

## **SECTION 9**

Financial Statements of

### **GREATER SUDBURY HOUSING CORPORATION**

Year ended December 31, 2008

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the balance sheet of **Greater Sudbury Housing Corporation** as at December 31, 2008 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements have been prepared to comply with the accounting principles as specified by the Municipal Service Manager, the City of Greater Sudbury. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the Directors of the Greater Sudbury Housing Corporation and the City of Greater Sudbury, to comply with accounting principles as specified by the City of Greater Sudbury. The statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Corporation taken as a whole. The supplementary information included in the Schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Collins Barrow, Sudbury - Nipissing LLP*

**COLLINS BARROW, SUDBURY - NIPISSING LLP**  
Chartered Accountants, Licensed Public Accountants

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants, Licensed Public Accountants

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants, Licensed Public Accountants

Sudbury, Canada  
March 6, 2009

# GREATER SUDBURY HOUSING CORPORATION

## Balance Sheet

December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 1,740,968	\$ 1,893,270
Tenant accounts receivable	106,751	80,820
Prepaid expenses	177,043	166,198
Other accounts receivable	696,794	219,807
Due from Municipal Service Manager (note 3)	68,171	-
	<u>\$ 2,789,727</u>	<u>\$ 2,360,095</u>
<b>Liabilities, Share Capital and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,618,816	\$ 1,528,853
Accrued payroll and employee benefits expenses	88,749	146,875
Prepaid rents	155,219	156,762
	<u>1,862,784</u>	<u>1,832,490</u>
Share capital		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Net assets		
Restricted:		
Operating reserve	202,553	198,929
Capital reserve	368,526	22,921
Rent supplement reserve	355,863	305,754
	<u>926,942</u>	<u>527,604</u>
Commitments (note 5)		
	<u>\$ 2,789,727</u>	<u>\$ 2,360,095</u>

See accompanying notes to financial statements.

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# GREATER SUDBURY HOUSING CORPORATION

## Statement of Operations

Year ended December 31, 2008, with comparative figures for 2007

	2008 Budget (Unaudited)	2008 Actual	2007 Actual
<b>Revenues:</b>			
Non-rental	\$ 75,000	\$ 398,216	\$ 332,387
Non-profit management fees	40,000	68,164	51,117
Interest	50,000	57,185	70,456
Rental	7,000,000	7,668,482	7,288,218
City of Greater Sudbury -			
Strong Communities Grant	16,800	471,808	465,290
Rent supplement administration fee	78,200	78,200	78,200
Local Housing Subsidy	10,043,006	10,043,006	9,596,795
	<u>17,303,006</u>	<u>18,785,061</u>	<u>17,882,463</u>
<b>Expenditures:</b>			
Utilities	3,655,000	3,526,979	3,398,333
Rent supplement program	2,484,609	2,897,464	2,785,330
Salaries and benefits	3,035,000	2,941,342	2,881,268
Property maintenance and operations	2,335,437	3,319,960	2,626,724
Capital	2,745,000	2,577,572	2,930,338
Municipal taxes	2,387,960	2,371,131	2,248,280
Administration	400,000	429,199	467,568
Bad debts	110,000	171,298	158,642
Transportation and communication	150,000	148,173	174,225
Net transfer to reserves	-	385,114	211,755
	<u>17,303,006</u>	<u>18,768,232</u>	<u>17,882,463</u>
Excess of revenues over expenditures before the undernoted	-	16,829	-
Subsidy refundable	-	(16,829)	-
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

## Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

	Restricted			2008 Total	2007 Total
	Operating Reserve	Capital Reserve	Rent Supplement Reserve		
Net assets, beginning of year	\$ 198,929	\$ 22,921	\$ 305,754	\$ 527,604	\$ 310,000
Interest earned	3,381	3,034	7,809	14,224	5,849
Contribution to operations	-	-	-	-	(155,000)
Contributions from operations	243	342,571	42,300	385,114	366,755
<b>Net assets, end of year</b>	<b>\$ 202,553</b>	<b>\$ 368,526</b>	<b>\$ 355,863</b>	<b>\$ 926,942</b>	<b>\$ 527,604</b>

See accompanying notes to financial statements.

# GREATER SADBURY HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ -	\$ -
Change in non-cash operating working capital:		
Decrease (increase) in tenant accounts receivable	(25,931)	2,925
Increase in prepaid expenses	(10,845)	(15,799)
Increase in other accounts receivable	(476,987)	(79,966)
Increase in accounts payable and accrued liabilities	89,963	437,827
Increase (decrease) in accrued payroll and employee benefits expenses	(58,126)	16,559
Increase (decrease) in prepaid rents	(1,543)	56,110
Increase (decrease) in due to/from Municipal service manager	(68,171)	(33,093)
	(551,640)	384,563
Investments:		
Increase in reserves	399,338	217,604
<b>Increase (decrease) in cash position</b>	<b>(152,302)</b>	<b>602,167</b>
Cash position, beginning of year	1,893,270	1,291,103
<b>Cash position, end of year</b>	<b>\$ 1,740,968</b>	<b>\$ 1,893,270</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

## Notes to Financial Statements

Year ended December 31, 2008

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Greater Sudbury Housing Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on December 14, 2000. Its principal activity is the provision of socially-assisted housing.

The Corporation is a non-profit organization under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the policies as determined by its Municipal Service Manager, the City of Greater Sudbury. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because:

- (i) The Corporation has obligations for certain employee benefits which will require funding in future years and which are not accrued in the accounts (see note 5(a)).
- (ii) Capital assets purchased and betterments which extend the estimated life of an asset are charged to operations in the year the expenditure is incurred rather than being capitalized on the balance sheet and amortized over their estimated useful lives.
- (iii) Inventory of parts and supplies are charged to operations in the year the expenditure is incurred.
- (iv) Reserves for future capital and rent supplement expenditures are appropriated from operations.

(b) Revenue and expense recognition:

Revenue and expenses are accounted for on the accrual basis which recognizes transactions as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal liability to pay.

(c) Subsidy refundable:

The operating subsidy is recognized based on the approved fiscal allocation by the Municipal Service Manager. Subsidies may be recovered by the Municipal Service Manager based on an annual reconciliation performed subsequent to year-end. The recoveries are reported in the year of recovery.

(d) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation allowances for tenant accounts receivable and other accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

## 2. Land and Buildings:

Pursuant to a Transfer Order made under the Social Housing Reform Act, all assets, liabilities, rights and obligations with respect to the provincially operated local housing authority were transferred from Ontario Housing Corporation to the Greater Sudbury Housing Corporation, effective January 1, 2001. The transfer included all social housing units, including land and buildings but did not include the associated debentures.

The land and buildings transferred to the Greater Sudbury Housing Corporation are as follows:

Street Address	Other Name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpellier, Chelmsford	The Rosemont	41
1950 LaSalle Boulevard	Place Hurtubise	106
744 Bruce Street	Ryan Heights	150
1960 "B" Paris Street	401 Rumball Terrace	204
1960 "A" Paris Street	201 Rumball Terrace	101
1052 Belfry Street	Eddie Lapierre Building	101
1920 Paris Street	The Towers	101
27 Hanna Street, Capreol	Dennie Court	20
Catherine and Maplewood Streets, Garson		3
720 Bruce Avenue	The Balmoral	251
Charette Street, Chelmsford		8
O'Neil Drive, Garson		6
241 Second Avenue North	Birkdale Village	70
1778 LaSalle Boulevard	Keewatin Court	30
1200 Attlee Avenue	McCormack Court	76
159 Louis Street	Fournier Gardens	127
Charlotte and Gaudette Streets, Chelmsford		20
166 Louis Street		50
1528 Kennedy Street		20
155 Lapointe Street, Hanmer	Place Royale	27
35 Spruce Street, Garson	Spruce Villa	24
240 "B" Street, Lively		26
242 Colonial Court	Colonial Court	12
St. Onge Street, Chelmsford		6
1655 and 1676 Havenbrook Drive		12
715 Burton Avenue		20
491 Camelot Drive	Carmichael Village	42
Scattered Units		63
Scattered Units		43
		1,848



# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

### 3. Due from Municipal Service Manager:

	2008	2007
The balance consists of:		
Surplus repayable		
- Operations	(16,829)	-
Receivable from the Municipal service manager – for capital	85,000	-
Receivable, end of year	\$ 68,171	\$ -

### 4. Budget Figures:

The budget figures included in the statement of operations are for comparative purposes only. These figures are unaudited.

### 5. Commitments:

(a) The Corporation provides certain employee benefits which will require funding in future years and which are not accrued. The total unrecorded liability for vacation and severance pay at December 31, 2008 totals \$280,458 (2007 - \$253,855).

Upon dissolution of the provincially-operated local housing authority to the New Greater Sudbury Housing Corporation, provincial funding was received by the City of Greater Sudbury as Municipal Service Manager, to assist with funding the contingent liability for future costs with respect to former provincial employees' statutory entitlements accrued to the date of transfer.

(b) The Corporation has entered into various contracts for services with monthly costs totalling \$12,126 to \$54,146 (2007 - \$22,915 to \$58,895).

### 6. Financial Instruments:

The company accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

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## 6. Financial Instruments (continued):

In accordance with the generally accepted accounting principles of Canada the company has undertaken the following:

- (i) Designated cash and cash equivalents as held-for-trading, being measured at fair value.
- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities, accrued payroll and employee benefits expenses are classified as other financial liabilities, which are measured at amortized cost.
- (iv) Other temporary investments are classified as held to maturity and measured at amortized cost or financial assets classified as "available for sale" and will be marked to market through profit and loss.
- (v) The company also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

# GREATER SUDBURY HOUSING CORPORATION

## Schedule of Operations

Year ended December 31, 2008

	Operating		Capital		Rent Supplement Program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues:</b>								
Rental	\$ 7,000,000	7,668,482	-	-	-	-	7,000,000	7,668,482
City of Greater Sudbury - Local Housing Subsidy	4,813,397	4,813,397	2,745,000	2,745,000	2,484,609	2,484,609	10,043,006	10,043,006
- Rent supplement administration fee	78,200	78,200	-	-	-	-	78,200	78,200
- Strong Communities Grant	16,800	16,653	-	-	-	455,155	16,800	471,808
Non-rental	75,000	223,073	-	175,143	-	-	75,000	398,216
Interest	50,000	57,185	-	-	-	-	50,000	57,185
Non-profit management fees	40,000	68,164	-	-	-	-	40,000	68,164
	12,073,397	12,925,154	2,745,000	2,920,143	2,484,609	2,939,764	17,303,006	18,785,061
<b>Expenditures:</b>								
Capital	-	-	2,745,000	2,577,572	-	-	2,745,000	2,577,572
Rent supplement program	-	-	-	-	2,484,609	2,897,464	2,484,609	2,897,464
Municipal taxes	2,387,960	2,371,131	-	-	-	-	2,387,960	2,371,131
Utilities	3,655,000	3,526,979	-	-	-	-	3,655,000	3,526,979
Salaries and benefits	3,035,000	2,941,342	-	-	-	-	3,035,000	2,941,342
Property maintenance and operations	2,335,437	3,319,960	-	-	-	-	2,335,437	3,319,960
Administration	400,000	429,199	-	-	-	-	400,000	429,199
Transportation and communication	150,000	148,173	-	-	-	-	150,000	148,173
Bad debts	110,000	171,298	-	-	-	-	110,000	171,298
Net Transfer to reserves	-	243	-	342,571	-	42,300	-	385,114
	12,073,397	12,908,325	2,745,000	2,920,143	2,484,609	2,939,764	17,303,006	18,768,232
Excess of revenues over expenditures before the undernoted	-	16,829	-	-	-	-	-	16,829
Subsidy refundable	-	(16,829)	-	-	-	-	-	(16,829)
<b>Change in fund balance</b>	-	-	-	-	-	-	-	-