

RESOLUTION OF THE DIRECTORS
OF
ACCESS HOUSING CONNECTIONS INC.
Dated June 27, 2018

APPOINTMENT OF OFFICERS

BE IT RESOLVED THAT:

1. Linda Jackson is hereby appointed as Chair of Access Housing Connections Inc. ("AHCI"), effective June 12, 2018; and
2. the officers of AHCI are now as follows:
Linda Jackson Chair; and
Kathy Milsom General Manager.

**Friday, November 24, 2017
Public Meeting Minutes**

The Board of Directors (“Board”) of Access Housing Connections Inc. (“AHCI”) held a public meeting on Friday, November 24, 2017 at 931 Yonge Street, in Room #7A, and via teleconference, commencing at 2:34 p.m.

Directors in Attendance: Catherine Wilkinson, Chair (by teleconference)
Rose-Ann Lee (by teleconference)
Kathy Milsom

Also present: Toronto Community Housing Corporation (“TCHC”):
Marta Asturi, Legal Counsel and Assistant
Corporate Secretary (by teleconference)
Priya Subramanian, Junior Legal Counsel (Acting)

Call to Order

A quorum being present, 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. Lee, seconded by Ms. Wilkinson and carried, the Board approved the agenda as circulated.

Item 2- Chair’s Poll re: Conflicts of Interest

No conflicts of interest were declared for the agenda items.

It was noted that Ms. Lee & Ms. Milsom are employees of Toronto Community Housing Corporation which holds 100% interest in AHCI. However, there were no material conflict of interest declared.

**Friday, November 24, 2017
Public Meeting Minutes**

Item 3- Appointment of Kathy Milsom as Director and Officer

The Board of Directors had before it a draft resolution with regard to appointment of Kathy Milsom as Director and General Manager of AHCI.

Discussion ensued. It was agreed that the draft resolution should be amended to state that Rose-Ann Lee would cease to be General Manager effective November 24, 2017 and Kathy Milsom be appointed General Manager effective November 24, 2017.

*Motion
carried*

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Wilkinson and carried, the Board approved the following resolutions, as amended:

1. Rose-Ann Lee ceases to be General Manager of AHCI effective November 24, 2017;
2. Kathy Milsom is hereby appointed as a Director of AHCI, effective September 5, 2017;
3. Kathy Milsom is hereby appointed as General Manager of AHCI, effective November 24, 2017; and
4. the officers of AHCI are now as follows:

<u>Name</u>	<u>Office</u>
Catherine Wilkinson	Chair; and
Kathy Milsom	General Manager.

Item 4- Confirmation of AHCI Public Meeting Minutes of June 26, 2017

The Board had before it the above-captioned minutes.

*Motion
carried*

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Wilkinson and carried, the Board confirmed the public meeting minutes of June 26, 2017 without amendments.

AHCI 2017 Draft Unaudited Financial Statements & PWC Year-End Report & 2017 Financial Performance

Report:AHCI:2018-01

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Income Statement Highlights

The loss of 728K year over year is primarily due to:

- \$737K represents amount paid to the City of Toronto related to former AHCI employees for post-retirement and other benefits pursuant to the transfer of operations to the City, offset by decrease in \$7K amortization expense and \$2K audit expense.

SIGNATURE:

“Rose-Ann Lee”

Rose-Ann Lee
AHCI Director

- Attachments:**
- 1: Appendix A: AHCI Draft Unaudited Financial Statements as at and for the year ended December 31, 2017
 - 2: Appendix B: PWC year-end report to the Board of Directors

Staff Contacts:

Rose-Ann Lee.....416-981-4316
AHCI/TCHC Chief Financial Officer and Treasurer
Rose-Ann.Lee@torontohousing.ca

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

Access Housing Connections Inc.

Statement of Operations and Deficit

For the year ended December 31, 2017

	2017 \$	2016 (Restated – Note 9) \$
Revenue		
Landlord grants (notes 3 and 4)	-	25,734,340
Operating expenses		
Landlord payments (note 4)	-	25,734,340
Professional services	4,070	6,099
Amortization	-	7,713
	<u>4,070</u>	<u>25,748,152</u>
Deficiency of revenue over expenses for the year	<u>(4,070)</u>	<u>(13,812)</u>
Deficit - Beginning of year, as reported	(1,042,449)	(290,979)
Prior period adjustment (note 9)	-	(737,658)
Deficit – Beginning of year, restated	<u>(1,042,449)</u>	<u>(1,028,637)</u>
Deficit - End of year	<u>(1,046,519)</u>	<u>(1,042,449)</u>

The accompanying notes are an integral part of these financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
 NOT TO BE FURTHER COMMUNICATED**

Access Housing Connections Inc.

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	(4,070)	(13,812)
Add: Item not involving cash		
Amortization	-	7,713
Loss on disposal of capital assets	-	3,195
	(4,070)	(2,904)
Changes in non-cash working capital balances related to operations		
Decrease (increase) in due from City of Toronto	2,163,483	(263,495)
(Increase) decrease in due from Toronto Community Housing Corporation	(2,189,428)	233,810
Decrease in HST recoverable	-	2,044
Increase in accounts payable and accrued liabilities	30,015	30,545
	-	-
Decrease in cash during the year	-	-
Cash - Beginning of year	-	-
Cash - End of year	-	-

The accompanying notes are an integral part of these financial statements.

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
 NOT TO BE FURTHER COMMUNICATED**

1 The organization

Access Housing Connections Inc. (AHCI) was incorporated on August 14, 2003 under the provisions of the Ontario Business Corporations Act and is wholly owned by Toronto Community Housing Corporation (TCHC). In establishing AHCI, TCHC approved a shareholder direction that sets guiding principles, high level objectives and expected accountability to TCHC. The shareholder direction establishes AHCI as a not-for-profit organization under the direction of an independent board of directors.

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

- TCHC, a municipal corporation, directly controls AHCI;
- no rights have been issued to acquire shares or capital in AHCI, 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 AHCI or those of TCHC.

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

On January 1, 2004, AHCI commenced operations to deliver housing access services and the administration of homelessness and commercial rent supplement programs.

On March 30, 2015, the board of directors of TCHC approved a Memorandum of Understanding (MOU) to sell, convey, assign, set over, transfer and deliver to the City of Toronto all or substantially all of the business, property and assets of AHCI pursuant to the terms and provisions of, and for the consideration provided in an agreement of purchase and sale based substantially on the Term Sheet. The transition is based on a phased approach and the asset purchase agreement was executed on December 31, 2016 between the City of Toronto, AHCI and TCHC. Subject to a post-closing adjustment of the purchase price, purchase consideration is the aggregate of assumed liabilities, dissolution costs and the transition costs. Refer to note 8 for details.

2 Summary of significant accounting policies

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

The significant accounting policies are summarized below.

Revenue recognition

AHCI follows the deferral method of accounting for contributions. Unrestricted contributions, which include subsidies, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions, which include rent supplements, are recognized as revenue in the year in which the related expenses are recognized.

Other revenue is recorded when services are provided and collection is reasonably assured.

The decrease in operating subsidies received from TCHC as well as amounts paid to TCHC for services performed on behalf of AHCI compared to the prior year, as disclosed in note 3, is due to the transfer of support services to the City of Toronto on December 31, 2016.

Financial instruments

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

	Category	Measurement
Cash	loans and receivables	amortized cost
Due from City of Toronto	loans and receivables	amortized cost
Due from TCHC	loans and receivables	amortized cost
HST recoverable	loans and receivables	amortized cost
Accounts payable and accrued liabilities	financial liabilities	amortized cost
Due to City of Toronto	financial liabilities	amortized cost
Note payable	financial liabilities	amortized cost

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 Related party transactions

The amount due from the City of Toronto, as at December 31, 2016, represents subsidies receivable and is non-interest bearing.

The amounts due from TCHC of \$1,590,457 (2016 - \$138,687) are non-interest bearing and are expected to be settled within one year.

The note payable originally due to TCHC which included a principal amount of \$1,371,827 plus accumulated interest incurred at 5.5% per annum plus \$300,002 in contributed capital received from TCHC was transferred to the City of Toronto as at December 31, 2015 in accordance with the agreement to sell, convey, assign, set

over, transfer and deliver to the City of Toronto all or substantially all of the business, property and assets of ACHI (note 8).

The following transactions were carried out with related parties.

	2017 \$	2016 \$
Amounts received from City of Toronto		
Landlord grants	-	25,734,340

Following the execution of the asset purchase agreement signed by ACHI, the City of Toronto and TCHC on December 31, 2016, TCHC acts as the administrator of the Landlord grants on behalf of the City of Toronto. Effective January 1, 2017, amounts received from the City of Toronto related to Landlord grants and are not reflected in the statement of operations and deficit of ACHI.

4 Landlord payments and landlord grants

Landlord payments consist of the following:

	2017 \$	2016 \$
Rent supplement		
Commercial	-	14,415,804
Strong Communities	-	11,318,536
	-	25,734,340

5 Capital management

AHCI defines capital as the note payable and equity. By virtue of the asset purchase agreement entered into with the City of Toronto and TCHC, ACHI's objective is to transfer assets and liabilities between the City of Toronto and TCHC and to transition the rent supplement program to the City of Toronto. These are expected to be completed by the end of 2018 and ACHI will thereafter be dissolved.

AHCI is not subject to any externally imposed capital requirements.

6 Economic dependence

AHCI depends on both the City of Toronto and TCHC for substantially all of its funding (note 3). As stated in Note 6 and subject to transition, ACHI is expected to be dissolved in 2018.

7 Financial instruments

Credit risk

Management considers AHCI's credit risk exposure to be minimal, as the accounts receivable are primarily due from the City of Toronto and TCHC.

Liquidity risk

Liquidity risk results from AHCI's potential inability to meet the obligations associated with its financial liabilities as they come due. AHCI monitors its operations and cash flows to ensure that current and future obligations will be met. AHCI believes that its current sources of liquidity are sufficient to cover its known short and long-term cash obligations.

8 Asset purchase agreement

An asset purchase agreement was entered into between AHCI, the City of Toronto and TCHC on December 31, 2016. The agreement intended to formalize the MOU entered into between the parties in March 2015. Under the terms of the asset purchase agreement, City of Toronto agreed to assume certain liabilities and assets of AHCI at a purchase consideration equivalent to the assumed liabilities, dissolution costs and transition costs.

The parties have agreed that, without limiting the assumed liabilities, the transactions contemplated by the agreement will be cost neutral for both the AHCI and TCHC, meaning that neither AHCI nor TCHC will be subject to or liable for any costs, fees, expenses or liabilities in connection with this agreement.

At any time prior to December 2018, on written notice to the City of Toronto, AHCI or TCHC may request one or more additional purchase price adjustments in the event that either AHCI or TCHC incurs any transaction costs that were not included in the cost neutral calculation on or after the cost neutral effective date. As at December 31, 2017, purchase consideration amounts to \$443,910 (2016 - \$344,044), which is subject to change as TCHC continues to incur costs until complete transition.

9. Prior period restatement

During the year it was determined that the AHCI should have recorded a liability in the amount of \$737,658 for certain employee benefits owing to its employees prior to the transfer of the employees to the City of Toronto on January 1, 2016 pursuant to the asset purchase agreement executed in 2015. Consequently, the prior period financial statements were restated to reflect the liability at December 31, 2015. As a result, opening shareholder's deficit at January 1, 2016 was increased by \$737,658 with a corresponding increase to current liabilities (amounts due to the City of Toronto).



Access Housing Connections Inc Board Meeting Agenda 2017 Review

Status

Review is substantially complete and outstanding items are as follows:

- Signed management representation letter (Appendix A)
- Approval of final financial statements
- Subsequent event update

Nature of engagement

We performed the review engagement in accordance with Canadian generally accepted standards for review engagements. These standards require that we comply with ethical standards, which include independence and professional competences.

The objective of a review of annual financial statements is not to provide assurance that we will become aware of any or all significant matters that might be identified in an audit.

The scope of a review is substantially less in scope than an audit in accordance with Canadian generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, our services will not result in the expression of an audit opinion on the financial statements or the fulfilling of any statutory or other audit requirement.

Our review consisted primarily of inquiries of your personnel and analytical procedures applied to financial data.

Based on the results of our review, we are not aware of any material modifications that should be made to the financial statements.

Internal control, fraud and error

A review does not contemplate obtaining an understanding of internal control over financial reporting or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit.

Our engagement cannot be relied upon to prevent and detect errors, fraud or illegal acts that may exist.

The control over and the responsibility for the prevention and the detection of fraud, error or illegal acts remains solely with you.

Significant difficulties or disagreements that occurred during the review

No difficulties or disagreements with management occurred while performing our review that requires the attention of the Access Housing Connections Inc, Board of Directors.

Appendix A – Management representation letter