

Public Agenda

June 30, 2022

Toronto Affordable Housing Fund

BOARD OF DIRECTORS MEETING

June 30, 2022
11:30 a.m. – 12:00 p.m.

Location:
Virtual Meeting

Board of Directors
John Campbell, Chair
Rose-Ann Lee
Jagdeep 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	Conflict of Interest Policy	-
3	Confirmation of Officers	Approval	Resolution	2
4	Confirmation of Minutes of TAHF Public Meeting held on November 9, 2021	Approval	Minutes	3
5	2021 Toronto Affordable Housing Fund Draft Unaudited Financial Statements	Approval	TAHF:2022-01	7

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**

CONFIRMATION OF OFFICERS

BE IT RESOLVED THAT:

1. The officers of the Corporation are as follows:

<u>Name</u>	<u>Office</u>
John Campbell	Chair
Jagdeep Sharma	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 30th day of June, 2022.

John Campbell

Rose-Ann Lee

Jagdeep Sharma

Board of Directors

931 Yonge Street
Toronto M4W 2H2

The Board of Directors of Toronto Affordable Housing Fund (“TAHF”) held a public meeting on Tuesday, November 9, 2021 at 8:02 a.m. virtually via Webex.

Directors in Attendance: John Campbell, Chair
Jagdeep Sharma
Rose-Ann Lee

Directors Absent: Not applicable

Also present: Toronto Community Housing Corporation:
Darragh Meagher, General Counsel and Corporate Secretary
Christine Yan, Assistant 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. Lee, seconded by Mr. Campbell 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. Sharma and Ms. Lee are employees of Toronto Community Housing Corporation. However, there was no material conflict of interest declared.

ITEM 3 APPOINTMENT OF OFFICERS

Linda Jackson tendered her resignation as Director and Chair of the TCHEI Board, effective March 10, 2021.

Kevin Marshman tendered his resignation as President and Secretary of TCHEI, effective April 1, 2021.

Sheila Penny was appointed as President and Secretary of TCHEI, effective April 1, 2021 until August 3, 2021.

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

John Campbell Chair (effective July 22, 2021)
Jagdeep Sharma President & Secretary (effective August 3,
2021)
Rose-Ann Lee Chief Financial Officer and Treasurer

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

ITEM 4 CONFIRMATION OF MINUTES OF TAHF PUBLIC MEETING HELD ON 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 Mr. Campbell and carried, the Board of Directors confirmed the June 25, 2020 public meeting minutes.

**2020 TORONTO AFFORDABLE HOUSING
FUND DRAFT UNAUDITED FINANCIAL**

ITEM 5

STATEMENTS

TAHF:2021-01

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

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

- TAHF was incorporated without share capital and under the provisions of *Ontario Business Corporations Act* in March 2009, for the sole purpose of administering the City’s Affordable Housing Program. TCHC serves as the administrator of TAHF, therefore the TAHF financial statements are not consolidated in TCHC’s books.
- TAHF is a not-for-profit organization and its assets are exempt from income tax.
- The main purpose of the Fund was to provide financial support to qualified individuals, so they can purchase eligible homes as well as provide access to long term affordable housing ownership. TAHF administers the loans.
 - The Auditor General undertook a review of the program, through the Housing Secretariat Office, and made some recommendations. The loans are intended to assist home purchases who are tenants of TCHC to purchase properties. It is a condition of the loan that the individual would reside in the property that they have purchased and continue to do so for as long as the loan is in effect.
 - The purchaser should also honour all other conditions that are attached to the loan.
 - TAHF will work with the Housing Secretariat to ensure that the conditions continue to be met.
 - The eligible properties would be the ones offered at market value from the TCHC revitalization projects.
 - To date, 261 loans had been issued. It was noted that there had been a decrease in the number of new loans.
- Staff contemplated to approach the City to understand City’s next steps and possible opportunities.
- Financial position:
 - Cash decreased by \$281K mainly due to \$920K of new loans that were issued during the year (offset by the payments of \$219K).

-
- Received additional funding of \$221K from the City during the year.
 - There is an excess of revenue over expenses of \$236K.
 - The “Due from TCHC” amount increased by \$42K was mainly due to the interest income on funds received and administered by TCHC.
 - It was noted that according to the mandate, if the cash is not being used by April 30, 2029, the outstanding mortgages should be paid and assigned back to the City.

*Motion
carried*

ON MOTION DULY MADE by Ms. Lee, seconded by Mr. Campbell 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, 2020 (“Financial Statements”), as amended;
- (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

ON MOTION DULY MADE by Ms. Lee, seconded by Mr. Sharma and carried, the Board of Directors resolved to terminate the meeting at 8:20a.m.

Secretary

Chair, TAHF Board of Directors

Toronto Affordable Housing Fund

Item 5

June 30, 2022

BOARD OF DIRECTORS

2021 TORONTO AFFORDABLE HOUSING FUND DRAFT UNAUDITED FINANCIAL STATEMENTS

To: Board of Directors

Report: TAHF:2022-01

From: Treasurer

Date: June 27, 2022

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, 2021.

RECOMMENDATIONS:

It is recommended that the Board of Directors:

- (1) approve the TAHF'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 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* ("OBCA").

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 \$5.40M (\$5.54M for 2020) – a net decrease of \$136K due to the issuance of \$34K loans and repayment of \$171K of outstanding loans. The loans represent 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.

Project	Loan Type	2021		2020	
		New Loans	Repayment	New Loans	Repayment
Regent Park	Boost Loans 2021:1 (2020:2)	\$ 34,040		\$ 77,460	
	Boost Loans Repayment 2021:5 (2020:8)		\$ 170,780		\$ 218,745
	Foundation Loans 2021:NIL (2020:1)			\$ 121,065	
Lawrence Heights	Foundation Loans 2021:NIL (2020:NIL)				
Alexandra Park	Foundation Loans 2021:NIL (2020:3)			\$ 499,296	
	IAH Loans 2021:NIL (2020:1)			\$ 47,600	
	IAH-HOAP Loans 2021:NIL (2020:2)			\$ 174,096	
Subtotal		\$ 34,040	\$ 170,780	\$ 919,517	\$ 218,745

- Due to City of balance of \$8.49M (\$8.49M for 2020)– funding from the City for the purpose of providing loans of up to 40% of the purchase price on eligible units.

Income Statement Highlights

- Appreciation on loans for 2021 was \$142K (\$186K for 2020) 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”

Rose-Ann Lee
Treasurer

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

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

Item 5 - 2021 TAHF Draft Unaudited Financial Statements
TAHF Public Meeting - June 30, 2022
Report:TAHF:2022-01
Attachment 1

DRAFT #1
June 17, 2022

Financial Statements of

**TORONTO AFFORDABLE
HOUSING FUND**

And Independent Practitioners' Review
Engagement Report thereon

Year ended December 31, 2021

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of Toronto Affordable Housing Fund

We have reviewed the accompanying financial statements of Toronto Affordable Housing Fund, which comprise the statement of financial position as at December 31, 2021, the statement of operations and change in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioners' 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 Canadian 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.

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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, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan Canada

TORONTO AFFORDABLE HOUSING FUND

DRAFT Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 5,061,401	\$ 4,814,597
Due from Toronto Community Housing Corporation (note 4)	263,994	197,574
	<u>5,325,395</u>	<u>5,012,171</u>
Non-current assets:		
Loans receivable (note 3)	5,399,192	5,535,370
	<u>\$ 10,724,587</u>	<u>\$ 10,547,541</u>
Liabilities		
Current liabilities:		
Accrued liabilities	\$ 11,320	\$ 6,050
Due to City of Toronto (note 4)	8,488,400	8,488,400
Net assets	2,224,867	2,053,091
	<u>\$ 10,724,587</u>	<u>\$ 10,547,541</u>

See accompanying notes to financial statements.

Approved by the Board:

_____ Director

_____ Director

TORONTO AFFORDABLE HOUSING FUND

DRAFT Statement of Operations and Change in Net Assets

Year ended December 31, 2021, with comparative information 2020

	2021	2020
Revenue:		
Interest	\$ 34,804	\$ 55,539
Appreciation on loans (note 3)	142,100	185,608
	<u>176,904</u>	<u>241,147</u>
Expenses:		
Sundry	5,128	5,420
	<u>171,776</u>	<u>235,727</u>
Excess of revenue over expenses	171,776	235,727
Net assets, beginning of year	2,053,091	1,817,364
Net assets, end of year	<u>\$ 2,224,867</u>	<u>\$ 2,053,091</u>

See accompanying notes to financial statements.

TORONTO AFFORDABLE HOUSING FUND

DRAFT Statement of Cash Flows

Year ended December 31, 2021, with comparative information 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 171,776	\$ 235,727
Change in non-cash operating items:		
Accrued liabilities	5,270	4,000
Loans receivable	136,178	(700,772)
Due from Toronto Community Housing Corporation	(66,420)	(41,692)
	246,804	(502,737)
Financing activities:		
Increase in amounts due to City of Toronto	–	221,696
Increase (decrease) in cash	246,804	(281,041)
Cash, beginning of year	4,814,597	5,095,638
Cash, end of year	\$ 5,061,401	\$ 4,814,597

See accompanying notes to financial statements.

TORONTO AFFORDABLE HOUSING FUND

DRAFT Notes to Financial Statements

Year ended December 31, 2021

1. The organization:

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.

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

2. 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.

(a) 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.

TORONTO AFFORDABLE HOUSING FUND

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(b) Financial instruments:

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

	Category	Measurement
Cash	Loans and receivable	Amortized cost
Loans and receivable	Loans and receivable	Amortized cost
Due to TCHC	Loans and receivable	Amortized cost
Due to City of Toronto	Financial liabilities	Amortized cost
Accrued liabilities	Financial liabilities	Amortized cost

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:

- (a) the borrower passes away;
- (b) the borrower used the loan for a purpose other than financing the eligible home;
- (c) the unit is sold;
- (d) the unit is leased out or ceases to be used as the borrower's principal residence;
- (e) the borrower becomes bankrupt or insolvent;
- (f) a writ of execution against the borrower is or becomes binding against the unit;
- (g) the borrower provides to TCHC any false or erroneous statements at the time the loan is granted;
- (h) the borrower is in default of the loan from the first priority lender or other encumbrance affecting the unit;

TORONTO AFFORDABLE HOUSING FUND

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Loans receivable (continued):

- (i) the borrower is in default of its obligations to pay taxes, insure, repair and maintain the unit; and
- (j) 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 2021, TAHF generated appreciation on the loans of \$142,100 (2020 - \$185,608), 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 should be paid and all outstanding mortgages will be assigned to the City of Toronto on April 30, 2029.

Amounts due from TCHC of \$263,994 (2020 - \$197,574) are non-interest bearing and are due on demand. As at December 31, 2021, amounts due from TCHC relate to net interest income earned on funds received and administered by TCHC and 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.

TORONTO AFFORDABLE HOUSING FUND

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

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, 2021.

6. Financial instruments:

(a) 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.

(b) 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.

(c) Market risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economy environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and TAHF's response to the COVID-19 pandemic has an operational and financial impact on TAHF. The full extent of the financial impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.