

**Toronto Seniors Housing Corporation
Audit & Finance and Risk Committee (AFRC) Meeting**

Agenda

Date: Wednesday, June 12, 2024

Time: 4:30 – 5:30pm

Location: WebEx & Livestream

Item	Time	Description	Action	Type of Item	Presenter
1.	4:30 5 min	Chair's Remarks	Information	NA	Lawrence D'Souza, Chair
2.	4:35 2 min	Land and African Ancestral Acknowledgements	N/A	N/A	Chair
3.	4:37 2 min	Approval of Public Meeting Agenda	Approval	Agenda	Chair
4.	4:39 1 min	Chair's Poll re: Conflict of Interest	Declaration	N/A	Chair
5.	4:40 1 min	Approval of AFRC Public Minutes of Meeting of April 4, 2024	Approval	Minutes	Chair
6.	4:41 1 min	Approval of AFRC Closed Session Minutes of April 4, 2024	Approval	Minutes	Chair
7.	4:42 1 min	AFRC Action Items Review	Information	Action Items List	Chair
8.	4:43 5 min	CEO Update	Information	Verbal Report	Tom Hunter
9.	4:48 7 min	Q1 & April 2024 Financial Result	Information	Report	Vince Truong
10.	4:55 10 min	Financial Update	Information	Report	Vince Truong

Item	Time	Description	Action	Type of Item	Presenter
11.	5:05 1 min	Motion to move into Closed Session	Approval	N/A	Chair
12.	5:06 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	Agenda	Chair
13.	5:07 10 min		Information	Report	Vince Truong
14.	5:17 1 min		Approval	N/A	Chair
15.	5:18 1 min	Motion to Approve Closed Session Decisions	Approval	N/A	Chair
16.	5:19 1 min	Adjournment	Approval	N/A	Chair

Toronto Seniors Housing Corporation (TSHC)

Audit, Finance and Risk Committee

(AFRC)

[View Live Stream Video Part 1 here](#)

[View Live Stream Video Part 2 here](#)

Date: Thursday, April 4, 2024

Time: 4:00pm to 5:30pm

Location: WebEx and Livestream

Draft Minutes

The Audit, Finance and Risk Committee (AFRC) of the TSHC Board held its meeting on Thursday, April 4, 2024, at 4:00pm via WebEx video conference. This meeting was livestreamed.

Members in attendance:

Lawrence D’Souza, Chair
Fareed Amin
Warren Law
Councillor Vincent Crisanti

Presenters from KPMG

Kevin Travers
Rebecca Nunoo

TSHC staff present:

Jill Bada, *Chief Executive Officer (I)*
Grant Coffey, *Director, Strategy and Business Management*
Carol Francis, *Director, People & Culture*
Vince Truong, *Interim Finance Lead*
Brad Priggen, *Director, Operations*
Tolu Solebo, *Manager, Financial Reporting & Compliance*
Karyn Bawden, *EA and Board Secretary*
Liz Dizig, *EA to CEO (I)*
Fatima Mahmood, *EA*

Item 1: Chair’s remarks

The Chair welcomed the participating board members and the leadership team, as well as the virtual audience and thanked them for joining us. He then noted

that the AFRC meeting will be Interim CEO, Jill Bada's last meeting as she will be returning to City of Toronto and Tom Hunter, CEO will be rejoining us on April 8th 2024. The Chair, on behalf of the committee, extended a warm thank you to Ms. Bada.

The chair noted that the Agenda will focus on the 2023 Financial Results and update on the 2024 cashflow, changes to two procurement orders due to extension of agreements and in the Closed Session, KPMG will present their Audit findings and the draft Audited Financial Statements. As well that Vince Truong will be discussing the 2023 TCHC Reconciliation and there will be a presentation on Emergency Management and Emergency Response Planning

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 noted the Agenda timing would be amended for the Auditors, KPMG presentation, then asked if there were any other changes to the Public meeting Agenda, being none, the Chair asked for a motion to approve the Public Agenda of April 4th 2024 as presented.

Moved: Fareed Amin

Seconded: Warren Law

With All in favour, it was resolved that the Public Agenda of April 4th, 2024, was approved as presented with the amendment of the timing CARRIED

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

The Chair asked the members of the Committee whether they were in conflict of interest with any agenda item. With no conflicts of interest being declared, the Chair continued to next Action Item.

Item 5: Approval of public minutes of AFRC meeting of January 31, 2024

The Chair asked if there were there any edits or changes to the public meeting Minutes of January 31, 2024, being none, the Chair asked for a motion to approve the public meeting Minutes of January 31, 2024 as presented.

Moved: Warren Law

Seconded: Lawrence D’Souza

With All in favour, it was resolved that the public meeting Minutes of January 31, 2024, was approved as presented CARRIED

Item 6: Approval of Amended minutes of ARFC Closed Session of November 28, 2023

The Chair asked if there were there any edits or changes to the Amended Closed Session meeting Minutes of November 28, 2023, being none, the Chair asked for a motion to approve the Closed Session meeting Minutes of November 28, 2023 as presented.

Moved: Warren Law

Seconded: Lawrence D’Souza

With All in favour, it was resolved that the Amended Closed Session meeting minutes of November 28, 2023 were approved as presented CARRIED

Item 7: Action item review

The committee reviewed the action item list and the status of the items. With no further action items discussed, and the Committee satisfied, the Chair proceed to next Agenda Item.

Item 8: CEO Update

At the Chair's invitation, Ms. Bada gave her update noting that it would be her last AFR Committee meeting and then thanked the Committee, Board members, tenants and staff for their work and support during her time at TSHC as the Interim CEO. She noted many key items have come forward over the past few months, including the 2024 budget reporting on financial results, updates on finance matters, and policies. She also noted that we continue to see significant efforts in the work of Toronto Seniors Housing Corporation over these last few months, some of which will be highlighted through today's meeting

The Chair thanked Ms. Bada for all her hard work and support during her time at TSHC.

Item 9: 2023 TSHC Financial Result

Through the Chair, Vince Truong presented the 2023 TSHC Financial Results highlighting:

- Open revenue of \$43.18 million with expense comprising of essentially \$38.907 million from TCHC from Transition Agreement, and \$3.943 million from the City of Toronto
- An additional \$825,000 for the COVID expenses which we realized in 2023.
- \$267,396 of interest income earned through deposit with the bank.

- The \$267,396, total net revenue overall, is a small surplus which makes up the amount received through the interest income as discussed in the past the past three years

Mr. Truong continued with the 2023 Financial Results update and with no questions, the Chair then noted that our Auditors from KPMG had arrived and we would move into Closed Session.

Item 12: Approval to Move into Closed Session

The Chair asked for a motion to approve the meeting move into Closed Session

Moved: Fareed Amin

Seconded: Warren Law

With all in favour, it was resolved that the Public meeting be terminated and move into the Closed Session..... CARRIED

The meeting went to Closed Session and upon return, the Chair went to next Item

Item 18: Approval to Move into Public Session

The Chair asked for a motion to approve the meeting move back into Public Session

Moved: Fareed Amin

Seconded: Warren Law

With all in favour, it was resolved that the meeting commence in Public Session CARRIED

Item 10: Financial Update

At the invitation of the Chair, Mr. Truong went through the Financial Update, highlighting:

- Working with the City as well as TCHC over the last little while to secure the 2024 cashflow requirement.
- Positive news overall, we are expecting to receive some upfront money from the city as part of the 2024 budget subsidy and that would be in the in the line of about approximately \$4.3 million.
- We are anticipating to get about \$825,000 of the COVID expense and the COVID cost recovery from 2022 and 2023, which would give us in total about \$5.1 million overall.

Mr. Truong continued with the Financial Update with one question from the Chair regarding the mentioned Budget upload, and asked for an explanation. Mr. Truong explained that both TSHC and TCHC both upload through a TCHC Platform. With that, the Chair moved on to the next Item.

Item 11: Procurement Change Orders

Mr. Truong walked through the 2 Change Orders with the Committee. The Chair asked clarification of the difference from Individual Amount being \$61,103.16 and the Cumulative Total of \$79,698.16 (difference of \$18,595). Mr Truong noted that with iSecurity change order, it was brought to the AFR Committee in December.

With that, the Chair asked for a motion to approve and recommend to the Board of Directors to adopt the following resolution:

The following change orders which the cumulative change order for direct awards value exceeds 20% of the original commitment value of the contract:

- a) Toronto Community Housing Corp (TCHC) – Service Delivery Agreement fee extension to February 2025 in the amount of \$11,389,952;
- b) iSecurity – Website maintenance and support services extension to December 31, 2025 in the amount of \$61,103;

Moved: Warren Law

Seconded: Farre Amin

With all in favour, it was resolved that the Toronto Community Housing Corp and iSecurity change orders be approved and recommend to the Board of Directors be adopted as presentedCARRIED

The Chair then presented motions from the Closed Session Items to be approved:

Item 14: 2023 Audit Report

The Chair asked for a motion to approve and recommend to the Board of Directors to adopt the following resolution:

- a) Approve of the 2023 TSHC Audited Financial Statements (Attachment 1 & 3);
- b) Authorize the Chief Executive Officer (CEO) to sign the Management Representation Letter (Attachment 2)

Moved: Warren Law

Seconded: Farre Amin

With all in favour, it was resolved that the 2023 TSHC Audited Financial Statements be approved and recommend to the Board of Directors be adopted as presented as well as authorize the Chief Executive Officer (CEO) to sign the Management Representation LetterCARRIED

Item 16: Recommendation to the City of Toronto re: TSHC’s 2024 Auditor

The Chair asked for a motion to approve and recommend to the Board of Directors to adopt the following resolution:

Recommend that the City of Toronto appoint KPMG to be TSHC’s external auditor for the year ending December 31, 2024, with remuneration to be set by the Board of Directors.

Moved: Warren Law

Seconded: Fareed Amin

With all in favour, it was resolved that the City of Toronto appoint KPMG to be TSHC's external auditor for the year ending December 31, 2024 be approved and recommend to the Board of Directors be adopted as presentedCARRIED

Item 20: Adjournment

The Chair thanked the Committee members, staff and all the presenters for their attendance and contributions and asked for a motion to adjourn the meeting.

Moved: Fareed Amin

Seconded: Jim Meeks

With all in favour, it was resolved that the meeting terminate..... CARRIED

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

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee**

**Action Items List as of
May 2024**

	Meeting Arising From	Description	Resp.	Status
1.	January 31, 2024	Staff to consult with TCHC on Environmental Renewal and Plan.	Grant Coffey	In Progress
2.	January 31, 2024	Bring forward an overview of revitalization plans in the 2024 budget including net new potential housing for seniors.	Grant Coffey	In progress

Action Items Completed				
	Meeting Arising From	Description	Resp.	Status
1.	January 31, 2024	Staff to provide an update regarding the discussions about the allocation and the Lease Agreement.	Grant Coffey	Completed
2.	January 31, 2024	Staff will provide an update on the Letter of Guarantee and the Line of Credit to this Committee once we have more information.	Vince Truong	Completed
3.	November 28, 2023	Going forward quarterly adjustments be recorded in TSHC books the two entries - revenues and expenses.	Vince Truong	Completed
4.	November 28, 2023	Staff to review the agreement contract and confirm that TSHC is to receive the surplus after the first year.	Vince Truong	Completed
5.	November 28, 2023	Provide Committee with a consolidated list of items that fall under the category 'other costs' as indicated in the Statement of Operations.	Vince Truong	Completed
6.	September 28, 2023	Bring to Committee a presentation on building emergency procedures.	Brad Priggen	Completed

Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: June 12, 2024

Topic: April 30, 2024 TSHC Financial Result

Item Number: 9

To: Audit, Finance, and Risk Committee

From: Vince Truong, Finance Lead (I)

Date of Report: June 12, 2024

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.

Reason for Recommendation:

April 30, 2024 TSHC Financial Result

Please see the Statement of Operations (Attachment 1).

Through April 30, 2024 TSHC incurred operating expenses of \$14,298,139 on total revenue of \$12,637,745 for an Excess of Revenue over Expenses of (-\$1,662,539), including amortization expense.

The Excess of revenue over expenses for the first 4 months included three major factors affecting the outcome of the result: the booking of the Q1 surplus arising from the TCHC-TSHC reconciliation, which had a net positive effect of \$2,774,582 (revenue of \$2,166,548 and SDA

(shared services with TCHC) expenses of \$608,034) and was offset mainly by higher than expected Salary and Benefit costs (-\$674,087) and Post-retirement Benefit (-\$103,967), resulting in a better than expected outcome versus budget by \$2,142,676.

Revenue for the 4 months was \$12,637,745 composed of \$12,588,739 from Toronto Community Housing Corporation (TCHC) for TSHC's rental units (revenue less expense estimate per the Transition Agreement). This includes \$2,166,544 recognised as the surplus revenue from the Quarter 1 TCHC-TSHC reconciliation. Interest income earned on bank balances accounted for \$39,006 and miscellaneous income of \$10,000 earned as a result of compensation from a contractor for work at a TSHC operated building.

TSHC incurred operating expense of \$14,300,284 including amortization expense. Expenses incurred were for staff compensation and benefits, legal and professional services and other third-party vendors, insurance, other miscellaneous costs, and shared services paid to TCHC as per the Service Delivery Agreement (SDA).

Salaries and benefits were higher than budget by \$778,054 as result of increasing additional staff health benefit reserve outlined by the benefit provider, impact of the lower than expected vacancy rate versus budgeted, payout of unused vacation from prior years, and adjustment to the post-retirement benefit accrual.

Shared services with TCHC were lower by \$608,034, however, including the non-recoverable HST cost that was not budgeted, the overall cost was lower than budgeted of \$551,270.

Professional and legal services were lower than budget by \$84,927 mainly due to timing difference on the spends. Other miscellaneous cost was lower by \$81,477 due to lower than expected spend in the office and other

Please see the Statement of Financial Position (Attachment 2):

1. Cash – \$1,535,601
2. Accounts Receivable - \$133,688
3. Due from TCHC (Short -Term) - \$7,645,208
4. Prepaid expenses - \$376,082
5. Due from TCHC (Long-Term) - \$4,180,700
6. Fixed Asset (Equipment), net - \$17,159
7. Accounts payable - \$3,558,413
8. Due to TCHC - \$5,867,472
9. Due to the City of Toronto - \$60,231
10. Employee Benefits (Post Retirement Benefits) - \$5,633,967

The cash balance represents the bank balance as of April 30, 2024. The low balance in the account is continuously addressed with TCHC, and TSHC continues to work with TCHC and the City on opportunities to improve the cash position.

The Accounts Receivable balance consisted of HST Recoverable from the CRA for HST Rebate for the period, and interest receivable from the bank.

Prepaid expense is the balance of the annual insurance paid in November 2023. This will be drawdown at the end of October, 2024.

Due from TCHC (Short-Term) included staff secondment of \$108,177, surplus identified from the 2023 year-end and Q1 2024 TCHC-TSHC Reconciliation process of \$2,856,854 and \$2,774,581 respectively, the \$1,784,209 2023 year-end deficit funding to balance the 2023 operations, per the budgeting agreement process with the City and TCHC and 2023 Covid recoverable of \$121,386. Some of these receivables will be cleared in May 2024.

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

Due to TCHC included the 2022 surplus from TSHC of \$1,631,409, Service Delivery Agreement payable for the period December, 2023 to April, 2024 of \$4,193,441 and miscellaneous payable of \$42,620.

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

- Payroll - \$2,659,936
- Pension and Benefits - \$461,545
- HST Payable - \$340,021
- Vendor Payables - \$96,909

Name: Vince Truong

Title: Finance Lead (I)

List of Attachments:

- 1. TSHC April 2024 Financial Result - Statement of Operations**
- 2. TSHC April 2024 Financial Result - Statement of Financial Position**

Toronto Seniors Housing Corporation
Statement of Operations
4 Months to April 30, 2024

STATEMENT OF OPERATIONS	Year to Date Result			Annual		
	Actual	Budget	Variance Actual Vs Budget	2024 Forecast	2024 Budget	2024 Budget v Forecast
Revenue						
Revenue from TCHC	10,422,195	10,422,200	(5)	40,660,873	40,660,878	(5)
TCHC-TSHC Reconciliation	2,166,544	-	2,166,544	2,166,544	-	2,166,544
Interest income	39,006	26,667	12,339	119,006	80,000	39,006
Other Income	10,000	-	10,000	10,000	-	10,000
Total Revenue	12,637,745	10,448,867	2,188,878	42,956,422	40,740,878	2,215,544
Expenses						
Salaries and Benefits	11,172,460	10,394,406	(778,054)	32,393,621	31,175,867	(1,217,754)
Legal and Professional Services	65,350	150,277	84,927	633,057	626,998	(6,059)
Insurance	250,721	254,900	4,179	756,803	764,700	7,897
Other Miscellaneous Costs	135,402	216,879	81,477	961,242	1,044,418	83,176
SDA - Shared Services with TCHC	2,674,206	3,225,476	551,270	10,982,376	11,389,954	407,578
Total Expenses	14,298,139	14,241,938	(56,201)	45,727,099	45,001,937	(725,162)
Amortization charge	2,145	12,144	9,999	11,434	36,432	24,998
Excess of Revenue over Expenses	(1,662,539)	(3,805,215)	2,142,676	(2,782,111)	(4,297,491)	1,515,380

Toronto Seniors Housing Corporation
Statement of Financial Position
As of April 30, 2024

Assets

Current Assets:

Cash	1,535,601
Accounts receivable	133,688
Due from TCHC	7,645,208
Prepaid expenses	376,082
	<u>9,690,579</u>

Capital assets - Equipment	25,738
Less: Depreciation	(8,579)
Capital assets	<u>17,159</u>

Due from TCHC	4,180,700
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Total Assets	<u><u>13,888,438</u></u>
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Liabilities & Net Assets

Current Liabilities:

Accounts payable and accrued liabilities	3,558,413
Due to TCHC	5,867,472
Due to the City of Toronto	60,231
	<u>9,486,116</u>

Employee Benefits	5,633,967
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Net Assets

Unrestricted (Deficit)/Surplus	(1,231,645)
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Total Liabilities & Net Assets	<u><u>13,888,438</u></u>
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Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: June 12, 2024

Topic: Financial Update

Item Number: 10

To: Audit, Finance, and Risk Committee

From: Vince Truong, Finance Lead (I)

Date of Report: June 12, 2024

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.

2025 Budget

The City has recently circulated a proposed 2025 Budget Submission with a due date of July 29th, 2024.

In prior years, the Budget Submission Due Date has been September, and closer to mid-September in 2023 for the 2024 Budget. The process has a number of layers and go through reviews and consultations prior to the approval stages. Toronto Seniors Housing Corp. (TSHC) has provided feedback to the City on the tight and challenging due date, as this would move the budgeting process by seven weeks earlier.

The City has expressed that the proposed due date does allow flexibility for adjustments, if more information becomes available during the budgeting process. The City has not confirmed whether the 2025 Budget will be a consolidated budget with Toronto Community Housing Corp. (TCHC) or TSHC stand-alone budget. This will be in discussion in the coming weeks with the new Housing Secretariat Lead. TSHC's view continues to be a stand-alone budget which will provide flexibility, and direct subsidy arrangement with the City, in working closely with TCHC to gather the budgetary figures for the allocated and joint costs, such as utilities, community safety unit, facilities management, mortgages, principal and interests, insurance and back office shared services.

TSHC will work to prepare and be ready in the event the proposed date becomes a reality setting out a budget process. TSHC has been in contact with the City and TCHC and are waiting for the final decision on the submission date, with a work-back plan to achieve the due date timeline.

As of the print date of June 5, the City is in consultation and discussion with senior leadership team, and will get back to agencies and corporations in the coming days, and will keep the Committee informed of the development.

2024 Cashflow Forecast

Since the last AFRC Meeting, TSHC has been working closely with TCHC and received a significant portion of the cash for settlement of the 2023 TCHC-TSHC Reconciliation, and true-up of the 2024 Budget monthly advance. The total amount received was approximately \$7.367M and payment was received in May 2024.

TSHC has also received remaining receivable balance with the City. TSHC is finalizing the Service Delivery Agreement (SDA) payment with TCHC for the last 5 months, which will draw down significantly from the earlier cash received from TCHC. This is expected to occur in June 2024.

TSHC is working closely to monitor the cash, and for the time being, has adequate cash to operate for the next 3-4 months, with ongoing monitoring required.

TSHC will continue to look for opportunities to conserve cash and saving opportunities and provide ongoing forecasting to anticipate expected cash outlay for the remainder of the year, and will inform the Committee of development in this area, including the Line of Credit and Letter of Guarantee.

Letter of Guarantee – City of Toronto

TSHC has discussed with the City Housing Secretariat group and City Financial Planning Division recently on TSHC's position and the need to have a Letter of Guarantee, as a protection of last resort for unforeseen and unexpected circumstances. There have been ongoing conversations with the City, and further consultation with the new Housing Secretariat team and will continue into Q3.

The Letter of Guarantee will provide assurance, as part of the requirement from our bank to secure a \$2.5M Line of Credit.

Name: Vince Truong

Title: Finance Lead (I)

List of Attachment:

None