

Toronto Seniors Housing Corporation

Audit, Finance and Risk Committee (AFRC) Meeting Agenda

Date: Tuesday, September 3, 2024

Time: 3:30 pm to 5:00 pm

Location: WebEx and Livestream

Item	Time	Description	Action	Type of Item	Presenter
1.	3:30 pm 2 min	Chair's Remarks	Information	N/A	Chair
2.	3:32 pm 2 min	Land and African Ancestral Acknowledgements	N/A	N/A	Chair
3.	3:34 pm 1 min	Approval of Public Meeting Agenda	Approval	Agenda	Chair
4.	3:35 pm 1 min	Chair's Poll re: Conflict of Interest	Declaration	N/A	Chair
5.	3:36 pm 1 min	Approval of Public Session Minutes of AFR Committee Meeting of June 12, 2024	Approval	Minutes	Chair
6.	3:37 pm 1 min	Approval of Closed Session Minutes of AFR Committee Meeting of June 12, 2024	Approval	Minutes	Chair
7.	3:38 pm 1 min	Action Item Review	Information	List	Chair
8.	3:39 pm 5 min	CEO Update	Information	Verbal Report	Tom Hunter
9.	3:44 pm 10 min	Enterprise Risk Management Framework and Plan	Information	Report	Grant Coffey
10.	3:54 pm 15 min	2025 Budget Update	Information	Report	Vince Truong

Item	Time	Description	Action	Type of Item	Presenter
11.	4:09 pm 10 min	July YTD 2024 Financial Results	Information	Report	Vince Truong
12.	4:19 pm 3 min	Procurement Post Purchase Approval Requests	Information	Report	Vince Truong
13.	4:22 pm 1 min	Motion to move into Closed Session	Approval	N/A	Chair
14.	4:23 pm 1 min	<i>Confidential report dealing with matters that are not required to be disclosed under the Municipal Freedom of Information and Protection of Privacy Act, including but not limited to personal matters about identifiable individuals, a proposed or pending transaction with a third party, and recommendations of proposed policy or processes</i>	Approval	N/A	Chair
15.	4:24 pm 2 min		Information	Report	Vince Truong
16.	4:26 pm 10 min		Information	Report	Vince Truong
17.	4:36 pm 20 min		Information	Report	Vince Truong
18.	4:56 pm 1 min		Approval	N/A	Chair
19.	4:57 pm 1 min		Adjournment	Approval	N/A

Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting
Public Minutes

[View Live Stream Video Part 1 here](#)

[View Live Stream Video Part 2 here](#)

Draft Minutes

The Audit, Finance and Risk Committee (AFRC) of the TSHC Board held its meeting on Wednesday, June 12,, 2024, at 4:00pm via WebEx video conference. This meeting was livestreamed.

Members in attendance:

Lawrence D’Souza, Chair
Fareed Amin
Brenda Parris
Warren Law
Maureen Cholley
Jim Meeks
Councillor Vincent Crisanti

TSHC staff present:

Tom Hunter, *Chief Executive Officer*
Grant Coffey, *Director, Strategy and Business Management*
Vince Truong, *Interim Finance Lead*
Carol Francis, *Director, People & Culture*
Arlene Howells, *Director, Engagement, Partnerships and Communications (I)*
Brad Priggen, *Director, Operations*
Helen Liu, *Senior Financial Analyst*
Karyn Bawden, *EA and Board Secretary*
Liz Dizig, *EA to CEO (I)*
Fatima Mahmood, *EA*

Item 1: Chair’s remarks

The Chair welcomed the participating Board members and the leadership team, as well as the virtual audience and thanked them for joining us. He acknowledged Eid al Adha coming up which is an important event in the Islamic Calendar.

The chair noted that the Agenda will focus on the Q1 and April 2024 Financial Result as well as a Financial Update. He also noted that there will be a short Closed Session after the Financial Update.

Item 2: Land and African ancestral acknowledgements

The Chair began with Land and African ancestral acknowledgements.

Item 3: Approval of public meeting Agenda

The Chair asked for a motion to approve the Public Agenda of June 12th 2024 as presented.

Moved: Maureen Cholsey

Seconded: Brenda Parris

With All in favour, it was resolved that the Public Agenda of June 12th, 2024, was approved as presented with the amendment of the timing CARRIED

Item 4: Chair’s poll re: conflict of interest

The Chair asked the members of the Committee whether they were in conflict of interest with any agenda item. With no conflicts of interest being declared, the Chair continued to next Action Item.

Item 5: Approval of public minutes of AFRC meeting of April 4, 2024

The Chair asked if there were there any edits or changes to the public meeting Minutes of April 4, 2024, being none, the Chair asked for a motion to approve the public meeting Minutes of June 12, 2024 as presented.

Moved: Maureen Cholsey

Seconded: Jim Meeks

With All in favour, it was resolved that the public meeting Minutes of April 4, 2024, was approved as presented CARRIED

Item 6: Approval of closed session minutes of AFRC meeting of April 4, 2024

The Chair asked if there were there any edits or changes to the Closed Session meeting Minutes of April 4, 2024, being none, the Chair asked for a motion to approve the Closed Session meeting Minutes of April 4, 2024 as presented.

Moved: Fareed Amin

Seconded: Brenda Parris

With All in favour, it was resolved that the Closed Session meeting minutes of April 4, 2024, were approved as presented CARRIED

Item 7: Action item review

The committee reviewed the action item list and the status of the items. With no further action items discussed, and the Committee satisfied, the Chair proceeded to next Agenda Item.

Item 8: CEO Update

At the Chair's invitation, Mr. Hunter gave his CEO Update focusing on:

- TSHC's final stages of completing a procurement to bring on resources to support the development of an Enterprise Risk Management Framework, complete an assessment and support the development of a risk policy and risk mitigation plan. (noting: pending the outcome of the procurement, the work is planned to be completed in Q3/Q4 of 2024.)
- 2025 Budget process and that more details are becoming available, with a potential accelerated schedule. Also, Mr. Hunter noted that Mr. Truong will be providing more information later on the Agenda

Ms. Parris noted that this year the Board would like to receive the Budget much earlier than last year. With that, the Chair moved on to the next Agenda item.

Item 9: Q1 & April 2024 Financial Result

Through the Chair, Vince Truong presented the Q1 & April 2024 Financial Result, noting:

- Operating expenses of \$14,298,139 on total revenue of \$12,637,745 for an Excess of Revenue over Expenses of (-\$1,662,539), including amortization expense.
- Excess of revenue over expenses for the first 4 months included three major factors affecting the outcome of the result
- Revenue for the 4 months was \$12,637,745 composed of \$12,588,739 from Toronto Community Housing Corporation (TCHC) for TSHC's rental units (revenue less expense estimate per the Transition Agreement).
- TSHC incurred operating expense of \$14,300,284 including amortization expense.
- Salaries and benefits were higher than budget by \$778,054 as result of increasing additional staff health benefit reserve outlined by the benefit provider
- Shared services with TCHC were lower by \$608,034, noting the non-recoverable HST cost was not budgeted, and the overall cost was lower than budgeted of \$551,270.
- Professional and legal services were lower than budget by \$84,927
- Other miscellaneous costs were lower by \$81,477

The Chair thanked Mr. Truong and carried on to the next Agenda Item.

Item 10: Financial Update

Through the Chair, Mr. Truong presented the Financial Update, highlighting:

- 2025 Budget
- 2024 Cashflow Forecast
- Letter of Guarantee – City of Toronto

The Chair thanked Mr. Truong for the Update and moved on to the next Agenda item.

Item 12: Approval to Move into Closed Session

The Chair asked for a motion to approve the meeting move into Closed Session

Moved: Jim Meeks

Seconded: Brenda Parris

With all in favour, it was resolved that the Public meeting be terminated and move into the Closed Session CARRIED

The meeting went into Closed Session

Item 15: Motions to Approve Closed Session Decisions

Upon return, the Chair noted there were no motions to approve and carried on to last Agenda Item.

Item 16: Adjournment

The Chair thanked the Board and Committee members, staff and the online attendees and asked for a motion to adjourn the meeting.

Moved: Fareed Amin

Seconded: Jim Meeks

With all in favour, it was resolved that the meeting terminate CARRIED

Lawrence D’Souza, Chair
Audit, Finance and Risk Committee

**Toronto Seniors Housing Corporation
Audit, Finance and Risk Committee**

**Action Items List as of
May 2024**

	Meeting Arising From	Description	Resp.	Status
1.	January 31, 2024	Staff to consult with TCHC on Environmental Renewal and Plan.	Grant Coffey	In Progress
2.	January 31, 2024	Bring forward an overview of revitalization plans in the 2024 budget including net new potential housing for seniors.	Grant Coffey	In progress

Action Items Completed				
	Meeting Arising From	Description	Resp.	Status
1.	January 31, 2024	Staff to provide an update regarding the discussions about the allocation and the Lease Agreement.	Grant Coffey	Completed
2.	January 31, 2024	Staff will provide an update on the Letter of Guarantee and the Line of Credit to this Committee once we have more information.	Vince Truong	Completed
3.	November 28, 2023	Going forward quarterly adjustments be recorded in TSHC books the two entries - revenues and expenses.	Vince Truong	Completed
4.	November 28, 2023	Staff to review the agreement contract and confirm that TSHC is to receive the surplus after the first year.	Vince Truong	Completed
5.	November 28, 2023	Provide Committee with a consolidated list of items that fall under the category 'other costs' as indicated in the Statement of Operations.	Vince Truong	Completed
6.	September 28, 2023	Bring to Committee a presentation on building emergency procedures.	Brad Priggen	Completed

Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: September 3, 2024

Item Number: 09

Topic: Update on the Enterprise Risk Management Framework

To: Audit, Finance, and Risk Committee

From: Grant Coffey, Director of Strategy and Business Management

Date of Report: August 14, 2024

Purpose: For information

Recommendation:

It is recommended that the Audit, Finance, and Risk Committee (the “AFRC”) receive this report for information.

Reason for Recommendation:

As noted previously at AFRC and as included in the TSHC 2023-2025 Strategic Directions, TSHC is undertaking an initiative to develop an Enterprise Risk Management Framework. TSHC began the Procurement process to retain professional services for this in Q1 2024 and in Q3 2024 a contract was awarded to MNP LLP, a consulting firm with one of the largest multidisciplinary risk management teams. TSHC has also included the development of a Business Continuity Plan as an optional element, subject to further consideration.

MNP LLP has been assigned the task of establishing an Enterprise Risk Management (ERM) Framework, formulating an ERM Policy, conducting

an initial ERM assessment, and documenting mitigation strategies and actions.

Project Plan

MNP has developed a detailed project plan that outlines key deliverables and completion date timelines.

ERM Policy

MNP has drafted an ERM Policy and is currently with TSHC staff for review. TSHC management plans to bring this to the October 2, 2024, AFRC for approval consideration to move forward to Board.

ERM Framework

MNP will be developing an ERM framework and tools for TSHC. MNP has begun its consultation sessions for the ERM Framework with staff members and key stakeholders and aims to complete consultation sessions for the ERM Framework by the end of September 2024. The ERM Framework will contain a suite of policies, procedures, tools, and training that support ERM within TSHC. The ERM Framework will also be included as an appendix to the ERM Policy. MNP aims to validate and finalize the ERM Framework and supporting tools by mid-October 2024.

Initial Risk Assessment

A risk assessment is the overall process of risk identification, risk analysis, and risk evaluation. MNP will be facilitating working sessions in October and November 2024 with TSHC staff and key subject-matter-experts to validate TSHC's draft Risk Register. A Risk Register is a listing of strategic risks with their likelihood and impact assessed. After the consultation sessions, MNP will collate

and analyze the information, document the draft risk mitigation and metrics in the Risk Register, and validate the Risk Register with the leadership team. MNP aims to complete this by December 2024.

The completed ERM Framework is scheduled to be presented to the AFRC in Q1 2025, and the optional development of a Business Continuity Plan will be considered further in 2025.

Grant Coffey

Director, Strategy and Business Management

Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: September 3, 2024

Item Number: 10

Topic: 2025 Budget Update

To: Audit, Finance, and Risk Committee

From: Vince Truong, Finance Lead (I)

Date of Report: September 3, 2024

Purpose: The purpose of this report is to provide an update on financial matters.

Recommendation:

It is recommended that the AFRC receive this report for information.

Reason for Recommendation:

The City has given a due date of September 10, 2024 for the 2025 initial budget submission for Toronto Seniors Housing Corporation (TSHC) as a stand-alone budget. This will allow some degree of flexibility and autonomy after 2 years of submitting a consolidated budget with Toronto Community Housing Corporation (TCHC). Also, the City conveyed the intent that the subsidy will be provided directly to TSHC.

A preliminary 2025 budget has been prepared and reflects the following:

- Discussions with Directors, Managers and staff
- Request for additional staff to support tenant-facing operations and corporate requirements
- Maintaining existing services
- Consideration of key cost drivers such as inflation
- Negotiations of Collective Agreements

Both the City and TSHC are expected to face significant budget pressure with the 2025 Budget. TSHC will continue work to further develop the budget with a focus on key priorities and to manage expectations.

TSHC will continue to focus on supporting the 2023-2025 Strategic Directions. In early August, TSHC held two virtual tenant consultation sessions. In these sessions, TSHC received valuable input on some of the tenant priorities, including building security, additional staff support, and mental health and programming support. Similarly, TSHC will be discussing the upcoming budget with the Senior Tenant Advisory Committee (STAC).

Over the past month, there has been ongoing conversations with TCHC and the City. TCHC will be providing the budget line items that TCHC currently manages, and the process will remain similar to past years. The Budget Allocation process, whereby the appropriate transfer of costs between the two organizations were outlined in the original Transition Agreement and the Service Delivery Agreement, remains a work in progress. To date, the one item of Bad Debt has been resolved; however, it is unlikely that the other 6 allocations will be resolved in this budget cycle (i.e. Mortgage Principal and Interest, Community Safety, Insurance, Facilities Management, Business Operations Call Centre, and the Administrative Fee).

Below are the key dates due to the City of Toronto 2025 Budgeting Process:

- Administrative Reviews – Oct. 1 – 31, 2024
- Informal Budget Committee Reviews – Mid October to Mid November, 2024
- Target Final 2025 City Financial Planning Budget Decision – Wednesday November 27, 2024
- Final 2025 Budget Note to City Financial Planning Division – Nov/Dec 2024
- City Budget Committee reviews –January 2025 (TBD)
- Council Budget Review and Approval – February 2025 (TBD)

The Board and AFRC will be updated regularly on major and material items being discussed in these meetings. The Board is expected to approve the 2025 Budget on either December 11 or 16, 2024, depending on time and agenda material and City Budget decisions.

Name: Vince Truong

Title: Finance Lead (I)

List of Attachment:

None

Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: September 3, 2024

Item Number: 11

Topic: TSHC Financial Result

To: Audit, Finance, and Risk Committee

From: Vince Truong, Finance Lead (I)

Date of Report: Sept 3, 2024

Purpose: The purpose of this report is to provide an update on financial matters.

Recommendation:

It is recommended that the AFRC receive this report for information.

Reason for Recommendation:

Please see the Statement of Operations (Attachment 1).

Through July 31, 2024, TSHC incurred operating expenses of \$26,674,632 on total revenue of \$28,567,218 for an excess of revenue over expenses of \$1,888,833 including amortization expense.

The excess of revenue over expenses for the first 7 months included these factors:

- Q2 surplus arising from the TCHC-TSHC reconciliation, which had a net positive effect of \$5,548,299 (revenue of \$4,723,668 and Service Delivery Agreement (SDA) expenses of \$824,631).

- Higher than expected Salary and Benefit costs (-\$1,652,166), Post-retirement Benefit, and salary band adjustment contingency, resulting in a better than expected outcome versus budget by \$4,293,950.

Revenue for the 7 months was \$28,567,218 composed of \$28,442,514 from TCHC for TSHC's rental units (revenue less expense estimate per the Transition Agreement). This includes \$4,723,668 recognised as the surplus revenue from the Quarter 2 TCHC-TSHC reconciliation. Interest income earned on bank balances accounted for \$114,704 and miscellaneous income of \$10,000 earned as a result of compensation from a contractor for work at a TSHC operated building.

TSHC incurred operating expenses of \$26,678,385 including amortization expense. Expenses incurred were for staff compensation and benefits, legal and professional services and other third-party vendors, insurance, other miscellaneous costs, and shared services paid to TCHC as per the SDA.

Salaries and benefits were higher than budget by \$1,652,166 as result of increasing the staff health benefit reserve outlined by the benefit provider, lower than expected vacancy rate versus budgeted, payout of unused vacation from prior years, adjustment to the post-retirement benefit accrual, and salary band adjustment contingency.

Shared services with TCHC were lower by \$824,631, however, including the non-recoverable HST cost that was not budgeted, the overall cost was lower than budgeted by \$724,396.

Professional and legal services were lower than budget by \$205,944 mainly due to timing difference on the spends. Other miscellaneous costs were lower by \$189,259 due to lower than expected spend in tenant translations, staff training and development, office related expenses such as printing, and tenant engagement and staff meetings, which are expected to be used up by the end of the year.

Please see the Statement of Financial Position (Attachment 2):

1. Cash – \$1,468,269
2. Accounts Receivable - \$14,546
3. Due from TCHC (Short -Term) - \$7,564,455
4. Prepaid expenses - \$188,041
5. Due from TCHC (Long-Term) - \$4,180,700
6. Fixed Asset (Equipment), net - \$15,550
7. Accounts payable - \$3,028,423
8. Due to TCHC - \$2,114,523
9. Employee Benefits (Post Retirement Benefits) - \$5,968,892

The cash balance represents the bank balance as of July 31, 2024.

The Accounts Receivable balance consisted of interest receivable from the bank.

Prepaid expense is the balance of the annual insurance paid in November 2023. This will be drawdown at the end of October 2024.

Due from TCHC (Short-Term) included the deficit identified from the 2023 year-end and Q2 2024 TCHC-TSHC Reconciliation process of \$2,016,156 and \$5,548,299 respectively.

Due from TCHC is the long-term receivable for the Post Retirement Obligations transferred as of June 1, 2022 of \$4,180,700.

Due to TCHC included the 2022 surplus from TSHC of \$1,631,409, and miscellaneous payable of \$483,114.

The Accounts Payable balance comprises of July activity that has been processed through the bank in August. The balance includes:

- Payroll - \$2,200,113
- Pension and Benefits - \$589,869
- Vendor Payables - \$238,441

Name: Vince Truong

Title: Finance Lead (I)

List of Attachments:

- 1. TSHC July 2024 Financial Result - Statement of Operations**
- 2. TSHC July 2024 Financial Result - Statement of Financial Position**

Toronto Seniors Housing Corporation
Statement of Operations
7 Months to July 31, 2024

STATEMENT OF OPERATIONS	Year to Date Result			Annual		
	Actual	Budget	Variance Actual Vs Budget	2024 Forecast	2024 Budget	Variance Forecast Vs Budget
Revenue						
Revenue from TCHC	23,718,846	23,718,846	0	40,660,881	40,660,881	-
TCHC-TSHC Reconciliation	4,723,668	-	4,723,668	5,815,376	-	5,815,376
Interest income	114,704	46,667	68,037	173,704	80,000	93,704
Other Income	10,000	-	10,000	10,000	-	10,000
Total Revenue	28,567,218	23,765,513	4,801,705	46,659,961	40,740,881	5,919,080
Expenses						
Salaries and Benefits	19,861,644	18,209,478	(1,652,166)	33,688,213	31,175,867	(2,512,346)
Legal and Professional Services	98,041	303,985	205,944	500,845	626,998	126,153
Insurance	438,762	446,075	7,313	752,163	764,700	12,537
Other Miscellaneous Costs	356,441	545,700	189,259	981,724	1,044,418	62,694
SDA - Shared Services with TCHC	5,919,744	6,644,140	724,396	10,396,978	11,389,955	992,977
Total Expenses	26,674,632	26,149,378	(525,254)	46,319,923	45,001,938	(1,317,985)
Amortization charge	3,753	21,252	17,499	11,434	36,432	24,998
Excess of Revenue over Expenses	1,888,833	(2,405,117)	4,293,950	328,604	(4,297,489)	4,626,093

Toronto Seniors Housing Corporation
Statement of Financial Position
As of July 31, 2024

Assets

Current Assets:

Cash	1,468,269
Accounts receivable	14,546
Due from TCHC	7,564,455
Due from the City of Toronto	-
Prepaid expenses	188,041
	<u>9,235,312</u>

Capital assets - Equipment	25,738
Less: Depreciation	(10,188)
Capital assets	<u>15,550</u>

Due from TCHC	4,180,700
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Total Assets	<u><u>13,431,562</u></u>
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Liabilities & Net Assets

Current Liabilities:

Accounts payable and accrued liabilities	3,028,423
Due to TCHC	2,114,523
Due to the City of Toronto	-
	<u>5,142,946</u>

Employee Benefits	5,968,892
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Net Assets

Unrestricted (Deficit)/Surplus	2,319,724
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Total Liabilities & Net Assets	<u><u>13,431,562</u></u>
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Toronto Seniors Housing Corporation
Audit, Finance, and Risk Committee (AFRC) Meeting

Meeting Date: September 3, 2024

Item Number: 12

Topic: Procurement Post Purchase Approval Requests (PPAR) Public

To: Audit, Finance, and Risk Committee

From: Vince Truong, Finance Lead (I)

Date of Report: September 3, 2024

Purpose:

The purpose of this report is to provide an update on procurement related financial matters.

Recommendation:

It is recommended that the AFRC receive this report for information.

Reason for Recommendation:

As outlined in the Accounts Payable Policy, any Post Purchase Approval Request or PPAR requires the purchases to be reported to the Audit, Finance and Risk Committee.

The attached document contained four (4) purchases that were made in 2024 without a Purchase Order (PO) with a combined amount of \$40,500 consisting of two purchases for actuarial work as part of the

year end audit through Mercer Canada and Telus Health, KPMG for professional services, and Levitt Di Lella Duggan & Chaplick for legal representation.

Please refer to the attached for further information including description, amount, and date of the transactions.

The report will be provided to AFRC moving forward through a quarterly reporting or semi-annual reporting basis based on volume of the transactions.

Name: Vince Truong

Title: Finance Lead (I)

List of Attachment:

Q2 Procurement Post Purchase Approval Requests (PPAR) Public

Q2 YTD - Post Purchase Approval Requests (PPAR)				
<i>Invoices received that do not have a valid PO number will require a PPAR form completed by the employee who had requested the good/service, and approved by the Reporting Manager and Business Unit Director.</i>				
Item	Vendor	Goods/Services Description	Date	Amount
1	KPMG	Professional services	4/8/2024	\$ 17,500.00
2	Levitt Di Lella Duggan & Chaplick	Legal representation at Landlord and Tenant Board Hearing	4/16/2024	\$ 3,000.00
3	Mercer Canada	Actuarial and Consulting Services provided from 12/01/2023 to 03/31/2024.	4/30/2024	\$ 13,000.00
4	Telus Health	Full Valuation and financial reporting of TSHC's SERP as at 12/31/2023	5/1/2024	\$ 7,000.00