



Toronto Lands Corporation (TLC) Audit and Finance Committee Meeting

Committee Members: Payman Berjis, John Filion, Shelley Laskin, Zakir Patel and Stacey Zucker.

26 September 2023

In-Person: TLC Office

60 St Clair Ave E. Suite 201

Toronto, ON, M4T 1N5

Virtual: Microsoft Teams



Agenda - Toronto Lands Corporation (TLC) Audit and Finance Committee Meeting

PUBLIC AGENDA

Call to Order & Confirmation of Quorum

[R. Glenn](#)

Land Acknowledgement

[R. Glenn](#)

We acknowledge we are hosted on the lands of the Mississaugas of the Anishinaabe, the Haudenosaunee Confederacy and the Wendat. We also recognize the enduring presence of all First Nations, Métis and the Inuit peoples.

Election of Committee Chair

[R. Glenn](#)

Election of a Committee Chair for the Audit and Finance Committee meeting on September 26, 2023.

Declaration of Conflict of Interest under the Municipal Conflict of Interest Act and the Ontario Business Corporation Act

[Chair](#)

Approval of the Agenda/Other Business

[Chair](#)

For Approval

Approval of the Minutes of the Audit and Finance Committee

[Chair](#)

Approval of minutes of the meeting of the Audit and Finance Committee on May 11, 2023.

For Approval

Items for Approval

[Chair](#)

For Approval

Audit and Finance Committee Terms of Reference Review (2023-09-049)

[T. Raponi](#)

For Approval

Items for Information

[Chair](#)

For Information

Toronto District School Board 2024-2025 Budget Schedule Update (2023-09-046)

[R. Glenn](#)

For Information

Toronto Lands Corporation 2022-23 and 2023-24 Operating Budgets (2023-09-047)

[R. Glenn/ G. Kralidis](#)

For Information

Resolution Into Closed Session

[Chair](#)

To consider matters under section 207(2)[a] and [c] of the Education Act.

For Approval

Termination of Meeting

[Chair](#)

For Approval

**TORONTO LANDS CORPORATION
60 ST. CLAIR AVENUE EAST
TORONTO, ONTARIO**

**MINUTES OF THE AUDIT AND FINANCE COMMITTEE MEETING
HELD VIRTUALLY VIA ZOOM
TORONTO, ONTARIO**

MAY 11, 2023, 5:30 PM

COMMITTEE MEMBERS

Shelley Laskin	Trustee Director
Stacey Zucker	TDSB Staff Appointee Director, Chair
Zakir Patel	Trustee Director (Regrets)

TLC STAFF

Daryl Sage	Chief Executive Officer
Ryan Glenn	Director of Real Estate and Leasing & Strategic Partnerships
George Kralidis	Head of People and Culture
Ernesto Soliman	Policy Advisor

GUESTS

Dennis Hastings	Trustee Director
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1. Call to Order & Confirmation of Quorum

There being a quorum present, and the Directors having been given adequate and proper notice of the meeting, the meeting was called to order at 5:30 PM (EST).

2. Selection of the Committee Chair

S. Zucker was selected by the members present to chair the Audit and Finance Committee meeting.

3. Land Acknowledgement

S. Zucker (Committee Chair) read the following Land Acknowledgement:

We acknowledge we are hosted on the lands of the Mississaugas of the Anishinaabe, the Haudenosaunee Confederacy and the Wendat. We also recognize the enduring presence of all First Nations, Métis, and the Inuit peoples.

4. Declaration of Conflict of Interest under the Municipal Conflict of Interest Act and the Ontario Business Corporation Act

No conflicts of interest were declared.

5. Approval of the Agenda/Other Business

No corrections or amendments to the agenda.

On a motion duly made by S. Laskin and seconded by S. Zucker, it was resolved to approve the agenda.

The motion was carried.

6. Approval of Minutes of the Audit and Finance Committee

The minutes of the Audit and Finance Committee meeting last April 13, 2023 were before the Committee. There were no errors or omissions.

Moved by: Shelley Laskin
Seconded by: Stacey Zucker

The motion was carried.

7. Items for Approval

The Committee had for its consideration the following report:

a. Contract Awards for TLC Vendors of Record for Legal Services (Rpt #2023-05-033)

The report, presented by a TLC staff, identified the legal firms that will be awarded with a five-year Vendor of Record contract with TLC to provide professional services for Land Use Planning, Real Estate & Leasing, Labour & Employment, and Corporate & Business Affairs.

Moved by: Shelley Laskin
Seconded by: Stacey Zucker

The motion was carried.

8. Termination of the Meeting

On a motion duly made by S. Laskin and seconded by S. Zucker, the meeting terminated at 5:45 PM.

ACTION ITEM

Audit and Finance Committee Terms of Reference Review

To: Audit and Finance Committee

Date: September 26, 2023

RECOMMENDATION

It is recommended that the revisions to the Audit and Finance Committee Terms of Reference, as discussed and agreed upon at the September 26, 2023 meeting of the Audit and Finance Committee, be approved.

EXECUTIVE SUMMARY

On September 14, 2023, the TLC Board of Directors adopted a bylaw review implementation plan, including a review of the terms of reference for each committee of the Board. The terms of reference for the Audit and Finance Committee are presented in Appendix A for discussion at this time.

The terms of reference will be reviewed concurrently with the board bylaws. Committee members are asked to provide comments and/or revisions to staff at the September 26, 2023 Audit and Finance Committee meeting.

STRATEGIC GOAL AND ANNUAL PLAN DIRECTIONS

TDSB Strategic Plan

Goal: (include all that apply)

- [Create a Culture for Student and Staff Well-Being](#)
- [Build Strong Relationships and Partnerships with School Communities to Support Student Learning and Well-Being](#)

TLC Strategic Plan

Goal: (include all that apply)

- [To be a highly functioning organization successfully aligning TLC's & TDSB Missions and the Shareholder's Direction](#)

DUE DILIGENCE *(Select all that apply)*

Finance & Audit Committee

- | | |
|--|--|
| <input type="checkbox"/> Consultation with TDSB Executive and/or Finance | <input type="checkbox"/> Retain accountants or other professional advisors |
| <input type="checkbox"/> TDSB Review and Agreement | <input type="checkbox"/> Retain outside legal counsel |
| <input checked="" type="checkbox"/> Review agenda and materials with Committee Chair | <input type="checkbox"/> Professional review and advice |
| <input type="checkbox"/> Other: | |

FINANCIAL IMPLICATIONS

N/A

ACTION PLAN AND ASSOCIATED TIMELINES

Recommended revisions to the Audit and Finance Committee Terms of Reference will be presented to the TLC Board of Directors on October 19, 2023 for approval.

TLC AND TDSB BOARD POLICY AND PROCEDURE REFERENCE(S)

- Shareholder's Direction

APPENDIX

- **Appendix A:** Audit and Finance Committee Terms of Reference

FROM:

Tyler Raponi, Head of Corporate Accountability and Governance (A), Toronto Lands Corporation, at traponi.tlc@tdsb.on.ca

TORONTO LANDS CORPORATION
(the "Corporation")

TERMS OF REFERENCE FOR THE AUDIT & FINANCE COMMITTEE

(Adopted by the Board November 26, 2020)

1. Purpose

The Audit & Finance Committee (the "Committee") is a committee of the Board of Directors (the "Board") of the Corporation. This committee fulfils certain requirements of the Shareholder's Direction (the "Shareholder's Direction") with the Toronto District School Board ("TDSB") as amended and restated on November 28, 2018.

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial planning and reporting processes, the system of internal controls, risk management, financial monitoring, the audit processes, and the annual financial audit.

2. Authority

The Committee is authorized to:

- Conduct or authorize investigations into any matters within its terms of reference.
- Retain, at the Corporation's expense, outside legal counsel, accountants or other professional advisors as the Committee deems necessary, in consultation with the Chair of the Board, on matters within its terms of reference.
- Seek any information it requires from any officers of the Corporation and external parties, including the external auditor and outside counsel, who are directed to co-operate with the Committee's requests.
- Pre-approve all auditing and permitted non-audit services performed by the Corporation's external auditor

3. Composition

3.1. The Committee shall consist of three to five members of the Board.

3.2. Members of the Committee shall be appointed by the Board from the members of the Board, to include at least one Trustee Director. Members of

the Committee shall serve until their successors are duly appointed or until the member resigns, is removed or ceases to be a member of the Board. Any member may be removed at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

- 3.3. The Committee will select its Chair (the "Chair"), from among the Citizen Directors serving on the Committee. If the Chair is unavailable or unable to attend a meeting of the Committee, the Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen by a majority of the members of the Committee present to preside over the meeting. The Chair presiding at any meeting of the Committee shall not have a second casting vote.
- 3.4. All members of the Committee shall be independent, as determined by the Board. An individual is independent if he or she has no direct or indirect interest or any business or other relationship which would reasonably be expected to materially interfere with the exercise of independent judgment.
- 3.5. All members of the Committee shall be financially literate, as determined by the Board. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

4. Meetings

- 4.1. The Committee shall meet a minimum of four times per year, with authority to convene additional meetings as circumstances require. Meetings shall be held at the request of the Chair or any 2 members of the Committee, or at the request of the Chair of the Board, the Chief Executive Officer or the external auditor.
- 4.2. Notice of the time and place of each meeting may be given orally, in writing, or by electronic means to each member of the Committee at least 24 hours prior to the time of the meeting. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.
- 4.3. All Committee members are expected to attend each meeting. Committee members may participate in any meeting by means of a telephonic, electronic or other communication facility and a member participating by such means is

deemed to be present at the meeting. Meetings or voting may be conducted electronically consistent with the Corporation's approved policies.

- 4.4. A majority of Committee members constitutes a quorum of the Committee. If no quorum exists only by reason of conflict of interest, the remaining members shall be deemed to constitute a quorum.
- 4.5. The Chief Executive Officer is expected to be available to attend meetings but shall not be a member of the Committee. The Chief Financial Officer of the Corporation, if there is one, or if not, the person who performs the role of Chief Financial Officer of the Corporation, is expected to be available to attend all meetings but shall not be a member of the Committee. Pursuant to the Shareholder's Direction, the Director of Education or any person appointed by the Director of Education shall be entitled to receive notice of, and to attend, meetings but shall not be a member of the Committee. The Committee may, by specific invitation, have other resource persons in attendance. The Committee shall have the right to determine who may be present at any time during a meeting of the Committee. Members of the Board, who are not members of the Committee, may attend Committee meetings on an ad hoc basis upon prior consultation and approval by the Chair or by a majority of the Committee. The Committee or the Chair may meet in camera with the external auditor to discuss any matters that the Committee or the auditor desires to discuss privately.
- 4.6. The Committee shall appoint a secretary who shall take minutes of each meeting. Minutes of Committee meetings shall be sent to all Committee members. The Board shall be kept informed of the Committee's activities, findings, conclusions and recommendations by a report at the first Board meeting following each Committee meeting.

5. Responsibilities

The Committee shall carry out the following responsibilities:

5.1. Financial Statements and Reports

- Review and advise the Board on the annual and interim financial statements of the Corporation, including significant accounting and reporting issues, complex or unusual transactions and significant judgmental areas.
- Review regular reports from management and legal counsel regarding financial, risk management and legal compliance matters.
- Review and advise the Board on the Annual Report required under the Shareholder's Direction.

- Review with management and the external auditor the results of the annual financial audit, including any significant accounting and reporting issues and any subsequent follow-up.
- Review, approve and recommend for Board approval the annual audited financial statements and any certification, report, opinion or review rendered by the external auditor.

5.2. Internal Controls

- Meet with management to assess the adequacy, efficiency and effectiveness of the internal control systems.
- Review reports on any significant litigation and regulatory compliance matters.
- Ensure that the Corporation has established a process to investigate complaints related to issues of integrity and conduct in financial reporting or other matters. As part of this process, the Chief Executive Officer will report to the Committee on any allegations and related actions relating to the Corporation's internal complaints policy.

5.3. Risk Management

- Annually review and recommend for Board approval the Corporation's funding, and risk management policies, to ensure that appropriate financial risk and performance management governance structure, processes, measures, controls and limits are in place.
- Review periodic financial and risk management reports to assess risks and ensure compliance with the Corporation's policies.
- Review the Corporation's risk management reporting to ensure appropriate identification, assessment and mitigation of the Corporation's principal risks and opportunities within the Corporation's strategic planning process.
- Ensure that the Corporation has in place an effective risk management compliance function, and periodically review compliance reporting to ensure the effective implementation of the Corporation's financial controls and processes.

5.4. Internal Audit

- Review annually the adequacy of the Corporation's internal audit function.

5.5. External Audit

- Subject to the Shareholder's Direction, advise the Board on the selection process and evaluation of the external auditor and make recommendations to the Board as necessary.
- Review the performance, independence and objectivity of the auditor, including any relationships between the auditor and the Corporation that may impact on such performance, independence and objectivity, and recommend actions to the Board.
- Review and pre-approve the annual fee for the audit of the financial statements of the Corporation.
- Review audit related expenses and pre-approve permitted non-audit services or delegate pre-approval to one or more independent members of the Committee.
- Review the external annual audit plan with the external auditor, including any material changes to the scope of the audit. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed appropriate.
- On a regular basis, meet in-camera with the external auditor to discuss any matters that the Committee or auditor desires to discuss.

5.6. Annual Budget and Financial Monitoring

- Oversee the development of an annual capital expenditure budget, as required by the Shareholder's Direction.
- Review, approve and recommend for Board approval the proposed annual operating Budget, annual capital expenditure Budget and amount of Reserves to be held over the applicable Fiscal Year.
- Review and monitor the financial performance of the Corporation and compare actual performance, revenues and expenses in relation to budget.
- Monitor implementation of plans to address variances and report to the Board.

5.7. Financial Arrangements

- Review, monitor and recommend for Board approval policies and procedures regarding financial matters, including those required under the Shareholder's Direction.
 - the application of all revenues from Properties and other revenues of the Corporation;
 - the means of payment of all costs and expenditures in connection with the provision of the Services under the Shareholder's Direction;
 - the payment of funds to TDSB;
 - the collection of revenues and disbursement of expenses relating to the Properties;
 - the establishment and maintenance of appropriate Reserves;
 - borrowing by the Corporation, if applicable; and
 - fees payable to the Corporation in consideration of the Services (which fees will be subject to approval by the TDSB).
- Review and advise the Board on maintaining adequate insurance coverage for the Corporation, including insurance coverage required under the Shareholder's Direction.

5.8. Reporting Responsibilities

- Regularly report to the Board about Committee activities, issues and related recommendations.
- Provide an open avenue of communication between management, the external auditor and the Board.

5.9. Other Responsibilities

- Perform other activities related to these terms of reference as requested by the Board
- At least once a year, review its own performance, constitution and terms of reference in order to evaluate its effectiveness in fulfilling its mandate, and recommend any changes it considers necessary to the Board.
- Any other responsibilities prescribed by relevant legislation or the Shareholder's Direction.

INFORMATION ITEM

Toronto District School Board 2024-2025 Budget Schedule Update

To: Audit and Finance Committee

Date: September 26, 2023

RECOMMENDATION

It is recommended that the report be received for information.

EXECUTIVE SUMMARY

This report is presented to the Audit and Finance Committee for information on the Toronto District School Board (TDSB) budget approval process for the 2024-25 school year.

The report in Appendix A was presented to TDSB Finance, Budget and Enrolment Committee on September 12, 2023. The presentation of the report may be viewed on TDSB “Webcast Archives” webpage at timestamp 1:04:30.

The recommendation from TDSB Finance, Budget and Enrolment Committee to approve the timeline presented in report 09-23-4582 will be considered by the TDSB Board on September 27, 2023.

STRATEGIC GOAL AND ANNUAL PLAN DIRECTIONS

TDSB Strategic Plan

Goal: (include all that apply)

- [Allocate Human and Financial Resources Strategically to Support Student Needs](#)

TLC Strategic Plan

Goal: (include all that apply)

- [To be a highly functioning organization successfully aligning TLC’s & TDSB Missions and the Shareholder’s Direction](#)

DUE DILIGENCE *(Select all that apply)*

Finance & Audit Committee

- | | |
|--|--|
| <input type="checkbox"/> Consultation with TDSB Executive and/or Finance | <input type="checkbox"/> Retain accountants or other professional advisors |
| <input type="checkbox"/> TDSB Review and Agreement | <input type="checkbox"/> Retain outside legal counsel |
| <input checked="" type="checkbox"/> Review agenda and materials with Committee Chair | <input type="checkbox"/> Professional review and advice |
| <input type="checkbox"/> Other: | |

FINANCIAL IMPLICATIONS

In accordance with Section 231 of the *Education Act*, school boards are required to adopt balanced budgets for the fiscal year.

ACTION PLAN AND ASSOCIATED TIMELINES

TLC staff will monitor decisions made by the TDSB Board regarding budget and finance. TLC staff will regularly meet with TDSB Business Services staff.

TLC AND TDSB BOARD POLICY AND PROCEDURE REFERENCE(S)

- Shareholder's Direction
- TDSB P012 Budget

APPENDICES

- **Appendix A:** Report to TDSB Finance, Budget and Enrolment Committee on September 12, 2023

FROM

Ryan Glenn, Interim Chief Executive Officer, Toronto Lands Corporation, at rglenn.tlc@tdsb.on.ca



Proposed 2024-25 Budget Development Schedule

To: Finance, Budget and Enrolment Committee

Date: 12 September, 2023

Report No.: 09-23-4582

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs
- Provide Equity of Access to Learning Opportunities for All Students

Recommendation

It is recommended that the Proposed 2024-25 Budget Development Schedule be approved.

Context

The proposed 2024-25 TDSB Operating and Capital budget schedule timelines are outlined below. The Operating budget timelines will facilitate the Board approving the operating budget in late March based on enrolment projections and allow staff sufficient time to plan for the upcoming school year. The Capital budget will be approved in June to facilitate completion of the submission of the budget to the Ministry of Education prior to June 30. Any adjustments to this schedule will be presented to the committee as they occur.

Proposed Schedule for 2024-2025 Budget Development

Date	Type of Meeting	Purpose
September 12, 2023	Regular FBEC	Budget Schedule
October 11, 2023	Regular FBEC	Discussion on Public Consultation plan and timelines Ministry GSN Consultation Draft (if available)
November 29, 2023	Special FBEC	Update on October Enrolments Update on Revised Estimates Final Submission on GSN Consultation (if available)
January 29, 2024	Special FBEC	Update on Reserves as of 23-24 year end Financial projection for 24-25 report Three year enrolment projection report 1st Quarter financial report
February 14, 2024	Regular FBEC	Draft Options to balance 24-25 report Financial Facts
Week of Feb 19, 2024	Stakeholder Webinars	Presentation of Draft Budget to stakeholders - one afternoon session and two evening sessions
Week of Feb 19, 2024	Online survey	Online survey of stakeholders input on draft budget
March 4, 2024	Special FBEC	Approval of School Based Staffing Feedback from webinars and survey report Discussion on options to balance
March 26, 2024	Regular FBEC	Recommendation to Board of 24-25 Budget Operating Budget
March 27, 2024	Special Board	Approval of 24-25 Operating Budget
April 25, 2024	Special FBEC	Analysis of GSN release (if available)
May 1, 2024	Regular FBEC	Analysis of GSN release (if available) Draft 24-25 Capital Budget
June 13, 2024	Regular FBEC	Recommendation to Board of approval of 24-25 Capital Budget
		Summer approval process

Action Plan and Associated Timeline

This meeting schedule will facilitate the development and approval of the 2024-25 Operating and Capital budgets for submission to the Ministry of Education prior to June 30, 2024, as per regulation. Once approved, the above items will be reflected in the 2023-24 Board meeting schedules.

Resource Implications

In accordance to Section 231 of the Education Act, school boards are required to adopt balanced budgets for the fiscal year.

Communications Considerations

All Finance, Budget and Enrolment Committee presentations concerning the budget will be recorded and archived for reference to Trustees who are unable to attend the meetings. All budget materials, which are not considered private under legislation, will be published on the Board's website for public review.

Board Policy and Procedure Reference(s)

- PO02 Mission, Values
- PO37 Equity Policy
- PO05 Arts
- PO12 Budget
- PO19 Continuing Education
- PO22 Early Years
- PO29 Employment Equity
- PO67 LOI
- PO80 French as a Second Language
- PO20 Transportation of Students

Appendices

Not applicable.

From

Stacey Zucker, Associate Director, Modernization and Strategic Resource Alignment at stacey.zucker@tdsb.on.ca or at 416-395-8469.

Craig Snider, Executive Officer of Finance at craig.snider@tdsb.on.ca or 416-476-3182

INFORMATION ITEM

Toronto Lands Corporation 2022-23 and 2023-24 Operating Budgets

To: Audit and Finance Committee

Date: September 26, 2023

RECOMMENDATION

It is recommended that the report be received for information.

EXECUTIVE SUMMARY

This report is presented to the Audit and Finance Committee for information as part of the TDSB budget development process. The operating budget for 2023-2024 is provided in Appendix B, and the operating budget for 2022-2023 is provided in Appendix D.

Information on budget development at the TDSB, including financial statements for the Toronto Lands Corporation, is available on the TDSB Business Services website for information.

STRATEGIC GOAL AND ANNUAL PLAN DIRECTIONS

TDSB Strategic Plan

Goal: (include all that apply)

- [Allocate Human and Financial Resources Strategically to Support Student Needs](#)

TLC Strategic Plan

Goal: (include all that apply)

- [To be a highly functioning organization successfully aligning TLC's & TDSB Missions and the Shareholder's Direction](#)

DUE DILIGENCE *(Select all that apply)*

Finance & Audit Committee

- | | |
|--|--|
| <input type="checkbox"/> Consultation with TDSB Executive and/or Finance | <input type="checkbox"/> Retain accountants or other professional advisors |
| <input type="checkbox"/> TDSB Review and Agreement | <input type="checkbox"/> Retain outside legal counsel |
| <input checked="" type="checkbox"/> Review agenda and materials with Committee Chair | <input type="checkbox"/> Professional review and advice |
| <input type="checkbox"/> Other: | |

FINANCIAL IMPLICATIONS

N/A

ACTION PLAN AND ASSOCIATED TIMELINES

TLC staff will monitor decisions made by the TDSB Board regarding budget and finance. TLC staff will regularly meet with TDSB Business Services staff.

TLC AND TDSB BOARD POLICY AND PROCEDURE REFERENCE(S)

- Shareholder's Direction
- TDSB P012 Budget

APPENDICES

- **Appendix A:** 2023-2024 TLC Report on Operating and Capital Budget
- **Appendix B:** 2023-2024 TLC Operating Budget
- **Appendix C:** 2022-2023 TLC Report on Operating and Capital Budget
- **Appendix D:** 2022-223 TLC Operating Budget

FROM

Ryan Glenn, Interim Chief Executive Officer, Toronto Lands Corporation, at rglenn.tlc@tdsb.on.ca

George Kralidis, Head of People and Culture, Toronto Lands Corporation, at gkralidis.tlc@tdsb.on.ca

TORONTO LANDS CORPORATION 2023-24 ANNUAL CAPITAL AND OPERATING BUDGET

AUTHORITY: Board of Directors

DATE: April 20, 2023

ACTION: APPROVAL

RECOMMENDATION

1. That the 2023-24 TLC Operating Budget be approved and in accordance with the Shareholder's Direction be referred to the TDSB Board for approval and,
2. That the 2023-24 TLC Capital Budget be approved and in accordance with the Shareholder's Direction be referred to the TDSB Board for approval.

STRATEGIC DIRECTION

Authority or Direction: [Shareholders Direction](#)

Reporting Requirement: [Toronto Lands Corporation \(TLC\) Annual Plan Progress](#)

That the Toronto Lands Corporation provides the TDSB with an annual budget for approval during their annual budget cycle.

EXECUTIVE SUMMARY

Annually, TDSB is required to complete and submit to the Ministry of Education a Board approved **Operating Budget and a separate Capital Budget** no later than June 30 for each fiscal year starting September 1. As a part of TDSB's budget process, TLC's approved Annual Budget is consolidated into TDSB's annual budget which is currently \$3.4B.

TDSB's Capital Budget accounts for all anticipated capital revenues derived from proceeds of disposition (POD's) and applicable Ministry capital funding. Within the budget, capital revenues are identified and then allocated to Board approved capital priority projects. The three-year capital timeline provides for projected cash flows to be matched with expenditures and year over year budget balances. Currently, TDSB's Capital Budget and associated program remains in a net positive position.

TLC provides key inputs into TDSB's capital budget by identifying potential revenue opportunities, timing of anticipated receipt of POD's and the projected amount of POD's to be received by TDSB

based on TDSB surplus declarations. TDSB’s annual Capital Budget also includes \$2M in recognition of TLC related capital expenditures to be incurred against the generation of POD’s. TDSB’s *Operating Budget* relies on Ministry grants to fund the day-to-day business of the school board. Each year the Ministry of Education releases its “Grants for Student Needs” (GSN’s), representing funding to be distributed to school boards primarily based on enrolment. Boards are required to submit a balanced budget that aligns with the GSN’s. TLC develops its budget for integration into TDSB’s budget cycle and approval process.

TLC’s 2023-2024 Budget Preparation

Pursuant to *Article 1* of the Shareholder’s Direction, TLC’s “*Annual Budget*” is defined as “annual financial plan in a form consistent with industry best practices and will include an annual operating budget, annual capital and renewal budget and any other such information as may be required”.

Since TLC’s inception in 2008, TDSB Finance has had direct responsibility for all TLC’s financial recording and reporting. To this end, TLC has worked with TDSB Finance and the Executive Team to develop a 2023-24 financial plan that will enable TLC’s work program to support TDSB’s real-estate and land use planning needs.

For the current fiscal year ending 2022-2023, TDSB is projecting a \$61M operating deficit.

As a result, TLC has focussed on containing controllable operating costs at a net \$0% increase even after accounting for a projected 1% salary increase, step increases and an increase of 1 FTE due to the projected workload impact resulting from changes to daycare licence agreements. TDSB expense allocation relating to third party agreements to access space in operating schools are subject to being charged the average cost of operating per square foot. This year’s TDSB cost per square has risen approximately 6%.

The following is a brief synopsis of TLC’s 2023-2024 net Operating Budget changes:

TLC controlled	-\$ 381,074	
	-\$ 12,128	
		-\$ 393,202
TLC Managed	\$ 1,520,458	
	\$ 3,437	
		\$ 1,523,895
Net increase in expenditures		\$ 1,130,693

Note: The primary increase in operating expenditures (\$1,523,895) relates to the 6% increase in TDSB’s annual operating costs being allocated to day cares operating within TDSB schools.

The TLC 2023-2024 Capital Budget clearly separates and identifies projected Capital POD’s and assigns related capital costs such as: real-estate broker commissions, property appraisal reports, legal fees, surveys, heritage, environmental and other due diligence reports that are required to generate sales proceeds. The \$150M capital revenues are directly related to the proceeds of disposition

identified within TDSB's approved Capital Budget for 2023-2024. After projected capital expenditures are offset by projected revenues to be obtained, TLC is projecting an expense ratio of 2% thus returning 98% of projected revenues for TDSB's capital program.

ACTION PLAN AND ASSOCIATED TIMELINE

1. Presentation at the TLC Board of Directors meeting: April 20, 2023;
2. Transmittal to the TDSB Board of Directors for approval at the May 15, 2023, meeting of the Board.

RESOURCE IMPLICATIONS

See attached appendices.

DUE DILIGENCE

The 2023 – 2024 Toronto Lands Corporation budget has been developed in partnership with TDSB Finance team.

POLICY AND PROCEDURE REFERENCE(S)

Shareholders Direction

APPENDICES

APPENDIX A TLC's Combined 2023 - 2024 Capital and Operating Budget

APPENDIX B TLC's 2023 - 2024 Operating Budget

APPENDIX C TLC's 2023 - 2024 Capital Budget

FROM

D. Sage, Chief Executive Officer, Toronto Lands Corporation, at dsage.tlc@tdsb.on.ca or at 416-393-0575.

OPERATING BUDGET

2023 - 2024 [DRAFT]

	APPROVED 2022-23 Operating Budget		DRAFT 2023-24 Operating Budget	
	Revenues	Expenditures	Revenues	Expenditures
Non-Operating School Facilities				
Lease Revenue and Recoveries	\$ 5,828,721	\$ 2,009,692	\$ 6,088,551	\$ 1,628,618
Other Revenue - Land Use Planning/705 Progress	\$ 53,000			
TDSB Program and Administration			\$ 53,000	
Deferred Capital Improvement Revenue	-\$ 1,000,000		-\$ 1,000,000	
Provision for Rental Arrears		\$ 5,000		\$ 5,000
Total Net Real Estate Revenue/Expense - Non-Operating Sites	\$ 4,881,721	\$ 2,014,692	\$ 5,141,551	\$ 1,633,618
Operating School Facilities				
City of Toronto Childcare Umbrella Lease Agreements	\$ 4,536,466	\$ 10,336,442	\$ 9,039,986	\$ 11,212,894
City of Toronto Pools Agreements	\$ 5,972,244	\$ 5,972,244	\$ 5,936,767	\$ 5,936,767
City of Toronto Stage 1 Revenues	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
City of Toronto Exclusive Use Agreements	\$ 1,000,000	\$ 1,000,000	\$ 1,209,837	\$ 1,209,837
Contract Services and Partnership Development (CSPD) and LINC Lease Administration	\$ 240,482	\$ 240,482	\$ 317,291	\$ 317,291
Air Conditioning Surcharge	\$ 72,600	\$ 72,600	\$ 93,600	\$ 93,600
Child Care and Other Agreements	\$ 3,343,045	\$ 3,343,045	\$ 3,714,881	\$ 3,714,881
Temporary Property Interests with Third Parties	\$ 300,000		\$ 325,000	\$ -
Total Real Estate Revenue/Expense- Operating Sites	\$ 16,564,836	\$ 22,064,812	\$ 21,737,362	\$ 23,585,270
Total Non-Operating and Operating	\$ 21,446,557	\$ 24,079,504	\$ 26,878,913	\$ 25,218,888
TDSB Chargeback of Administrative Expenses				
Facility Services		\$ 147,142	\$ -	\$ 59,554
Business Services		\$ 109,322	\$ -	\$ 44,166
Administrative Support Allocation		\$ 60,000	\$ -	\$ 24,240
Total TDSB Chargeback		\$ 316,464	\$ -	\$ 127,960
TLC Administrative Expenses				
Board Remuneration		\$ 60,000	\$ -	\$ 20,000
Management Salaries		\$ 1,167,518	\$ -	\$ 1,172,204
Professional Development		\$ 18,300	\$ -	\$ 12,000
Supply and Services		\$ 96,305	\$ -	\$ 37,322
Rental expenses: TLC office		\$ 133,000	\$ -	\$ 54,692
Legal Fees		\$ 65,000	\$ -	\$ 65,000
Fees and Contractual Services		\$ 508,100	\$ -	\$ 610,200
Casual Help		\$ 24,000	\$ -	\$ 9,600
Furniture and Equipment		\$ 7,000	\$ -	\$ 2,800
Other expenditures		\$ 5,000	\$ -	\$ 2,000
Total Administration Expenses		\$ 2,084,223	\$ -	\$ 1,985,818
Total TLC Operations Rev/Expense	\$ 21,446,557	\$ 26,480,191	\$ 26,878,913	\$ 27,332,667

DECISION ITEM
2022-23 TLC Annual Capital and Operating Budget (Revised)

To: TLC Board of Directors
Date: 12 May 2022

RECOMMENDATION:

1. That the *2022-23 TLC Operating Budget* be approved and referred to the TDSB Board at its May 25th, 2022, meeting for final approval; and,
2. That the *2022-23 TLC Capital Budget* be approved and referred to the TDSB Board at its May 25th, 2022 meeting for final approval.

BACKGROUND

TLC's proposed budget for 2022-23 was considered by the Finance and Audit committee at its meeting of April 25, 2022, wherein a separate Capital and Operating Budget format was presented. It was noted at the meeting that this budget presentation differs from the previous fiscal year and was developed to (a) better reflect the organization's activities and (b) to allow for greater financial accountability to the TDSB. It was also noted that TLC shared a preliminary budget with TDSB staff as part of the TLC and TDSB budget process. TDSB staff, in reviewing the preliminary budget, identified in a letter to TLC that TDSB is facing a significant in-year deficit and a projected budget deficit for the 2022-23 school year. The deficits are primarily attributed to revenue decreases due to the pandemic and further enrolment decline that cannot be fully offset by cost reductions. The in-year operating deficit is expected to be in the order of \$59M. This deficit is anticipated to be offset through the availability of reserve funds. Regarding TDSB's 2022-2023 budget, a budget deficit of approximately \$44M is being projected which will require the TDSB to submit a deficit recovery plan as a part of the approved Budget submission to the Ministry. Accordingly, TDSB requested from TLC staff to revisit areas of its' budget seeking further potential cost savings. In addition, TDSB staff outlined two key areas of concern with respect to:

- i. TLC's proposed staffing increase of 6.0 FTE.
- ii. Including deferred capital revenue of \$1,000,000 (derived from non-operating lease revenue) in TLC's capital budget

The Committee in reviewing the capital and operating budget concluded that:

1. The deferred capital revenue of \$1,000,000 initially proposed to be included in TLC's capital budget and which would be offset by proceeds of disposition is to remain a part of TLC's operations budget. TDSB finance staff also provided the rationale for the continuance of reporting related expenditures through operations and to maintain the consistency and alignment with TDSB and TLC's year end consolidation.
2. Given the pressures faced by TDSB on its operating bottom-line, TLC to review its management salaries lines with the TDSB finance team to understand key assumptions derived from the FTE increase and the percentage allocation between the operating and capital budget

3. Given TLC’s current and projected 2022-2023 work plan, TLC staff to identify the anticipated impact on service levels without the proposed 6.0 FTE’s.
4. Overall support for the presentation of a separate TLC Capital and Operating Budget.

Following the Finance and Audit Committee meeting, TDSB finance staff and TLC staff met with TDSB having identified that while they understand the value of the proposed positions to support the organization’s goals and objectives, it is difficult to support these positions at this time as it will create a pressure to the Operating and Capital budgets of the TDSB.

To support the FTE increase being initially requested, TLC undertook an internal time study reflective of current capacity compared to service level expectations. Below is a breakdown of Real-Estate and Leasing (REL), Land Use Planning (LUP), and Corporate (Corp). In summary, TLC operating at full staff capacity is under resourced by approximately 30% of the required hours.

	Required Hours	Available Work Hours	Hours Shortfall	Percentage of work able to complete with no additional resources	Addition Resources Needed to close hours shortfall	Additional Resources Requested 2022/23 Budget	Additional FTE Hours being Requested	Percentage of work able to complete with additional resources
REL	12397	8155	4242	66%	2.6	2	3262	92%
LUP	8722	6524	2198	75%	1.3	1	1631	93%
Corp.	5137	3262	1875	64%	1.1	1	1631	95%
	26256	17941	8315	68%	5.1	4	6524	94%

Note: * the 2 Property Officer positions are not included in the above as this is work that would be transferred from TDSB to TLC

Within the leasing portfolio, impacts to the work program will include:

- Longer timelines to manage *operating school leases*, particularly:
 - City of Toronto Exclusive Use Agreements, Childcare and Other Agreements consisting of community use leases such as LINC, an antenna for Toronto Police / RCMP, Somali Women and Children Community Group, Indigenous Youth Agency, Navy, Cadets over a dozen community leases,
 - operationalizing on the ground leases in operating school,
 - real estate transactions that impact TDSB properties as a result of large infrastructure projects undertaken by the province and/or the City of Toronto; and
 - agreements resulting from large scale real estate development projects located in close proximity to school properties, including crane swing, tie back, construction staging, and construction management agreements.

Within the land use planning portfolio, impacts to the work program will include a longer timeline to:

- addressing and reviewing hundreds of City Planning development applications,
- participate in community meetings or not be available; and,
- anticipate and lead Community Services & Facility strategies

Under Corporate & Business Services:

- There will continue to be a deficiency in dedicated financial expertise to assist with significant disposition/redevelopment project analysis, specific financial planning and analysis including:
 - Building financial models to support the modernization strategy,
 - Develop fiscally responsible pro-active costing models and solutions for each of TLC’s portfolios to further support TLC’s operations,
 - Identify new revenue sources and financial models,

- development and measurement of Key Performance Indicators (KPI's),
- Perform economic impact analysis from the sale and redevelopment of sites; and,
- Participate in and conduct financial reviews resulting from modernization plan.

Recognizing TDSB's operating bottom line pressure, TLC has revised its budget in the following areas:

- Removed the proposed increase to staff of 6 FTE,
- Reduced management salary line to a "0%" increase,
- Re-allocated \$1,000,000 deferred capital revenue from the capital budget and inserted into the operating budget; and,
- Reduced a number of budget line items.

In summary, TLC's 2022-2023 Capital and Operating Budget meets the key expectations of TDSB staff and is reflective of the current and projected financial challenges facing TDSB. Following the approval of TLC's 2022-2023 Budget, staff will develop its 2022-2023 Annual Plan which will be reflective of the staff and financial resources available. The 2022-2023 will be presented to the TLC Board in June.

See Appendix 1 for the revised 2022-23 TLC Operating Budget.

See Appendix 2 for the revised 2022-23 TLC Capital Budget

See Appendix 3 for the consolidated 2022-23 TLC budget compared to the approved 2021-22 TLC Budget

Appendices:

- Appendix 1: 2022-23 TLC Operating Budget (revised)
- Appendix 2: 2022-23 TLC Capital Budget (revised)
- Appendix 3: Consolidated 2022-23 TLC Budget compared to approved 2021-22

FROM:

Daryl Sage, Chief Executive Officer, Toronto Lands Corporation, at dsage.tlc@tdsb.on.ca or at 416-393-0575

		2022-23 Operating Budget	
		Revenues	Expenditures
Non-Operating School Facilities			
Note 1	Lease Revenue and Recoveries	\$ 5,828,721	\$ 2,009,692
	TDSB Program and Administration	\$ 53,000	
	Deferred Capital Improvement Revenue	-\$ 1,000,000	
	Provision for Rental Arrears		\$ 5,000
	Total Net Real Estate Revenue/Expense - Non-Operating Sites	\$ 4,881,721	\$ 2,014,692
Operating School Facilities			
Note 3	City of Toronto Childcare Umbrella Lease Agreements	\$ 4,536,466	\$ 10,336,442
Note 4	City of Toronto Pools Agreements	\$ 5,972,244	\$ 5,972,244
	City of Toronto Stage 1 Revenues	\$ 1,100,000	\$ 1,100,000
Note 5	City of Toronto Exclusive Use Agreements	\$ 1,000,000	\$ 1,000,000
	Contract Services and Partnership Development (CSPD) and LINC Lease Administration	\$ 240,482	\$ 240,482
	Air Conditioning Surcharge	\$ 72,600	\$ 72,600
Note 6	Child Care and Other Agreements	\$ 3,343,045	\$ 3,343,045
Note 7	Temporary Property Interests with Third Parties	\$ 300,000	
	Total Real Estate Revenue/Expense- Operating Sites	\$ 16,564,836	\$ 22,064,812
	Total Non-Operating and Operating	\$ 21,446,557	\$ 24,079,504
TDSB Chargeback of Administrative Expenses			
	Facility Services		\$ 147,142
	Business Services		\$ 109,322
	Administrative Support Allocation		\$ 60,000
	Total TDSB Chargeback		\$ 316,464
TLC Administrative Expenses			
	Board Remuneration		\$ 60,000
Note 8	Management Salaries		\$ 1,167,518
Note 9	Professional Development		\$ 18,300
Note 10	Supply and Services		\$ 96,305
	Rental expenses: TLC office		\$ 133,000
Note 11	Legal Fees		\$ 65,000
Note 12	Fees and Contractual Services		\$ 508,100
Note 13	Casual Help		\$ 24,000
Note 14	Furniture and Equipment		\$ 7,000
	Other expenditures		\$ 5,000
	Administration Expenses		\$ 2,084,223
	Total TLC Operations Rev/Expense	\$ 21,446,557	\$ 26,480,191

Note 1: Decrease due to Bannockburn \$431K to \$0 and 705 Progress \$300K to \$175K

Note 2: Savings from Caretaking due to new contract with SQM, ~5% on applicable sites.

- Increase in Maintenance cost due to shortage in trades and increased materials costs (~6.5% ex. Borden)

- Inclusion of Sir Robert Borden even though site is being used by TDSB for program, TLC incurring full expenditures of ~\$80K.

Note 3: Continued increase in AAAOC reflected, however TDSB policy only charges \$6.05/sqft. Cost for operating will continue to increase therefore deficit will increase if rate doesn't change. Overall there is a \$5.8M deficit for the cost to operate City of Toronto

Note 4: Marginal revenue Increase of 3% based on TLC/TDSB Pools Agreement with City of Toronto

Note 5: Marginal increase reflective of actuals received.

Note 6: Reflects actuals from 2021-22

Note 7: Revenue reflective of minor real estate transactions for temporary access agreements, crane swing, tie back, construction staging etc.

Note 8: FTE analysis by function completed (time study) with ~40% charged to operating.

Note 9: Includes staff memberships and association fees for 24 FTE.

Note 10: Increase to Supplies & Service primarily due to contracted software with third parties including - project management software, recruitment software, onboarding software, employee engagement, performance and development tools, platforms for property title searches and property mapping

Note 11: Legal fees represents professional services required to service the leasing portfolio & corporate matters

Note 12: Fees for professional services related to operational and Annual Plan commitments governance/structural reform, strategic public consultations IT/software platforms for leasing and land use planning, direct costs of PODs allocated to capital

Note 13: TLC has consistently employed summer students year around, offering a reputable summer student program with students coming into assist from Ryerson, Seneca, U of T, given budget constraints and the add to staff, TLC has cut the casual help/student budget by 50%

Note 14: Budget equal to previous year, hardware & peripherals required to support existing staff if required.