

Attachment 4

Toronto Community Housing Corporation – Financial Statements

Date:	June 11, 2008
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer

P:\2008\Internal Services\Cf\Ec08020Cf – et (AFS #7948)

Disclosure of Financial Results:

The City of Toronto is the sole shareholder of the Toronto Community Housing Corporation (TCHC). Council has approved a Shareholder Direction that requires delivery of audited statements of the corporation to the City as sole shareholder within 120 days of its fiscal year end, December 31.

In addition, as an independent business corporation established under the Ontario Business Corporations Act (s 94), TCHC is required to hold an Annual General Meeting no later than 15 months after the last preceding annual meeting. The last annual general meeting of the Corporation was held December 14, 2007.

Financial Results

For the fiscal year ended December 31, 2007, the Corporation generated excess revenue over expenditures of \$59.4 million compared with \$77.4 million for 2006.

The year over year change of \$18.0 million is the result of an overall increase in revenue of \$1.9 million offset primarily by increases in depreciation expense of \$9.0 million, interest expense of \$5.6 million (the result of increased corporate debt financing activities related to major redevelopment activities) and \$2.7 million for operating and maintenance expenditures.

The table on the following page provides a summary of changes in financial results.

Disposition of 2007 Excess of Revenue over Expenses

The \$59.4 million excess revenue over expenditures was used as follows:

- Contribution of \$37.7 million to Investment in Capital Assets (towards capital expenditure of \$138 million for building capital repairs and \$56 million on redevelopment projects at Regent Park & Donmount Court);
- Contribution to reserve (“Surplus – Internally Restricted”) of \$12.4 million;
- Contribution to reserve (“Unrestricted Surplus”) of \$9.3 million.

Toronto Community Housing Corporation
 Summary Revenues & Expenditures (\$ million)
 Year Ended December 31, 2007 versus 2006

	Year end 2007	Year end 2006	Change	Comments
Revenues:				
Subsidies	301.5	303.3	(1.8)	Lower subsidies (\$5.0M) received for mortgage & property tax offset by higher \$3.2M subsidies for rent supplement program
Rents	270.0	267.0	3.0	Mainly due to higher tenants' income
Investment Income	17.9	4.6	13.3	Primarily (\$7.2M) from increased interest income earned on unused debt proceeds, and 2006 one-time losses incurred when changing external fund managers
Change in unrealized gain (loss) on investments	(9.0)	11.1	(20.1)	Change in market value of investments held at yearend
Other	50.6	43.1	7.5	Mainly (\$4M) due to increase in deferred capital contribution
Sub-total Revenues	<u>631.0</u>	<u>629.1</u>	<u>1.9</u>	
Expenditures:				
Operating & Maintenance	229.5	226.8	2.7	General inflationary costs
Municipal taxes	110.8	111.1	(0.3)	Temporary reductions due to redevelopment
Depreciation	79.9	70.9	9.0	Increase in capital assets
Interest	69.7	64.1	5.6	Increased debt financing activities
Administration	57.8	58.1	(0.3)	
Rent Supplement Program	23.6	20.4	3.2	Offset 100% by subsidies
Other	0.4	0.4	-	
Sub-total Expenditures	<u>571.6</u>	<u>551.8</u>	<u>19.9</u>	
Net	<u>59.4</u>	<u>77.4</u>	<u>(18.0)</u>	

SUMMARY

The Annual Financial Statements report excess revenues of \$59.4 million over expenses in 2007. TCHC used these funds to add to the "Investment in Capital Assets" by \$37.7 million, contribute \$12.4 million to reserve ("Surplus – Internally Restricted") and the balance of \$9.3 million to reserve ("Unrestricted Surplus").

CONTACT

Len Brittain, Director, Corporate Finance Division; Tel: (416) 392-5380
 Fax: (416) 397-4555; E-mail: lbrittai@toronto.ca

SIGNATURE

Joseph P. Pennachetti
 Deputy City Manager and Chief Financial Officer