Toronto Community Housing

TCHC's 2024 Consolidated Audited Financial Statements and KPMG's Year-End Report

Item 11
April 28, 2025
Board of Directors

Report:	**TCHC:2025-19**
To:	Board of Directors (the "Board")
From:	Building Investment, Finance and Audit Committee ("BIFAC")
Date:	April 28, 2025

PURPOSE:

This report seeks the approval of the Building Investment, Finance and Audit Committee ("BIFAC") and the Board of Directors (the "Board") for the Toronto Community Housing Corporation's ("TCHC") Consolidated Draft Audited Financial Statements and KPMG's Audit Findings Report for the year ended December 31, 2024.

RECOMMENDATIONS:

It is recommended that the Board of Directors (the "Board"):

1. Approve Toronto Community Housing's Audited Consolidated Financial Statements ("Financial Statements") for the year ended December 31, 2024;
2. Approve the internally restricted contribution to the Capital Risk Reserve of $21.2 million specifically for the State of Good Repair building capital;
3. Authorize the Chair of the Board and the Chair of the BIFAC to sign the Balance Sheets on behalf of the Board;
4. Forward the signed Financial Statements and related items to the City of Toronto as our Shareholder as part of the 2024 annual reporting to

the Shareholder and for purposes of TCHC's Annual General Meeting; and

5. Authorize the Chief Financial Officer, or their designate, to take all other necessary actions to give effect to the above recommendations.

BIFAC:

The Building Investment, Finance and Audit Committee approved the recommendations in this report at its meeting of April 28**,** 2025 and forwarded it to the Board for its approval.

REASONS FOR RECOMMENDATIONS:

The draft consolidated audited financial statements are required to comply with the Shareholder Direction and Ontario *Business Corporations Act* ("OBCA") with respect to the Annual General Meeting.

TCHC's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles of the Chartered Professional Accountants of Canada are included in Attachment 1 to this report.

Along with the 2024 consolidated financial statements highlights, TCHC incorporated financial elements discussed in the 2024 Annual Report and the 2024 Q4 Financial Update for the City of Toronto (the "City") submission. A summary of key elements of financial impact section of the City's Annual General Meeting Report is included in Attachment 2 to this report.

KPMG's audit findings are summarized in Attachment 3 and KPMG LLP Audit Findings Report on TCHC's Consolidated Financial Statements for the year ended December 31, 2024 are provided in Attachment 4.

Update on the Three New Accounting Standards Implementation

TCHC adopted Public Sector Accounting Standard PS 3400 Revenue, PS 3160 Public Private Partnerships ("P3") and PSG 8 Purchased Intangible accounting standards for the year ended December 31, 2024.

The impact to the financial statements are:

- For revenue, TCHC followed PS 3400 prior to the adoption. No impact on revenue recognition related to this change in 2024.
- TCHC did not have any P3 and purchased intangibles transaction for 2024 yearend.

2024 Financial Highlights

1. Statement of Financial Position

The Statement of Financial Position provides an overview of all resources owned by TCHC, as well as the obligations to stakeholders at the end of the reporting period. Significant assets and liabilities and year-over-year changes are highlighted in Table 1:

Table 1: Statement of Financial Position

Statement of Financial Position	2024	2023	Change	% Change
ASSETS				
Cash	90,885	85,067	5,818	6.8%
Accounts receivable	100,585	118,763	(18,178)	-15.3%
Loans receivable	88,289	74,609	13,680	18.3%
Grants receivable	19,996	22,477	(2,481)	-11.0%
Investments	309,886	264,872	45,014	17.0%
Housing projects acquired or developed	1,807,797	1,756,713	51,084	2.9%
Improvements to housing projects	2,588,356	2,493,164	95,192	3.8%
Other Assets	45,650	47,003	(1,353)	-2.9%
TOTAL ASSETS	**5,051,444**	**4,862,668**	**188,776**	**3.9%**
LIABILITIES				
Bank loan and bank indebtedness	18,500	110,500	(92,000)	-83.3%
Accounts payable and accrued liabilities	265,998	196,478	69,520	35.4%
Asset Retirement Obligation	476,616	479,525	(2,909)	-0.6%
Deferred revenue	61,076	57,966	3,110	5.4%
Employee benefits	65,851	69,188	(3,337)	-4.8%
Deferred capital contributions	1,671,084	1,508,501	162,583	10.8%
Project financing	1,939,797	1,904,203	35,594	1.9%
Other Liabilities	22,569	19,236	3,333	17.3%
TOTAL LIABILITIES	**4,521,491**	**4,345,597**	**175,894**	**4.0%**
NET ASSETS	**529,953**	**517,071**	**12,882**	**2.5%**

Total assets increased by $188.7M compared to 2023 primarily due to:

- $5.8M increase in cash: $85M opening cash balance, $213M operating activities, $218M financing activities, offset by $400M capital outlay and $25M from investment cash outflow, resulting in a yearend cash balance of $91M

- $18.1M decrease in accounts receivable: $24M reduction in the HST receivable due to timing of collection, offset by $3.9M increase in rent receivables and $2.0M in other increases
- $13.6M increase in loans receivable: $12.0M increase in land sale recorded for Region Park Block 1 and $1.6 increase in Don Summerville
- $2.4M decrease in grants receivable: due to timing of collection
- $45.0M increase in investments: includes $9.0M contribution to the sinking fund, $19.0M of unrealized gains from higher fair market value of investments and $17.0M in investment income
- $51.0M increase in housing projects acquired or developed: $105.8M of construction project additions offset by $54.8M in depreciation and disposals
- $95.1M increase in improvements to housing projects: $324.3M of building capital repair additions offset by a $229.2M increase of depreciation
- $1.3M decrease in other assets: $2.3M net reduction in income from joint ventures, $1.7M increase in prepaid expenses resulting from the higher prepaid insurance balance, $0.7M decrease in asset held for sale

Total Liabilities increased by $175.8M primarily driven by:

- $92M decrease in bank loan and bank indebtedness: the City advanced 50% of the State of Good Repair (“SOGR”) capital funding each quarter to TCHC which reduced TCHC’s reliance on the Line of Credit, reducing the interest savings and the repayment of the Line of Credit
- $69.5M increase in accounts payable and accrued liabilities: $29.7M advance of Q1 2025 funding received from the City, $37.3M increase in development, capital, and utilities accruals, and $2.5M in other increases
- $2.9M decrease in asset retirement obligation: derecognition of liabilities recognized for three demolished TCHC buildings in 2024

- $3.1M increase in deferred revenue: includes $6M of principal and interest subsidy for Regent Park Blocks 16 and 17, offset by $2.4M recognized in the statement of operations and $0.5M in other decreases
- $3.3M decrease in employee benefits: $3M decrease in Workplace Safety and Insurance Board (“WSIB”) liability due to fewer active members and $0.3M in other decreases
- $162.5M increase in deferred capital contribution: $256M increase in funding from capital projects including a $136M City SOGR grant, a $88M Canada Mortgage and Housing Corporation ("CMHC") forgivable loan, partially offset by $93.4M increase in amortizations
- $35.6M increase in project financing: $58.3M net new CMHC loans and $41M new loans from Infrastructure Ontario ("IO"), offset by $63.7M in repayments
- $3.3M increase in other liabilities: higher tenant and security deposit received in advance

Net Assets increased due to $19.4M gain from the investment portfolio, partially offset by the $6.5M operating accounting deficit in 2024.

2. Statement of Operations

Statement of Operations summarizes revenues earned and expenditures incurred in providing social housing services. Table 2 illustrates total revenue and expenses as well as year-over-year changes:

Table 2: Statement of Operation

Statement of Operation	2024	2023	Change	% Change
Subsidies	342,830	292,277	50,553	17.3%
Rent Revenue	394,850	378,627	16,223	4.3%
Amortization of deferred capital contributions	93,101	86,957	6,144	7.1%
Parking, laundry and cable fees	17,959	17,157	802	4.7%
Investment income	26,108	19,198	6,910	36.0%
Gain on sale of housing projects and other capital assets	22,253	56,500	(34,247)	-60.6%
Safe Restart Program	-	25,022	(25,022)	N/A
Plant and Other	21,166	21,023	143	0.7%
Total Revenue	**918,267**	**896,761**	**21,506**	**2.4%**
Operating and maintenance	279,466	267,760	11,706	4.4%
Utilities	134,737	141,006	(6,269)	-4.4%
Depreciation	280,692	267,653	13,039	4.9%
Corporate services	83,547	73,620	9,927	13.5%
Other	146,326	150,036	(3,710)	-2.5%
Total Expense	**924,768**	**900,075**	**24,693**	**2.7%**
Excess of revenue over expenses for the period	**(6,501)**	**(3,314)**	**(3,187)**	**96.2%**

Total revenue increased by $21.5M compared to the prior year mainly driven by:

- $50.5M increase in City operating subsidies: $40M base subsidy increase and $10.5M one-time funding increase
- $16.2M increase in rent revenue:
  - $15.4M increase in residential revenue resulting from the Rent-Geared-to-Income review and rent-controlled market rent increase following the Ontario Ministry of Housing guidelines' increase in 2024; and
  - $0.8M increase in recoveries related to commercial hydro
- $6.1M increase in amortization: recognized as a result of deferred capital contribution
- $0.8M increase in parking, laundry and cable fees: mainly from higher tenant parking revenues

- $6.9M increase in investment income: higher return on Canadian equity and US equity
- $34.2M decrease in gain on sale of housing projects and other capital assets: lower land sale gain of $22.4M and lower joint venture income of $11.8M
- $25.0M decrease in safe restart program: Covid funding was discontinued in 2024

Total expenses increased by $24.6M:

- $11.7M increase in operating and maintenance: $9.3M restoration and containment spend was reclassified to operating expenses resulting from the accounting policy change, $3.7M labor cost increase primarily resulting from annual increase, offset by $1.3M in other decreases.
- $6.3M decrease in utilities: favorable natural gas cost from fewer consumption as result of warmer winter and lower rate
- $13.0M increase in depreciation expense: higher value of assets in use required to be amortized
- $9.9M increase in corporate services: $4.5M increase in labor cost primarily from salary increases, $2.5M increase in Core and Property Insurance, $2.9M increase in Software License Fees, Data Communication, Legal, Consulting & other
- $3.7M decrease in other expenses: $5.7M lower maintenance costs for Swansea Mews, partially offset by $2.0M higher cost from increased false fire alarm volumes

IMPLICATIONS AND RISKS:
There are no financial implications resulting from the adoption of this report.

SIGNATURE:

"Lily Chen"

Lily Chen
Chief Financial Officer and Treasurer

ATTACHMENTS:

1. Draft Consolidated Audited Financial Statements as at and for the year ended December 31, 2024
2. City of Toronto Submission: “Key Elements of Financial Impact Section of Annual General Meeting Report (for reporting year 2024)”

Confidential Attachment 3:	Summary of KPMG Audit Findings Report
Confidential Attachment 4:	KPMG LLP Audit Findings Report on TCHC’s Consolidated Financial Statements for the Year Ended December 31, 2024
Reason for Confidential Attachments:	This report deals with matters involving the security of the property of the Corporation and contains financial information belonging to the Toronto Community Housing Corporation which has monetary value or potential monetary value.

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Toronto Community Housing

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Consolidated Financial Statements of

Toronto Community Housing Corporation

And Independent Auditor's Report thereon

Year ended December 31, 2024

A message from the **Chief Financial Officer**

The consolidated financial statements of the Toronto Community Housing Corp. have been prepared in accordance with the Generally Accepted Accounting Principles of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in the note disclosures.

Management is responsible for the integrity, objectivity and accuracy of the consolidated financial statements including the note disclosures. To meet its responsibility, management maintains appropriate internal controls designed to provide reasonable assurance on the safeguarding of assets and the accuracy and reliability of the financial information.

Building Investment, Finance and Audit Committee (BIFAC) oversees management's responsibility for the financial reporting by reviewing and approving the consolidated financial statements and recommending approval to the Board of Directors.

The consolidated financial statements have been audited by TCHC's external auditors, KPMG LLP. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

Lily Chen
Chief Financial Officer
Toronto Community Housing

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Toronto Community Housing Corporation

Opinion

We have audited the consolidated financial statements of Toronto Community Housing Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net assets, its consolidated remeasurement of gains and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 90,885	$ 85,067
Investments (notes 2, 16 and 21(a))	309,886	264,872
Restricted cash for externally restricted purposes (note 5(d))	6,624	5,831
Accounts receivable (notes 5(a), 6 and 21(d))	100,585	118,763
Loans receivable (note 4)	16,029	9,107
Grants receivable (note 14(b))	12,947	14,305
Prepaid expenses, deposits and other assets	20,825	19,096
	557,781	517,041
Loans receivable (note 4)	72,260	65,502
Grants receivable (note 14(b))	7,049	8,172
Investments in joint ventures (note 3)	2,994	5,370
Receivable from the City of Toronto (note 5(b))	14,325	15,325
Housing projects acquired or developed (note 7)	1,807,797	1,756,713
Improvements to housing projects (note 8)	2,588,356	2,493,164
Assets held for sale or transfer (note 9)	359	802
Prepaid lease	523	579
	$ 5,051,444	$ 4,862,668

	2024	2023

Liabilities and Net Assets

	2024	2023
Current liabilities:		
Bank loan and bank indebtedness (notes 10 and 21(b)(iii))	$ 18,500	$ 110,500
Accounts payable and accrued liabilities (notes 5(a), 6 and 21(b)(iii))	265,998	196,478
Tenants' deposits and rents received in advance (note 21(b)(iii))	18,554	15,055
Deferred revenue	34,491	30,879
Project financing and debenture loans (note 13)	68,469	64,096
	406,012	417,008
Deferred revenue on long-term leases	23,085	23,534
Deferred revenue on land sale	3,500	3,553
Employee benefits (note 12)	65,851	69,188
Long-term payable TSHC (note 6)	4,015	4,181
Asset retirement obligations	476,616	479,525
Project financing and debentures loans (note 13)	1,871,328	1,840,107
Deferred capital contributions (note 14(a))	1,671,084	1,508,501
	4,521,491	4,345,597
Net assets:		
Share capital:		
Authorized and issued:		
100 common shares	1	1
Internally restricted funds (note 16)	326,584	280,038
Accumulated remeasurement gains	26,866	7,483
Contributed surplus	5,136	5,136
Unrestricted surplus	171,366	224,413
	529,953	517,071
Contingencies (note 17)		
Commitments and contractual obligations (note 20)		
	$ 5,051,444	$ 4,862,668

See accompanying notes to consolidated financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Consolidated Statement of Operations
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Subsidies (note 5(c))	$ 342,830	$ 292,277
Rent:		
Residential	374,784	359,369
Commercial	20,066	19,258
Amortization of deferred capital contributions (note 14(a))	93,101	86,957
Parking, laundry and cable fees	17,959	17,157
Investment income	26,108	19,198
Joint venture (note 3)	2,912	14,784
Safe Restart program (note 5(c))	–	25,022
Gain on sale of housing projects, land and other capital assets (note 18)	19,341	41,716
Asset retirement obligation settlement (note 11)	2,665	–
Plant and other	18,501	21,023
	918,267	896,761
Expenses:		
Operating and maintenance	279,466	267,760
Utilities	134,737	141,006
Municipal taxes	21,471	19,347
Depreciation	280,692	267,653
Interest (note 13)	78,654	78,992
Community safety services	39,391	38,983
Corporate services	83,547	73,620
Plant and other	6,091	6,336
Non-recurring item (note 19)	719	6,378
	924,768	900,075
Deficiency of revenue over expenses	$ (6,501)	$ (3,314)

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Consolidated Statement of Changes in Net Assets
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

2024	Share capital	Internally restricted funds	Contributed surplus	Unrestricted surplus	Accumulated remeasurement gains	Total
Net assets, January 1, 2024	$ 1	$ 280,038	$ 5,136	$ 224,413	$ 7,483	$ 517,071
Deficiency of revenue over expenses	–	–	–	(6,501)	–	(6,501)
Net change in unrealized gains on portfolio investments	–	–	–	–	19,383	19,383
Change in internally restricted funds (note 16)	–	46,546	–	(46,546)	–	–
Net assets, December 31, 2024	$ 1	$ 326,584	$ 5,136	$ 171,366	$ 26,866	$ 529,953

2023	Share capital	Internally restricted funds	Contributed surplus	Unrestricted surplus	Accumulated remeasurement gains	Total
Net assets, January 1, 2023	$ 1	$ 268,348	$ 5,136	$ 235,202	$ –	$ 508,687
Deficiency of revenue over expenses	–	–	–	(3,314)	–	(3,314)
Net change in unrealized gains on portfolio investments	–	4,215	–	–	7,483	11,698
Change in internally restricted funds (note 16)	–	7,475	–	(7,475)	–	–
Net assets, December 31, 2023	$ 1	$ 280,038	$ 5,136	$ 224,413	$ 7,483	$ 517,071

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Consolidated Statement of Remeasurement Gains
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	$ 7,483	$ –
Net change in unrealized gains attributable to portfolio investments	19,383	7,483
Accumulated remeasurement gains, end of year	$ 26,866	$ 7,483

See accompanying notes to consolidated financial statements.

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash and cash equivalents provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (6,501)	$ (3,314)
Items not involving cash:		
Amortization of deferred capital contributions (note 14(a))	(93,101)	(86,957)
Depreciation	280,692	267,653
Gain on sale of housing projects, land and other capital assets (note 18)	(19,341)	(41,716)
Imputed interest on loan (note 13)	40	40
Joint venture income (note 3)	(2,912)	(14,784)
Employee benefit obligations (note 12)	(3,504)	(4,885)
Asset retirement obligation settlement (note 19)	(2,909)	–
Change in non-cash operating working capital:		
Accounts receivable	39,486	(25,868)
Prepaid expenses	(1,623)	(2,826)
Accounts payable and accrued liabilities	21,542	19,059
Tenants' deposits and rents received in advance	3,499	(969)
Deferred revenue	(2,837)	(3,675)
Cash provided by operating activities	212,531	101,758
Financing activities:		
Borrowing of bank loan (note 10)	(92,000)	52,500
Decrease in long-term receivable	1,000	2,000
Deferred financing cost (note 13)	239	242
New project financing and debenture loans (note 13)	99,341	117,021
Repayment of project financing (note 13)	(64,027)	(62,349)
Restricted grants for housing projects	273,070	251,417
Cash provided by financial activities	217,623	360,831
Capital activities:		
Acquisition of housing projects	(89,376)	(92,488)
Proceeds on sale of housing projects (note 18)	641	598
Proceeds on sale of land (note 18)	9,480	36,673
Improvements to housing projects	(320,808)	(418,753)
Cash used in capital activities	(400,063)	(473,970)
Investing activities:		
Issuance of loans receivable	(3,138)	(1,085)
Increase in investments	(25,631)	(7,879)
Contributions to joint ventures and shared costs (note 3)	(67)	(159)
Distributions from joint ventures (note 3)	5,356	19,367
Decrease in restricted cash (note 13(c))	(793)	(293)
Cash provided by (used in) investing activities	(24,273)	9,951
Increase (decrease) in cash and cash equivalents	5,818	(1,430)
Cash and cash equivalents, beginning of year	85,067	86,497
Cash and cash equivalents, end of year	$ 90,885	$ 85,067
Supplemental cash flow information:		
Change in accrued capital expenditures	$ 18,182	$ (46,416)
Other non-cash expenditures	528	256
Issuance of loans receivable (note 4(c))	17,913	5,236

See accompanying notes to consolidated financial statements.

Toronto Community Housing Corporation was incorporated under the provisions of the Ontario Business Corporations Act on December 14, 2000 as Metro Toronto Housing Corporation. On October 9, 2001, articles of amendment were filed to affect a name change to Toronto Community Housing Corporation ("TCHC"). TCHC is wholly owned by the City of Toronto (the "City"). The City includes all organizations that are accountable for administration of their financial affairs and resources to City Council and are controlled by the City. In establishing TCHC, the City approved a Shareholder Direction that set guiding principles, high-level objectives and expected accountability to the City. The Shareholder Direction establishes TCHC as operating at arm's length from the City, under the direction of an independent Board of Directors.

TCHC owns and manages housing for low and moderate income tenants.

TCHC is a municipally-owned corporation as it is owned by the City of Toronto and, as such, is exempt from income taxes under paragraph 149(1)(d.5) of the Income Tax Act (Canada).

1. Significant accounting policies:

These consolidated 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 specifically sections 4410, Contributions - Revenue Recognition and 4400, Contributions Receivable. The significant accounting policies are summarized below:

(a) Basis of consolidation:

The consolidated financial statements include the assets, liabilities and results of operations of TCHC and its wholly owned subsidiaries:

- 2001064 Ontario Inc.
- Alexandra Park Development Corporation ("APDC")
- Allenbury Gardens Development Corporation ("AGDC")
- Leslie Nymark Development Corporation ("LNDC")
- Railway Lands Development Corporation ("RLDC")
- Regent Park Development Corporation ("RPDC")
- Regent Park Development Corporation 2 ("RPDC2")
- Regent Park Energy Inc. ("RPEI")
- Toronto Community Housing Enterprises Inc. ("TCHE")

All intercompany transactions and balances have been eliminated.

1. Significant accounting policies (continued):

The consolidated financial statements also include TCHC's interest in the following joint ventures, which have been accounted for using the modified equity method:

- Alexandra Park Phase I Partnership ("APPI")
- Alexandra Park Phase II Partnership ("APPII")
- Allenbury Gardens Revitalization General Partnership ("AGP")
- Dundas and Parliament Development Corporation ("DPDC")
- Leslie Nymark Partnership ("LNP")
- Library District Inc. ("LDI")
- Oak Street Residences Partnership ("OSRP")
- Parliament and Gerrard Development Corporation ("PGDC")

Under the modified equity method, investments are initially valued at cost and the carrying value is adjusted thereafter to include TCHC's contributions and it's prorated share of net income (loss) less distributions received.

(b) Revenue recognition:

On January 1, 2024, TCHC adopted the Public Accounting Standard PS 3400, Revenues. The new standard establishes accounting and reporting on revenue. Rent, parking, laundry, cable fees and other revenue are recorded when the related performance obligation has been satisfied and collection is reasonably assured.

(c) Contributions and deferred capital contributions:

TCHC follows the deferral method of accounting for government contributions sections 4410 Contributions - Revenue Recognition and 4400, Contributions Receivable as per Accounting Standards for Not-for-Profit Organizations.

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.

1. Significant accounting policies (continued):

Externally restricted contributions are initially recognized as deferred capital contributions and are recorded in revenue in the year in which the related expenses are recognized unless the contributions are restricted for the purchase of capital assets. Externally restricted contributions and net investment income are recognized on the same basis as the capital assets are amortized and when the restrictions are met.

(d) Financial instruments, investments and investment income:

At initial recognition, TCHC records financial instruments at the transaction price. Transaction costs are expensed as incurred. Financial instruments are classified in the following categories, depending on the purpose for which the instruments were acquired:

	Category	Measurement
Cash and cash equivalents and restricted cash	Cash and cash equivalents	Amortized cost
Investments	Portfolio investments	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Receivable from the City of Toronto	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Grants receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities	Amortized cost
Tenants' deposits	Financial liabilities	Amortized cost
Bank loan and bank indebtedness	Financial liabilities	Amortized cost
Project financing and debenture loans	Financial liabilities	Amortized cost
Long-term payable TSHC	Financial liabilities	Amortized cost

The value of investments recorded in the consolidated financial statements is determined as follows:

- short-term notes and treasury bills - cost plus accrued income, which approximates fair value;
- publicly traded bonds - most recent bid prices as at year end in an active market; and
- investments in pooled funds - valued at their reported net asset value per unit to reflect fair value.

1. Significant accounting policies (continued):

Investment income includes interest, pooled fund distributions and realized gains and losses. Investment income is recognized in the consolidated statement of operations when earned. Investment income earned on internally restricted funds is recognized in the consolidated statement of operations and subsequently is allocated to the sinking fund reserve and the working capital reserve as disclosed in the consolidated statement of changes in net assets. The unrealized gain or loss from investments are recorded on the consolidated statement of financial position, statement of changes in net assets and statement of remeasurement gains.

Investment income and fair value adjustments generated from the investments that were apportioned to various internally restricted funds will be allocated as follows:

- Annual investment return of up to 3.13% on the sinking fund is allocated to the sinking fund;
- Annual investment return in excess of 3.13% is allocated to the working capital reserve; and
- A claw back from the working capital reserve will be made in a year where the returns are less than 3.13% for allocation to the sinking fund.

(e) Financing costs:

Financing costs of the debenture loans and project financing are reported as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debt to which they relate.

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Housing projects acquired and developed and improvements to housing projects:

Housing projects acquired and developed are recorded at cost less accumulated depreciation. Cost includes the original cost of land, buildings, asset retirement obligations, other related costs (including capitalized interest) and net operating expenses during the development period until the asset is substantially complete. The costs of major improvements necessary to renovate and refurbish buildings are also included in housing project costs. Depreciation is calculated using the straight-line method and is based on the estimated useful lives of the buildings up to a maximum of 50 years.

When a capital asset no longer has any long-term service potential to TCHC, the excess of its net carrying value over any residual value is recognized as an expense in the consolidated statement of operations. Any write downs are not reversed.

Guaranteed equity units consist of rights that include membership in the equity corporation and the right to occupy a particular suite in the building, which were sold to seniors under terms guaranteeing the repurchase of each unit by TCHC at the purchase price plus, for some, an inflation factor related to the consumer price index. This asset is reflected in the consolidated statement of financial position as a housing project, with an associated liability for the repurchase obligation. No gain or loss is recorded on sale or repurchase of a guaranteed equity unit.

Improvements to housing projects are recorded at cost with depreciation calculated using the straight-line method, based on the estimated useful lives of the assets, as follows:

Improvements to land and buildings	4 to 25 years
Furniture and equipment	4 to 15 years
Leasehold improvements	Over the term of the lease

One-half year of the depreciation expense is recorded in the year of acquisition.

1. Significant accounting policies (continued):

(g) Asset retirement obligations:

Asset retirement obligations ("ARO") are recorded in the period during which a legal obligation associated with the retirement of a capital assets is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured based on internal management assessments and/or third-party estimates and engineering reports. Asset retirement obligations relate to the asbestos at TCHC buildings and are depreciated over their estimated remaining useful lives, on a straight-line basis. A liability continues to be recognized until it is settled or otherwise extinguished. Due to the uncertainty as to the future retirement date of the buildings, TCHC has chosen not to discount the future liability.

The estimated amounts of future costs to retire the assets are reviewed annually and adjusted to reflect the best estimate of the liability. In subsequent years, the liability will be adjusted for changes resulting from the passage of time and revision to either the timing or the amount of the original estimate of the undiscounted cash flows. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related assets. If the related asset is no longer in productive use, all subsequent changes in the estimate of the liability for asset retirement obligations are recognized as an expense in the period incurred.

(h) Employee related costs:

TCHC has adopted the following policies with respect to employee benefit plans:

- TCHC's contributions to a multi-employer, defined benefit pension plan and other post-employment benefit plans are expensed when incurred;

- the costs of terminating benefits and compensated absences that do not vest or accumulate are recognized when an event that obligates TCHC occurs; costs include projected future income payments, health-care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

1. Significant accounting policies (continued):

- the costs of other employee benefits are actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees, salary escalation, expected health-care costs and plan investment performance. Actuarial gains and losses are amortized over the expected average remaining service lives;

- employee future benefit liabilities are discounted using the average expected borrowing rate of TCHC over the period during which benefits are expected to be earned;

- past service costs from plan amendments are expensed as incurred; and

- the costs of workplace safety and insurance obligations are actuarially determined and expensed. Actuarial gains and losses are recognized as incurred.

(i) Measurement uncertainty and use of estimates:

The preparation of the consolidated financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Significant estimates include determining the amounts for future employee benefits, the allowance for uncollectible accounts receivable, contingent liabilities and asset retirement obligations. Actual results could differ from those estimates.

(j) Liability for contaminated sites:

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when: TCHC is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

1. Significant accounting policies (continued):

TCHC is responsible for remediation cost on contaminated soil for TCHC properties. The cost incurred for soil contamination is recovered from the Province. The estimated amount of remediation cost and recoveries for 2024 is $6.1 million (2023 - nil). The estimated liability as a result of future remediation cost can not be reasonably estimated as of December 2024 and work has been initiated in 2025 to estimate the liability related to the contaminated soil.

(k) Adoption of new accounting standards

Effective January 1, 2024, TCHC adopted new accounting standards and a guideline issued by the Public Sector Accounting Board (PSAB). These include Public Sector Accounting Standard PS 3400 Revenue, PS 3160 Public private partnerships, and Public Sector Guideline - 8 Purchased intangibles (PSG-8).

PS 3400 addresses the recognition, measurement, presentation and disclosure of revenue, and introduces a distinction between exchange and non-exchange transactions. The distinguishing feature between the two is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor in return for promised consideration. Exchange transactions are characterized by one or more performance obligations, while non-exchange transactions have no direct transfer of goods or services to a payor.

PS 3160 addresses the accounting for transactions associated with certain public-private partnerships, where public sector entities such as the government procure infrastructure using private sector partners. PS 3160 provides guidance on the recognition, measurement, presentation and disclosure of the tangible capital assets, financial liabilities, revenues and expenses within its scope.

PSG-8 provides guidance on when purchased intangibles can be recognized as assets in the Consolidated Statement of Financial Position.

1. Significant accounting policies (continued):

In accordance with PS 3400 and PSG-8, the government applied changes to the consolidated financial statements prospectively from January 1, 2024, and prior periods have not been restated on transition. The adoption of PSG-8 from January 1, 2024 resulted no adjustment to the Consolidated Statement of Financial Position. PS 3160 was applied retroactively, without restatement of prior periods. In applying PS 3160, no adjustments to previously recognized assets and liabilities were required. As a result, there was no impact on the opening accumulated operating deficit / surplus

2. Investments:

The 2024 investments consist of $309,886 (2023 - $264,872) of pooled equity funds, fixed income securities and high interest rate saving bank account, which are internally restricted funds. The fixed income securities consist of corporate and Canadian government fixed income securities with nominal coupon rates between 0.5% and 7.79% (2023 - 0.80% and 7.779%) and have maturity dates ranging from 2025 to 2085 (2023 - 2024 to 2083). These securities are considered to be highly liquid (notes 16 and 21).

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

3. Investments in joint ventures and other interests:

The total investment in joint venture is $2,994 in 2024 (2023 - $5,370) and a schedule of the investments are shown below:

	DPDC	PGDC	LDI	AGP	APPI	APPII	LNP	OSRP	2024 Total	2023 Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
Balance, January 1, per joint venture	$ 1,734	$ (704)	$ 65	$ 3,567	$ 413	$ 15,241	$ 2,931	$ –	$ 23,247	$ 54,611
Net income	408	553	2	1,489	107	–	353	–	2,912	14,861
Contributions	67	–	–	–	–	–	–	–	67	159
Distributions	(430)	(1,000)	–	(1,576)	(150)	–	(2,200)	–	(5,356)	(19,367)
Balance, December 31, per joint venture	1,779	(1,151)	67	3,480	370	15,241	1,084	–	20,870	50,264
Transferred to joint venture	(112)	–	–	–	–	(17,910)	–	–	(18,022)	(45,040)
Carrying value of land		–	–	–	–	–	–	–	–	–
Transferred to joint venture	22	–	–	–	–	124	–	–	146	146
Balance, December 31	$ 1,689	$ (1,151)	$ 67	$ 3,480	$ 370	$ (2,545)	$ 1,084	$ –	$ 2,994	$ 5,370

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

3. Investments in joint ventures and other interests (continued):

	DPDC	PGDC	LDI	AGP	APPI	APPII	LNP	OSRP	2024 Total	2023 Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
Joint ventures' assets, liabilities and cash flows at 100% share										
Total assets	$ 5,805	$ 11,701	$ 126	$ 13,734	$ 1,187	$ 116,406	$ 4,909	$ 4,792	$ 158,660	$ 133,414
Total liabilities	2,255	14,447	3	2,412	447,529	87,092	2,741	3,542	560,021	84,259
Cash flow from (used in) operating activities	$ 863	$ 1,440	$ 4	$ (2,105)	$ (276)	$ (1,936)	$ (1,129)	$ 1,501	$ (1,638)	$ 181,548
Cash flow used in financing activities	(730)	(2,276)	–	(5,360)	(150)	–	(2,200)	(1,250)	(11,966)	(161,552)
Cash flow from (used in) investing activities	–	332	–	(241)	–	–	–	–	91	(2,273)
Net income per joint venture	$ 408	$ 553	$ 2	$ 1,489	$ 107	$ –	$ 353	$ –	$ 2,912	$ 14,861
Write off pre-development costs associated with market units that have sold	–	–	–	–	–	–	–	–	–	(77)
Net income per TCHC	$ 408	$ 553	$ 2	$ 1,489	$ 107	$ –	$ 353	$ –	$ 2,912	$ 14,784

3. Investments in joint ventures and other interests (continued):

(a) On October 31, 2006, TCHC's wholly owned subsidiary, RPDC, entered into a co-tenancy agreement with a developer for the construction of certain properties in Regent Park. The co-tenancy operates through a nominee corporation, DPDC. The value of RPDC's equity investment in DPDC differs from the balance reported by the co-tenant. This difference is due to RPDC recording contributions of land to DPDC at the carrying value of the land whereas DPDC has recorded the contributed land at an exchange amount that has been agreed to by the two co-tenants. The difference between the exchange amount and the carrying value of the land of $89 (2023 - $89) will be recognized on the closing of market units that have been developed by DPDC.

(b) On January 12, 2009, TCHC's wholly owned subsidiary, RPDC, entered into a co-tenancy agreement with a developer for the construction of certain properties in Regent Park. The co-tenancy of the development operates through a nominee corporation, PGDC.

(c) On May 22, 2009, TCHC's wholly owned subsidiary, RLDC, entered into a co-tenancy agreement with a developer for the construction of certain properties. The co-tenancy operates through a nominee corporation, LDI.

(d) On February 5, 2013, TCHC's wholly owned subsidiary, AGDC, entered into a partnership agreement with a developer, thus forming AGP for the revitalization of certain properties in Allenbury Gardens. The value of AGDC's equity investment in AGP differs from the balance reported by the co-tenant. As at December 31, 2024, the difference is due to AGDC recording contributed pre-development costs of nil (2023 - $77).

(e) On July 19, 2013, TCHC's wholly owned subsidiary, APDC, entered into a partnership agreement with a developer, forming APPI, for the revitalization of certain properties in Alexandra Park. APDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Alexandra Park Condominium Residences Inc. ("APCRI"), which holds legal title to the real property as a bare trustee for APDC and the development partner to whom beneficial ownership of the property is transferred on closing.

(In thousands of dollars)

3. Investments in joint ventures and other interests (continued):

(f) On June 30, 2020, TCHC's wholly owned subsidiary, APDC, entered into a partnership agreement with a developer, forming APPII, for the revitalization of certain properties in Alexandra Park. APDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Dundas Alexandra Park Residences Inc. ("DAPRI"), which holds legal title to the real property as a bare trustee for APDC and the development partner to whom beneficial ownership of the property is transferred on closing.

(g) On October 2, 2015, TCHC's wholly owned subsidiary, LNDC, entered into a partnership agreement with a developer, forming LNP, for the revitalization of certain properties. LNDC and the developer have equal interests in the partnership, which operates through a nominee corporation, Scala Residences Inc. holds legal title to the real property as a bare trustee for LNDC and the development partner to whom beneficial ownership of the property is transferred on closing.

(h) On November 4, 2024, TCHC's wholly owned subsidiary, RPDC2, entered into a partnership agreement with a developer, forming OSRP, for the revitalization of certain properties. OSRP and the developer have equal interests in the partnership, which operates through a nominee corporation, 1000784854 Ontario Limited. 1000784854 Ontario Limited holds legal title to the real property as a bare trustee for RPDC2 and the development partner to whom beneficial ownership of the property is transferred on closing.

4. Loans receivable:

Loans receivable as of December 31 consist of the following:

	2024	2023
Dundas and Parliament Development Corporation (a)	$ 1,842	$ 1,814
Lawrence Heights Development Partner (b)	15,031	14,708
Regent Park Development Partner (c)	12,047	–
Don Summerville (d)	48,471	47,041
Mortgages receivable (e)	10,898	11,046
	88,289	74,609
Less current portion	16,029	9,107
	$ 72,260	$ 65,502

(In thousands of dollars)

4. Loans receivable (continued):

(a) The DPDC loans receivable consists of:

On August 31, 2010, TCHC provided a $500 revolving demand facility and a $2,500 non-revolving term loan to the co-tenancy, which consists of three credit facilities:

- Facility 1 - revolving demand facility to $500. The facility bears interest at the bank's prime rate plus 0.5% per annum and is repayable five days following demand for repayment by the lender.
- Facility 2 - non-revolving term loan to $2,000. The facility bears interest at 6.0% per annum and is repayable on demand.
- Facility 3 - non-revolving term loan to $500. The facility bears interest at 6.0% per annum and is repayable on demand.

The three credit facilities are secured by the co-tenancy's land and assets and are guaranteed by the co-tenancy partner. As at December 31, 2024, TCHC has advanced $1,842 (2023 - $1,814) to DPDC.

(b) As of December 31, 2024, the total loan receivable including interest for the Lawrence Heights Development Partner is $15,031 (2023 - $14,708). As part of a multi-year commitment deals, TCHC has transferred land to a developer related to Lawrence Heights. The total interest included in the loan receivable is $419 (2023- $431). This resulted in multiple loans receivable which consist of multiple parts as followed below.

	2024	2023
No interest with a maturity date of March 2024	$ –	$ 3,000
3% interest with a maturity date of December 2024	–	4,292
3% interest with a maturity date of October 2025	2,139	2,076
3% interest with a maturity date of May 2026	5,501	5,340
3% interest with a maturity date of December 2027	7,391	–
	$ 15,031	$ 14,708

4. Loans receivable (continued):

(c) As per the multi-year commitment dated September 2020, TCHC transferred land to a developer with a vendor-take-back ("VTB") mortgage of $24,648. The loan amount of $14,502, including interest, was repaid in 2022. The remaining VTB mortgage is secured by the partner's letter of credit of $10,535. The final loan receivable is determined based on City approved gross floor area when building permits are issued. On December 16, 2024, TCHC received gross floor area confirmation. As of December 31, 2024, TCHC recognized loans receivable including interest of $12,047 (2023 - nil).

(d) As per the multi-year commitment dated October 2019, on February 17, 2022, TCHC transferred land to a developer with a carrying value of $151 and received cash and cash equivalents of $100 and a loan receivable of $46,050, the term of this loan is 10 years bearing interest at a rate of 3% per annum, which interest shall accrue until the principal amount of this loan is fully repaid. As at December 31, 2024, TCHC recognized loans receivable including interest of $48,471 (2023 - $47,041).

(e) The mortgages receivable consist of three mortgages, which are related to a sales-type lease from 2010 to 2057 for commercial space in a TCHC building. The first mortgage has a maturity date of May 11, 2037 and bears interest at 4.877%. The other two mortgages have a term starting on May 11, 2037 and ending on May 11, 2057, and the interest rate will be equal to the negotiated debenture coupon rate at the expiry of the Debenture Series A bonds (note 13(f)(i)) that are due on May 11, 2037. As of December 31, total mortgage receivable is $10,898 (2023 - $11,046).

5. Account balances with the City:

(a) TCHC enters into transactions with the City in the normal course of business and receives payments for various services and supplies. Included in accounts receivable is $45,528 (2023 - $52,864) receivable from the City and included in accounts payable and accrued liabilities is $4,843 (2023 - $5,271) payable to the City as a result of these transactions. As of December 31, 2024, TCHC also included $11,824 (2023 - $13,232) in grants receivable for eligible work performed.

5. Account balances with the City (continued):

(b) The City has agreed to fund certain employee benefit costs relating to the former Toronto Housing Corporation ("THC"), as the former company previously contributed to the City's Sick Pay Reserve Fund and Payroll Benefits Plan Reserve Fund. TCHC has recorded a receivable in connection with the expected recoveries of these employee benefit costs from the City.

The total long-term receivable from the City is $14,325 (2023 - $15,325) which consists of $4,269 (2023 - $4,269) for sick leave benefits (note 12(a)) and $10,056 (2023 - $11,056) for post-retirement (note 12(a)) and disability benefits (note 12(a)).

(c) During the year ended December 31, 2024, the City provided gross subsidies of $342,830 (2023 - $292,277), and Safe Restart Funding of nil (2023 - $25,022). Subsidies include Regent Park Block 17N mortgage principal and interest of $2,456 (2023 - $2,456) recognized as revenue following completion of construction.

In 2024, TCHC recognized expenditures incurred with the City which include $40,120 (2023 - $40,181) for hydro, $61,454 (2023 - $60,511) for water and waste, $21,471 (2023 - $19,347) for property taxes and $3,892 (2023 - $4,078) for the mortgage interest charges paid to the City.

(d) The City provided funds that it received under Section 37 of the Planning Act to TCHC for capital improvements in specific developments, including design work, associated labour costs and capital maintenance. As at December 31, 2024, accumulated grants of $11,308 (2023 - $10,308) were received and the accumulated capital expenditures were $5,814 (2023 - $5,126). The funds available for future capital expenditures are $5,951 (2023 - $5,038), including $182 (2023 - $154) accumulated interest, invested as restricted cash as at December 31, 2024.

6. Account balances with Toronto Senior Housing Corporation ("TSHC"):

On June 1, 2022, TCHC and TSHC formalized an interim plan to transfer the responsibility of operating the 83 senior-designated TCHC properties to TSHC.

TCHC enters into transactions with the TSHC in the normal course of business and receives payments for various services and supplies due to the transition. Revenue received from the senior designated properties less operating costs related to the properties was provided to TSHC as a monthly net revenue advance totaling to $45,419 (2023 - $39,592). This has been recognized as an operating and maintenance expense during the year. During 2024, TCHC recognized $11,390 (2023 - $9,676) in other revenue from shared services provided to TSHC.

The accounts receivable includes $1,655 (2023 - $2,585) receivable from TSHC and included in accounts payable and accrued liabilities is $4,580 (2023 - $4,862) payable to TSHC. TCHC also recorded long term payable to TSHC of $4,015 (2023 - $4,181) for post-retirement benefit obligation as part of the transition on June 1, 2022.

(In thousands of dollars)

7. Housing projects acquired or developed:

Housing projects acquired or developed consist of the following:

	Cost, December 31, 2023	Additions	Transfer[i] (note 9)	Disposal/ write-off	Completed during the year	Cost, December 31, 2024	Accumulated depreciation[i]	Net book value, December 31, 2024	Net book value, December 31, 2023
Land	$ 366,128	$ 29	$ (150)	$ (446)	$ –	$ 365,561	$ –	$ 365,561	$ 366,128
Buildings	2,264,224	434	(2,519)	(183)	19,644	2,281,600	(1,194,435)	1,087,165	1,112,425
Asset retirement obligation	35,934	–	–	–	–	35,934	(7,857)	28,077	32,294
Guaranteed equity housing projects	7,345	–	–	(337)	–	7,008	(4,057)	2,951	3,230
Plant	73,263	–	–	–	624	73,887	(23,728)	50,159	51,799
Housing projects under construction	190,837	105,269	–	(1,954)	(20,268)	273,884	–	273,884	190,837
	$ 2,937,731	$ 105,732	$ (2,669)	$ (2,920)	$ –	$ 3,037,874	$ (1,230,077)	$ 1,807,797	$ 1,756,713

(i) Included in transfers and accumulated depreciation is the cost and accumulated depreciation of land and buildings transferred to assets held for sale (note 9).

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

7. Housing projects acquired or developed (continued):

The guaranteed equity housing project units are repurchased on termination of the project in 2042 or earlier based on the terms of the arrangement. During the year ended December 31, 2024, TCHC repurchased 4 (2023 - 4) units and holds 66 (2023 - 62) repurchased units as at December 31, 2024. The associated cost and accumulated depreciation of $279 (2023 - $256) of the repurchased units was transferred to housing projects acquired or developed and rented at the market rate. As at December 31, 2024, an obligation of $7,622 (2023 - $8,045) for the repurchase of guaranteed equity units has been recorded in accounts payable and accrued liabilities.

8. Improvements to housing projects:

Improvements to housing projects consist of the following:

	Cost, December 31, 2023	Additions[i]	Disposal/ write-off	Transfer[i]	Cost, December 31, 2024	Accumulated depreciation[i]	Net book value, December 31, 2024	Net book value, December 31, 2023
Improvements to land and buildings[i]	$ 4,051,419	$ 305,235	$ (582)	$ 269	$ 4,356,341	$ (1,869,452)	$ 2,486,889	$ 2,383,828
Furniture and equipment	356,908	19,064	–	–	375,972	(274,527)	101,445	109,309
Leasehold improvements	3,006	–	–	–	3,006	(2,984)	22	27
	$ 4,411,333	$ 324,299	$ (582)	$ 269	$ 4,735,319	$ (2,146,963)	$ 2,588,356	$ 2,493,164

[i] Included in additions, transfer and accumulated depreciation is the cost and accumulated depreciation of Improvement to buildings transferred to assets held for sale (note 9).

(In thousands of dollars)

9. Assets held for sale or transfer:

During 2018, the Board of Directors resolved to transfer the ownership of the TCHC Agency Houses, Scattered Homes and Uninhabitable Homes portfolio to non-profit corporations as approved by City Council.

As of December 31, 2024, TCHC classified 54 (2023 - 20) Scattered Home units and 24 (2023 - 29) agency home units as assets held for sale following City Council's motion. The transfer price of $359 is based on bids from top-ranked proponents.

The assets which are expected to be transferred within 12 months have been classified as held for sale and are presented separately in the consolidated statement of financial position.

	Cost, December 31, 2023	Additions	Disposal	Cost December 31, 2024	Accumulated depreciation	Accumulated impairment	Net book value, December 31, 2024	Net book value, December 31, 2023
Land	$ 723	$ 150	$ (723)	$ 150	$ –	$ (23)	$ 127	$ 162
Buildings	959	2,519	(959)	2,519	(2,178)	(130)	211	588
Improvement to buildings	269	31	(269)	31	(6)	(4)	21	52
	$ 1,951	$ 2,700	$ (1,951)	$ 2,700	$ (2,184)	$ (157)	$ 359	$ 802

(In thousands of dollars)

10. Bank loan and bank indebtedness:

TCHC has a committed revolving credit facility of $200,000(2023 - $200,000) that is available for short-term advances and letters of credit, with standby charges of 0.2%. Short-term advances are available by way of a prime loan at the Canadian prime rate and bankers' acceptances ("BA") at the bank's BA rate plus 1.10%. The balance for the short-term advances is $18,500 (2023 - $110,500). The amount available under the revolving credit facility is $171,256 (2023 - $79,195), which is net of outstanding letters of credit of $10,244 (2023 - $10,305).

11. Assets retirement obligations:

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some TCHC owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at January 1, 2022. The obligation was measured at the time of adoption as the timing of future cash flows cannot be reasonably determined. Every year, TCHC is reevaluated at each financial reporting date. The costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

	2024	2023
Balance, beginning of year	$ 479,525	$ 479,525
Demolition during the year	(2,909)	–
Balance, ending of year	$ 476,616	$ 479,525

In 2024, TCHC has removed the accrued retirement obligation of $2,909 which resulted in a gain of $2,665.

12. Employee benefits:

TCHC has the following employee benefits plans:

(a) Non-pension post-retirement and post-employment benefit plans (other benefits):

TCHC provides post-retirement benefit plans for medical, dental and life insurance benefits. Post-employment benefit plans provide income benefits for employees on long-term disability and the continuation of benefits (medical, dental, life insurance and income replacement benefits) in respect thereof; accumulated sick leave benefits; accumulated termination benefits; and self-insured Workplace Safety and Insurance Board ("WSIB") Benefits (for Schedule 2 employers). The total long-term receivable from the City is $14,325 (2023- $15,323) which consists of the following:

(i) Post-retirement medical, dental and life insurance benefits:

The former THC participated in a payroll benefits plan reserve fund established by the City to provide for future post-retirement benefits and disability benefits to all City employees and retirees. An amount of $10,056 (2023 - $11,056), representing the liability portion relating to the former THC, is recorded as a long-term receivable from the City (note 5(b)).

(ii) Accumulating sick leave benefits:

This past service liability was set up as a result of the former THC participation in a reserve fund established by the City. TCHC recorded a receivable from the City equal to the liability of the former THC of $4,269 (2023- $4,269) which consist of $4,678 (2023 - $4,678), less amounts internally funded by TCHC of $409 (2023 - $409).

The most recent actuarial valuation was completed as at December 31, 2024. The next actuarial valuation is scheduled to be performed on December 31, 2027.

12. Employee benefits (continued):

(b) Supplementary employee retirement plan ("SERP"):

In 2006, TCHC established the SERP for current eligible employees whose pension benefits were frozen in the Public Service Pension Plan or the Ontario Public Service Employees' Union Pension Plan as at January 1, 2001. An eligible employee is an active employee on February 15, 2006 (the date this benefit was approved by the Board of Directors) and had transferred employment on January 1, 2001 from the Metropolitan Toronto Housing Authority to TCHC and became a member of the Ontario Municipal Employees' Retirement Fund ("OMERS"). This plan provides a supplementary benefit so that the total pension benefit on retirement would have been the same as that received had the employee been able to transfer his or her pension to OMERS.

The most recent actuarial valuation was completed as at December 31, 2023. The next actuarial valuation is scheduled to be performed on December 31, 2026.

(c) OMERS:

Employees are members of OMERS, a multi-employer pension plan. The plan is a defined benefit plan and specifies the amount of the retirement benefits to be received by the employees based on length of service and the highest five years' average earnings. Employees and employers contribute jointly to the plan.

In 2024, the OMERS funded ratio stands at 98% (2023 - 97%) and the primary plan ended 2024 with a funding deficit of $2.9 billion (2023 - funding deficit $4.2 billion). As OMERS is a multi-employer plan, any pension plan surplus or deficit is the joint responsibility of all Ontario municipalities and their employees. TCHC does not recognize any share of the OMERS pension surplus or deficit.

Depending on the individual's normal retirement age and pensionable earnings, 2024 and 2023 contribution rates were 9% to 14.6% (2023 - 9% to 14.6%). Total employee contributions amounted to $17,104 (2023 - $16,227). Total employer contributions amounted to $17,104 (2023 - $16,227).

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

12. Employee benefits (continued):

Employee benefits liabilities of TCHC as at December 31 consist of the following:

	2024	2023
Post-retirement benefits (a)(i)	$ 18,330	$ 17,781
Sick leave benefits (a)(ii)	12,862	12,030
Termination benefits	1,558	1,547
Disability benefits	4,565	4,420
WSIB obligation	3,003	6,029
Unamortized actuarial gain	167	230
Other benefits	40,485	42,037
SERP (b)	25,366	27,151
	$ 65,851	$ 69,188

Additional information about TCHC's SERP and other benefit plans as at December 31 is as follows:

	SERP		Other benefits		Total	
	2024	2023	2024	2023	2024	2023
Accrued benefit obligation	$ 27,386	$ 27,878	$ 36,253	$ 38,058	$ 63,639	$ 65,936
Plan assets	(2,344)	(2,706)	–	–	(2,344)	(2,706)
Unamortized actuarial gain	324	1,979	4,232	3,979	4,556	5,958
Accrued benefit liability	$ 25,366	$ 27,151	$ 40,485	$ 42,037	$ 65,851	$ 69,188

(In thousands of dollars)

12. Employee benefits (continued):

Continuity of TCHC's accrued benefit liabilities:

	SERP		Other benefits		Total	
	2024	2023	2024	2023	2024	2023
Balance, beginning of year	$ 25,172	$ 25,341	$ 38,058	$ 38,439	$ 63,230	$ 63,780
Current service cost	62	146	2,068	2,005	2,130	2,151
Interest cost	1,171	1,204	1,170	1,117	2,341	2,321
Benefits paid	–	–	(1,711)	(1,981)	(1,711)	(1,981)
Actuarial gain	(324)	(119)	(3,332)	(1,522)	(3,656)	(1,641)
Funding contributions	(1,040)	(1,400)	–	–	(1,040)	(1,400)
Benefit, end of year	25,041	25,172	36,253	38,058	61,294	63,230
Unamortized actuarial gain	325	1,979	4,232	3,979	4,557	5,958
Balance, end of year	$ 25,366	$ 27,151	$ 40,485	$ 42,037	$ 65,851	$ 69,188

TCHC's employee benefit expense:

	SERP		Other benefits		Total	
	2024	2023	2024	2023	2024	2023
Current service cost	$ 62	$ 146	$ 2,068	$ 2,005	$ 2,130	$ 2,151
Interest cost	1,171	1,204	1,170	1,117	2,341	2,321
Amortization of actuarial gain	(1,979)	(4,414)	(3,079)	(1,560)	(5,058)	(5,974)
	$ (746)	$ (3,064)	$ 159	$ 1,562	$ (587)	$ (1,502)

(In thousands of dollars)

12. Employee benefits (continued):

The significant actuarial assumptions adopted in measuring TCHC's accrued benefit obligations and the benefit costs for the SERP and other employment and post-employment benefits are as follows:

	SERP		Other benefits	
	2024	2023	2024	2023
Discount rates for benefit obligations:				
Post-retirement and sick leave	–	–	4.20%	4.10%
Post-employment	–	–	3.40%	3.80%
Pension	4.40%	4.30%	–	–
Discount rates for benefit costs:				
Post-retirement and sick leave	–	–	4.10%	2.50%
Post-employment	–	–	3.80%	1.90%
Pension	4.30%	4.40%	-	–
Rate of compensation increase	2.50%	2.50%	2.50%	2.50%
Inflation rate	2.00%	2.00%	2.00%	2.00%
Healthcare inflation - select	n/a	n/a	4.95%	5.16%
Healthcare inflation - ultimate	n/a	n/a	4.00%	4.00%

For measurement purposes, a 6.40% annual rate of increase in the per capita cost of covered health-care benefits was assumed. The rate is assumed to decrease gradually to 4.00% by 2040 and remain at that level thereafter.

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

13. Project financing and debenture loans:

Project financing consists of mortgages, loans payable to the Canada Mortgage and Housing Corporation ("CMHC"), City, Infrastructure Ontario ("IO") and others and debentures. The total project financing owed is $1,939,797 (2023 - $1,904,203), of which, the current portion is $68,469 (2023- $64,096) and the long-term portion is $1,871,328 (2023- $1,840,107). The changes in project financing for the year ended December 31, 2024 are as follows:

	December 31, 2023	New project financing	Imputed interest on loans	Mortgages and loans payments	Deferred financing costs	December 31, 2024
Canada Mortgage and Housing Corporation ("CMHC") (a)	$ 433,006	$ 58,360	$ –	$ (19,789)	$ 2	$ 471,579
Other mortgages (b)	66,960	–	–	(11,688)	–	55,272
Long-term loans payable to the City (c)	104,089	–	40	(5,370)	1	98,760
Long-term loans payable to others (d)	11,784	–	–	(2,629)	2	9,157
Long-terms loans payable to IO (e)	841,969	40,982	–	(24,551)	62	858,462
Debenture loans used in project financing (f)	446,395	–	–	–	172	446,567
	$ 1,904,203	$ 99,342	$ 40	$ (64,027)	$ 239	$ 1,939,797

TORONTO COMMUNITY HOUSING CORPORATION

DRAFT Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2024

13. Project financing and debenture loans (continued):

For the year ended December 31, 2024, interest incurred on long-term debt totaled $78,654 (2023 - $78,992) has been recorded as interest expense in the consolidated statement of operations.

Principal repayments are due as follows:

	CMHC (a)	Other mortgages (b)	City (c)	Other loans (d)	IO (e)	Debenture loans used in project financing (f)	Total
2025	$ 22,045	$ 12,078	$ 5,524	$ 2,719	$ 26,103	$ –	$ 68,469
2026	22,811	11,167	5,725	2,813	27,294	–	69,810
2027	23,419	10,163	5,022	2,910	28,312	–	69,826
2028	24,396	7,413	5,203	495	29,369	–	66,876
2029	21,814	5,009	5,391		30,465	–	62,679
2030 and thereafter	357,101	9,442	71,911	226	718,289	450,000	1,606,969
Deferred financing charges on project financing	(14)	–	(16)	(6)	(1,363)	(3,433)	(4,832)
	$ 471,572	$ 55,272	$ 98,760	$ 9,157	$ 858,469	$ 446,567	$ 1,939,797

13. Project financing and debenture loans (continued):

(a) CMHC mortgages bear interest at rates between 0.64% and 11% (2023 - 0.64% and 11.00%) with a mortgages maturity year between 2025 and 2054.

On December 20, 2019, a financing agreement was signed between TCHC and CMHC. TCHC expects to receive loans up to $1,341,058 to fund eligible expenditures under the capital repair program between 2020 and 2027. The loans contain a repayable amount up to $813,546 and a forgivable amount up to $527,512.

Of the $471,579 (2023- $433,006), pursuant to the financing arrangement with CMHC, TCHC submitted claims and received a total amount of $806,285 (2023 - $659,017) comprised: (i) repayable loans of $431,507(2023 - $373,147) and (ii) forgivable loans of $374,778 (2023 - $285,870) which includes $15,000 pertaining to 2027 and was advanced in 2023.

(b) Other mortgages bear interest at rates between 1.82% and 7.31% (2023 - 1.82% and 12.75%). These mortgages mature between 2026 and 2048.

(c) Long-term loans payable to the City consists of the following:

(i) On December 1, 2014, TCHC received $52,411 non-revolving credit facility at a fixed interest rate of 4.5% for a 30-year term from the City to refinance loans of 37 properties. $59 (2023 - $57) of the loan proceeds is included in externally restricted cash.

(ii) Beginning 2018, TCHC has a non-revolving, 20-year loan of $35,948 at a fixed interest rate of 3.7% with the City to finance the implementation of 9 energy efficiency projects at TCHC facilities.

(iii) Beginning 2019, TCHC has a non-revolving, 20-year loan of $24,000 at a fixed interest rate of 2.6% with the City to finance the implementation of 40 energy efficient generators at TCHC facilities.

(vi) Other loans from the City bear interest at rates between 3.92% and 4.12% (2023 - 3.92% and 4.12%). These loans mature between 2026 and 2042.

13. Project financing and debenture loans (continued):

(d) Of the $9,157 (2023- $11,784) , the long-term loans payable to others primarily consist of a non-revolving, 10-year loan of $8,937 (2023 - $11,784) at a fixed interest rate of 3.39% with National Bank of Canada.

(e) Infrastructure Ontario loans bear interest at rates between 2.76% and 4.53% (2023 - 2.76% and 4.53%). These loans mature between 2043 and 2051.

TCHC incurred financing costs of $2,479 (2023 - $2,479) related to the origination and maintenance of the IO funding with an unamortized deferred financing cost of $1,362 (2023 - $1,431) as of December 31, 2024.

(f) TCHC has entered into a credit agreement (the "Credit Agreement"), dated May 11, 2007, with the TCHC Issuer Trust (the "Trust"), which in turn entered into an agreement with various agents to issue bonds. The Trust has advanced all proceeds of the bond offerings to TCHC as a loan having the same interest rate and term as the debenture.

(i) In 2007, $250,000, 4.877% Debentures Series A bonds due on May 11, 2037:

TCHC incurred financing costs of $3,297 which are amortized over the term of the debt. Amortization of $111 (2023 - $106) and interest expense of $12,193 (2023 - $12,193) were recorded. The total balance as at December 31, 2024 is $248,048 (2023 - $247,937).

(ii) In 2010, $200,000, 5.395% Debentures Series B bonds due on February 22, 2040:

TCHC incurred financing costs of $2,121, which are amortized over the term of the debt. Amortization of $61 (2023 - $58) and interest expense of $10,790 (2021 - $10,790) were recorded. The total balance as at December 31, 2024 is $198,519 (2023- $198,458).

(In thousands of dollars)

14. Deferred capital contributions and grants receivable:

(a) Deferred capital contributions represent the unamortized amount of restricted contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations on the same basis as the asset to which they relate is depreciated.

The changes in the deferred capital contributions balance are as follows:

	2024	2023
Balance, beginning of year	$ 1,508,501	$ 1,369,888
Restricted grants for housing projects ((b)(ii))	256,280	225,780
Amortization of deferred capital contributions	(93,101)	(86,957)
Disposal of properties with unamortized deferred capital contributions (note 18)	(596)	(210)
Balance, end of year	$ 1,671,084	$ 1,508,501

(b) As at December 31, 2024, the grants receivable comprise:

	2024	2023
Provincial affordability housing grants (i)	$ 8,172	$ 9,245
Contributions receivable from the City (ii)	11,824	13,232
	19,996	22,477
Less current portion	12,947	14,305
	$ 7,049	$ 8,172

(i) Provincial affordability housing grants for the development of five projects are to be paid monthly over 20 years from the date of grant through to various dates in 2029 to 2034. As at December 31, 2024, the total grants receivable is $8,172 (2023 - $9,245).

(ii) In 2024, the City approved funding of $136,806 (2023 - $131,780), Support & Housing Administration ("SSHA") to TCHC to address its state of good repair ("SOGR") backlog for 2024. TCHC received the contribution of $168,011 (2023 - $169,471) in 2024, including Q1 2025 SOGR advance payment of $29,797 (2023 - nil). As at December 31, 2024, the total grants receivable is $11,824 (2023 - $13,232).

(In thousands of dollars)

15. Funds under administration:

Toronto Affordable Housing Fund is a program that provides financial support to qualified individuals to purchase eligible homes. The funding agreement was signed with the City on April 30, 2009, for which principal and capital appreciation shall be paid to the City and all outstanding mortgages shall be assigned to the City. The following funds are administered by TCHC on behalf of the City and are not included in these consolidated financial statements:

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Toronto Affordable Housing Fund	$ 11,793	$ 8,495	$ 11,425	$ 8,495

16. Internally restricted funds:

Internally restricted funds are held for specific purposes as resolved by TCHC's Board of Directors. These funds, and the investment income allocated towards them, are not available for TCHC's general operating expenses.

	Capital risk reserve fund	Sinking fund of public debenture	Working capital reserve fund	2024 Total	2023 Total
Balance, January 1, 2024	$ 74,349	$ 159,280	$ 46,409	$ 280,038	$ 268,348
Contributions	21,200	9,091	–	30,291	9,091
Fair value reclassification	–	–	–	–	4,215
Net investment income	–	4,986	11,269	16,255	11,449
Withdrawal	–	–	–	–	(13,065)
Balance, December 31, 2024	$ 95,549	$ 173,357	$ 57,678	$ 326,584	$ 280,038

(In thousands of dollars)

16. Internally restricted funds (continued):

As at December 31, 2024, the funds comprise investments of $310,208 (2023 - $265,178), including $322 (2023 - $306) of accrued investment income recorded in accounts receivable and is broken down as follows:

	Capital risk reserve fund	Sinking fund of public debenture	Working capital reserve fund	2024 Total	2023 Total
Investment	$ 52,307	$ 173,357	$ 84,544	$ 310,208	$ 265,178

As at December 31, 2024, the capital risk reserve fund have a shortfall of $43,242 (2023 - $22,344). The working capital reserve investment is higher than reserve due to the unrealized gain of $26,866 (2023 - $7,484) which is reported under the consolidated statement of remeasurement gains. The shortfall in the capital risk reserve fund can be funded from TCHC's revolving credit facilities (note 10) should expenditures relating to the fund arise.

17. Contingencies:

(a) TCHC will be liable to repay certain CMHC, federal, provincial and City loans not yet formally forgiven, which are included in deferred capital contributions (note 14), should it fail to adhere to the terms and conditions under which the loans were originally granted. As at December 31, 2024, the amount of forgivable loans are $464,506 (2023 - $383,413).

(b) In the normal course of operations, TCHC is subject to various arbitration, litigation and claims. With respect to claims as at December 31, 2024, it is management's position that TCHC has valid defences and appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material impact on TCHC's consolidated financial position.

(In thousands of dollars)

18. Gain on sale of housing projects, land and other capital assets:

The total gain on sale for housing for the year ended December 31, 2024 consist of the following:

Asset description	Proceeds from sales	Net book value	Gain
Land (a)	$ 10,536	$ 2,078	$ 8,458
Land (b)	10,539	–	10,539
Scattered Homes (c)	690	404	286
Other Disposals (d)	58	–	58
Total	$ 21,823	$ 2,482	$ 19,341

(a) In December 2024, TCHC transferred land to a developer with a carrying value of $124 and housing projects under construction of $1,954, TCHC recorded a loan receivable of $7,374 (note 4(b)) and cash and cash equivalents of $3,162.

(b) In December 2024, TCHC transferred land in exchange to a loan receivable of $10,539.

(c) For the year ended December 31, 2024, TCHC sold 50 scattered home units to multiple non-profit organizations and received cash and cash equivalents of $690. As at December 31, 2024, TCHC recognized a net gain on sale of properties of $286

(d) For the year ended December 31, 2024, TCHC disposed of other capital assets and recognized a gain of $58.

(In thousands of dollars)

19. Non-recurring item:

On May 27, 2022, the underside of a structural concrete panel detached and fell in a bedroom of a townhouse unit in Block H of the Swansea Mews community (the "Swansea incident").

Non-recurring expenses for the Swansea incident comprise the following:

	2024	2023
Cost contractors (shoring, engineering and abatement)	$ 154	$ 5,814
Cost for temporary accommodation	–	307
Cost of daily living support provided to eligible households	–	36
Other	565	221
	$ 719	$ 6,378

20. Commitments and contractual obligations:

(a) TCHC is obligated under the terms of operating leases and other commitments to the following annual payments:

	Operating lease	Other (b)	Total
2025	$ 1,853	$ 116,260	$ 118,113
2026	1,278	30,803	32,081
2027	1,255	12,235	13,490
2028	1,175	76	1,251
2029	781	24,775	25,556
	$ 6,342	$ 184,149	$ 190,491

(b) As at December 31, 2024, TCHC has commitments and contractual obligations of $116,260 to vendors for capital repairs and services to be performed over the next 12 months.

(In thousands of dollars)

21. Fair value and risk management:

(a) Fair value measurement:

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate, based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's-length transaction.

The following table illustrates the classification of TCHC's financial instruments that are measured at fair value within the fair value hierarchy:

2024	Level 1	Level 2	Level 3	Total
Investments and restricted investments	$ 156,864	$ 40,627	$ 112,395	$ 309,886

2023	Level 1	Level 2	Level 3	Total
Investments and restricted investments	$ 139,518	$ 38,818	$ 86,536	$ 264,872

21. Fair value and risk management (continued):

(b) Risk management:

TCHC is exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. TCHC's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on TCHC's financial performance.

(i) Interest rate risk:

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. TCHC is exposed to significant interest rate risk as a result of cash and cash equivalents balances, fixed rate and floating rate investments carried at fair value, and floating rate debt.

(a) Fixed income investments:

TCHC is exposed to the risk of fluctuation in the fair value and cash flows from its fixed income investments due to changes in interest rates.

TCHC mainly invests in debt instruments with terms to maturity of one year or less or other short-term fixed income securities and as such has minimal sensitivity to changes in interest rates since these debt instruments have short maturity profiles and are usually held to maturity. For every 1% increase or decrease in the investment rate of return, the investments held by TCHC as at December 31, 2024 would have increased or decreased by $396 (2023 - $383).

TCHC utilizes an investment manager to manage the investment portfolio with the performance of the portfolio being assessed in relation to pre-established benchmarks and the risks associated with the investment portfolio are reviewed on a bi-annual basis by TCHC's Investment Advisory Committee, which reports to TCHC's Building Investment, Finance and Audit Committee.

21. Fair value and risk management (continued):

(b) Floating interest rate risk - short-term borrowing:

As at December 31, 2024, the effect on unrestricted surplus of a 50 basis point absolute change in the market interest rate of the floating rate debt obligations is $297 (2023 - $553).

The risk of increases in the floating interest rate on TCHC's short-term borrowing, if unmitigated, could lead to decreases in cash flow and excess of expenses over revenue. As at December 31, 2024, floating rate debt represented 3.04% (2023 - 5.48%) of total debt obligations.

(ii) Credit risk:

(a) Fixed income credit risk:

TCHC has investments in fixed income securities issued by corporations and government entities. TCHC mitigates the risk by limiting investment portfolio to investments in BBB grade or higher. Also, an investment manager manages the investment portfolio on behalf of TCHC. Their performance and risks associated with the investment portfolio are reviewed on a bi-annual basis by TCHC's Investment Advisory Committee, which reports to TCHC's Building Investment, Finance and Audit Committee based on pre-established benchmark. There are no amounts past due on the fixed income investment portfolio.

(b) Loans receivable credit risk:

Credit risk in the event of non-payment by the development partners is not considered to be significant as agreements outlining repayments are in place and there are no past due balances as at December 31, 2024.

(In thousands of dollars)

21. Fair value and risk management (continued):

(c) Accounts receivable from the City credit risk:

TCHC recorded the long-term receivable from the City in 2001. TCHC and the City mutually agreed to a repayment schedule. The City acknowledges the amount payable. TCHC believes it is not exposed to significant credit risk as a result of non-payment.

(d) Accounts receivable credit risk:

TCHC is exposed to credit risk in the event of non-payment by tenants.

As at December 31, 2024, the total accounts receivable balance is $100,585 (2023- $118,763). The following is the aging of accounts receivable:

	30 days	60 days	90 days	120 days	Over 120 days	Total
Accounts receivable	$ 77,453	$ 8,212	$1,399	$ 181	$ 13,340	$ 100,585

Of the total accounts receivable, $91,509 (2023 - $111,811) is owed to the City and other receivables and $9,076 (2023 - $6,952) is owed to tenant accounts receivable, net of allowance for doubtful accounts.

(iii) Liquidity risk:

Liquidity risk results from TCHC's potential inability to meet its obligations associated with financial liabilities as they come due. TCHC monitors its operations and cash flows to ensure current and future obligations will be met. TCHC has access to an undrawn revolving credit facility of $171,256 to meet its current and future obligations.

(In thousands of dollars)

21. Fair value and risk management (continued):

The table below is a maturity analysis of TCHC's financial liabilities as at December 31, 2024:

				2024	2023
	Up to 1 year	More than 1 year up to 5 years	More than 5 years	Total	Total
Bank loan and bank indebtedness	$ 18,500	$ –	$ –	$ 18,500	$ 110,500
Accounts payable and accrued liabilities	265,998	–	–	265,998	196,478
Tenants' deposits and rents received in advance	18,554	–	–	18,554	15,055
Project financing including interest	147,051	556,683	2,245,949	2,949,683	2,869,411
	$ 450,103	$ 556,683	$ 2,245,949	$ 3,252,735	$ 3,191,444

Key Elements of Financial Impact Section of Annual General Meeting Report (for reporting year 2024)

Summary of operations for the 2024 fiscal year

In 2024, TCHC developed its five-year strategic plan for 2025-2029. Over the next five years, TCHC aims to provide better services, more housing, and a positive impact on neighborhood. Our tenants are at the center of everything we do.

At the end of 2024, TCHC transferred 885 units single family homes to other social housing providers. The remaining 246 units will be transferred as scheduled. TCHC owns and operates over 1,300 buildings, including high-rises, mid-rises, low-rises, townhouses, walk-up apartments, single-family homes, and rooming houses. These buildings include more than 43,500 units. TCHC also owns approximately 14,000 units operated by Toronto Seniors Housing Corporation.

The Facilities Management division successfully completed 100% of TCHC's planned capital work in 2024, delivering on the full $350M capital plan. Some of the highlights are:

- 1,000 projects
- 25,000 work orders

TCHC's Conservation team is making significant progress in fulfilling the commitment to reduce energy consumption by 25% by the end of 2028. The team implemented numerous programs aimed at improving tenant's living experience and working conditions for staff.

TCHC's Development division delivers a multi-year, multi-site revitalization program. Currently, TCHC has four ongoing revitalizations including Regent Park Phases 1, 3 and 4/5, Lawrence Heights Phase 1, Alexandra Park Phase 2, Don Summerville, and three revitalizations in predevelopment including Lawrence Heights Phase 2, Firgrove, and Swansea Mews. In addition to these projects, work also continued on the

TCHC new sites portfolio with a report coming to BIFAC and the Board on next steps in Q4 2025. A few highlights of the projects are:

- Regent Park Phase 4 - Staff completed design development and submitted the Site Plan Application for the first Regent Park Phase 4 building, a 272-unit RGI and Affordable rental project. Construction is scheduled to begin in 2025.
- Regent Park Phase 3 - Construction was completed at 175 Oak Street, the last Regent Park Phase 3 building. Occupancy will begin in April 2025.
- Alexandra Park Phase 2 - Construction continued on Alexandra Park Phase 2A (Sites 1 and 2), consisting of two contiguous buildings featuring a 14-storey condominium tower and a 15-storey rental replacement tower with a mixed-use podium and two levels of underground parking; and two blocks of townhouses, with occupancy in Q1 2026.
- Lawrence Heights Phase 1 - Construction was completed on 71 rental replacement units in Phase 1E and 1FA in Lawrence Heights, and tenants began move-ins in August.
- Don Summerville - Construction continued on schedule on the TCHC and Market buildings, both buildings are expected to be completed in 2025.
- Swansea Mews - The Initial Development Proposal was approved by TCHC's Board for the Swansea Mews community. The IDP outlines key objectives for future development including a preliminary site plan, estimated unit counts, and initial key priorities for redevelopment.
- Tenant Engagement - Across all sites, the Development division had over 4,000 points of direct engagement with tenants who participated in revitalization processes including planning, community development, and economic opportunities.
- Community Economic Development - Over 460 employment, training, scholarship, and business development opportunities were provided to tenants.

2024 Financial Highlights

The 2024 Financial Highlights include a summary of significant assets, liabilities, revenues and expenses and changes in material balances due to/from the City of Toronto or other related parties:

The Statement of Financial Position provides an overview of all resources owned by TCHC, as well as the obligations to stakeholders at the end of the reporting period. Significant assets and liabilities and year-over-year changes are highlighted in Table 1:

Table 1: Statement of Financial Position

Statement of Financial Position	2024	2023	Change	% Change
ASSETS				
Cash	90,885	85,067	5,818	6.8%
Accounts receivable	100,585	118,763	(18,178)	-15.3%
Loans receivable	88,289	74,609	13,680	18.3%
Grants receivable	19,996	22,477	(2,481)	-11.0%
Investments	309,886	264,872	45,014	17.0%
Housing projects acquired or developed	1,807,797	1,756,713	51,084	2.9%
Improvements to housing projects	2,588,356	2,493,164	95,192	3.8%
Other Assets	45,650	47,003	(1,353)	-2.9%
TOTAL ASSETS	**5,051,444**	**4,862,668**	**188,776**	**3.9%**
LIABILITIES				
Bank loan and bank indebtedness	18,500	110,500	(92,000)	-83.3%
Accounts payable and accrued liabilities	265,998	196,478	69,520	35.4%
Asset Retirement Obligation	476,616	479,525	(2,909)	-0.6%
Deferred revenue	61,076	57,966	3,110	5.4%
Employee benefits	65,851	69,188	(3,337)	-4.8%
Deferred capital contributions	1,671,084	1,508,501	162,583	10.8%
Project financing	1,939,797	1,904,203	35,594	1.9%
Other Liabilities	22,569	19,236	3,333	17.3%
TOTAL LIABILITIES	**4,521,491**	**4,345,597**	**175,894**	**4.0%**
NET ASSETS	**529,953**	**517,071**	**12,882**	**2.5%**

Total assets increased by $188.7M compared to 2023 primarily due to:

- $5.8M increase in cash: $85M opening cash balance, $213M operating activities, $218M financing activities, offset by $400M capital outlay and $25M from investment cash outflow, resulting in a yearend cash balance of $91M

- $18.1M decrease in accounts receivable: $24M reduction in the HST receivable due to timing of collection, offset by $3.9M increase in rent receivables and $2.0M in other increases
- $13.6M increase in loans receivable: $12.0M increase in land sale recorded for Region Park Block 1 and $1.6 increase in Don Summerville
- $2.4M decrease in grants receivable: due to timing of collection
- $45.0M increase in investments: includes $9.0M contribution to the sinking fund, $19.0M of unrealized gains from higher fair market value of investments and $17.0M in investment income
- $51.0M increase in housing projects acquired or developed: $105.8M of construction project additions offset by $54.8M in depreciation and disposals
- $95.1M increase in improvements to housing projects: $324.3M of building capital repair additions offset by a $229.2M increase of depreciation
- $1.3M decrease in other assets: $2.3M net reduction in income from joint ventures, $1.7M increase in prepaid expenses resulting from the higher prepaid insurance balance, $0.7M decrease in asset held for sale

Total Liabilities increased by $175.8M primarily driven by:

- $92M decrease in bank loan and bank indebtedness: the City advanced 50% of the State of Good Repair ("SOGR") capital funding each quarter to TCHC which reduced TCHC's reliance on the Line of Credit, reducing the interest savings and the repayment of the Line of Credit
- $69.5M increase in accounts payable and accrued liabilities: $29.7M advance of Q1 2025 funding received from the City, $37.3M increase in development, capital, and utilities accruals, and $2.5M in other increases

- $2.9M decrease in asset retirement obligation: derecognition of liabilities recognized for three demolished TCHC buildings in 2024
- $3.1M increase in deferred revenue: includes $6M of principal and interest subsidy for Regent Park Blocks 16 and 17, offset by $2.4M recognized in the statement of operations and $0.5M in other decreases
- $3.3M decrease in employee benefits: $3M decrease in Workplace Safety and Insurance Board ("WSIB") liability due to fewer active members and $0.3M in other decreases
- $162.5M increase in deferred capital contribution: $256M increase in funding from capital projects including a $136M City SOGR grant, a $88M Canada Mortgage and Housing Corporation ("CMHC") forgivable loan, partially offset by $93.4M increase in amortizations
- $35.6M increase in project financing: $58.3M net new CMHC loans and $41M new loans from Infrastructure Ontario ("IO"), offset by $63.7M in repayments
- $3.3M increase in other liabilities: higher tenant and security deposit received in advance

Net Assets increased due to $19.4M gain from the investment portfolio, partially offset by the $6.5M operating accounting deficit in 2024.

Statement of Operations

Statement of Operations summarizes revenues earned and expenditures incurred in providing social housing services. Table 2 illustrates total revenue and expenses as well as year-over-year changes:

Table 2: Statement of Operation

Statement of Operation	2024	2023	Change	% Change
Subsidies	342,830	292,277	50,553	17.3%
Rent Revenue	394,850	378,627	16,223	4.3%
Amortization of deferred capital contributions	93,101	86,957	6,144	7.1%
Parking, laundry and cable fees	17,959	17,157	802	4.7%
Investment income	26,108	19,198	6,910	36.0%
Gain on sale of housing projects and other capital assets	22,253	56,500	(34,247)	-60.6%
Safe Restart Program	-	25,022	(25,022)	N/A
Plant and Other	21,166	21,023	143	0.7%
Total Revenue	**918,267**	**896,761**	**21,506**	**2.4%**
Operating and maintenance	279,466	267,760	11,706	4.4%
Utilities	134,737	141,006	(6,269)	-4.4%
Depreciation	280,692	267,653	13,039	4.9%
Corporate services	83,547	73,620	9,927	13.5%
Other	146,326	150,036	(3,710)	-2.5%
Total Expense	**924,768**	**900,075**	**24,693**	**2.7%**
Excess of revenue over expenses for the period	**(6,501)**	**(3,314)**	**(3,187)**	**96.2%**

Total revenue increased by $21.5M compared to the prior year mainly driven by:

- $50.5M increase in City operating subsidies: $40M base subsidy increase and $10.5M one-time funding increase
- $16.2M increase in rent revenue:
    - $15.4M increase in residential revenue resulting from the Rent-Geared-to-Income review and rent-controlled market rent increase following the Ontario Ministry of Housing guidelines' increase in 2024; and
    - $0.8M increase in recoveries related to commercial hydro
- $6.1M increase in amortization: recognized as a result of deferred capital contribution
- $0.8M increase in parking, laundry and cable fees: mainly from higher tenant parking revenues

- $6.9M increase in investment income: higher return on Canadian equity and US equity
- $34.2M decrease in gain on sale of housing projects and other capital assets: lower land sale gain of $22.4M and lower joint venture income of $11.8M
- $25.0M decrease in safe restart program: Covid funding was discontinued in 2024

Total expenses increased by $24.6M:

- $11.7M increase in operating and maintenance: $9.3M restoration and containment spend was reclassified to operating expenses resulting from the accounting policy change, $3.7M labor cost increase primarily resulting from annual increase, offset by $1.3M in other decreases.
- $6.3M decrease in utilities: favorable natural gas cost from fewer consumption as result of warmer winter and lower rate
- $13.0M increase in depreciation expense: higher value of assets in use required to be amortized
- $9.9M increase in corporate services: $4.5M increase in labor cost primarily from salary increases, $2.5M increase in Core and Property Insurance, $2.9M increase in Software License Fees, Data Communication, Legal, Consulting & other
- $3.7M decrease in other expenses: $5.7M lower maintenance costs for Swansea Mews, partially offset by $2.0M higher cost from increased false fire alarm volumes

Impacts

The known or anticipated impacts to the City's budget of financial position include updates pertaining to funding support, dividend payments, reserve fund contributions or withdrawals, initiatives or capital project delivery (current and future years).

City's Budget - SOGR Capital Repairs

Though affected by the increasing cost escalations, TCHC continued to deliver the annual SOGR program to address the building repairs backlog and strives to meet the Facility Condition Index ("FCI") target.

Financial Position

TCHC used a line of credit to bridge the cash shortfall resulting from the capital repairs programs and operating needs, which reflected the year-end line of credit balance of $18.5M compared to $110.5M in 2023. In 2024, the City provided TCHC with a quarterly advance payment which improved TCHC's cash flow.

Asset Implications

The implications or concerns to TCHC assets include cash balances and flows, uncollectible receivables, impairment of tangible capital assets, and significant Tangible Capital Asset (“TCA”) additions or disposals (current and future years).

Capital Assets Funding (SOGR and Development Funding)

- *SOGR Capital Funding*: Quarterly reimbursements from CMHC and the City requires TCHC to use the line of credit to fund the capital repairs resulting in higher interest costs. The interest on the line of credit has been reduced as the City has started funding TCHC 50% quarterly in advance and reconcile spend at the end of the year.
- *Development Capital Funding Shortfall:* The City has funded TCHC about $8M for the 2024 in-flight capital project net shortfalls through interim billings. Actual shortfall was $9.4M and will be adjusted in 2025.

Investments

To meet the repayment of the bonds due in 2037 of $250M and 2040 of $200M, TCHC contributes $9M to the sinking fund annually and hired an Outsourced Chief Investment Officer in 2025 to manage TCHC’s investment in order to meet repayment targets.

Liability Implications

The implications or concerns to TCHC liabilities include areas where significant estimates have been applied and any loan payment concerns or financial consequences (current and future years).

Asset Retirement Obligation

The liability for the removal of asbestos and other hazardous material in the TCHC buildings has been initially recognized using the modified retroactive method in 2023. Management will continue to reassess the estimates periodically, and further adjustments may be necessary as additional information becomes available.

Results of 2024 Audit

The 2024 Audit Results include the auditor's opinion, significant findings and/or recommendations and plans to address significant findings and/or recommendations.

A summary of the key audit findings is outlined below:

- KPMG proposes to issue a clean audit opinion or an unqualified Independent Auditor’s Report on the TCHC’s consolidated financial statements for the year ended December 31, 2024.
- There were no control deficiencies nor uncorrected misstatements identified.

Outlook

The future outlook includes any risks, forecasted challenges, impacts of previous/current year commitments on ongoing operations, and how the Corporation's overall outlook may affect the City’s budget in 2025 and subsequent years.

Swansea site maintenance costs are expected to continue until demolition permit is approved. The demolition expense as well as the rebuild costs will require the insurer to assess the claim.

The 2023 Ernest & Young (“E&Y”) strategic financial sustainability plan includes the roadmap with financial implications and resources estimation. E&Y’s findings and recommendations included key areas of focus as follows:

- To maintain the current service levels, TCHC requires approx. $1.9B in additional funding for operating needs and Development Capital projects over the next 10 years.
- At expected funding levels, FCI is projected to worsen post CMHC funding in 2027. Despite the continued investment of $1.8B in City funding to SOGR projects, the accumulated backlog is anticipated to increase from $1.7B (or 13.4% of total asset value) in 2024 to $2.5B by 2034, representing 14.4% of the total replacement value estimated to be $17.B by 2034

- Implementation of the efficiency opportunities to address long-term financial precarity resulting for structural challenges, misaligned funding, inflationary pressures, cost increases and an evolving operating environment.
- Recognition that despite the ongoing investment from the City, the limited ability to increase revenues requires ongoing city subsidy support and organization-wide cost optimization measures.
- Continued pressure to address increasing complexity in housing and support needs of the tenants by advancing opportunities which ensure services are delivered effectively, efficiently, compassionately and enable tenants to maintain successful tenancies in health and vibrant communities.

The ongoing dialogue with alternate funders and the City will be required to address the forward outlook along with the need to further efficiencies from within.