8,615)	(1,334)	57%
Subsidies - City	272,795	-	272,795	275,268	-	275,268	(2,473)	-1%
Subsidies - Regent Park	2,446	-	2,446	(3,544)	-	(3,544)	5,990	-169%
Subsidies - City (one-time)	23,027	-	23,027	9,509	-	9,509	13,517	142%
Parking, laundry and cable fees	19,605	(1,245)	18,361	19,194	(1,400)	17,794	411	2%
Commercial rent	18,318	-	18,318	18,662	-	18,662	(343)	-2%
Other revenue	1,786	-	1,786	1,796	-	1,796	(10)	-1%
RPEI revenue	7,882	-	7,882	6,011	-	6,011	1,871	31%
	696,087	(6,907)	689,180	674,725	(9,087)	665,638	21,362	3%
CASH OUTFLOWS								
Utilities	152,440	1,443	153,884	135,744	2,389	138,133	(16,696)	-12%
Municipal taxes	20,303	-	20,303	19,491	-	19,491	(812)	-4%
Mortgage Interest & Principal	140,016	-	140,016	136,408	-	136,408	(3,608)	-3%
Operations	157,543	427	157,970	161,743	2,219	163,962	4,200	3%
Operations (Other)	92,299	41	92,340	97,956	607	98,563	5,657	6%
Corporate	74,370	650	76,478	69,576	811	71,625	(4,794)	-7%
Housing Equity Commissioner	1,457	-	1,457	1,238	-	1,238	(219)	-18%
Senior Housing Unit	41,645	1,286	42,931	33,901	2,294	36,195	(7,744)	-23%
Other	22,772	-	22,772	19,097	46	19,143	(3,675)	-19%
IT/Corporate Capital	6,241	-	6,241	3,813	-	3,813	(2,428)	-64%
Withdrawal from Reserves	(13,000)	-	(13,000)	-	-	-	13,000	100%
	696,087	3,847	699,934	678,967	8,366	687,333	(17,120)	-3%
Total Cash Surplus (shortfall)	0	(10,754)	(10,754)	(4,242)	(17,453)	(21,695)	(4,242)	100%

**Item #9 Attachment
2 -
Consolidated TCHC-
TSHC 2023 Budget
Notes (City of
Toronto)**

2023 Budget Notes

Toronto Community Housing Corporation and Toronto Seniors Housing Corporation

While we aim to provide fully accessible content, there is no text alternative available for some of the content within these pages. If you require alternate formats or need assistance understanding our charts, graphs, or any other content, please contact us at FPD@toronto.ca.

Description

TCHC and TSHC (the Organization) delivers essential frontline service that involves providing housing and support for vulnerable Torontonians. Through deeply affordable rents the Organization makes it possible for tens of thousands of low-income families to maintain their housing.

TCHC's overall priorities are to provide positive tenant experience, quality homes and vibrant communities. These priorities underscore our continuing focus on delivering clean, well-maintained buildings where all tenants have opportunities to engage with their community. We are committed to ensuring that service delivery meets high standards consistently across the organization.

TSHC's overall priorities include a commitment to support seniors to allow them to live independently in their homes and communities and enjoy a better quality of life, including a focus on providing clean and well maintained buildings and improving health, wellness and social supports for tenants.

Why We Do It

The Organization's mission is to provide clean, safe, well-maintained, affordable homes for residents.

The Organization's portfolio of social housing buildings represent the most cost effective way to meet the housing needs of Toronto's economically vulnerable residents. Housing the same number of people in the shelter system would cost more than \$3.5 billion a year.

Through collaboration and with residents' needs at the forefront, we connect residents to services and opportunities, and help foster great neighbourhoods where people can thrive.

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.

Program / Agency:

Toronto Community Housing Corporation:

Raymond Yip

Director, FP&A

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Toronto Senior Housing Corporation:

Vince Truong

Interim, Finance Lead

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Corporate:

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Senior Financial Planning Analyst

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What Service We Provide

Who We Serve:

The Organization's tenants are from all walks of life, with a primary eligibility being low-income, survivors of domestic violence or human trafficking, shelter residents, and applicants experiencing homelessness.

Notable statistics about tenants include:

- 43% of households have a member with a disability
- 29% of tenants live alone
- 26% of households are headed by a single parent
- 12% of households self-identify as having at least one member with a mental health concern
- Close to 75% of households rely on government funds as their primary source of income
- 72% of TSHC tenants are aged 65-84 and 22% are 85 and older
- 43% of TSHC tenants do not speak English as a first language

What We Deliver:

The Organization provides affordable and subsidized housing to 110,000 tenants (95,000 in TCHC and 15,000 in TSHC), in 58,500 units (44,800 in TCHC and 13,700 in TSHC), across the City. 89% of tenancies are deep-affordable, with a subsidy value sufficient to reduce the cost of housing to one-third of tenant income, or as little as \$85 per month. The Organization manages and maintains an infrastructure portfolio of 2,100 buildings, worth over \$10 billion and invests \$350 million in capital repairs and improvements per year towards restoring this valuable public asset to a full state of good repair.

Budget at a Glance

2023 OPERATING BUDGET				2023 - 2032 10-YEAR CAPITAL PLAN			
\$Million	Excluding COVID	COVID Impact	Total	\$Million	2023	2024-2032	Total
Revenues	\$696.1	(\$7.0)	\$689.1	Gross Expenditures – Building Repair	\$350.0	\$2,129.8	\$2,479.8
Gross Expenditures	\$696.1	\$3.8	\$699.9	Gross Expenditures – Development	\$88.5	\$571.5	\$660.0
Net Expenditures	\$0	\$10.8	\$10.8	Gross Expenditures - IT	\$5.2	\$0	\$5.2
				City Funding – Building Repair *	\$131.8	\$1,440.0	\$1,571.8
				City Funding – Development	\$15.9	\$14.1	\$30.0
				City Funding - IT	\$5.2	\$0	\$5.2

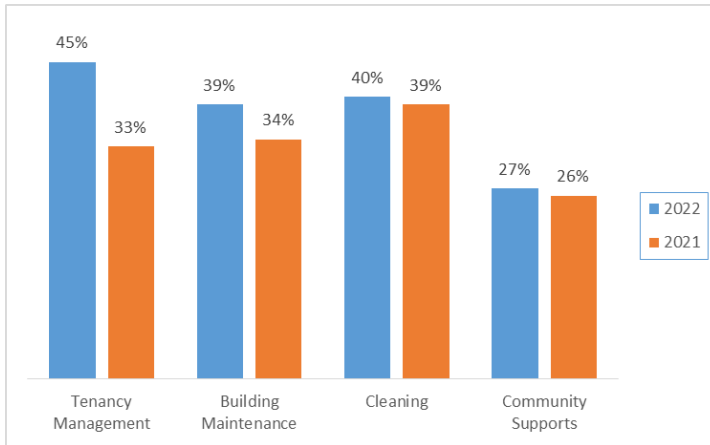
Note: TCHC and TSHC are presenting a consolidated 2023 Budget, as agreements between the two organizations are still under review.

* The Organization has included \$153M of City funding for capital in each year from 2029 to 2032 as an estimate of the ongoing amount to maintain a 10% FCI. Building Repair Capital funding requirements will be revisited and confirmed in future years along with ongoing Provincial and Federal funding.

- For 2023, the Organization has budgeted a net zero budget when COVID impacts are excluded, and net operating pressures of \$10.8 million when including the impacts of COVID.
- The 2023 operating subsidy provided by the City increased by \$18.5 million, or 6.7%, to \$295.8 million and includes a \$5.0 million increase to the base subsidy, as well as a one-time funding increase of \$13.5 million to a total of \$23.0 million. The one-time funding is being provided as a bridging strategy to offset operating cost pressures faced by the Organization. A comprehensive review of TCHC and TSHC financials in 2023, including the capital portfolio, will inform the subsidy level required in future years.
- The City is also budgeting a one-time contribution against the Organization's COVID impacts of \$10.8 million, with Federal/Provincial recoveries reflected in the City's corporate accounts along with all other COVID recoveries.
- For capital, the City is providing new funding of \$30 million towards the Organization's development capital plan, with \$15.9 million in 2023, \$12.6 million in 2024 and \$1.5 million in 2025. This funding will ensure that work on in-flight development projects can continue.
- In addition, the City is providing \$5.2 million towards the Organization's capitalized IT costs related to cybersecurity, resulting from Auditor General recommendations ([AU10.4 Auditor General's Cybersecurity Review](#)).
- The City has continued to add State of Good Repair investment to the tenth year of the capital plan, with a 10 year funding total of \$1.572 billion, furthering its commitment to support TCHC's building repair capital plan.

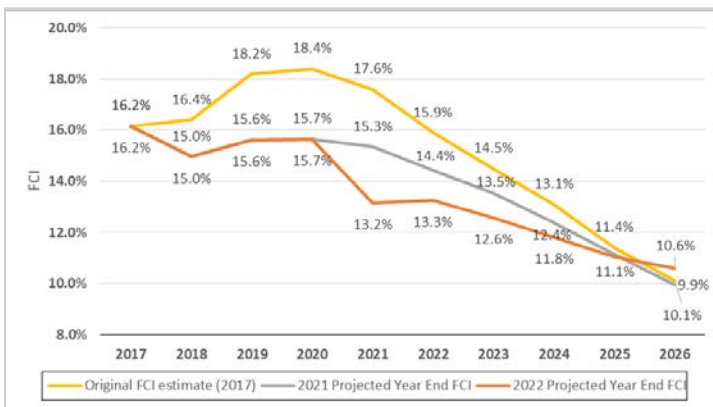
How Well We Are Doing – Behind the Numbers

2022 Service Quality Indicators



- TCHC receives tenant feedback on the quality of service delivery across its service hubs implemented across numerous buildings/communities within the TCHC portfolio.
- Compared to 2021, TCHC is seeing positive improvements across all Service Quality Indicators as per its tenants in the subset of buildings polled:
 - Tenant satisfaction with Tenancy Management has increased 12%
 - Building Maintenance is seeing a 5% improvement in tenant approval
 - Cleaning and Community Supports, each, are seeing increases in tenant satisfaction

2022 Building Facilities Condition Index – Actuals and Projection



- The Facility Condition Index represents the number of building components reaching or exceeding the end of their useful life.
- An FCI of 10% or less is the industry standard for a state of good repair.
- With a fully funded capital repair plan, TCHC has reliably improved upon its capital projections and is on-track to reach a sustainable state of good repair in 2026.

COVID-19 IMPACT AND RECOVERY

2023 Impact and Recovery

Operating Budget Impact

- Lost revenues of \$6.9 million due to bad debts of \$5.7 million on residential and commercial rents, as well as \$1.2 million in lost parking revenues.
- Expenditures of \$3.8 million for the Organization, which are significantly lower than the 2022 Projection, includes \$1.8 million for PPE, \$1.4 million in utilities usage by tenants and \$0.7 million in information technology requirements.

Service Level Changes

- There are no anticipated service level changes.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Along with the implementation of the new Choice-Based letting system, TCHC also worked with the Service Manager to house 525 households, representing 703 people through the Rapid Rehousing program that includes short-term and long-term supports.
- Completed bringing the East and Central region's Contract Managed buildings back to Direct Managed; implemented the conversion of Central (2,502 units), East (4,870 units) and Senior (993 units) Contract Managed buildings to Direct Managed.
- Increased efficiencies through the Alternate Response Unit, a team dedicated to handling service calls remotely or over the telephone, resulting in a mobile response from a special constable not being required.
- Developed a Summer Safety Strategy program in collaboration with the City of Toronto, Toronto Police Service and external community stakeholders.
- Community Safety Unit committee worked with the Centre to implement a Cadet program to hire black youth from TCHC communities in 2023.
- Continued to deliver on the 2022 State of Good Repair program amidst supply and labour shortages.
- Established formal TSHC structure and governance, transitioned 301 positions and TSHC began operations and service delivery on June 1 as planned for 83 buildings.
- Implemented Phase 3 of the Integrated Service Model (ISM) for the final 31 buildings bringing all 83 buildings into the ISM which is now operational in TSHC.
- TSHC completed a Listening Tour in 46 buildings engaging 1000+ tenants since June 1, implemented First-100 Day priority initiatives and initiated 3 Quality Improvement projects.
- TSHC supported by partners delivered COVID-19 and Flu vaccines to seniors tenants across 83 buildings.
- Completed the final phases of the HoMES project and officially closed a three-year business transformation project below budget.

Key Challenges and Risks

- TCHC continues to face challenges in maintaining non-union staff. The disparity in financial compensation for these individuals when compared to market, and even to the City's pay bands, continue to drive significant turnover and impacts TCHC's ability to attract new talent and retain existing talent.
- Both organizations will continue to be impacted by COVID-19 in 2023 but will continue to manage these pressures on an ongoing basis.
- Non-COVID pressures, such as utility rate increases, service contract rate increases, collective agreement pay increases, increase in mortgage principles & interest from the CMHC NHS loan, and transfer of market rental units to RGI, will represent significant pressures against the City subsidy.
- Increased costs for labour and materials associated with the State of Good Repair capital program will add significant pressures in 2023 to deliver the same number of completed projects by year end.

-
- TSHC has delayed 50% of the corporate positions planned in 2023 which will impact continued implementation of the full organization as set out in the Shareholder direction.
-

Priority Actions

- TCHC will look to reduce its non-union staffing turnover by aligning its compensation closer to that of the City and the market.
 - The continued implementation in restructuring the service delivery model will ensure tenants have easier, quicker and more accessible service, delivered safely and consistently through the Tenant Service Hubs opened across the City.
 - Continue to work with City staff to transition TCHC scattered houses to new permanent management by non-profit housing providers.
 - TCHC continues to execute its Capital Plan and continues to strive to bring its building portfolio into a state of good repair by 2026. In 2022, TCHC staff reprioritized the capital plan to account for labour and supply impacts to ensure that the Plan remained on schedule. In 2023, TCHC will continue to maintain a flexible approach to its Capital Plan.
 - Working with the City's Office of the Chief Information Security Officer, TCHC and TSHC will begin implementing its Cybersecurity program, which will include the replacement of many of the organization's end-of-life IT systems.
 - TSHC will implement 3 Quality Improvement Projects in Pest Management, Safety & Security and Staff and Tenant Relations and priority policy reviews with a senior lens.
 - TSHC will strive to maintain clean and well-maintained buildings and effectively manage vacancy and arrears to help ensure stable tenancies and rentable units.
 - TSHC will develop and implement a new Tenant Engagement Model and also extend community programming and health and wellness supports and partnerships for senior tenants.
 - As resources permit, TSHC will work towards establishing corporate functions in Finance, People and Culture (HR), Policy Planning and Quality Improvement and Communications/Engagement.
-

TABLED BUDGET

Tabled budgets including City funding for Toronto Community Housing Corporation and Toronto Seniors Housing Corporation are reflected in the City's Budget within both the Housing Secretariat and Corporate Accounts and include:

- \$272.795 million in base operating subsidy reflected in Housing Secretariat, an increase of \$5 million from 2022.
- \$23.027 million in one-time funding to offset operating pressures reflected in Corporate Accounts, an increase of \$13.518 million from 2022.
- \$10.754 million to offset COVID-related operating pressures reflected in Corporate Accounts, subject to final 2022 COVID-19 impacts and secured COVID-19 funding supports.
- \$30 million towards development capital reflected in Housing Secretariat, including \$15.860 million in 2023, \$12.556 million in 2024 and \$1.584 million in 2025.
- \$5.190 million towards cybersecurity projects reflected in Housing Secretariat, resulting from Auditor General recommendations.
- \$1.572 billion towards building repairs over the 10-year period from 2023 to 2032 reflected in Housing Secretariat. TCHC will spend \$350 million towards building repairs in 2023.

2023 OPERATING BUDGET

2023 OPERATING BUDGET OVERVIEW

Table 1: 2023 Operating Budget by Service

(In \$000s)	2022 Budget	2022 Projection*			2023 Base Budget			2023 Budget	Change v. 2022 Projection	
		Excluding COVID	COVID Impacts	Total Proj.	Excluding COVID	COVID Impacts	Total Base		\$	%
By Service	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Revenues										
Residential Rent - RGI	250,754	260,709		260,709	265,076		265,076	265,076	4,367	1.7%
Residential Rent - Market	90,463	89,455	(1,407)	88,048	88,821		88,821	88,821	773	0.9%
City Subsidy**	267,794	267,794		267,794	272,795		272,795	272,795	5,000	1.9%
City One-Time Funding**	9,509	9,509		9,509	23,027		23,027	23,027	13,518	142.2%
Other	32,982	39,784	(7,680)	32,104	46,369	(6,907)	39,462	39,462	7,358	22.9%
Total Revenues	651,503	667,251	(3,087)	658,164	696,087	(6,907)	689,180	689,180	31,016	4.7%
Expenditures										
Total Operating Expenses**	678,344	671,493	8,366	679,859	696,087	3,847	699,934	699,934	20,075	3.0%
Total Gross Expenditures	678,344	671,493	8,366	679,859	696,087	3,847	699,934	699,934	20,075	3.0%
Net Expenditures	26,841	4,243	17,452	21,695	(0)	10,754	10,754	10,754	(10,941)	(50.4%)
Required COVID-19 Support	26,841			17,452			10,754	10,754	(6,698)	(38.4%)
Net Budget (excluding COVID 19 supports)				4,243					(4,243)	(100.0%)

* 2022 Projection based on 9 Month Variance

** The presentation of the City Subsidy and Operating Expense line items has been adjusted in the 2022 Budget and Projection to account for the transfer of scattered housing units out of TCHC during that year. The City Subsidy has been reduced by \$7.5M and Operating Expenses have been reduced by the same amount in both the 2022 Budget and Projection.

The 2023 City Subsidy (including one-time funding) portion of the Organization's Budgeted revenue of \$295.8 million reflects an \$18.5 million or 6.7% increase from 2022 budget (and projected) revenues.

- A further \$6.7 million or 38.4% net decrease in COVID-19 impacts are expected in 2023 compared to 2022 projections.

KEY COST DRIVERS – FUNDING PRIORITIES

Total 2023 Budget expenditures of \$699.9 million gross reflecting an increase of \$20.1 million in spending above 2022 projected year-end actuals, predominantly arising from:

- An increase in non-discretionary costs driven by utility and service contract rate increases, as well as the impact of collective bargaining.
- Offset through balancing actions, including a \$5.0 million increase to the base City subsidy and one-time City funding of \$23.0 million representing an increase in one-time funding of \$13.5 million from 2022.
- A \$13 million draw from TCHC's Working Capital Reserve has also been used to offset the increase in gross expenditures. A review of the reserve requirements in 2023 is required to ensure that the reserve is adequately funded to meet long term obligations and to provide reimbursement.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in the Organization's 2023 Operating Budget do not have any significant equity impacts.

2023 OPERATING BUDGET KEY DRIVERS

The 2023 Operating Budget for the Organization of \$699.9 million in gross expenditures is \$20.075 million or 3.0% higher than the 2022 Projected Actuals. Table 2 below summarizes the key cost drivers for the 2023 Budget.

Table 2: 2023 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2022 Budget	2022 Projection*	2023 Budget	2023 Change from 2022 Projection	
	\$	\$	\$	\$	%
City Subsidy**	267,794	267,794	272,795	5,000	1.9%
City - One-Time Funding	9,509	9,509	23,027	13,518	142.2%
Total City Funding	277,303	277,303	295,822	18,518	6.7%
Residential rent - RGI	259,170	260,709	265,076	4,367	1.7%
Residential rent - Market	91,870	89,455	88,821	(634)	(0.7%)
Other	36,275	39,784	46,369	6,585	16.6%
COVID-19 Impact - Revenue	(13,116)	(9,087)	(6,907)	2,180	(24.0%)
Total Revenues	651,503	658,164	689,180	31,016	4.7%
Utilities**	131,057	133,078	152,440	19,363	14.5%
Mortgage	137,031	136,408	140,016	3,608	2.6%
Front Line Operations**	243,073	239,941	249,660	9,719	4.1%
Back Office Support	82,481	74,626	82,400	7,774	10.4%
Seniors Housing	32,494	33,901	41,495	7,594	22.4%
Other	38,483	53,539	43,075	(10,464)	(19.5%)
Contribution from Reserves			(13,000)	(13,000)	
COVID-19 Impact - Expenditures	13,725	8,366	3,847	(4,518)	(54.0%)
Total Gross Expenditures	678,344	679,859	699,934	20,075	3.0%
Net Expenditures	26,841	21,695	10,754	(10,941)	(50.4%)

* 2022 Projection based on 9 Month Variance

** The presentation of the City Subsidy, Utilities and Front Line Operations line items has been adjusted in the 2022 Budget and Projection to account for the transfer of scattered housing units out of TCHC during that year. The City Subsidy has been reduced by \$7.5M and Utilities/Front Line Operations costs have been reduced by \$7.5M in both the 2022 Budget and Projection.

Key Base Drivers:**Utilities**

Utility rates are expected to increase for all utilities in 2023, with natural gas rate changes contributing to the largest increase, with rates rising by over 37%.

Front Line Operations

Increase mainly due to rate increases for service contracts upon renewal, and impacts from collective bargaining.

Back Office Support

Increase due to IT system transition costs and licence fees from the completion of system implementation, cyber security and end of life system replacement costs, increase in insurance premiums, seniors housing transition costs, and impacts from collective bargaining agreements.

Seniors Housing

Increase due to the annualization of the approved corporate functions at TSHC as well as the implementation of Phase 3 of the integrated service model.

Contribution from Reserves

TCHC will draw \$13 million from its Working Capital Reserve as part of a bridging strategy to offset operating cost pressures and achieve organizational needs. A review of the reserve requirements in 2023 is required to ensure the reserve is adequately funded to meet obligations and to provide reimbursement, which will be done along with a comprehensive review of the Organizations financials.

City Funding

The 2023 operating subsidy provided by the City increased by \$5.0 million to address inflationary pressures and other non-discretionary costs. In addition, the City will provide one-time operating funding of \$23.0 million to offset operating cost pressures faced by the Organization. A comprehensive review of TCHC and TSHC financials in 2023, including the capital portfolio, will inform the required subsidy level in future years.

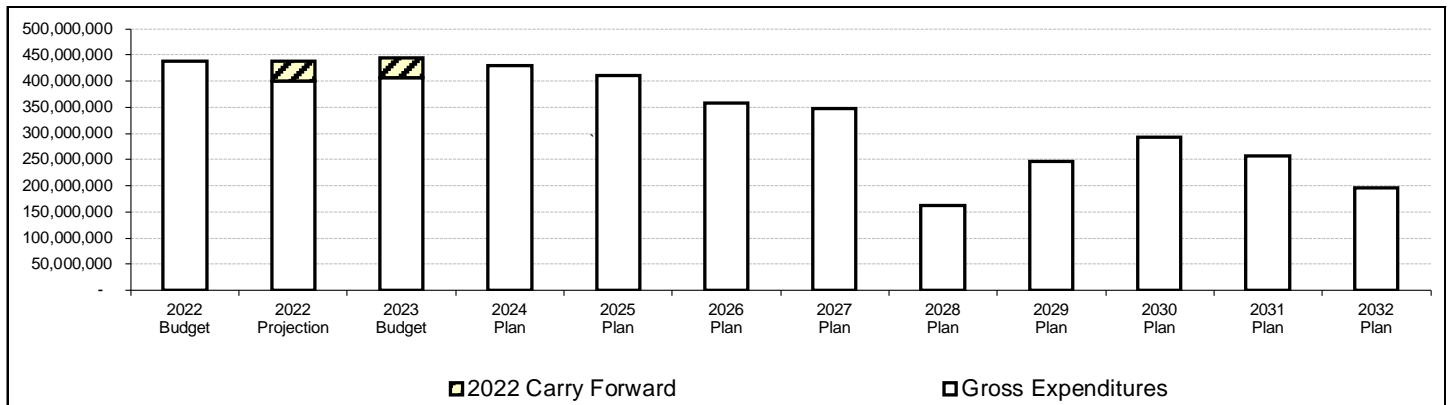
COVID-19 Impact

Decrease driven by a reduction in lost rents and PPE costs compared to 2022.

2023 – 2032 CAPITAL BUDGET AND PLAN

2023 – 2032 CAPITAL BUDGET & PLAN OVERVIEW

Chart 1: 10-Year Capital Plan Overview



In \$000's	2022		2023 Capital Budget and 2024 - 2032 Capital Plan										Total 10 Year Plan
	Budget	Projected Actual	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
	Gross Expenditures by Project Category:												
Building Capital Repair*	340,000	340,000	350,000	350,000	340,000	336,000	332,000	160,000	152,783	153,000	153,000	153,000	2,479,783
Development Capital**	97,980	60,750	88,540	79,966	69,680	21,854	16,640	1,650	94,260	139,700	105,170	42,530	659,990
IT Capital			5,190										5,190
Total by Project Category	437,980	400,750	443,730	429,966	409,680	357,854	348,640	161,650	247,043	292,700	258,170	195,530	3,144,963
Financing:													
Building Repair Capital													
City Funding	160,000	160,000	131,783	160,000	170,000	170,000	168,217	160,000	152,783	153,000	153,000	153,000	1,571,783
Provincial Funding													818,000
Federal Funding	139,000	139,000	159,000	166,000	166,000	165,000	162,000						90,000
TCHC/Other Funding	41,000	41,000	59,217	24,000	4,000	1,000	1,783						
Development Capital													
City Funding			15,860	12,556	1,584								30,000
Other Revenue - Development Capital	100,330	80,510	72,680	67,410	68,096	21,854	16,640	1,650	94,260	139,700	105,170	42,530	629,990
TCHC Funding ***	(2,350)	(19,760)											
IT Capital													
City Funding			5,190										5,190
Total Financing	437,980	400,750	443,730	429,966	409,680	357,854	348,640	161,650	247,043	292,700	258,170	195,530	3,144,963

* City funding of \$153M has been included for capital each year from 2029 to 2032 as an estimate of the ongoing amount required to maintain a 10% FCI. Building Repair Capital funding requirements will be revisited and confirmed in future years along with ongoing Provincial and Federal funding.

** Development costs reflect available funding for in-flight projects. Additional funding requirements for in-flight projects are included in capital needs constraints (Appendix 3).

*** Negative balances represent the repayment of LOC or mortgages by the Organization.

- For capital, the City is providing new funding of \$30 million towards the Organization's development capital plan, with \$15.9 million in 2023, \$12.6 million in 2024 and \$1.5 million in 2025. This funding will ensure that work on in-flight development projects can continue.
- In addition, the City is providing \$5.2 million towards the Organization's capitalized IT costs related to cybersecurity, resulting from Auditor General recommendations ([AU10.4 Auditor General's Cybersecurity Review](#)).

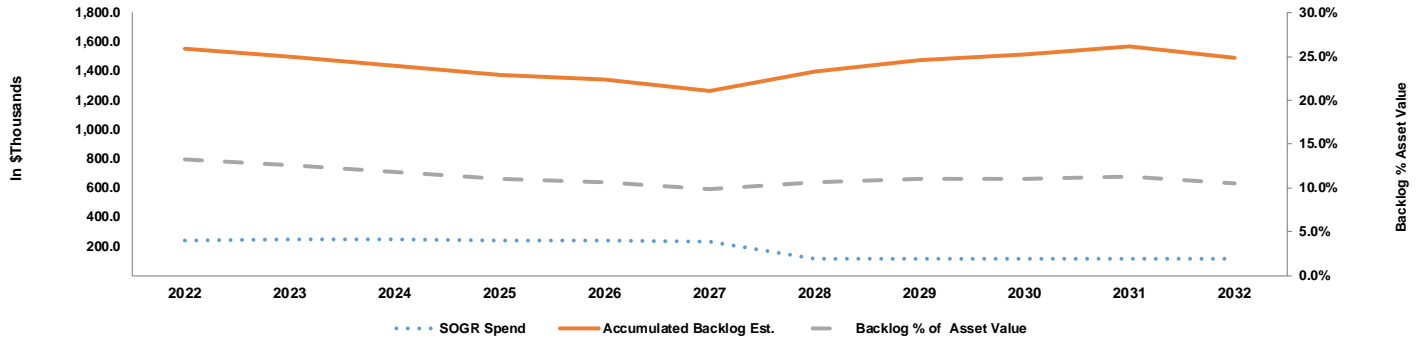
Note:

For additional information, please refer to [Appendix 2](#) for Capacity to Spend Review; and [Appendix 3](#) for Capital Needs Constraints.

STATE OF GOOD REPAIR (SOGR) FUNDING & BACKLOG

The chart below depicts the SOGR funding and accumulated backlog estimates for TCHC and TSHC buildings.

Chart 2: Total SOGR Funding & Backlog



\$ Thousands	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
SOGR Spend	238.0	245.0	245.0	238.0	235.0	232.5	112.0	112.0	112.0	112.0	112.0
Accumulated Backlog Est.	1,549.5	1,500.3	1,436.3	1,370.2	1,338.8	1,264.3	1,392.2	1,473.1	1,509.0	1,567.7	1,487.1
Backlog % of Asset Value	13.3%	12.6%	11.8%	11.1%	10.6%	9.8%	10.6%	11.0%	11.0%	11.2%	10.4%
Total Asset Value	11,684.4	11,918.1	12,156.4	12,399.5	12,647.5	12,900.5	13,158.5	13,421.7	13,690.1	13,963.9	14,243.2

- TCHC continues to execute its Capital Plan and remains on schedule to bring its building portfolio into a state of good repair by 2026. TCHC will spend \$350 million in 2023 on its building repair capital plan.

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

COVID 19 Impacts	In \$ Thousands				
	2022		2023		
	Budget	Projection*	Revenues	Gross	Net
Revenue Loss					
RGI Rent	8,416.1				
Bad Debt	2,073.3	6,279.7	(5,662.4)		5,662.4
Market Rent	1,406.8	1,406.8			
Parking Revenue	1,220.3	1,400.1	(1,244.7)		1,244.7
Sub-Total	13,116.5	9,086.7	(6,907.0)		6,907.0
Expenditure Increase					
PPE	10,757.2	5,287.2		1,754.0	1,754.0
Utilities	2,279.4	2,388.6		1,443.2	1,443.2
Information Technology	688.9	688.9		650.0	650.0
Sub-Total	13,725.4	8,364.6		3,847.2	3,847.2
Total COVID-19 Impact	26,841.9	17,451.3	(6,907.0)	3,847.2	10,754.2

* 2022 Projection based on 9 Month Variance

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee
TSHC – COVID-19 Costs**

Item # 10

DATE: January 26, 2023

Report: AFR: 2023 XX

To: Audit, Finance and Risk Committee

From: Vince Truong, Interim Finance Lead

Date: January 26, 2023

PURPOSE:

The purpose of this report is to provide update to the COVID-19 costs and cost recoveries.

RECOMMENDATION: It is recommended that AFRC receive this report for information.

BACKGROUND:

COVID-19 began in the last quarter of 2019, and symptoms started to appear in Toronto, and Canada around January 2020. The impact of the virus was felt throughout the world, and significantly contributed in cost increase in Ontario and Canada's healthcare system.

As TSHC and the City has limited resources to raise funds impacted by COVID-19, the City has directed City-owned organizations and agencies, to account and provide estimates to the City, on a monthly, quarterly, and annual basis for cost recovery with the Provincial and Federal governments.

Over the past two fiscal years (2020 & 2021), both the Provincial and Federal governments have provided COVID-19 funding to the City and its agencies to offset costs related to COVID-19.

In the past reporting year (2022), the City of Toronto Council provides direction for the CMO (City Manager Office) and CFO to engage with the Provincial and Federal governments for COVID-19 funding. The attached,

City of Toronto 2022 COVID-19 Intergovernmental Funding Update - Urgent Funding Commitments Required:

In April 2022 the City of Toronto raised this motion raised at City Council ([link](#)) requesting support from other levels of government. The timeline is expected to be similar in 2023 for the City to raise the funding requirements as it relates to COVID-19 costs.

TSHC does not have a direct contact with the Provincial or Federal governments in dealing with the COVID-19 costs and cost recoveries, and rely solely with the City to communicate on behalf of TCHC/TSHC.

2023 COVID-19 BUDGET:

In the development of the 2023 Budget, a supplemental memo was provided from the City, outlining the requirements and challenges for 2023. There are sections included in the document outlining the specific impact that COVID-19 and has had in prior year and expected to have in 2023, see attached **2023 Budget Process – Supplemental Instructions** (attachment 1).

The 2023 COVID-19 Budget is expected at \$10.8M, consolidated for TCHC/TSHC. The costs include additional cleaning, personal protective equipment supplies, utilities, and costs associated with COVID-19.

Since TCHC/TSHC is a separate entity from the City, there were specific recommendations through the budget process in 2022 to ensure that funding flowed to TCHC/TSHC to cover for the COVID-19 impacts. Attached, **2022 Capital and Operating Budgets** and [link](#), from last year, which through the City, has asked for the funding through the 2 levels of governments (under #34 of the document) and the money received is to offset COVID-19 expenses, and subject to funding support (under #148). For 2023 budget year, the request will be \$10.8M consolidated for TCHC/TSHC and is expected to be communicated around a similar timeline and is part of the 2023 City budget process in progress.

Vince Truong
Interim Finance Lead

Attachments:

Attachment 1 - 2023 Budget Process – Supplemental Instructions

Item #10 Attachment # 1
-2023 Budget Process –
Supplemental Instructions

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2023 Budget Process – Supplemental Instructions

The purpose of this document is to provide additional budget guidance and is a follow up to the [July 4 Budget Memo](#) that provided technical instructions and a firm submission deadline of September 16, to assist in the preparation of the 2023 operating and capital budget submissions.

For City staff, this memo is being provided in advance of a Corporate Leadership Team (CLT) meeting that is planned for tomorrow on the subject, providing program leads with an opportunity to review materials in advance of that discussion. A follow up session is also being planned for any staff that may be away this week. For Agency staff, the Financial Planning Division (FPD) will continue to engage with each Agency individually and through ongoing Finance Leads meetings.

2023 Operating Budget Development

As indicated in the previous memo, the City of Toronto continues to experience significant financial impacts for both traditional budget pressures and those that are COVID-19 related. As part of the 2022 budget process staff had identified a 2023 Operating Budget Outlook with an estimated \$1.2 billion to \$1.7 billion pressure, incorporating base pressures and continued COVID-19 impacts.

We continue to see significant increases in inflation and cost escalation, and are expecting the estimated 2023 Outlook to further increase by approximately \$200 million to a revised total expected opening pressure of \$1.4 billion to \$1.9 billion, prior to any potential continued COVID-19 funding supports.

Given the substantial expected operating budget pressure, direction is being given to build 2023 budget submissions based on the following:

1. Traditional Operating Budget (Base Budget)

- With unprecedented financial challenges expected in 2023, FPD has been supported by SLT in developing a revised budget approach for the 2023 budget. Each Service Area will be allocated a funding envelope in which budgets will be built and submitted within. Allocations have been calculated using principles based on a prioritization methodology mentioned below; and at the request of DCMs allocations are provided at the Service Area level rather than program specific.

- The allocation methodology has prioritized the following:
 - Services supporting Public Safety;
 - Legislated and Council Directed Services;
 - Transit (base system and expansion impacts);
 - Capital financing obligations consistent with 2022 and prior year capital investments; and
 - 2023 impacts of prior year priorities approved as part of past budget processes.
- **Attachment 1** to this memo details the resulting 2023 funding allocations by Service Area and Agency-wide, that are to be adhered to when completing 2023 operating budget submissions.
 - For **City Programs**, DCM review and approval will be required prior to budget submissions to ensure adherence to Service Area allocations and ensuring prioritization alignment to desired Service Area outcomes.
 - **Agency** allocations were developed with key consideration given to public safety, public health supports and transit requirements. FPD staff will reach out to each Agency on specific funding enhancement options within the overall Agency allocation.
- Next steps and further engagement planned over the next 1 ½ months in support of budget submissions are summarized below:
 - CLT engagement (City programs) planned for tomorrow (Wednesday, July 27) to provide further detail on the 2023 process. With staff potentially away on vacation a secondary CLT meeting will also be scheduled for any staff that are not able to attend tomorrow's session;
 - Continued Finance and Administration Lead meetings, with increased meeting cadence starting the week of August 2nd and continuing over the duration of the 2023 budget process; and
 - Continued regular pre-submission engagement with City Agencies providing added details on the 2023 process and Agency specific implications.

2. Federal / Provincial Responsibilities Support

- Budgets attributed to refugee response and supportive housing will be reviewed and considered separately from the Base Budget submission.
- The City will continue to seek funding support from other levels of government directly related to refugee response and supportive housing.
- Impacted Programs / Agencies should consult directly with FPD on the treatment of any costs associated with Federal or Provincial responsibilities, with alignment to expected intergovernmental recoveries.

3. COVID-19 Impacts

- Programs / Agencies should continue to provide estimates and expected continued impacts in 2023 of all added costs or revenue losses (compared to pre-pandemic levels) directly attributed to COVID-19.
- Estimates should rely on actual experience since the start of the pandemic, factoring experienced recovery, monthly actuals and seasonal upward/downward trends that continue to be tracked and submitted to FPD on a monthly basis.
- These estimates and impacts will be reviewed in context of expected Federal and Provincial funding support directly attributed to COVID-19.

2023 – 2032 Capital Budget and Plan Development

As indicated in the previous memo (July 4), that included instructions on the development of the Capital Budget and Plan, further guidance is provided as it relates to addressing challenges resulting from:

- Increased cost of borrowing;
- Project cost escalation (high rates of inflation);
- Emergent capital priorities; and
- Global supply chain and staffing and specialized labour challenges.

Based on the above challenges it is expected that \$2.3 billion in debt and City Building Fund supported debt will need to be either reduced (\$400 million) or deferred to the second half of the Capital Plan (\$1.9 billion).

1. Increased Cost of Borrowing – Impacts on Capital Affordability

- The 2022 Capital Plan was developed to demonstrate compliance with the City's debt service ratio not exceeding the 15% debt to revenue ratio which is representative of debt affordability, while modelling expected interest rate increases consistent with Bank of Canada and financial institution expectations as of Q4 2021.
- Interest rate increases over the year have far exceeded all expectations developed in 2021 for the City along with the Bank of Canada, challenging the affordability of the City's current plan that had already reached the 15% debt service ratio threshold.
- Further challenges exist from decreased interest in long term debt by City investors during the current market volatility. Our capital financing plan is based on a mix of 10-30 year debt issued annually. Based on the current and expected markets the City may be required to issue shorter term debt resulting in higher debt servicing costs including interest and principal repayment costs.

2. Project Cost Escalation and Emergent Capital Priorities

- Significant cost escalation is being experienced across all City Programs and Agencies for capital work compared to prior year and/or pre-tender cost estimates.

- Key capital priorities continue to be identified, with some instances including Council direction that support growth, infrastructure requirements and service deficiencies across the City.

3. Capital Spending Challenges

- The City has benefited from improved capital spend rates over the last five years, improving from 59.3% in 2017 to 73.2% in 2020, however beginning in the latter half of 2021 spend rates began to decline based on supply chain and specialized labour challenges, ending the year with a 67.6% spend rate.
- Development of the 2023 Capital Plan and more specifically annual cash flow requirements will need to account for readiness to proceed and capacity to spend, factoring recent challenges experienced.

In developing the 2023 Capital Plan submissions it is expected that a recast of the Capital Plan will be undertaken by each Program and Agency, with a focus on opportunities to defer debt funded capital expenditures into the second half of the Capital Plan (2028 – 2032), with initial modelling indicated \$2.3 billion in debt funding will need to be reduced or deferred.

A key focus will be on limiting exposure to debt funding requirements over the next few years, where the greatest market volatility is expected, limiting capital funding reductions otherwise required to offset increased costs of borrowing.

- Capital spending challenges should be a large consideration as part of capital recast considerations, reflecting implications of supply chain and labour challenges.
- New capital priorities or impacts of project cost escalation will need to be accommodated through available non-debt funding sources, otherwise will need to be prioritized within existing Capital Plan and following capital recast adjustments.

Given the significant capital challenges expected for 2023, it is imperative that the operating allocations be adhered to enabling post budget submission focus and attention to be directed to maintaining capital affordability while addressing City building priorities.

Further Information

As a reminder the 2023 budget submission for all Rate and Tax Supported programs are **due to FPD on Friday, September 16, 2022**. All Programs / Agencies are required to include a 2023 Budget Submission PowerPoint (PPT) as part of their submission package due to FPD **Friday, September 16, 2022**. Please contact your [FPD analyst](#) to discuss pre-populating the template.

In the event that their respective Boards have not approved the budget request by the submission deadline, City Agencies are expected to **submit preliminary submissions to FPD by Friday, September 16, 2022** that will be used for consolidation and review until the Board approved submission are available.

With the 2023 budget operating allocations, DCM approval is required to accompany the September 16 operating and capital budget submissions to the Financial Planning Division. This will ensure that the focus on the capital recast can be a priority during the administrative review discussions.

Please contact your assigned [FPD Manager/Analyst](#) for any questions or concerns you might have during the budget development process.

Contact:

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Mobile: (416) 989-1395

Email: Stephen.Conforti@toronto.ca

Date:

July 26, 2022

Appendix 1 – 2023 Budget Allocations

Program / Agency (In \$000's)	2022 Approved Budget (Current)	2022 Budgeted COVID-19 Pressures	Refugee Response & Supportive Housing	2022 Budget (Excl. COVID, Refugee & Supportive Housing)	2023 Incremental Funding Allocations**	2023 Budget Allocations (Excl. COVID, Refugee & Supportive Housing)
Community and Social Services*	1,906,432	352,362	88,294	1,465,481	57,835	1,523,315
Infrastructure and Development Services	264,406	4,731	0	259,970	4,010	263,980
Corporate Services	315,017	11,945	0	303,071	7,840	310,911
Finance and Treasury Services	56,263	0	0	56,263	0	56,263
City Manager's Office	65,631	3,714	0	61,917	0	61,917
Other City Programs	97,031	0	0	97,031	0	97,031
Accountability Offices***	12,264	0	0	12,264	0	12,264
Agencies****	3,247,209	694,049	0	2,553,160	93,904	2,647,065
Capital and Corporate Financing	861,392	0	0	861,392	64,811	926,203
Corporate Accounts (Includes City-wide Provisions)	(2,180,433)	(1,066,801)	0	(1,113,632)	28,000	(1,085,632)

* Community and Social Services reflects Toronto Fire

** Includes amount in Community and Corporate Services for non-permanent Public Safety costs that may be moved as a provision in Corporate Accounts

*** Accountability Offices excluded from directions / allocation exercise

**** Includes the total for all City Agencies plus Public Health and TCHC/TSHC

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee
Approval of TSHC Policies**

Item # 11

DATE: January 26, 2023

Report: AFR: 2023-XX

To: Audit Finance Risk Committee

From: Vince Truong, Interim Finance Lead

Date: January 26, 2023

PURPOSE: FOR APPROVAL

The purpose of this report is to provide a recommendation regarding the approval of 2 policies.

RECOMMENDATION: It is recommended that AFRC approve and recommend to the Board of Directors to adopt the following resolution:

BE IT RESOLVED THAT: That the Board of Directors:

1. Approve the Accounts Payable Policy.
2. Approve the revised Delegation of Authority Policy

REASONS FOR RECOMMENDATIONS:

Accounts Payable Policy

The purpose of the Accounts Payable Policy is to ensure that all authorized Toronto Seniors Housing Corporation (TSHC) expenditures are paid in a timely manner and recorded in accordance with generally accepted accounting principles (GAAP).

The Accounts Payable Policy is an important part of the day to day operation. It outlines the requirements based on the current Service Delivery Agreement

(SDA) between TCHC and TSHC, provides the appropriate mechanism to resolve issues, and provides controls.

Delegation of Authority Policy

The policy was approved in February 2022 for operations to begin in June 2022. Since June, further refinements are needed to update existing titles/positions at TSHC, updating limits, additional controls, and include a new table (Attachment 7 of the Delegation of Authority Policy) to provide approval authority for journal entries and budgeted expenditures.

Along with the above changes, the revised Delegation of Authority Policy also contains the policy statement, background, scope, values, standards, and compliance.

The highlighted items (in yellow) within each of the attachments are changes from the original approved Delegation of Authority.

Vince Truong
Interim Finance Lead

List of Attachments

- Attachment 1 – Accounts Payable Policy
- Attachment 2 – Delegation of Authority Policy

**Item #11 Attachment # 1
-Accounts Payable Policy**

TORONTO SENIORS HOUSING CORPORATION (TSHC)
Accounts Payable Policy

Policy Owner:	Finance
Approval By:	Board of Directors
First approved:	XXXXX, 2022
Effective Date:	XXXXX, 2022

Policy Statement

The purpose of the Accounts Payable Policy is to ensure that all authorized Toronto Seniors Housing Corporation (TSHC) expenditures are paid in a timely manner and recorded in accordance with generally accepted accounting principles (GAAP).

Authorized expenditures must meet the requirements of a three-way match between purchase order, receipt, and invoice.

The following policy sets forth the guidelines to be followed by all TSHC employees with respect to the delivery, timely review and approval, and payment of vendor invoices.

As per the Service Schedule 1 (Part C) of the Shared Delivery Agreement (SDA) between Toronto Seniors Housing Corporation and Toronto Community Housing Corporation (TCHC), TCHC will be responsible for processing all Accounts Payable transactions once approved by the relevant authority within TSHC.

Scope

The Accounts Payable Policy applies to all TSHC employees across all business units/departments incurring expenditures from third party vendors requiring TSHC funds for settlement.

Specifically, the Accounts Payable Policy applies to all TSHC employees involved in the request for set-up of vendor records and/or electronic fund transfers (EFT),

Toronto Seniors Housing Corporation

ordering and receipt of goods and services, review, approval, and settlement of supplier invoices.

This policy does not apply to the payment of employee expenses and corporate credit cards.

Values

Integral to the success of this policy is accountability and collaboration. All departments must be accountable for ensuring the processes and procedures outlined in this policy are upheld. All departments must also work collaboratively to ensure TSHC's vendors are paid in a timely manner for work successfully completed and invoiced.

Standards

Employees of TSHC who are indirectly involved in the processing of accounts payable invoices have a responsibility to ensure that supplier charges are:

- accurate and complete;
- recorded promptly and accurately in TSHC's financial records;
- reviewed and approved in a timely manner; and
- paid in a reasonable time period and within the payment term.

Policy Details

Accounts Payable Processing Considerations

Only authorized TSHC employees will engage a vendor for the supply of goods or services.

Any vendor engaged to provide goods or services is preferred to be selected from TCHC's/TSHC's Vendor of Record (VOR) rosters. Employees can engage outside vendors, as long as it has been consulted with the management team and Procurement, and makes business sense to proceed externally.

The vendor engaged to supply goods or render services on behalf of TSHC must be issued a valid purchase order (PO) by TSHC prior to beginning any work.

Only designated TSHC employees will be allowed to receive goods from and/or inspect services performed by vendors and these same designated TSHC employees

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will be accountable for ensuring goods are received as per the packing slip or the services were performed to satisfaction. Any errors, omissions, or deficiencies in the goods and/or services provided must be documented and reported as soon as possible.

TCHC Accounts Payable staff, where appropriate, will ensure the supplier invoices are entered into the financial system shortly after the invoices are received, including reconciling the invoice to a TSHC PO.

Business unit managers must review the invoices and provide the necessary feedback (e.g., approval, comments on discrepancies) in a manner appropriate to facilitate the payment of invoices or settlement of issues in a timely manner.

Any invoices received that do not have a valid PO number will require a Post Purchase Approval Request (PPAR) form to be completed by the individual who had requested the good/service.

The PPAR must be approved by the purchase requester's manager and then submitted to: finance@torontoseniorshousing.ca for procurement approval before being forwarded to TCHC A/P for the invoice for processing.

Note: For PPAR over \$1,000 approval from the Business Unit Manager is required.

PPARs are reported to the Executive Leadership Team and the Board Committee (Audit, Finance and Risk Committee) quarterly as out-of-policy purchases.

Accounts Payable Disbursements

TSHC funds are to be disbursed only by TSHC staff (Controller) in conjunction with TCHC Accounts Payable (A/P) staff. A/P staff who disburse funds may not perform any of the following tasks:

- reconcile bank accounts;
- create or edit vendor records; or
- enter or edit accounts payable transactions

Responsibilities are to be distributed as follows:

- **Toronto Community Housing Corporation** – TCHC is responsible for entering account payable transactions, generating disbursements either by Electronic Funds Transfer or manual cheques, vendor set up and maintenance

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and all other activities as set out in the SDA

- **Toronto Seniors Housing Corporation** - TSHC is responsible for approving all invoices, processing receipts, releasing payments and reconciliation of bank accounts;

In certain circumstances, a wire transfer of funds may be authorized by the Controller/Finance Lead/CEO in accordance with TSHC's signing authority policy and Delegation of Authority Policy.

Ad-hoc payments are to be generated only in emergency situations upon approval from the Controller/Finance Lead or CEO.

Accounts Payable Reporting

TSHC Finance reviews the AP Aging report daily/weekly for follow up on unpaid invoices and work with TCHC AP to ensure payment.

Accounts Payable Issue Resolution

TSHC employees receiving inquiries regarding invoice payment status will follow up with TCHC A/P.

Compliance and Monitoring ***Post-Payment Financial Controls***

In conjunction with TCHC A/P, TSHC Finance is to periodically review:

- reports to identify possible invoice entry errors and to investigate unusual charges
- invoices on payment hold for more than two months, and holdbacks on hold for more than one year

Compliance Audits

As part of their normal procedures, TCHC/TSHC randomly checks supplier invoices and payment transactions for compliance with TCHC/TSHC policy and governing accounting principles as part of the annual external audit.

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TSHC and/or the City of Toronto may periodically conduct internal audits on disbursement processing and related functions to review policy compliance.

Governing and Applicable Legislation

- Canada Revenue Agency “Keeping Records”
<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/kprc/>
- Harmonized Sales Tax
<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/>
<http://www.fin.gov.on.ca/en/tax/hst/>

Related Policies and Procedures

- Procurement Policy, Procedures and Protocols
- Delegation of Authority Policy

Commencement and Review

Revision	Date	Description of changes	Approval
First approval:	February 2023	New	Board of Directors
[Revision #]			
Last review:			

Next Scheduled Review Date: 2025

**Item #11 Attachment # 2 -
Delegation of Authority Policy**

Toronto Seniors Housing Corporation

Delegation of Authority

Policy Owner:	Finance
Approval By:	Board of Directors
First approved:	XXXX, 2022
Effective Date:	XXXX, 2022

Policy Statement

The Purpose of the Delegation of Authority (DOA) policy is to establish the delegations of financial and signing authority that may be exercised by management and staff members within Toronto Seniors Housing Corporation (TSHC). It ensures there is accountability, transparency and appropriate controls are in place for entering into financial transactions on behalf of the Corporation including the approval and signing of contracts.

Background

TSHC will be interacting with TCHC's enterprise management system (Yardi) for many of its operational requirements. A key aspect that is built into Yardi is the delegation of authority- both by role (e.g., CEO, CFO, Director, etc.) and by dollar value that are linked to defined operational processes. The determination of delegated authority is a key foundational system prerequisite that requires immediate confirmation as part of the systems implementation.

Scope

This DOA applies to all management and staff members and other persons holding the positions identified in the attachments to this DOA who conduct financial transactions on behalf of TSHC. No person is authorized to enter into a financial transaction, including signing and/or approving a contract, unless the authority to do so has been delegated to him or her, according to this DOA. The authority of this DOA is independent from and does not limit or replace the powers and duties of the various committees of the Board of Directors

Values

Integral to the success of this policy is accountability and collaboration. All departments must be accountable for ensuring the signing levels and approval limits outlined in the tables attached to this policy are upheld.

Standards

- All commitments require one over one approval. This means that any individual with delegated authority must request approval from the appropriate Designated Authority before making any financial commitments.
- Spending authority limits for requisitions, contracts, commitments and other financial transactions is specified in Attachments 1- 5.
- An individual with delegated authority from the CEO may sub-delegate his or her authority to another person but only if the other person holds a position within the TSHC that is at the same level, a higher level, or one level below the delegate or if the delegate's department head approves the sub-delegation to the other person. The person sub-delegating and their sub-delegate are equally accountable for each transaction approved by a sub-delegate.

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Compliance

The Finance Department shall have administrative responsibility for this DOA, including conducting periodic reviews and making recommendations for changes to the CEO.

Attachments

Each of the attachments show the DOA levels where Board of Directors approval is required.

Attachment 1 – Yardi System Roles and Responsibility Matrix

The Yardi System Roles and Responsibility Matrix maps TCHC positions to TSHC positions.

Attachment 2 – Delegation of Authority for TSHC Operations

This attachment reflects the current DOA for TSHC Operations Unit.

Attachment 3 – Delegation of Authority for TSHC Corporate

This attachment reflects the current DOA for TSHC Corporate Unit.

Attachment 4 – Revenue Contracts

The Revenue Contracts attachment outlines the DOA for the approval of Revenue Contracts.

Attachment 5 - Disposition of Assets, Accounts Receivable Write-off, Cash Write -off (per instance)

This attachment shows the DOA for the write off of certain types of assets.

Attachment 6 – Cheque Signing and Electronic Funds Transfer (EFT)

Cheque signing, through the Yardi system, will be via electronic signature and will require two signatures regardless of the dollar value.

EFT's, regardless of dollar value, will require two signatures in order to release approved expenditures from the bank.

Attachment 7 - Approval of Recurring Payment and Journal Entries

This attachment shows the approval authority limits for recurring and routine, budgeted expenditures.

Commencement and Review

Revision	Date	Description of changes	Approval
First approval:	Feb 23, 2022	Establishment of DOA levels via a package of attachments	Board of Directors
Revision # 1		Adding a narrative to the approved DOA Attachments, minor title edits, and change in approval limit	

Next Scheduled Review Date:

Toronto Seniors Housing Corporation
 Yardi System Roles and Responsibility Matrix

Attachment 1

TSHC Role	TCHC Role
CEO	CEO
Director, Finance/Finance Lead	CFO
Director, Operations	Director, Seniors Housing
Manager - Operations	Manager
Supervisor	Supervisor
Superintendent	Superintendent
Senior Services Coordinator	Tenant Services Coordinator
Director - Corporate	VP
Controller	Corporate Controller
Senior Manager - Corporate	Senior Manager
Manager - Corporate	Manager
Legal Advisor	General Counsel

Attachment 2

TSHC Operations - Spending authority limits for requisitions, contracts, commitments and other financial transactions for the Seniors Housing Operations Team

Item	Board or Board Committee as appropriate	CEO Director, Finance/Finance Lead	Director, Operations	Manager	Supervisor	Superintendent
BUDGETED - Authority to approve requisition and/or sign contract (Single signature on a contract)	Over \$500K	Up to \$500K	Up to \$100K	Up to \$25K	Up to \$10K	Up to \$500
UNBUDGETED - Authority to approve requisition and/or sign contract (Single signature on a contract)	Over \$250K	Up to \$250K	Up to \$50K	Up to \$12.5K	Up to \$5K	Up to \$250
CHANGE ORDERS - Authority to approve change orders and/or extend the term of a contract	Cumulative CO value that <i>exceeds</i> the greater of \$250K or 20% of original commitment value	Cumulative CO value that <i>does not exceed</i> the greater of \$250K or 20% of original commitment value	Cumulative CO value up to \$50K	Cumulative CO value up to \$12.5K	Cumulative CO value up to \$5K	None
PAYMENT OF INVOICE - Authority to approve payment of invoice(s) that have received appropriate approvals	NA	Up to the full value of the previously approved contract, PO, or CO (or up to the person's delegated authority if blanket PO)				None
LEGAL SETTLEMENT - Authority to approve legal settlement (Value of the payment)	Over \$500K only Board	Up to \$500K	Up to \$100K	Up to \$25K	Up to \$10K	None
TENANT REPAYMENT PLANS [and TENANT REFUNDS] - Authority to approve tenant repayment plans and tenant refunds	NA	NA	Over \$10K	Up to \$10K for Manager-Tenancy Management and Manager-Complex Tenancies only	Up to \$5K for Supervisor-Tenancy Management only	None

Attachment 3

TSHC Corporate - Spending authority limits for requisitions, contracts, commitments and other financial transactions for the Seniors Housing Corporate Team

Item	Board or Board Committee as appropriate	CEO Director, Finance/Finance Lead	Directors - Corporate	Controller, Senior Manager	Manager
BUDGETED - Authority to approve requisition and/or sign contract	Over \$500K	Up to \$500K	Up to \$250K	Up to \$100K	Up to \$50K
UNBUDGETED - Authority to approve requisition and/or sign contract	Over \$250K	Up to \$250K	Up to \$125K	Up to \$50K	Up to \$25K
CHANGE ORDERS - Authority to approve change orders and/or extend the term of a contract	Cumulative CO value that <i>exceeds</i> the greater of \$250K or 20% of original commitment value	Cumulative CO value that <i>does not exceed</i> the greater of \$250K or 20% of original commitment value	Cumulative CO value up to \$125K	Cumulative CO value up to \$50K	Cumulative CO value up to \$25K
PAYMENT OF INVOICE - Authority to approve payment of invoice(s) that have received appropriate approvals	NA	Up to the full value of the previously approved contract, PO, or CO (or up to the person's delegated authority if blanket PO)			
LEGAL SETTLEMENT - Authority to approve legal settlement (Value of the payment)	Over \$500K only Board	Up to \$500K	Up to \$250K	Up to \$100K	Up to \$50K

Attachment 4

Revenue Contracts - This table identifies the approval authority required to enter into revenue contracts. All approvals are based on total revenue over the entire contract term (including any renewal period).

- If the contract revenue cannot be determined, the best estimate based on prior experience, if any, in prior years and projected future revenue including all contractual renewal terms should be used.

- All revenue contracts over \$500K will be reported to the Board on a quarterly basis.

- Only one signatory is required on the Revenue Commitment/Contract.

Item	Approval Authority
Residential leases and applications	Senior Services Coordinator
Commercial leases and applications with revenue up to \$100K over entire term of lease including renewal period	Director, Finance/Finance Lead
All Revenue Commitments with revenue up to \$500K over entire term of lease including renewal period	Director, Finance/Finance Lead
All Revenue Commitments with revenue up to \$1.5M over entire term of lease including renewal period	Director, Finance/Finance Lead
All Revenue Commitments with revenue up to \$3M over entire term of lease including renewal period	CEO
All Revenue Commitments with revenue up to \$5M over entire term of lease including renewal period	CEO
All Revenue Commitments with revenue over \$5M over entire term of lease including renewal period	Board Approval

Attachment 5 - Disposition of Assets, Accounts Receivable Write-off, Petty Cash Write-off (per instance) - disposition of capital assets value is based on the net book value of assets.

This table outlines the delegated authority of management and staff members to write-off outstanding amounts owing to TSHC as uncollectible, based on the outstanding amount.

Amounts written off, in relation to a particular balance, in amounts exceeding \$250K, cumulatively, must be reported to the Board.

Item	Approval Authority
Real Estate	NA
Disposal of Capital Assets over \$500K	Board approval
Disposal of Capital Assets up to \$500K	CEO
Disposal of Capital Assets up to \$100K	Director, Finance/Finance Lead
Disposal of Capital Assets up to \$25K	Controller
AR write-off over \$250K	Board approval
AR write-off up to \$250K	Director, Finance/Finance Lead and CEO
AR write-off up to \$100K	Controller and Director, Finance/Finance Lead
AR write-off up to \$25K	Controller
AR write-off up to \$10K (commercial)	Controller
Intercompany write-off	NA
Petty cash and shortage write-off over \$100	Director, Finance/Finance Lead
Petty cash and shortage write-off up to \$100	Director, Operations

Attachment 6 - Cheque Signing and Electronic Funds Transfers

- This table outlines the delegated authority of management and staff members to sign cheques and authorize electronic funds transfers (“EFTs”)
- Cheque signing authority is the authority to sign a cheque or to approve the electronic transfer of funds drawn from TSHC’s bank account.
- The authority to sign a cheque or to approve the electronic transfer of funds drawn from TSHC’s bank account only exists when the Commitment has been approved in accordance with the Financial Controls

Item	Cheque	EFTs	Wire Transfer
For amounts up to \$500,000 Two of the following: - CEO - Director, Finance/Finance Lead - Controller	System generated signatures, regardless of \$ value	Up to \$500,000 - any 2 of the noted positions are required to log into the on line banking system to approve and release funds	Up to \$500,000 - any 2 of the noted positions are required to log into the on line banking system to approve and release funds
For amounts over \$500,000 Chair or Board of Directors, and one of the following: - CEO - Director, Finance/Finance Lead - Controller	System generated signatures, regardless of \$ value	Over \$500,000 - any 2 of the noted positions are required to log into the on line banking system to approve and release funds	Over \$500,000 - any 2 of the noted positions are required to log into the on line banking system to approve and release funds

Attachment 7 - Recurring Payment and Journal Entries

This table outlines the approval authority limits for recurring and routine, budgeted expenditures.

Specific property management costs for utilities, taxes of any kind, waste levies or any other levies imposed by a government agency, false fire alarm charges, mortgage principal and interest

payments, as well as other operations related are managed by TCHC and excluded from this table.

Journal entries are all entered in Yardi and require (1) sign-off from journal entry preparer; (2) sign-off from preparer's manager; (3) posting of the entry by TCHC corporate accounting group

Item	Approval Authority	Limit
Rent, hydro, water and taxes	Managed by TCHC	No Limit
Insurance, payroll / benefit remittances	Controller/Director, Finance/Finance Lead	No Limit
Lease payment against an approved lease	Managed by TCHC	No Limit
Limit for recurring journal entries	Controller/Director, Finance/Finance Lead	No Limit
Limit for miscellaneous journal entries	Controller	Up to 2 million
	Director, Finance/Finance Lead	Over 2 million

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee
TSHC – 2022 Preliminary Financial Results**

Item #12

DATE: January 26, 2023

Report: AFR: 2022 XX

To: Audit, Finance and Risk Committee

From: Vince Truong, Interim Finance Lead

Date: January 26, 2023

PURPOSE:

The purpose of this report is to provide an update on TSHC current financial position through December 31, 2022.

RECOMMENDATION: It is recommended that AFRC receive this report for information.

Preliminary Financial Results through December 31, 2022

Statement of Operations (Attachment 1):

Through December 31, 2022, TSHC incurred operating expenses of \$25,683,175. Revenue amounted to \$25,845,626, composed of \$4,882,807 from the City of Toronto (City), \$20,800,368 from TCHC for TSHC's rental units (revenue less expense estimate per the Transition Agreement), and \$162,451 interest income earned on bank balances. Expenses incurred were for staff compensation and benefits, TSHC lead consultants and other third-party vendors and insurance, transportation and communication, other miscellaneous costs and shared services paid to TCHC (per Service Delivery Agreement).

The City of Toronto revenue grant recognized at \$4,882,807 from a budget of \$7,367,523 with a positive variance year to date of \$2,484,716. The positive variance is a result of lower than expected legal and professional services due to the delay in the Lease Agreement, lower payroll and benefits cost due to a

Toronto Seniors Housing Corporation

hold on hiring of the approved Corporate positions, along with reductions in travel, conference and other non payroll related expenses.

Salaries and wages, including benefits were higher by \$213,977 versus budget mainly due to ISM Phase 3, and overtime related to COVID cleaning.

Professional Services and Insurance were lower by \$881,214 versus budget, mainly due to legal, consulting services, and timing of expenditure.

Revenue recognition for Corporate and Operations expenses are recognized when expenditures have incurred. The unrecognized revenue is on the Balance Sheet Account (Attachment 2) under Deferred City Grant (Corporate Expense) and Deferred Revenue from TCHC (Operations).

There are remaining entries TSHC will be consulting with a few external parties to confirm prior to the figures being finalized. The expected changes that will affect the Statement of Operations and the Statement of Financial Positions are listed below:

- Post Retirement Liability true-up
- TCHC Surplus and Deferred Revenue
- Account review, and reconciliation in Payroll
- Remaining year end entries, if any

Statement of Financial Positions (Attachment 2) shows:

1. Cash – \$5,977,206
2. HST Recoverable - \$111,848
3. Accounts Receivable - \$5,658,384
4. Prepaid Expenses – \$621,877 – Insurance
5. Accounts payable - \$3,424,166
6. Long Term Liabilities - \$4,830,417
7. Deferred City grant funding - \$3,095,027
8. Deferred Revenue from TCHC – \$857,632

The cash balance represents the bank balance as of December 31, 2022.

HST Recoverable is the amount to be received from the CRA for HST paid in November and December for services.

The Accounts Receivable balance consisted of \$4,421,200 of Post Retirement Liability and \$1,210,814 of Vacation and Lieu time owing from TCHC, and \$26,369 for interest receivable from the bank.

The Accounts Payable balance comprises of December activity that has been processed through the bank in January. The balance includes:

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The Accounts Payable balance comprises of December activity that has been processed through the bank in January. The balance includes:

- Payroll and accruals - \$2,074,360
- Pension and Benefits - \$437,334
- HST Payable - \$439,948
- Interim Staff, and Seconded Employees - \$357,764

Long Term Liability included \$4,421,200 of post retirement liability transferred from TCHC and the estimated obligation for the year.

Vince Truong
Interim Finance Lead

List of Attachments

ATTACHMENT 1: Preliminary Statement of Operations – December 31, 2022

ATTACHMENT 2: Preliminary Statement of Financial Position – December 31, 2022

**Item #12 Attachment # 1 -
Preliminary Statement of
Operations – December 31,
2022**

Toronto Seniors Housing Corporation
Financial Statements - Statement of Operations

STATEMENT OF OPERATIONS	Actual - Jan. 1 to Dec 31, 2022	Budget - Jan. 1 to Dec 31, 2022
Revenue		
City of Toronto Grant	4,882,807	7,367,523
Revenue from TCHC	20,800,368	21,423,997
Interest income	162,451	5,415
Total Revenue	25,845,626	28,796,935
Expenses		
Salaries and Wages, including Benefits	16,637,099	16,423,122
Transportation and Communication	162,931	362,173
Professional Services and Insurance	2,928,316	3,809,530
Computer Software & Services	231,230	217,375
Other Miscellaneous Costs	188,337	1,270,912
SDA - Shared Services with TCHC	5,535,262	5,450,998
Total Expenses	25,683,175	27,534,110
Excess of Revenue over Expenses	162,451	1,262,825

**Item #12 Attachment # 2 -
Preliminary Statement of
Financial Position –
December 31, 2022**

Toronto Seniors Housing Corporation
Financial Statements - Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	Actual Results December 31, 2022
Assets	
Cash	5,977,206
Petty Cash	1,424
HST recoverable	111,848
Accounts Receivable	5,658,384
Prepaid Expenses	621,877
Total Assets	<u>12,370,739</u>
Liabilities & Net Assets	
Accounts payable and accrued liabilities	3,424,166
Long Term Liabilities	4,830,417
Deferred Grant Funding - City	3,095,027
Deferred Revenue - TCHC	857,632
Unrestricted Surplus - Opening Balance	1,046
Unrestricted Surplus - Current Year	162,451
Total Liabilities & Net Assets	<u>12,370,739</u>

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee
TSHC – Financial Update**

Item # 13

DATE: January 26, 2023

Report: AFR: 2023-XX

To: Audit, Finance and Risk Committee

From: Vince Truong, Interim Finance Lead

Date: January 26, 2023

PURPOSE:

The purpose of this report is to provide an update on financial matters.

RECOMMENDATION: It is recommended that the AFRC receive this Report for information

HST Determined Municipality Application Update

TSHC has applied to the Canada Revenue Agency to become a 'determined municipality' thereby allowing it to be eligible for the municipal HST rebate.

McInnes Cooper, TSHC's HST Consultant, has confirmed the appointment of a CRA Representative to the account. CRA has confirmed all documentation has been received and are currently under review.

CRA has further requested 3 additional information pieces from TSHC. The information requires the City to provide additional support and clarify in these areas to the CRA:

1. Property Ownership - In lieu of the Operating Agreement, the CRA would like the City to outline the intention/plan in connection to the real property, that allows TSHC to act as landlord to senior tenants.
2. Budget – The City has the oversight and final approval of TSHC's operating budget.
3. Rent Geared to Income (RGI) – TSHC to provide rent geared to income housing for seniors

A draft of the response to the above questions has been submitted to the City's Legal Department for review this past week.

Once TSHC has received the response and agreement from the City to proceed, TSHC will work with the consultant to provide to the information to the CRA. A decision is expected to be made soon there after, and could be late first or early second quarter of 2023.

Letter of Guarantee – City of Toronto

TSHC has submitted to the City a request for a Letter of Guarantee, along with the RBC requirements for \$2.5M Line of Credit. The Line of Credit is a last resort to use as an emergency only, and as outlined in the earlier report to fund minimum working capital for payroll and operational needs.

The City has forwarded the request to the Financial Planning Department in December 2022. The City has informed TSHC that the Letter of Guarantee will need to be forwarded to City Council for approval, once the Financial Planning Department has agreed to the request. TSHC has been following up with the City to obtain a status of the request.

TSHC will keep the Committee and Board informed of the outcome.

Vacation/Lieu Time & Post Retirement Liability

TSHC has booked the expense cost for 2022 in the December 2022 Profit & Loss (P&L). The estimated cost was provided by the actuarial consultant to book the expense to reflect the cost for the year. The methodology used was based on the number of headcount transferred to TSHC as of June 1st, relative to the overall portfolio size of TCHC.

The finalization of the estimate will be made in early February 2023.

TSHC has reconciled with TCHC the staff roster that was transferred to TSHC as of June 1st.

TSHC has also booked the liability on the Balance Sheet account to reflect the expected transfer, along with the receivable amounting to approximately \$4.4M. No cash was provided to TSHC at this time. TCHC has agreed to advance semi-annual payments that arise from the post retirement obligation for the former TCHC staff.

The Vacation/Lieu Time reconciliation has been completed for the transferred staff as of June 1st, 2022. TCHC owes TSHC approximately \$1.2M. TCHC is awaiting cash from the City to settle other matters, and will then transfer the dollars to TSHC.

TSHC/TCHC Financial Analysis Review

A motion was raised in the TCHC December 22nd, 2022 Board Meeting to seek one-time financial support from the City in order to undertake a detailed financial analysis of the efficiencies and effectiveness to be achieved in respect to services delivered by TCHC and TSHC.

The full scope of the financial analysis is to be scoped and established by the middle of February. A third party is expected to do the work on behalf of the City and respond back to the City.

Q4 TCHC Reconciliation

TCHC Q4 Reconciliation will be provided to TSHC in late January 2023 or early February 2023. Both parties will review the result for the 7 months ending December 31, 2022.

Further information will be provided at the next AFRC Meeting.

List of Attachments

None

Vince Truong
Interim Finance Lead