

## **SECTION 9**

Financial Statements of

### **GREATER SUDBURY HOUSING CORPORATION**

Year ended December 31, 2007

Financial Statements of

**GREATER SUDBURY  
HOUSING CORPORATION**

Year ended December 31, 2007

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the balance sheet of **Greater Sudbury Housing Corporation** as at December 31, 2007 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.

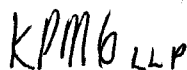
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

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 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, Licensed Public Accountants



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



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

# GREATER SUDBURY HOUSING CORPORATION

## Balance Sheet

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 1,893,270	\$ 1,291,103
Tenant accounts receivable	80,820	83,745
Prepaid expenses	166,198	150,399
Other accounts receivable	219,807	139,841
	<u>\$ 2,360,095</u>	<u>\$ 1,665,088</u>
<b>Liabilities, Share Capital and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,528,853	\$ 1,091,026
Accrued payroll and employee benefits expenses	146,875	130,316
Prepaid rents	156,762	100,652
Due to Service Manager (note 3)	-	33,093
	<u>1,832,490</u>	<u>1,355,087</u>
Share capital:		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Net assets:		
Restricted:		
Operating reserve	198,929	-
Capital reserve	22,921	205,000
Rent supplement reserve	305,754	105,000
	<u>527,604</u>	<u>310,000</u>
Commitments (note 5)		
	<u>\$ 2,360,095</u>	<u>\$ 1,665,088</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, 2007, with comparative figures for 2006

	2007 Budget (Unaudited)	2007 Actual	2006 Actual
Revenue:			
Non-rental	\$ 122,000	\$ 332,387	\$ 140,821
Non-profit management fees	-	51,117	80,751
Interest	40,000	70,456	58,420
Rental	6,696,000	7,288,218	6,792,725
City of Greater Sudbury - Strong Communities Grant	13,800	465,290	397,560
Rent supplement administration fee	78,200	78,200	78,200
Local Housing Subsidy	9,596,794	9,596,795	9,206,545
	16,546,794	17,882,463	16,755,022
Expenses:			
Utilities	3,505,000	3,398,333	3,260,918
Rent supplement program	2,484,609	2,785,330	2,758,882
Salaries and benefits	2,849,000	2,881,268	2,596,021
Property maintenance and operations	2,179,906	2,626,724	2,562,453
Capital	2,610,000	2,930,338	2,394,339
Municipal taxes	2,248,279	2,248,280	2,157,787
Administration	400,000	467,568	451,860
Bad debts	150,000	158,642	141,159
Transportation and communication	120,000	174,225	134,233
Net transfer to reserves	-	211,755	260,000
	16,546,794	17,882,463	16,717,652
Excess of revenue over expenses before the undernoted	-	-	37,370
Subsidy refundable	-	-	(37,370)
<b>Excess of revenue over expenses</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, 2007, with comparative figures for 2006

	Restricted			2007 Total	2006 Total
	Operating Reserve	Capital Reserve	Rent Supplement Reserve		
Net assets, beginning of year	\$ -	\$ 205,000	\$ 105,000	\$ 310,000	\$ 50,000
Interest earned	-	3,101	2,748	5,849	-
Transfer	-	(50,000)	50,000	-	-
Contribution to operations	-	(155,000)	-	(155,000)	-
Contribution from operations	198,929	19,820	148,006	366,755	260,000
<b>Net assets, end of year</b>	<b>\$ 198,929</b>	<b>\$ 22,921</b>	<b>\$ 305,754</b>	<b>\$ 527,604</b>	<b>\$ 310,000</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditure	\$ -	\$ -
Change in non-cash operating working capital:		
Decrease (increase) in tenant accounts receivable	2,925	(11,041)
Increase in prepaid expenses	(15,799)	(8,930)
Decrease (increase) in other accounts receivable	(79,966)	124,726
Increase in accounts payable and accrued liabilities	437,827	82,205
Increase (decrease) in accrued payroll and employee benefits expenses	16,559	(7,793)
Increase in prepaid rents	56,110	22,523
Decrease in due to service manager	(33,093)	(217,751)
	384,563	(16,061)
Investments:		
Increase in reserves	217,604	260,000
<b>Increase in cash position</b>	<b>602,167</b>	<b>243,939</b>
Cash position, beginning of year	1,291,103	1,047,164
<b>Cash position, end of year</b>	<b>\$ 1,893,270</b>	<b>\$ 1,291,103</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2007

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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 presentation:

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 expenses 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 financial statements 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 year. Actual results could differ from those estimates.



# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2007

## 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 Montpelier, 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
		1,848

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2007

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### 3. Due to Municipal Service Manager:

	2007	2006
The balance consists of:		
Surplus repayable		
- Capital program	\$ -	\$ 1,255
- Rent supplement program	-	165
- Operations	-	35,950
Receivable from service manager		
- Rent supplement program	-	(4,277)
	\$ -	\$ 33,093

### 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 unaccrued vacation and severance pay at December 31, 2007 totals \$253,855 (2006 - \$238,024).

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 \$22,915 to \$58,895 (2006 - \$12,800 to \$61,750).

### 6. Financial instruments:

Fair value of financial assets and financial liabilities

The carrying value of cash, tenant accounts receivable, other accounts receivable, accounts payable and accrued liabilities, accrued payroll and employee benefits and due to Municipal Service Manager approximate their fair value due to the relatively short periods to maturity of these items.

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2007

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## 7. Comparative figures:

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

# GREATER SUDBURY HOUSING CORPORATION

Schedule of Operations

Year ended December 31, 2007

	Operating		Capital		Rent Supplement Program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue:</b>								
Rental	\$ 6,696,000	7,288,218	-	-	-	-	6,696,000	7,288,218
City of Greater Sudbury - Local Housing Subsidy	4,502,185	4,452,186	2,610,000	2,660,000	2,484,609	2,484,609	9,596,794	9,596,795
- Rent supplement administration fee	78,200	78,200	-	-	-	-	78,200	78,200
- Strong Communities Grant	13,800	16,563	-	-	-	448,727	13,800	465,290
Non-rental	122,000	197,229	-	135,158	-	-	122,000	332,387
Interest	40,000	70,456	-	-	-	-	40,000	70,456
Non-profit management fees	-	51,117	-	-	-	-	-	51,117
Transfer from reserve	-	-	-	155,000	-	-	-	155,000
	11,452,185	12,153,969	2,610,000	2,950,158	2,484,609	2,933,336	16,546,794	18,037,463
<b>Expenses:</b>								
Capital	-	-	2,610,000	2,930,338	-	-	2,610,000	2,930,338
Rent supplement program	-	-	-	-	2,484,609	2,785,330	2,484,609	2,785,330
Municipal taxes	2,248,279	2,248,280	-	-	-	-	2,248,279	2,248,280
Utilities	3,505,000	3,398,333	-	-	-	-	3,505,000	3,398,333
Salaries and benefits	2,849,000	2,881,268	-	-	-	-	2,849,000	2,881,268
Property maintenance and operations	2,179,906	2,626,724	-	-	-	-	2,179,906	2,626,724
Administration	400,000	467,568	-	-	-	-	400,000	467,568
Transportation and communication	120,000	174,225	-	-	-	-	120,000	174,225
Bad debts	150,000	158,642	-	-	-	-	150,000	158,642
Transfer to reserves	-	198,929	-	19,820	-	-	-	366,755
	11,452,185	12,153,969	2,610,000	2,950,158	2,484,609	2,933,336	16,546,794	18,037,463
Excess of revenue over expenses before the undernoted	-	-	-	-	-	-	-	-
Subsidy refundable	-	-	-	-	-	-	-	-
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>