

# Public Agenda

June 25, 2020

## Toronto Affordable Housing Fund

### BOARD OF DIRECTORS MEETING

June 25, 2020  
2:20 p.m. – 2:40 p.m.

Location:  
Virtual Meeting

Board of Directors  
Linda Jackson, Chair  
Rose-Ann Lee  
Kevin Marshman

#### 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 TAHF Public Meeting held on June 26, 2019	Approval	Minutes	3
5	2019 Toronto Affordable Housing Fund Draft Audited Financial Statements	Approval	TAHF:2020-01	6

#### TERMINATION

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

**TORONTO AFFORDABLE HOUSING FUND (the “Corporation”)**

**RESOLUTION OF THE BOARD OF DIRECTORS**

**APPOINTMENT OF OFFICERS**

**BE IT RESOLVED THAT:**

1. The officers of the Corporation are now as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
Linda Jackson	Chair
Kevin Marshman	President and Secretary
Rose-Ann Lee	Chief Financial Officer and Treasurer

This resolution may be executed in counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same resolution. The delivery of an executed counterpart copy of this resolution by facsimile or telecopy shall be deemed to be the equivalent of the delivery of an original executed copy thereof.

The undersigned, being all of the directors of TORONTO AFFORDABLE HOUSING FUND, hereby sign the foregoing resolution this \_\_\_\_\_ day of June, 2020.

\_\_\_\_\_  
Linda Jackson

\_\_\_\_\_  
Kevin Marshman

\_\_\_\_\_  
Rose-Ann Lee

Board of Directors

931 Yonge Street  
Toronto M4W 2H2

The Board of Directors of Toronto Affordable Housing Fund (“TAHF”) held a public meeting on Wednesday, June 26, 2019 at 3:40 p.m. in the Main Boardroom at 931 Yonge Street, Toronto and via teleconference.

**Directors in Attendance:** Linda Jackson, Chair (By teleconference)  
Kevin Marshman

**Directors Absent:** Rose-Ann Lee

**Also present:** Toronto Community Housing Corporation:  
Darragh Meagher, General Counsel and Corporate Secretary  
Nagesh Dinavahi, Corporate Controller

A quorum being present, the Chair called the meeting to order, and Ms. Sonia Fung served as recording secretary.

**APPROVAL OF AGENDA AND REVIEW OF AGENDA  
ORDER**

**ITEM 1**

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

*Motion carried* **ON MOTION DULY MADE** by Ms. Jackson, seconded by Mr. Marshman 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 Mr. Marshman is an employee of Toronto Community Housing Corporation. However, there was no material conflict of interest declared.*

Meeting was briefly adjourned at 3:42 p.m. and reconvened at 3:45 p.m.

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**ITEM 3 APPOINTMENT OF OFFICERS**

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

Linda Jackson Chair  
Kevin Marshman President & Secretary (effective April 3, 2019)  
Rose-Ann Lee Chief Financial Officer and Treasurer

*Motion carried* **ON MOTION DULY MADE** by Ms. Jackson, seconded by Mr. Marshman and carried, the Board of Directors approved the resolution for the appointment of officers.

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**ITEM 4 CONFIRMATION OF MINUTES OF TAHF PUBLIC MEETING HELD ON JUNE 8, 2018**

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

*Motion carried* **ON MOTION DULY MADE** by Ms. Jackson, seconded by Ms. Marshman and carried, the Board of Directors confirmed the June 8, 2018 public meeting minutes.

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**ITEM 5 2018 TORONTO AFFORDABLE HOUSING FUND DRAFT UNAUDITED FINANCIAL STATEMENTS** TAHF:2019-01

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The above –captioned report was circulated to members of the Board prior to the meeting.

Mr. Dinavahi provided an overview.

- Balance Sheet
  - Loans receivable balance of \$5.24M represented financial support offered to qualified individuals to purchase eligible homes by TAHF as of December 31, 2018.
  - Due to the City in the amount of \$8.27M – an increase of \$171K

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towards additional funding from the City for the purpose of providing loans of up to 20% of the purchase price on eligible units for Alexandra Park.

- Loans:
  - Regent Park
    - No new Boost loans were issued in 2018; 13 loans were repaid in 2018 for \$397K
    - No new Foundation loans were issued in 2018
  - Allenbury Gardens – 2 new Foundation loans were issued in 2018 for \$263K
  - Alexandra Park – 2 new loans were issued in 2018 for \$171K

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Marshman, seconded by Ms. Jackson and carried, the Board of Directors resolved to approve the recommendations of this report to:

- (1) approve TAHF's Draft Unaudited Financial Statements for the year ended December 31, 2018 ("Financial Statements");
- (2) forward the Financial Statements to the Shareholder as part of the annual reporting to the Shareholder; and
- (3) authorize the appropriate TAHF officials to take the necessary action to give effect to the above recommendations.

## **TERMINATION**

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**ON MOTION DULY MADE** by Ms. Jackson, seconded by Mr. Marshman and carried, the Board of Directors resolved to terminate the meeting at 3:50 p.m.

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Secretary

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Chair, TAHF Board of Directors

# Toronto Affordable Housing Fund

Item 5

June 25, 2020

**BOARD OF DIRECTORS**

## 2019 TORONTO AFFORDABLE HOUSING FUND DRAFT UNAUDITED FINANCIAL STATEMENTS

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**To:** Board of Directors

**Report:** TAHF:2020-01

**From:** Chief Financial Officer and Treasurer

**Date:** June 22, 2020

Page 1 of 3

### **PURPOSE:**

To provide the Board of Directors with the Toronto Affordable Housing Fund's ("TAHF") Draft Unaudited Financial Statements for the year ended December 31, 2019.

### **RECOMMENDATIONS:**

It is recommended that the Board of Directors:

- (1) approve the TAHF's Draft Unaudited Financial Statements for the year ended December 31, 2019 ("Financial Statements");
- (2) forward the Financial Statements to the Shareholder as part of the annual reporting to the Shareholder; and
- (3) authorize the appropriate TAHF 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*.

**EXECUTIVE OVERVIEW:**

TAHF was incorporated for the sole purpose of administering the City's Affordable Housing Program. TAHF operates a housing fund for the purposes of:

- Providing financial support to qualified individuals so that they may purchase eligible homes;
- Providing access to and promoting the availability of long-term affordable ownership housing; and
- Such other complimentary purposes not inconsistent with these objectives.

TAHF's cash is restricted for TAHF's use. TCHC serves as the administrator of TAHF.

**Balance Sheet Highlights**

- Loan receivable balance of \$4.83M (\$5.24M for 2018) – a decrease of \$410K, represents financial support offered to qualified individuals to purchase eligible homes by TAHF– these loans are outstanding for a period of 20 years from the date of the loan advance until either(i) the borrower passes away; (ii) the borrower used the loan for a purpose other than financing the eligible home; (iii) the unit is sold; (iv) the unit is leased out or ceases to be used as the borrower's principal residence; (v) the borrower becomes bankrupt or insolvent; (vi) a writ of execution against the borrower is or becomes binding against the unit; (vii) the borrower provides to TCHC any false or erroneous statements at the time the loan is granted; (viii) the borrower is in default of the loan from the first priority lender or other encumbrance affecting the unit; (ix) the borrower is in default of its obligations to pay taxes, insure, repair, and maintain the unit; and (x) the borrower prepays the entire loan. The loans are secured by a second charge against the eligible unit.
- Due to City of balance of \$8.27M (\$8.27M for 2018)– funding from the City for the purpose of providing loans of up to 40% of the purchase price on eligible units.
- For Regent Park, there were no new Boost loans issued in 2019 (none issued in 2018). 16 loans were repaid in 2019 for \$503K (13 repaid in 2018 for \$397K).
- For Regent Park, there were no new Foundation loans issued in 2019 (none issued in 2018). 1 loan was repaid in 2019 for \$122K (none repaid in 2018).
- For Lawrence Heights, there were 2 new Foundation loans issued in 2019 for \$221K (none issued in 2018).
- For Allenbury, there were no new Foundation loans issued in 2019 (2 issued in 2018 for \$263K).

- For Alexandra park, there were no new loans issued in 2019 (2 issued in 2018 for \$171K).

**Income Statement Highlights**

- Appreciation on loans for 2019 was \$487K (\$253K for 2018) which represents the amount that the borrower must pay, if one of the instances above occurs, equal to 10% of the capital appreciation of the property since inception of the loan.

**SIGNATURE:**

*“Rose-Ann Lee”*

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Rose-Ann Lee  
 Chief Financial Officer and Treasurer  
 Toronto Affordable Housing Fund

**Attachment:** 1: Appendix A: Draft Unaudited Financial Statements as at and for the year ended December 31, 2019

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

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



# **Toronto Affordable Housing Fund**

**Financial Statements  
(Unaudited)  
December 31, 2019**

**DRAFT**

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

June 8, 2018

## **Independent Practitioner's Review Engagement Report**

### **To the Directors of Toronto Affordable Housing Fund**

#### **Report on the financial statements**

We have reviewed the accompanying financial statements of Toronto Affordable Housing Fund that comprise the statement of financial position as at December 31, 2017 and the the statements of operations and surplus and cash flows for the year then ended, and related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Practitioner's responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Toronto Affordable Housing Fund as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Chartered Professional Accountants, Licensed Public Accountants**

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

**Toronto Affordable Housing Fund****Statement of Financial Position**

(Unaudited)

**As at December 31, 2019**

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	5,095,638	4,173,655
Due from Toronto Community Housing Corporation (note 4)	155,882	87,178
	<u>5,251,520</u>	<u>4,260,833</u>
<b>Non-current asset</b>		
Loans receivable (note 3)	4,834,598	5,238,791
	<u>10,086,118</u>	<u>9,499,624</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accrued liabilities	2,050	1,000
	<u>2,050</u>	<u>1,000</u>
<b>Non-current liabilities</b>		
Due to City of Toronto (note 4)	8,266,704	8,266,704
	<u>8,268,754</u>	<u>8,267,704</u>
<b>Net assets</b>		
	<u>1,817,364</u>	<u>1,231,920</u>
	<u>10,086,118</u>	<u>9,499,624</u>

**Approved by the Board of Directors**

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

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

**Toronto Affordable Housing Fund**  
**Statement of Operations and Change in Net Assets**  
(Unaudited)  
**For the year ended December 31, 20199**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest	99,402	71,460
Appreciation on loans (note 3)	487,400	253,300
Sundry	261	1,126
	<u>587,063</u>	<u>325,886</u>
<b>Expenses</b>		
Sundry	1,619	364
	<u>585,444</u>	<u>325,522</u>
<b>Excess of revenue over expenses for the year</b>	585,444	325,522
<b>Net assets - Beginning of year</b>	<u>1,231,920</u>	<u>906,398</u>
<b>Net assets - End of year</b>	<u>1,817,364</u>	<u>1,231,920</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**

**Toronto Affordable Housing Fund****Statement of Cash Flows**

(Unaudited)

**For the year ended December 31, 20199**

	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	585,444	325,522
Changes in non-cash working capital balances		
Accrued liabilities	1,050	(1,000)
Loans receivable	404,193	(997)
Due from TCHC	<u>(68,704)</u>	<u>(158,663)</u>
	921,983	164,862
<b>Financing activities</b>		
Funding provided by the City of Toronto	<u>-</u>	<u>171,304</u>
<b>Increase in cash during the year</b>	921,983	336,166
<b>Cash - Beginning of year</b>	<u>4,173,655</u>	<u>3,837,489</u>
<b>Cash - End of year</b>	<u>5,095,638</u>	<u>4,173,655</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**

**Toronto Affordable Housing Fund**

## Notes to Financial Statements

(Unaudited)

**December 31, 2019****1 The organization and its mission**

Toronto Affordable Housing Fund (TAHF) was incorporated without share capital under the provisions of the Ontario Business Corporations Act on March 18, 2009, to establish and operate a housing fund for the purposes of:

- providing financial support to qualified individuals so that they may purchase eligible homes;
- providing access to and promoting the availability of long-term affordable ownership housing; and
- providing other complimentary purposes not inconsistent with these objectives.

TAHF shall be carried on without the purpose of gain for its members and any profits or other accretions to TAHF shall be used in promoting its objectives.

TAHF is a not-for-profit organization and, as such, is exempt from income taxes under Section 141(1) of the Income Tax Act (Canada).

Toronto Community Housing Corporation (TCHC) serves as the administrator of TAHF.

**2 Summary of significant accounting policies**

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.

The significant accounting policies are summarized below.

**Revenue recognition**

Appreciation on loans is recorded in the event of one of the instances described in note 3 and when collection is reasonably assured.

**Financial instruments**

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

	<b>Category</b>	<b>Measurement</b>
Cash	loans and receivables	amortized cost
Loans receivable	loans and receivables	amortized cost
Due from TCHC	loans and receivables	amortized cost
Due to City of Toronto	financial liabilities	amortized cost
Accrued liabilities	financial liabilities	amortized cost

**Toronto Affordable Housing Fund**

## Notes to Financial Statements

(Unaudited)

**December 31, 2019**

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**3 Loans receivable**

TAHF provides financial support to qualified individuals so that they may repurchase eligible homes. The loans are outstanding for a period of 20 years from the date of the loan advance unless one of the following instances occurs prior thereto: (i) the borrower passes away; (ii) the borrower used the loan for a purpose other than financing the eligible home; (iii) the unit is sold; (iv) the unit is leased out or ceases to be used as the borrower's principal residence; (v) the borrower becomes bankrupt or insolvent; (vi) a writ of execution against the borrower is or becomes binding against the unit; (vii) the borrower provides to TCHC any false or erroneous statements at the time the loan is granted; (viii) the borrower is in default of the loan from the first priority lender or other encumbrance affecting the unit; (ix) the borrower is in default of its obligations to pay taxes, insure, repair and maintain the unit; and (x) the borrower prepays the entire loan. The loans are secured by a second charge against the eligible unit. In the event that any of the ten instances described above occurs, the borrower must pay TAHF a loan appreciation amount, which is determined based on a percentage of the increase in value of the eligible unit over the original purchase price. The percentage used to determine the capital appreciation amount is the percentage to the original price that the loan presents. The loans, interest and capital appreciation payments are otherwise forgiven on the twentieth anniversary date. TAHF does not account for the forgiveness of loans until the twentieth anniversary. During 2019, TAHF generated appreciation on the loans of \$487,400 (2018 - \$253,300), which was calculated as described above. Under the terms of an agreement with the City of Toronto, signed on April 30, 2009, these loans receivable will be assumed by the City of Toronto on April 30, 2029.

**4 Related party transactions**

Under the terms of an agreement with the City of Toronto signed on April 30, 2009, the amount due to the City of Toronto is non-interest bearing, was deposited in a dedicated account and administered by TAHF. The balance and all outstanding mortgages should be paid and assigned to the City of Toronto on April 30, 2029.

Amounts due from TCHC of \$155,882 (2018 - \$87,178) are non-interest bearing and are due on demand. As at December 31, 2019, amounts due from TCHC relate to net interest income earned on funds received and administered by TCHC. As at December 31, 2019, the amounts due to TCHC relate to payments issued by TCHC on behalf of TAHF to the loan borrower as described in note 3.

TAHF received donated services in the current year from TCHC for accounting, human resources and information technology support for which no amounts have been recorded in these financial statements.

**5 Capital management**

TAHF defines capital as due to the City of Toronto and surplus. TAHF's objective is to have sufficient capital to continue operating despite adverse financial events.

TAHF is not subject to any externally imposed capital requirements.

There has been no change in TAHF's approach to capital management during the year ended December 31, 2019.



**Toronto Affordable Housing Fund**

## Notes to Financial Statements

(Unaudited)

**December 31, 2019**

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**6 Financial instruments****Credit risk**

TAHF, in the normal course of business, is exposed to credit risk from individuals to whom loans are provided. This risk is mitigated by the fact that management believes TAHF has thorough and rigorous credit approval procedures and no one borrower represents a significant amount of the loans receivable. These procedures are supported by a strong collection process.

**Liquidity risk**

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