

Public Agenda

June 25, 2018

2001064 Ontario Inc.

BOARD OF DIRECTORS MEETING

June 25, 2018
2:30 p.m. – 2:50 p.m.

Main Boardroom, Ground Floor
931 Yonge Street
Toronto, Ontario
M4W 2H2

Board of Directors
Nick Macrae, Chair
Rose-Ann Lee
Kathy Milsom

PUBLIC MEETING AGENDA ITEMS

Item	Description	Action	Pre-read
1	Approval of Agenda and Review of Agenda Order	Approval	Agenda
2	Chair's Poll re: Conflict of Interest	Declaration	Agenda Conflict of Interest Policy
3	Appointment of Officers	Approval	Resolution
4	Confirmation of minutes of 2001064 Ontario Inc.'s Public Meeting held on May 17, 2017	Approval	Minutes
5	2001064 Ontario Inc. 2017 Draft Unaudited Financial Statements & PWC Year-End Report	Approval	2001064:2018-01

TERMINATION

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

RESOLUTION OF THE DIRECTORS
OF

2001064 ONTARIO INC.
Dated June 25, 2018

APPOINTMENT OF OFFICERS

BE IT RESOLVED THAT:

1. Vincent Tong is hereby appointed as Secretary of 2001064 Ontario Inc. (the "Corporation"), effective June 30, 2017;
2. Kathy Milsom is hereby appointed as General Manager of the Corporation, effective September 5, 2017;
3. Nick Macrae is hereby appointed as Chair of the Corporation, effective June 12, 2018; and
4. the officers of the Corporation are now as follows:

Nick Macrae	Chair;
Kathy Milsom	General Manager;
Rose-Ann Lee	Treasurer; and
Vincent Tong	Secretary.

The Board of Directors of 2001064 Ontario Inc. (the “Corporation”) held a public meeting on Wednesday, May 17, 2017 at 1:34 p.m. in Conference Room 7A at 931 Yonge Street, Toronto.

Directors in Attendance: Pamela Taylor (Chair)
Rose-Ann Lee

Director Absent: Kevin Marshman

Also present: 2001064 Ontario Inc.
Leslie Gash, Secretary
Toronto Community Housing Corporation
Mark Johnson, General Counsel and Corporate Secretary
Ted Millward, Legal Counsel
Nagesh Dinavahi, Corporate Controller

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 Mr. Greg Spearn, seconded by Ms. Rose-Ann 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. Lee & Mr. Marshman are employees of Toronto Community Housing Corporation which holds 100% interest in 2001064 Ontario Inc. However, there was no material conflict of interest declared.

CONFIRMATION OF BOARD OF DIRECTORS' CLOSED MEETING
ITEM 3 (I) MINUTES OF JUNE 27, 2016

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

Motion carried

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Taylor and carried, the Board of Directors confirmed the June 27, 2016 closed meeting minutes without amendments.

CONFIRMATION OF BOARD OF DIRECTORS' PUBLIC MEETING
ITEM 3 (II) MINUTES OF JUNE 27, 2016

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

It was noted that on page 2, item 4, second paragraph, the second sentence should read: "Ms. Lee advised that the only activity was the audit fees incurred in 2015."

Motion carried

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Taylor and carried, the Board of Directors confirmed the June 27, 2016 public meeting minutes with the above noted amendment.

2016 2001064 ONTARIO INC. DRAFT UNAUDITED
FINANCIAL STATEMENTS & PWC YEAR-END
ITEM 4 REPORT 2001064:2017-01

The Board of Directors had before it the above-captioned report (2001064:2017-01) from the Interim Chief Financial Officer of Toronto Community Housing Corporation.

The Board of Directors discussed the financial statements. Mr. Dinavahi advised that the only activity was the audit fees incurred in 2016.

Motion carried

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

the Board of Directors:

(1) Receive for information the 2001064 Ontario Inc.'s Draft Unaudited Financial Statements for the year ended December 31, 2016;

(2) Approve the 2001064 Ontario Inc.'s Draft Unaudited Financial Statements for the year ended December 31, 2016, and authorize that any two directors can sign the Balance Sheet on behalf of the Board;

(3) Forward the Financial Statements to the Shareholder as part of the annual reporting to the Shareholder; and

(4) Authorize the appropriate 2001064 Ontario Inc. officials to take the necessary action to give effect to the above recommendations.

ITEM 5 APPOINTMENT OF OFFICERS

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

Pamela Taylor	Chair
Kevin Marshman	General Manager
Rose-Ann Lee	Treasurer
Leslie Gash	Secretary

*Motion
carried*

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

TERMINATION

ON MOTION DULY MADE by Ms. Lee, seconded by Ms. Taylor and carried, the Board unanimously terminated the closed meeting at 1:43 p.m.

Secretary

Chair, 2001064 Ontario Inc. Board of
Directors

**2001064 ONTARIO INC.
2017 DRAFT UNAUDITED
FINANCIAL STATEMENTS &
PWC YEAR-END REPORT**

To: Board of Directors

Report: 2001064:2018-01

From: Treasurer

Date: June 12, 2018

Page 1 of 3

PURPOSE:

To provide the Board of Directors with 2001064 Ontario Inc.'s Draft Unaudited Financial Statements and PricewaterhouseCoopers LLP's ("PWC's") Year-end report as at and for the year ended December 31, 2017.

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, 2017 ("Financial Statements") and accompanying 2017 year-end report from PricewaterhouseCoopers LLP;
- (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 mortgages. 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, 2017, the Infrastructure Ontario mortgage value is \$9.7M and the Great West Life mortgage value is \$3.9M.

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

- 112 Elizabeth Street
 - 2017 phased in assessment value \$3.3M; and
- 111 Chestnut Street
 - 2017 phased in assessment value \$29.8M.

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
2001064 Ontario Inc.

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

Staff Contact: Rose-Ann Lee 416-981-4316
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

2001064 Ontario Inc.

**Financial Statements
(Unaudited - See Notice to Reader)
December 31, 2017**

DRAFT

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

June 25, 2018

Notice to Reader

On the basis of information provided by management, we have compiled the statement of financial position of 2001064 Ontario Inc. as at December 31, 2017 and the statements of operations, statement of changes in shareholder equity (deficiency) and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.

Chartered Professional Accountants, Licensed Public Accountants

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
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2001064 Ontario Inc.

Statement of Financial Position

(Unaudited - See Notice to Reader)

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Accounts receivable	1	1
Liabilities		
Accrued liabilities	204	203
Due to Toronto Community Housing Corporation (note 3)	4,353	4,150
	<u>4,557</u>	<u>4,353</u>
Shareholder's Deficiency		
Share capital		
Authorized		
Unlimited common shares		
Issued and outstanding		
1 common share	1	1
Capital contribution	<u>1,400</u>	<u>1,400</u>
	1,401	1,401
Deficit	<u>(5,957)</u>	<u>(5,753)</u>
	<u>(4,556)</u>	<u>(4,352)</u>
	<u>1</u>	<u>1</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**

2001064 Ontario Inc.

Statement of Operations

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.For the year ended December 31, 2017

	2017 \$	2016 \$
Expenses	204	203
Excess of expenses over revenue for the year	(204)	(203)
Deficit - Beginning of year	(5,753)	(5,550)
Deficit - End of year	(5,957)	(5,753)

DRAFT

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

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NOT TO BE FURTHER COMMUNICATED**

2001064 Ontario Inc.

Statement of changes in Shareholders' Equity(Deficiency)

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.For the year ended December 31, 2017

	2017		
	Share capital \$	Deficit \$	Total \$
Deficit - Beginning of year	1	(5,703)	(5,704)
Excess of expenses over revenue for the year	-	(204)	(204)
Deficit - End of year	1	(12,366,142)	(12,366,143)
	2016		
	Share capital \$	Deficit \$	Total \$
Deficit - Beginning of year	1	(5,550)	(5,551)
Excess of expenses over revenue for the year	-	(203)	(203)
Deficit - End of year	1	(5,957)	(5,958)

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 NOT TO BE FURTHER COMMUNICATED**

2001064 Ontario Inc.

Statement of Cash Flows

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(204)	(203)
Change in non-cash balances related to operations		
Accrued liabilities	1	(1)
	(203)	(204)
Financing activities		
Increase in amounts due to Toronto Community Housing Corporation	203	204
Change 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**

2001064 Ontario Inc.

Notes to Financial Statements

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.December 31, 2017

1 The corporation

2001064 Ontario Inc. 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. 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 during the years ended December 31, 2017 and 2016 and relies on the support of TCHC to provide liquidity.

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NOT TO BE FURTHER COMMUNICATED**

2001064 Ontario Inc.

Notes to Financial Statements

(Unaudited - See Notice to Reader) Error! AutoText entry not defined. **December 31, 2017**

2 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.

The significant accounting policies are summarized below.

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

3 Due to Toronto Community Housing Corporation

The amount due to TCHC is non-interest bearing and due on demand. TCHC 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, 2017.

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



**2001064 ONTARIO INC
Board Meeting Agenda
2017 NTR**

Status

Review is substantially complete and outstanding items are as follows:

- Approval of final financial statements
- Subsequent event update

Nature of engagement

On the basis of information provided by management, we have compiled the statement of financial position of 2001064 Ontario Inc. as at December 31, 2017 and the statements of operations, statement of changes in shareholder equity (deficiency) and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements.

Internal control, fraud and error

We have not performed an audit or a review engagement in respect of these financial statements.

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 **2001064 ONTARIO INC**, Board of Directors.