

## SECTION 8

Financial Statements of

# **GREATER SADBURY HOUSING CORPORATION**

Year ended December 31, 2004

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the balance sheet of the **Greater Sudbury Housing Corporation** as at December 31, 2004 and the statement of operations and fund balance for the year then ended. These financial statements have been prepared to comply with the accounting principles as specified by the Municipal Service Manager, 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, 2004 and the results of its operations for the year then ended in accordance with accounting principles as disclosed 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedule is presented for 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**  
Chartered Accountants



**KPMG LLP**  
Chartered Accountants



**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants

# GREATER SUDBURY HOUSING CORPORATION

## Balance Sheet

December 31, 2004, with comparative figures for 2003

	2004	2003
<b>Assets</b>		
Current assets:		
Cash	\$ 602,954	\$ 1,381,341
Tenant accounts receivable	44,862	73,919
Other accounts receivable	282,970	154,080
Inventory	—	169,242
Prepaid expenses	119,335	—
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	\$ 1,050,121	\$ 1,778,582

## Liabilities, Share Capital and Fund Balance

Current liabilities:		
Accounts payable and accrued liabilities	\$ 838,205	\$ 867,790
Accrued payroll and employee benefits	98,104	78,668
Prepaid rents	87,549	78,873
Due to Service Manager (note 3)	26,262	753,250
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	1,050,120	1,778,581
Share capital:		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Fund balance	—	—
Commitments (note 5)		
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	\$ 1,050,121	\$ 1,778,582

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# GREATER SUDBURY HOUSING CORPORATION

## Statement of Operations and Fund Balance

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget (Unaudited)	2004 Actual	2003 Actual
<b>Revenue:</b>			
Rental	\$ 6,417,400	\$ 6,274,425	\$ 6,388,083
City of Greater Sudbury - Local Housing Subsidy	8,306,191	8,306,191	8,150,409
Strong Communities Grant	—	112,311	—
Ministry of Municipal Affairs and Housing - Strong Communities Grant	13,000	286,027	397,848
Non-rental	65,000	145,462	96,268
Interest	25,000	30,955	37,360
Non-profit management fees	9,600	9,600	11,500
	<u>14,836,191</u>	<u>15,164,971</u>	<u>15,081,468</u>
<b>Expenses:</b>			
Capital	2,310,000	2,309,931	2,181,687
Rent supplement program	2,562,809	2,662,705	2,682,708
Municipal taxes	2,066,000	1,883,808	1,807,243
Utilities	3,217,082	3,169,364	3,289,561
Salaries and benefits	2,424,000	2,339,951	2,146,850
Property maintenance and operations	1,705,000	2,088,500	1,625,814
Administration	350,000	354,865	431,815
Transportation and communication	94,500	105,938	93,250
Bad debts	180,000	183,867	143,806
Community development programs	5,000	5,669	3,684
Administration (recovery)	(78,200)	(78,200)	(78,200)
	<u>14,836,191</u>	<u>15,026,398</u>	<u>14,328,218</u>
Excess of revenue over expenses before the undernoted	—	138,573	753,250
Subsidy refundable	—	138,573	753,250
<b>Excess of revenue over expenses</b>	<b>—</b>	<b>—</b>	<b>—</b>
Fund balance, beginning of year	—	—	—
<b>Fund balance, end of year</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2004

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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 Service Manager, 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 4 (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. Effective January 1, 2004, the Corporation adopted this policy, resulting in a write-off of inventory of \$169,241 which is included in the current year expenses.

### (b) Revenue and expenses recognition:

Revenue and expenses is accounted for on the accrual basis which recognized 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 Service Manager. Subsidies may be recovered by the Service Manager based on an annual reconciliation performed subsequent to year end. These recoveries are reported in the year of recovery.

### (d) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2004

## 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 the 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 & 1676 Havenbrook Drive		12
715 Burton Avenue		20
491 Camelot Drive	Carmichael Village	42
Scattered Units		63
Scattered Units		43
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		1,848

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2004

### 3. Due to Service Manager:

	2004	2003
The balance consists of:		
Surplus repayable		
- Capital program	\$ 69	264,494
- Rent supplement program	138,504	8,313
- Operations	-	480,443
Strong Communities Grant receivable	(112,311)	-
	<u>\$ 26,262</u>	<u>753,250</u>

### 4. Budget figures:

The budget figures included in the statement of operations and fund balance are included 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 unaccrued vacation and severance pay at December 31, 2004 totals \$217,151 (2003 - \$192,715).

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 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 \$23,115 to \$51,631 (2003 - \$20,715 to \$48,211).

### 6. Statement of cash flows:

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

### 7. Fair value of financial instruments:

The carrying value of cash, tenant accounts receivable, other accounts receivable and accounts payable and accrued liabilities and due to/from Service Manager approximate their fair value due to the relatively short periods to maturity.

# GREATER SUDBURY HOUSING CORPORATION

Schedule of Operations

Year ended December 31, 2004

	Operating		Capital		Rent supplement program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue:</b>								
Rental	\$ 6,417,400	6,274,425					6,417,400	6,274,425
City of Greater Sudbury - Local Housing Subsidy	3,433,382	3,433,382	2,310,000	2,310,000	2,562,809	2,562,809	8,306,191	8,306,191
- Strong Communities Grant						112,311	-	112,311
Ministry of Municipal Affairs and Housing - Strong Communities Grant	13,000	13,572				272,455	13,000	286,027
Non-rental	65,000	145,462					65,000	145,462
Interest	25,000	30,955					25,000	30,955
Non-profit management fees	9,600	9,600					9,600	9,600
	9,963,382	9,907,396	2,310,000	2,310,000	2,562,809	2,947,575	14,836,191	15,164,971
<b>Expenses:</b>								
Capital			2,310,000	2,309,931			2,310,000	2,309,931
Rent supplement program					2,562,809	2,662,705	2,562,809	2,662,705
Municipal taxes	2,066,000	1,883,808					2,066,000	1,883,808
Utilities	3,217,082	3,169,364					3,217,082	3,169,364
Salaries and benefits	2,424,000	2,339,951					2,424,000	2,339,951
Property maintenance and operations	1,705,000	2,088,500					1,705,000	2,088,500
Administration	350,000	354,865					350,000	354,865
Transportation and communication	94,500	105,938					94,500	105,938
Bad debts	180,000	183,867					180,000	183,867
Community development programs	5,000	5,669					5,000	5,669
Administration (recovery)	(78,200)	(78,200)					(78,200)	(78,200)
	9,963,382	10,053,762	2,310,000	2,309,931	2,562,809	2,662,705	14,836,191	15,026,398
Excess (deficiency) of revenue over expenses before the undemoted	-	(146,366)	-	69	-	284,870	-	138,573
Subsidy refundable	-	-	-	(69)	-	(138,504)	-	(138,573)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ -</b>	<b>(146,366)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,366</b>	<b>-</b>	<b>-</b>