

Public Agenda

July 13, 2022

2001064 Ontario Inc. BOARD OF DIRECTORS MEETING

July 13, 2022
9:00 a.m. – 9:15 a.m.

Location
Virtual Meeting

Board of Directors
Nick Macrae, Chair
Rose-Ann Lee
Jag Sharma

PUBLIC MEETING AGENDA ITEMS

Item	Description	Action	Pre-read	Page #
1	Approval of Agenda and Review of Agenda Order	Approval	Agenda	1
2	Chair's Poll re: Conflict of Interest	Declaration	Agenda Conflict of Interest Policy	-
3	Appointment of Officers	Approval	Resolution	2
4	Confirmation of minutes of 2001064 Ontario Inc.'s Public Meeting held on June 18, 2021	Approval	Minutes	3
5	2001064 Ontario Inc. 2021 Draft Unaudited Financial Statements	Approval	2001064: 2022-01	7

TERMINATION

Board members must declare any conflict of interest which relates to an item of discussion.

RESOLUTION OF THE DIRECTORS

OF

2001064 ONTARIO INC. (the “Corporation”)

Dated July 13, 2022

APPOINTMENT OF OFFICERS

WHEREAS

Sheila Penny tendered her resignation as General Manager of the Corporation, effective August 3, 2021; and

BE IT RESOLVED THAT:

1. Jagdeep is hereby appointed as General Manager of the Corporation, effective August 3, 2021;
2. The officers of the Corporation are now as follows:

Nick Macrae	Chair;
Jagdeep Sharma	General Manager (effective August 3, 2021),
Rose-Ann Lee	Treasurer; and
Kelly Skeith	Secretary .

The Board of Directors of 2001064 Ontario Inc. (the “Corporation”) held a public meeting on Thursday, June 18, 2021 at 2:51 p.m. virtually, via Webex.

Directors in Attendance: Sheila Penny
Rose-Ann Lee

Director Absent: Nick Macrae

Also present: Toronto Community Housing Corporation
Darragh Meagher, General Counsel and Corporate Secretary
Ceilidh Wilson, Assistant Corporate Secretary
Nagesh Dinavahi, Corporate Controller
Kelly Skeith, Acting Chief Development Officer

A quorum being present, the Directors elected Ms. Lee to be the Chair of this meeting. The Chair called the meeting to order and Ms. Sonia Fung served as recording secretary

ITEM 1 APPROVAL OF AGENDA AND REVIEW OF AGENDA ORDER

The agenda was circulated to members of the Board prior to the meeting.

Motion carried **ON MOTION DULY MADE** by Ms. Penny, seconded by Ms. Lee and carried, the Board of Directors approved the agenda.

ITEM 2 CHAIR’S POLL RE: CONFLICTS OF INTEREST

No conflicts of interest were declared for the agenda items.

It was noted that Ms. Penny and Ms. Lee are employees of Toronto Community Housing Corporation which holds 100% interest in 2001064 Ontario Inc. However, there was no material conflict of interest declared.

ITEM 3 APPOINTMENT OF OFFICERS

Kevin Marshman tendered his resignation as The Corporation's General Manager, effective April 1, 2021.

Vincent Tong tendered his resignation as the Corporation's Secretary, effective June 23, 2021.

The Board of Directors had before it a draft resolution with regard to appointment of the following officers:

Nick Macrae	Chair
Sheila Penny	General Manager (effective April 1, 2021)
Rose-Ann Lee	Treasurer
Kelly Skeith	Secretary (effective June 23, 2021)

Motion carried

ON MOTION DULY MADE by Ms. Penny, seconded by Ms. Lee and carried, the Board of Directors approved the resolution for the appointment of officers.

ITEM 4 CONFIRMATION OF BOARD OF DIRECTORS' PUBLIC MEETING MINUTES OF JUNE 25, 2020

The Board of Directors had before it the above-captioned minutes.

Motion carried

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Penny and carried, the Board of Directors received the June 25, 2020 public meeting minutes.

2001064 ONTARIO INC. 2020 DRAFT 2001064:2021
ITEM 4 UNAUDITED FINANCIAL STATEMENTS -01

The Board of Directors had before it the above-captioned report (2001064:2020-01).

Mr. Dinavahi provided an overview. The following are highlights of the discussion:

- The Corporation holds title to the commercial portion of a commercial/residential complex at 112 Elizabeth Street, Toronto. The residential portion is owned by TCHC. The purpose of separate ownership is to maintain severance and permit separate independent transfers and mortgaging.
- It was noted that the building is fully tenanted. There is a ground floor commercial that the commercial business unit oversees on behalf of TCHC.
- The only financial activity in 2020 was the accounting fees.

Motion carried **ON MOTION DULY MADE** by Ms. Penny, seconded by Ms. Lee and carried, the Board of Directors approved the recommendations of this report that the Board of Directors:

- (1) approve 2001064 Ontario Inc.'s Draft Unaudited Financial Statements for the year ended December 31, 2020 ("Financial Statements");
- (2) forward the Financial Statements to the Shareholder as part of the annual reporting to the Shareholder; and
- (3) authorize the appropriate 2001064 Ontario Inc. officials to take the necessary action to give effect to the above recommendations.

ITEM 6 ADDITIONAL BUSINESS

It was noted that the Corporation's only financial activities in the past four years were the auditors' professional fees. Discussion was held on whether services from an external auditor was necessary.

Motion carried **ON MOTION DULY MADE** by Ms. Penny, seconded by Ms. Lee and carried, the Board of Directors approved 2001064 Ontario Inc. to have internal audited financial statements completed by TCHC staff, starting from 2021.

TERMINATION

ON MOTION DULY MADE by Ms. Penny, seconded by Ms. Lee and carried, the Board unanimously terminated the closed meeting at 2:55 p.m.

Secretary

Chair, 2001064 Ontario Inc. Board
of Directors

**2001064 ONTARIO INC.
2021 DRAFT UNAUDITED
FINANCIAL STATEMENTS**

To: Board of Directors

Report: 2001064:2022-01

From: Treasurer

Date: June 14, 2022

Page 1 of 3

PURPOSE:

To provide the Board of Directors with the 2001064 Ontario Inc.'s Draft Unaudited Financial Statements for the year ended December 31, 2021.

RECOMMENDATIONS:

It is recommended that the Board of Directors:

- (1) Approve 2001064 Ontario Inc.'s Draft Unaudited Financial Statements for the year ended December 31, 2021 ("Financial Statements");
- (2) Forward the Financial Statements to the Shareholder as part of the annual reporting to the Shareholder; and
- (3) Authorize the appropriate 2001064 Ontario Inc. officials to take the necessary action to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

The attached draft unaudited financial statements are required to comply with the Shareholder Direction and *Ontario Business Corporation Act* ("OBCA").

EXECUTIVE OVERVIEW:

2001064 Ontario Inc. holds title to the commercial portion of a commercial/residential complex at 112 Elizabeth Street, Toronto. The residential portion is owned by TCHC. The purpose of separate ownership is to maintain severance and permit separate independent transfers and mortgaging. TCHC is the beneficial owner of the commercial portion of the complex and, accordingly, records the related assets, liabilities and profit or loss of the complex in its books.

112 Elizabeth Street, Toronto is connected to 111 Chestnut Street, Toronto via a common stairwell. Both properties were financed as a package and currently, there is no split in the mortgage amount. At December 31, 2021, the Infrastructure Ontario mortgage value is \$8.8M (2020 - \$9.1M) and the Great West Life mortgage value is \$0.9M (2020 - \$1.8M).

The MPAC assessed values for the 2 properties are as follows:

- 112 Elizabeth Street
 - 2021 phased in assessment value \$4.3M (2020 – \$4.3M)
- 111 Chestnut Street
 - 2021 phased in assessment value \$53.3M (2020 – \$53.3M)

We continue to maintain the separate entity so as to allow for a more expeditious sale mechanism as the property in question is commercial in nature.

SIGNATURE:

“Rose-Ann Lee”

Rose-Ann Lee
Treasurer

Attachment: 1: Appendix A: Draft Unaudited Financial Statements for the year ended December 31, 2021

Staff Rose-Ann Lee 416-981-4316
Contact: 2001064 Ontario Inc. Treasurer/TCHC Chief Financial
 Officer and Treasurer
 Rose-Ann.Lee@torontohousing.ca

 Nagesh Dinavahi.....416-
 981-4315
 TCHC Corporate Controller
 Nagesh.Dinavahi@torontohousing.ca

Item 5 - 2001064 Ontario Inc. - 2021 Draft Unaudited Financial Statements
2001064 Ontario Inc. Public Meeting - July 13, 2022
Report:2001064:2022-01 **Attachment 1**

Item 5 - 2001064:2022-01 - Attachment 1

DRAFT Financial Information of
2001064 ONTARIO INC.
And Compilation Engagement Report thereon
Year ended December 31, 2021

COMPILATION ENGAGEMENT REPORT

To the Management of 2001064 Ontario Inc.

On the basis of information provided by management, we have compiled the statement of financial position of 2001064 Ontario Inc. as at December 31, 2021, the statement of operations and deficit and statement of cash flows for the year then ended, and Note 1 (a), which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

2001064 ONTARIO INC.

Statement of Financial Position

DRAFT

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Accounts receivable	\$ 1	\$ 1
	<u>\$ 1</u>	<u>\$ 1</u>
Liabilities and Shareholder's Deficiency		
Liabilities:		
Accrued liabilities	\$ 2,287	\$ 2,000
Due to Toronto Community Housing Corporation (note 2)	6,965	4,965
	<u>9,252</u>	<u>6,965</u>
Shareholder's deficiency:		
Share capital:		
Authorized:		
Unlimited common shares		
Issued and outstanding:		
1 common share	1	1
Capital contribution	1,400	1,400
	<u>1,401</u>	<u>1,401</u>
Deficit	<u>(10,652)</u>	<u>(8,365)</u>
	<u>(9,251)</u>	<u>(6,964)</u>
	<u>\$ 1</u>	<u>\$ 1</u>

See accompanying notes to financial information.

2001064 ONTARIO INC.

Statement of Operations and Deficit

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Expenses:		
Professional fees	\$ 2,287	\$ 2,000
Loss for the year	(2,287)	(2,000)
Deficit, beginning of year	(8,365)	(6,365)
Deficit, end of year	\$ (10,652)	\$ (8,365)

See accompanying notes to financial information.

2001064 ONTARIO INC.

Statement of Cash Flows

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (2,287)	\$ (2,000)
Change in non-cash operating working capital:		
Accrued liabilities	287	1,592
Cash provided by operating activities	(2,000)	(408)
Financing activities:		
Increase in amounts due to Toronto Community Housing Corporation	2,000	408
Cash provided by financing activities	2,000	408
Increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying notes to financial information.

2001064 ONTARIO INC.

Notes to Financial Information

DRAFT

Year ended December 31, 2021

Nature of operations:

2001064 Ontario Inc. (the "Not for profit corporation") was incorporated under the provisions of the Ontario Business Corporations Act on January 22, 2001. 2001064 Ontario Inc., which is wholly owned by Toronto Community Housing Corporation (TCHC), is a bare trustee corporation.

As TCHC is a not-for profit organization (NPO), 2001064 Ontario Inc. is an extension of TCHC and is viewed as providing services to aid TCHC in achieving its NPO mandate. As such, 2001064 Ontario Inc. is an extension of an NPO.

Pursuant to Section 149, paragraph (1)(d.6) of the Income Tax Act (Canada) (the ITA), 2001064 Ontario Inc. is exempt from federal Part I tax, as it is a subsidiary of a municipal corporation. 2001064 Ontario Inc. qualifies as a subsidiary of TCHC having met the following conditions:

- TCHC, a municipal corporation, directly controls 2001064 Ontario Inc.;
- no rights have been issued to acquire shares or capital in 2001064 Ontario Inc. either immediately or in the future, either absolutely or contingently; and
- no more than 10% of income for the taxation year is earned outside of the geographical boundaries of 2001064 Ontario Inc. or those of TCHC.

Per subsection 27(2) of the Taxation Act (Ontario), 2001064 Ontario Inc. is exempt from Ontario income tax because it is exempt from federal Part I tax pursuant to Section 149 of the ITA.

2001064 Ontario Inc. holds title to the commercial portion of a commercial/residential complex at 112 Elizabeth Street, Toronto. The residential portion is owned by TCHC. The purpose of separate ownership is to maintain severance and permit separate independent transfers and mortgaging. TCHC is the beneficial owner of the commercial portion of the complex and, accordingly, records the related assets, liabilities and profit or loss of the complex in its books. Pursuant to a financing agreement made as at October 18, 2013, TCHC completed a financing transaction with a lender for credit facilities in the amount of \$154,703,000 (the Loan). As part of this transaction, along with other security, TCHC provided the lender a first blanket mortgage over certain owned properties and a second over 111 Chestnut Street, securing the amount of the Loan, and 2001064 Ontario Inc. (a wholly owned subsidiary of TCHC) provided a corporate guarantee supported by a second position mortgage over 112 Elizabeth Street in the amount of \$3,000,000.

2001064 Ontario Inc. did not carry on any active business since 2003.

2001064 ONTARIO INC.

Notes to Financial Information (continued)

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Year ended December 31, 2021

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards, including accounting standards that apply to government not-for-profit organizations.

The Not for profit corporation's significant accounting policies are as follows:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian public sector accounting standards, including accounting standards that apply to government not-for-profit organizations

(b) Financial instruments:

At initial recognition, 2001064 Ontario Inc. classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Assets/Liabilities	Category	Measurement
Accounts receivable	Loans and receivables	Amortized cost
Due to TCHC	Financial liabilities	Amortized cost
Accrued liabilities	Financial liabilities	Amortized cost

(c) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property, plant and equipment; provisions for impairment of trade accounts receivable; future income taxes; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Due to Toronto Community Housing Corporation:

The amount due to Toronto Community Housing Corporation, is non-interest bearing and due on demand. Toronto Community Housing Corporation has confirmed it will continue to support the liquidity of 2001064 Ontario Inc. and not demand repayment of amounts owing for a period of 12 months subsequent to December 31, 2021.

