

## **SECTION 9**

Financial Statements of

### **GREATER SUDBURY HOUSING CORPORATION**

Year ended December 31, 2006

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the balance sheet of **Greater Sudbury Housing Corporation** as at December 31, 2006 and the statement of operations and changes in net assets 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, 2006 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, Secretary - Nipissing LLP*

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



*KPMG LLP*

**KPMG LLP**  
Chartered Accountants



*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants

Sudbury, Canada  
March 15, 2007

# GREATER SUDBURY HOUSING CORPORATION


## Balance Sheet

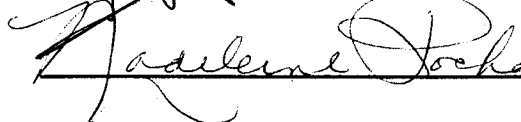
December 31, 2006, with comparative figures for 2005

	2006	2005
<b>Assets</b>		
Current assets:		
Cash	\$ 1,291,103	\$ 1,047,164
Tenant accounts receivable	83,745	72,704
Prepaid expenses	150,399	141,469
Other accounts receivable	139,841	264,567
	<u>\$ 1,665,088</u>	<u>\$ 1,525,904</u>
<b>Liabilities, Share Capital and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,102,396	\$ 1,020,191
Accrued payroll and employee benefits expenses	118,946	126,739
Prepaid rents	100,652	78,129
Due to Service Manager (note 3)	33,093	250,844
	<u>1,355,087</u>	<u>1,475,903</u>
Share capital:		
Authorized:		
Unlimited common shares		
Issued:		
100 common shares	1	1
Net assets:		
Restricted:		
Rent supplement reserve	105,000	-
Capital reserve	205,000	50,000
	<u>310,000</u>	<u>50,000</u>
Commitments (note 5)		
	<u>\$ 1,665,088</u>	<u>\$ 1,525,904</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# GREATER SADBURY HOUSING CORPORATION

## Statement of Operations

Year ended December 31, 2006, with comparative figures for 2005

	2006 Budget (Unaudited)	2006 Actual	2005 Actual
<b>Revenue:</b>			
Non-rental	\$ 88,000	\$ 140,821	\$ 106,845
Non-profit management fees	25,000	80,751	46,755
Interest	25,000	58,420	30,111
Rental	6,420,000	6,792,725	6,435,152
City of Greater Sudbury -			
Strong Communities Grant	13,800	397,560	404,514
Rent supplement administration fee	78,200	78,200	78,200
Local Housing Subsidy	9,206,545	9,206,545	8,618,702
	<u>15,856,545</u>	<u>16,755,022</u>	<u>15,720,279</u>
<b>Expenses:</b>			
Utilities	3,405,000	3,260,918	3,099,398
Rent supplement program	2,484,609	2,758,882	2,761,143
Salaries and benefits	2,720,700	2,596,021	2,408,409
Property maintenance and operations	1,905,345	2,561,512	2,252,338
Capital	2,550,594	2,394,339	2,304,350
Municipal taxes	2,157,787	2,157,787	1,978,547
Administration	373,700	451,860	394,240
Bad debts	150,000	141,159	103,830
Transportation and communication	104,500	134,233	114,736
Community development programs	4,310	941	2,444
Transfer to reserves	-	260,000	50,000
	<u>15,856,545</u>	<u>16,717,652</u>	<u>15,469,435</u>
<b>Excess of revenue over expenses</b>			
before the undernoted	-	37,370	250,844
Subsidy refundable	-	(37,370)	(250,844)
<b>Excess of revenue over expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# GREATER SDBURY HOUSING CORPORATION

## Statement of Changes in Net Assets

Year ended December 31, 2006, with comparative figures for 2005

	Unrestricted	Restricted		2006 Total	2005 Total
		Capital Reserve	Rent Supplement Reserve		
Net assets, beginning of year	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -
Contribution from operations	-	155,000	105,000	260,000	50,000
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ 205,000</b>	<b>\$ 105,000</b>	<b>\$ 310,000</b>	<b>\$ 50,000</b>

See accompanying notes to financial statements.

# GREATER SUDBURY HOUSING CORPORATION

## Notes to Financial Statements

Year ended December 31, 2006

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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 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 Service Manager. Subsidies may be recovered by the 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, 2006

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

# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2006

### 3. Due to Service Manager:

	2006	2005
The balance consists of:		
Surplus repayable		
- Capital program	\$ 1,255	\$ 24,283
- Rent supplement program	165	64,252
- Operations	35,950	162,309
Receivable from service manager		
- Rent supplement program	(4,277)	-
	<u>\$ 33,093</u>	<u>\$ 250,844</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, 2006 totals \$238,024 (2005 - 243,751).

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 \$12,800 to \$61,750 (2005 - \$22,272 to \$53,547).

### 6. Statement of cash flow:

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



# GREATER SUDBURY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2006

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## 7. 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 and due to Service Manager approximate their fair value due to the relatively short periods to maturity of these items.

## 8. Comparative figures:

Certain 2005 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, 2006

	Operating		Capital		Rent supplement program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue:</b>								
Rental	\$ 6,420,000	6,792,725	-	-	-	-	6,420,000	6,792,725
City of Greater Sudbury - Local Housing Subsidy	4,171,342	4,171,342	2,550,594	2,550,594	2,484,609	2,484,609	9,206,545	9,206,545
- Rent supplement administration fee	78,200	78,200	-	-	-	-	78,200	78,200
- Strong Communities Grant	13,800	18,122	-	-	-	379,438	13,800	397,560
Non-rental	88,000	140,821	-	-	-	-	88,000	140,821
Interest	25,000	58,420	-	-	-	-	25,000	58,420
Non-profit management fees	25,000	80,751	-	-	-	-	25,000	80,751
	10,821,342	11,340,381	2,550,594	2,550,594	2,484,609	2,864,047	15,856,545	16,755,022
<b>Expenses:</b>								
Capital	-	-	2,550,594	2,394,339	-	-	2,550,594	2,394,339
Rent supplement program	-	-	-	-	2,484,609	2,758,882	2,484,609	2,758,882
Municipal taxes	2,157,787	2,157,787	-	-	-	-	2,157,787	2,157,787
Utilities	3,405,000	3,260,918	-	-	-	-	3,405,000	3,260,918
Salaries and benefits	2,720,700	2,596,021	-	-	-	-	2,720,700	2,596,021
Property maintenance and operations	1,905,345	2,561,512	-	-	-	-	1,905,345	2,561,512
Administration	373,700	451,860	-	-	-	-	373,700	451,860
Transportation and communication	104,500	134,233	-	-	-	-	104,500	134,233
Bad debts	150,000	141,159	-	-	-	-	150,000	141,159
Community development programs	4,310	941	-	-	-	-	4,310	941
Transfer to reserves	-	-	-	155,000	-	105,000	-	260,000
	10,821,342	11,304,431	2,550,594	2,549,339	2,484,609	2,863,882	15,856,545	16,717,652
Excess of revenue over expenses before the undemoted	-	35,950	-	1,255	-	165	-	37,370
Subsidy refundable	-	(35,950)	-	(1,255)	-	(165)	-	(37,370)
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# GREATER SUDBURY HOUSING CORPORATION

Schedule of Operations

Year ended December 31, 2006

	Operating		Capital		Rent supplement program		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenue:</b>								
Rental	\$ 6,420,000	6,792,725	-	-	-	-	6,420,000	6,792,725
City of Greater Sudbury - Local Housing Subsidy	4,171,342	4,171,342	2,550,594	2,550,594	2,484,609	2,484,609	9,206,545	9,206,545
- Rent supplement administration fee	78,200	78,200	-	-	-	-	78,200	78,200
- Strong Communities Grant	13,800	18,122	-	-	-	379,438	13,800	397,560
Non-rental	88,000	140,821	-	-	-	-	88,000	140,821
Interest	25,000	58,420	-	-	-	-	25,000	58,420
Non-profit management fees	25,000	80,751	-	-	-	-	25,000	80,751
	10,821,342	11,340,381	2,550,594	2,550,594	2,484,609	2,864,047	15,856,545	16,755,022
<b>Expenses:</b>								
Capital	-	-	2,550,594	2,394,339	-	-	2,550,594	2,394,339
Rent supplement program	-	-	-	-	2,484,609	2,758,882	2,484,609	2,758,882
Municipal taxes	2,157,787	2,157,787	-	-	-	-	2,157,787	2,157,787
Utilities	3,405,000	3,260,918	-	-	-	-	3,405,000	3,260,918
Salaries and benefits	2,720,700	2,596,021	-	-	-	-	2,720,700	2,596,021
Property maintenance and operations	1,905,345	2,561,512	-	-	-	-	1,905,345	2,561,512
Administration	373,700	451,860	-	-	-	-	373,700	451,860
Transportation and communication	104,500	134,233	-	-	-	-	104,500	134,233
Bad debts	150,000	141,159	-	-	-	-	150,000	141,159
Community development programs	4,310	941	-	-	-	-	4,310	941
Transfer to reserves	-	-	-	155,000	-	105,000	-	260,000
	10,821,342	11,304,431	2,550,594	2,549,339	2,484,609	2,863,882	15,856,545	16,717,652
Excess of revenue over expenses before the undemoted	-	35,950	-	1,255	-	165	-	37,370
Subsidy refundable	-	(35,950)	-	(1,255)	-	(165)	-	(37,370)
<b>Excess of revenue over expenses</b>	\$ -	-	-	-	-	-	-	-