

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

Date: Thursday, September 28, 2023

Time: 4:00 – 5:30pm

Location: WebEx & Livestream

Agenda

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 AFRC Public Minutes of Meeting of May 25, 2023	Approval	AFRC Public Minutes of Meeting of May 25, 2023	Chair
6.	4:12 1 min	Approval of AFRC Closed Session Minutes of Meeting May 25, 2023	Approval	AFRC Closed Minutes of Meeting of May 25, 2023	Chair
7.	4:13 2 min	Action Items Review	Information	AFRC Action Items List	Chair
8.	4:15 5 min	CEO Update	Information	Verbal Report	Jill Bada
9.	4:20 10 min	Q2 2023 Financial Result	Information	Report	Vince Truong

**Toronto Seniors
Housing Corporation**

10.	4:30 1 min	Motion to move into Closed Session	Approval	N/A	Chair
11.	4:31 1 min	<i>Confidential report dealing with matters that are not required to be disclosed under the municipal Freedom of Information and Protection of Privacy Act including but not limited to personal matters about identifiable individuals, a proposed or pending transaction with a third party, and recommendations of proposed policy or processes</i>	Approval	Closed Session Agenda	Chair
12.	4:32 20 min		Information	Presentation	Vince Truong
13.	4:52 10 min		Information	Report	Vince Truong
14.	5:02 5 min		Information	Verbal Update	Jill Bada
15.	5:07 1 min		Approval	N/A	Chair
16.	5:08 1 min	Motion to Approve Closed Session Decisions	Approval	N/A	Chair
17.	5:09 1 min	Adjournment	Approval	N/A	Chair

Toronto Seniors Housing Corporation (TSHC)

Audit, Finance and Risk Committee (AFRC)

Date: May 25, 2023

Time: 4:00 pm

Location: WebEx and Livestream

DRAFT Minutes

The Audit, Finance and Risk Committee (AFRC) of the TSHC Board held its meeting on May 25, 2023, at 4:00 pm via WebEx video conference. This meeting was livestreamed.

Board Members in attendance:

- Lawrence D'Souza
- Carrie MacNeil
- Warren Law
- Brenda Parris
- Fareed Amin
- Councillor Crisanti

TSHC staff present:

- Tom Hunter, Chief Executive Officer
- Grant Coffey, Director of Strategy and Communications
- Brad Priggen, Director of Operations
- Vince Truong, Finance Lead
- Tolu Solebo, Manager, Financial Reporting and Compliance
- Tina Ferreira, Executive Assistant to CEO
- Fatima Mahmood, Executive Assistant

City Staff:

- Andrea Austen, Director, Strategic Policy & Programs, City of Toronto

Item 1: Chair's remarks

The Chair welcomed everyone and stated that this meeting is being livestreamed on YouTube.

Item 2: Land and African ancestral acknowledgements

The Chair began with Land and African ancestral acknowledgements.

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 Brenda Parris and all in favour, it was resolved that the public meeting agenda, as presented, is hereby approved.

Item 4: Chair's poll re: conflict of interest

The Chair requested that members of the committee declare whether they were in conflict of interest with any agenda item.

No conflicts were declared.

Item 5: Approval of public minutes of AFRC meeting of March 22, 2023

The Chair tabled the public minutes of the March 22, 2023, meeting and asked that they be taken as read.

Motion: Upon motion, duly made by Warren Law, and seconded by Fareed Amin, it was resolved that the public minutes are hereby approved.

Item 6: Approval of closed minutes of AFRC meeting of March 22, 2023

The Chair tabled the public minutes of the March 22, 2023, meeting and asked that they be taken as read.

Motion: Upon motion, duly made by Warren Law, and seconded by Fareed Amin, it was resolved that the in camera minutes are hereby approved.

Item 7: Action item review

The committee reviewed the action item list and the status of items.

It was noted all action items are complete.

Item 8: CEO update

At the invitation of the Chair, Tom Hunter provided a brief update to the board regarding recent inquiries from board members related to board remuneration, it was noted that staff are reviewing the practice and policy, reflecting on the city and TCHC and what could be done to improve the process. Staff are planning to bring a draft forward to the next meeting for review.

It was also noted that staff are developing a simple template that board members would be required to enter and submit meetings they attended during the month.

ACTION:

- Vince to follow up with payroll and ensure T10 tax form is sent to all board members.
- Vince to send TCHC payroll contact information to Brenda Parris.

Item 9: Q1 2023 Financial Result

At the invitation of the Chair, Vince Truong provided an update on the financial results for Q1 2023.

Vince Truong stated through March 31, 2023, TSHC incurred operating expenses of \$10,606,403. Revenue amounted to \$10,652,684, composed of \$1,296,015 from the City of Toronto (City), \$9,282,000 from TCHC for TSHC's rental units (revenue less expense estimate per the Transition Agreement), and \$74,669 interest income earned on bank balances, resulting in a surplus of \$46,281.

The City grant is recognized at \$1,296,015, which is an unbudgeted and carry forward deferred grant from the prior year. The positive variance is a result of this City deferred grant, noting without the deferred grant TSHCs financial position would have been unfavourable for the first 3 months of the year. The shortfall in the first quarter will balance out by the end of the year.

Vince Truong stated there was a higher expense in salaries and benefits of \$202,343 as a result of the impact of the average 2.5% merit increase which was not included in the original budget, onetime payout of unused vacation from prior years, and salary adjustments due to job evaluations. It was noted that professional services were higher by \$177,553 to fill vacant positions and project requirements due to the delay in hiring corporate positions.

For the first three months, there was no deferred revenue from TCHC (Operations) as there were more expenses than revenue advanced from TCHC by \$28,388.

Vince Truong provided an overview of the Statement of Financial Positions noting the cash balance as of March 31, 2023 was \$4,626 million with accounts receivable of \$341,000 due from TCHC.

The Accounts Payable balance comprised of March activity that was processed through the bank in April, except for the payable to TCHC. The balance includes: Payroll \$1,592,383, pension and benefits of \$452,765, HST payable of \$402,220; Interim Staff, Seconded Employees, and Vendor Payables of \$339,459 and payable to TCHC (2022 Surplus) of \$1,631 million that will remain until finalized with TCHC.

A detailed discussion took place following the update from Vince Truong.

Item 10: Financial Update

At the invitation of the Chair, Vince Truong provided an update regarding the 2023-24 Insurance Renewal as well as the Letter of Guarantee with the City of Toronto.

It was noted that TSHC acquires insurance through Housing Services Corporation (HSC). An all day information session addressing key issues and concerns affecting community housing sector within Ontario was held by HSC (Housing Services Corporation). The discussion included upcoming insurance renewal, and the expected rate of increase due to the claim level and depleting reserves. HSC informed attendees that the 2023-24 rate increase is expected to be 15-20%. HSC is working on targeting the lower end of the rate range increase.

Vince Truong provided an update regarding the Letter of Guarantee with the City of Toronto. It was noted that discussions began with the city in late 2022 on a request to obtain a letter of Guarantee. Staff continue to work with the city on the requirements to support the request from a bank perspective.

ACTION: Staff to go to market as well as the City to get some comparison pricing for insurance coverage.

Provide board members with link for Housing Services Corporation to help inform the board about HSC.

Item 11: Motion to move into closed session

The Chair asked if there were any questions prior to moving into closed session.

None declared.

Motion: Upon motion, duly made by Fareed Amin, and seconded by Warren Law, it was resolved that Committee move into closed session.

Item 12 to 16: closed session

Item 17: Motion to approve closed session decisions

No decisions made in closed session.

Item 18: Adjournment

The Chair thanked the committee members, staff and all the presenters for their attendance and contributions and declared the meeting adjourned.

Motion: Upon motion, duly made by Fareed Amin, and seconded by Warren Law, it was resolved that the meeting be adjourned.

Lawrence D'Souza, Chair
Audit, Finance and Risk Committee (AFRC)

**Toronto Senior Housing Corporation (TSHC) Audit,
Finance and Risk Committee**

**Action Items List As Of
September 2023**

	Meeting Arising From	Description	Resp.	Status
Action Items Completed				
1.	January 26, 2023	Grant Coffey to share presentation material from the City regarding COVID-19 impacts with the committee during the March 2023 meeting.	Grant Coffey	Completed
2.	January 26, 2023	Details of the TSHC budget to be discussed during the next board meeting.	Vince Truong	Completed
3.	January 26, 2023	Vince to add a variance column to the Statement of Operations going forward.	Vince Truong	Completed
4.	January 26, 2023	Vince to indicate Insurance Expenses separately on the statement going forward.	Vince Truong	Completed
5.	March 22, 2023	Lawrence D'Souza suggested that staff seek feedback to ensure future auditor representation at both meetings.	Vince Truong	Completed

6.	May 25, 2023	Follow up with payroll and ensure TD1 and CPT30 tax forms sent to all board members.	Vince Truong	Completed
7.	May 25, 2023	Send TCHC payroll contact information to Brenda Parris.	Vince Truong	Completed
8.	May 25, 2023	Meet with Lawrence to provide clarification and better understanding of the budget allocation, reconciliation and reporting process.	Vince Truong	Completed
9.	May 25, 2023	Staff to go to market as well as the City to get some comparison pricing for insurance coverage. Provide board members with link for Housing Services Corporation to help inform the board about HSC.	Vince Truong	Completed

Toronto Seniors Housing Corporation

Toronto Seniors Housing Corporation Audit, Finance and Risk Committee Meeting

Topic: Q2 2023 Financial Result

Item #9

Date: September 28, 2023

Report: AFR: Sept. 28, 2023, item #9

To: Audit, Finance and Risk Committee

From: Vince Truong, Finance Lead

Date: September 28, 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.

Q2 2023 Financial Result through June 30, 2023

Statement of Operations (Attachment 1)

Through June 30, 2023, TSHC incurred operating expenses of \$20,920,132. Revenue amounted to \$21,071,925, composed of \$2,372,941 from the City of Toronto (City) deferred grant, \$18,543,975 from TCHC for TSHC's rental units (revenue less expense estimate per the Transition Agreement), and \$155,009 interest income earned on bank balances, resulting in a surplus of \$151,793.

Expenses incurred were for staff compensation and benefits, TSHC lead consultants, legal services and other third-party vendors, insurance, other

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miscellaneous costs and shared services paid to TCHC as per the Service Delivery Agreement.

The City of Toronto revenue grant is recognized at \$2,272,941. This is an unbudgeted and carry forward deferred grant from the prior year. The positive variance is a result of this City deferred grant. Without the deferred grant, the position would have been at a negative variance or loss for the first 6 months of the year. The shortfall in the first half of the year will even out and be balanced by the end of the year, when adjustments will be made.

Higher expenses in salaries and benefits of \$186,305 is a result of the impact of the average 2.5% merit increase which was not included in the original budget, one-time payout of unused vacation from prior years, and salary adjustments to bring in line with similar work and responsibilities across the organization.

Professional and legal services were also higher by \$135,373 to fill vacant positions and project requirements due to the delayed in hiring of the corporate positions. Most or all of the professional services will end on August 31, 2023.

The above increases in expense is offset by temporary lower expenditure in tenant translation, tenant engagement, training and development, office expenses and other operating costs. Some of these costs are expected to catch up and be realized in the second half of the year.

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). For the first 6 months, Deferred City Grant was \$745,891 and Deferred Revenue from TCHC (Operations) was \$20,024 to equal \$765,915 in the Balance Sheet.

Statement of Financial Positions (Attachment 2):

1. Cash – \$5,888,303
2. Accounts Receivable - \$140,390
3. Prepaid Expenses (insurance) – \$248,751
4. Long-Term Due from TCHC - \$4,180,700

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5. Fixed Asset (Equipment), net - \$22,521
6. Accounts payable - \$3,275,951
7. Due to TCHC - \$1,631,409
8. Due to the City of Toronto - \$61,099
9. Deferred City grant funding - \$745,891
10. Deferred Revenue TCHC - \$20,024
11. Employee Benefits (Post Retirement Benefits) - \$4,431,000

The cash balance represents the bank balance as of June 30, 2023.

The Accounts Receivable balance consisted of HST Recoverable from the CRA for HST paid in May and June services, and interest receivable from the bank.

Due from TCHC is the long-term receivable for the Post Retirement Obligations transferred as of June 1, 2022 of \$4,180,700.

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

- Payroll - \$2,158,703
- Pension and Benefits - \$646,631
- HST Payable - \$402,220
- Interim Staff, Seconded Employees, and Vendor Payables - \$68,395

Name: Vince Truong

Title: Finance Lead

List of Attachments:

Q2 2023 Financial Result – Statement of Operations (Attachment 1)

Q2 2023 Financial Result – Statement of Financial Positions (Attachment 2)

Item #9 Attachment # 1 -
Q2 2023 Financial Result –
Statement of Operations

Toronto Seniors Housing Corporation
Statement of Operations
For the Six Months to June 30, 2023

STATEMENT OF OPERATIONS	Actual	Budget	Variance Actual Vs Budget
Revenue			
City of Toronto Grant	2,372,941	-	2,372,941
Revenue from TCHC	18,543,975	15,633,297	2,910,678
Interest income	155,009	105,000	50,009
Total Revenue	21,071,925	15,738,297	5,333,628
Expenses			
Salaries and Benefits	15,105,735	14,919,430	(186,305)
Legal and Professional Services	672,615	537,242	(135,373)
Insurance	373,126	325,002	(48,124)
Other Miscellaneous Costs	12,394	786,660	774,266
SDA - Shared Services with TCHC	4,756,262	4,838,216	81,954
Total Expenses	20,920,132	21,406,550	486,418
Excess of Revenue over Expenses	151,793	(5,668,253)	5,820,046

Item #9 Attachment # 2 -
Q2 2023 Financial Result –
Statement of Financial
Positions

Toronto Seniors Housing Corporation
Statement of Financial Position
As of June 30, 2023

Assets

Current Assets:

Cash	5,888,303
Accounts Receivable	140,390
Due from TCHC	-

Prepaid Expenses	248,751
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Long-Term Due from TCHC	4,180,700
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Fixed Asset - Equipment	25,738
Less: Depreciation	(3,217)

Total Assets	10,480,664
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Liabilities & Net Assets

Current Liabilities:

Accounts payable and accrued liabilities	3,275,951
Due to TCHC	1,631,409
Due to the City of Toronto	61,099

Deferred Grant Funding - City	765,915
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Employee Benefits	4,431,000
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Net Assets

Unrestricted Surplus	315,290
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Total Liabilities & Net Assets	10,480,664
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