

Greater Sudbury Housing Corporation

Financial Statements
December 31, 2011



April 25, 2012

Independent Auditor's Report

To the Board of Directors of the Greater Sudbury Housing Corporation

We have audited the accompanying financial statements of the Greater Sudbury Housing Corporation, which comprise the statement of financial position as at December 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes and supplementary schedules, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Sudbury Housing Corporation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the financial statements.

Emphasis of matter

These financial statements have not been, and were not intended to be, prepared in accordance with The Canadian Institute of Chartered Accountants Handbook Part 5 and are solely for the information and use of the Board of 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. These financial statements are not intended to be, and should not be, used by anyone other than the specified users or for any other purpose.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Greater Sudbury Housing Corporation

Statement of Financial Position

As at December 31, 2011

	2011 \$	2010 \$
Assets		
Current assets		
Cash	2,065,307	2,090,873
Tenant accounts receivable	72,269	85,550
Prepaid expenses	249,228	267,817
Other accounts receivable	368,505	322,702
Due from the City of Greater Sudbury (note 4)	220,973	41,711
	<u>2,976,282</u>	<u>2,808,653</u>
Liabilities, share capital and net assets		
Current liabilities		
Accounts payable and accrued liabilities	1,761,463	1,620,054
Accrued payroll and employee benefits expenses	102,799	64,715
Prepaid rents	162,920	158,345
	<u>2,027,182</u>	<u>1,843,114</u>
Share capital		
Authorized		
Unlimited common shares		
Issued		
100 common shares	<u>1</u>	<u>1</u>
Net assets		
Restricted		
Capital reserve	543,266	569,416
Rent supplement reserve	219,017	235,919
Unrestricted		
Operating reserve	<u>186,816</u>	<u>160,203</u>
	<u>949,099</u>	<u>965,538</u>
	<u>2,976,282</u>	<u>2,808,653</u>

Commitments (note 5)

Schedule of tangible capital assets (schedule 2)

Approved on behalf of the Board

_____ Board member _____ Board member

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Greater Sudbury Housing Corporation

Statement of Operations

For the year ended December 31, 2011

	2011 Budget \$ (Unaudited)	2011 \$	2010 \$
Revenues			
Rental	6,903,600	6,703,254	6,793,071
Tenant recoveries	100,000	91,849	94,993
Sundry revenue	150,000	151,428	165,186
Interest	10,000	27,080	18,477
Non-profit management fees	51,690	65,441	50,440
City of Greater Sudbury			
Local housing subsidy	10,647,498	10,647,498	10,052,056
Regular Rent Supplement Program administration fee	78,200	78,200	78,200
Strong Communities Rent Supplement Program	16,510	443,721	431,310
Social Housing Renovation and Retrofit Program funding	-	-	1,651,061
Renewable Energy Program funding	-	1,231,566	-
Severance funding	-	-	270,721
	<hr/> 17,957,498	<hr/> 19,440,037	<hr/> 19,605,515
Expenditures			
Utilities	3,618,496	3,524,816	3,363,925
Rent Supplement Program	2,692,809	3,204,534	3,086,954
Salaries and benefits	3,514,884	3,280,615	3,078,980
Property maintenance and operations	2,325,000	2,465,653	2,466,155
Capital	2,310,000	3,573,639	3,783,153
Municipal taxes	2,641,309	2,585,538	2,504,749
Administration	495,000	465,010	525,651
Bad debts	210,000	156,467	206,059
Transportation and communication	150,000	161,450	159,637
Severance pay-out	-	38,754	211,446
	<hr/> 17,957,498	<hr/> 19,456,476	<hr/> 19,386,709
(Deficiency) excess of revenues over expenditures	<hr/> -	<hr/> (16,439)	<hr/> 218,806

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Greater Sudbury Housing Corporation

Statement of Changes in Net Assets

For the year ended December 31, 2011

				Net assets	
	Operating reserve	Capital reserve	Rent supplement reserve	2011 total	2010 total
	\$	\$	\$	\$	\$
Net assets - Beginning of year	160,203	569,416	235,919	965,538	746,732
Excess (deficiency) of revenues over expenditures	86,242	(26,150)	(76,531)	(16,439)	218,806
Transfer between reserves	(59,629)	-	59,629	-	-
Net assets - End of year	186,816	543,266	219,017	949,099	965,538

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Greater Sudbury Housing Corporation

Statement of Cash Flows

For the year ended December 31, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenditures	(16,439)	218,806
Change in non-cash operating working capital		
Decrease in tenant accounts receivable	13,281	40,194
Decrease (increase) in prepaid expenses	18,589	(51,791)
(Increase) decrease in other accounts receivable	(45,803)	52,016
(Increase) decrease in due from Municipal Service Manager	(179,262)	693,646
Increase in accounts payable and accrued liabilities	141,409	87,987
Increase (decrease) in accrued payroll and employee benefits expenses	38,084	(35,423)
Increase in prepaid rents	4,575	11,299
	<hr/>	<hr/>
Net change in cash for the year	(25,566)	1,016,734
Cash - Beginning of year	2,090,873	1,074,139
	<hr/>	<hr/>
Cash - End of year	2,065,307	2,090,873
	<hr/>	<hr/>
Supplementary information		
Interest received	27,080	18,477

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2011

1 Nature of operations

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 for the Municipality of Greater Sudbury.

The Corporation is a municipal corporation pursuant to paragraph 149(1)(d.5) of the Income Tax Act and is therefore exempt from income taxes having met certain requirements of the Income Tax Act.

2 Summary of significant accounting policies

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 the Corporation's Municipal Service Manager, the City of Greater Sudbury. The basis of accounting used in these financial statements materially differs from The Canadian Institute of Chartered Accountants Handbook Part 5 because:

- a) the Corporation has obligations for certain employee benefits which will require funding in future years and which are not accrued in the financial statements (note 5);
- b) 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 statement of financial position and amortized over their estimated useful lives (see schedule of tangible capital assets). Tangible capital asset additions are capitalized to the schedule of tangible capital assets only if they exceed a \$50,000 threshold; and
- c) inventory of parts and supplies are charged to the statement of operations in the year that the expenditure is incurred.

Cash

Cash includes cash on hand and demand deposits that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Prepaid expenses

Prepaid expenses are charged to expenses over the periods expected to benefit from it.

Net assets

Certain amounts, as approved by the Board of Directors, are set aside in net assets for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective reserve when approved.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2011

Net assets consist of the following:

- Operating reserve

This reserve is not restricted and is utilized for the operating activities of the Corporation.

- Capital reserve

This reserve is restricted and can only be used for capital projects that have been approved by the Board of Directors.

- Rent supplemental reserve

This reserve is restricted and can only be used for expenses related to the rent supplement program.

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Housing charges and the federal and provincial subsidies for the Income Tested Assistance Program are recognized as revenue during the month of occupancy by members.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Subsidy refundable

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

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors. The budget figures are unaudited.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2011

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the valuation allowances for tenant receivables and other accounts receivable.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3 Tangible capital assets

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 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 Corporation are as follows:

Street address	Other name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpelier, Chelmsford	The Rosemount	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
		<hr/>
		1,848
		<hr/>

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2011

4 Due from the City of Greater Sudbury

	2011 \$	2010 \$
Balance consists of		
Receivable from the City of Greater Sudbury Capital Program	220,973	41,711

5 Commitments

The Corporation provides certain employee benefits which will require funding in future years and which are not accrued. The total unaccrued vacation and severance wages at December 31, 2011 totals \$36,016 (2010 - \$95,608).

The Corporation has entered into various contracts for services with monthly costs totalling \$31,414 to \$83,635 (2010 - \$28,107 to \$58,635).

The Corporation is involved in certain litigation and claims, which are from time to time in the normal course of business.

The Corporation records accruals that reflect management's best estimate of any potential liability relating to these claims. In the opinion of management, the Corporation has reasonable arguments to defend against these claims and none would result in an additional liability that would have a significant adverse effect on the Corporation's financial position. However, the Corporation cannot predict with certainty the final outcome of these matters. No accrual has been made as at December 31, 2011 (2010 - \$nil) for any of these claims.

6 Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. These changes have no effect on excess of revenues over expenditures previously reported in the prior year.

Greater Sudbury Housing Corporation

Schedule of Operations

Schedule 1

For the year ended December 31, 2011

	Operating		Capital		Rent supplement program		Total	
	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
Revenues								
Rental	6,903,600	6,703,254	-	-	-	-	6,903,600	6,703,254
Tenant recoveries	100,000	91,849	-	-	-	-	100,000	91,849
Sundry revenue	150,000	151,428	-	-	-	-	150,000	151,428
Interest	10,000	15,604	-	-	-	-	10,000	15,604
Non-profit management fees	51,690	65,441	-	-	-	-	51,690	65,441
City of Greater Sudbury								
Local housing subsidy	5,644,689	5,644,689	2,310,000	2,310,000	2,692,809	2,692,809	10,647,498	10,647,498
Regular Rent Supplement Program administration fee	78,200	78,200	-	-	-	-	78,200	78,200
Strong Communities Rent Supplement Program	16,510	12,467	-	-	-	431,254	16,510	443,721
Renewable Energy Program funding	-	-	-	1,231,566	-	-	-	1,231,566
	12,954,689	12,762,932	2,310,000	3,541,566	2,692,809	3,124,063	17,957,498	19,428,561
Expenditures								
Utilities	3,618,496	3,524,816	-	-	-	-	3,618,496	3,524,816
Rent Supplement Program	-	-	-	-	2,692,809	3,204,534	2,692,809	3,204,534
Salaries and benefits	3,514,884	3,280,615	-	-	-	-	3,514,884	3,280,615
Property maintenance and operations	2,325,000	2,465,653	-	-	-	-	2,325,000	2,465,653
Capital								
Regular	-	-	2,310,000	2,420,361	-	-	2,310,000	2,420,361
Renewable energy	-	-	-	1,153,278	-	-	-	1,153,278
Municipal taxes	2,641,309	2,585,538	-	-	-	-	2,641,309	2,585,538
Administration	495,000	465,010	-	-	-	-	495,000	465,010
Bad debts	210,000	156,467	-	-	-	-	210,000	156,467
Transportation and communication	150,000	161,450	-	-	-	-	150,000	161,450
Severance pay-out	-	38,754	-	-	-	-	-	38,754
	12,954,689	12,678,303	2,310,000	3,573,639	2,692,809	3,204,534	17,957,498	19,456,476
Excess (deficiency) of revenues over expenditures before the undernoted	-	84,629	-	(32,073)	-	(80,471)	-	(27,915)
Interest on reserve funds	-	1,613	-	5,923	-	3,940	-	11,476
Excess (deficiency) of revenues over expenditures	-	86,242	-	(26,150)	-	(76,531)	-	(16,439)

Greater Sudbury Housing Corporation

Schedule of Tangible Capital Assets

For the year ended December 31, 2011

Schedule 2

	Cost			Accumulated amortization				Net book value of tangible assets		
	Balance - beginning of year \$	Additions and betterments \$	Disposals \$	Balance - end of year \$	Balance - beginning of year \$	Amortization \$	Amortization related to disposals \$	Balance - end of year \$	2011 \$	2010 \$
High-rise residential units										
Land	2,180,550	-	-	2,180,550	-	-	-	-	2,180,550	2,180,550
Site improvements	2,943,743	382,547	-	3,326,290	1,962,496	214,739	-	2,177,235	1,149,055	981,247
Buildings	19,126,726	468,049	-	19,594,775	6,637,218	727,046	-	7,364,264	12,230,511	12,489,508
	24,251,019	850,596	-	25,101,615	8,599,714	941,785	-	9,541,499	15,560,116	15,651,305
Multi-residential units										
Land	2,853,550	-	-	2,853,550	-	-	-	-	2,853,550	2,853,550
Buildings	36,436,987	607,163	-	37,044,150	15,598,015	1,839,443	-	17,437,458	19,606,692	20,838,972
	39,290,537	607,163	-	39,897,700	15,598,015	1,839,443	-	17,437,458	22,460,242	23,692,522
Single-family residential houses										
Land	4,155,000	-	-	4,155,000	-	-	-	-	4,155,000	4,155,000
Buildings	13,233,474	-	(42,426)	13,233,474	5,268,658	659,553	1,061	5,927,150	7,306,324	7,964,816
	17,388,474	-	(42,426)	17,388,474	5,268,658	659,553	1,061	5,927,150	11,461,324	12,119,816
Equipment and vehicles										
Furniture and equipment	709,116	-	-	709,116	415,373	70,911	-	486,284	222,832	293,743
Vehicles	329,912	-	-	329,912	147,351	27,156	-	174,507	155,405	182,561
	1,039,028	-	-	1,039,028	562,724	98,067	-	660,791	378,237	476,304
	81,969,058	1,457,759	(42,426)	83,426,817	30,029,111	3,538,848	1,061	33,566,898	49,859,919	51,939,947
Summary										
Land	9,189,100	-	-	9,189,100	-	-	-	-	9,189,100	9,189,100
Site improvements	2,943,743	382,547	-	3,326,290	1,962,496	214,739	-	2,177,235	1,149,055	981,247
Buildings	68,797,187	1,075,212	(42,426)	69,829,973	27,503,891	3,226,042	1,061	30,728,872	39,101,101	41,293,296
Furniture and equipment	709,116	-	-	709,116	415,373	70,911	-	486,284	222,832	293,743
Vehicles	329,912	-	-	329,912	147,351	27,156	-	174,507	155,405	182,561
	81,969,058	1,457,759	(42,426)	83,384,391	30,029,111	3,538,848	1,061	33,566,898	49,817,493	51,939,947

Greater Sudbury Housing Corporation

Schedule of Tangible Capital Assets...*cont'd*

For the year ended December 31, 2011

Capital assets in the schedule of tangible capital assets are stated at cost, less accumulated amortization and are amortized over their estimated useful live of each individual component on a straight-line basis at the following rates:

High-rise residential unit buildings	
Interior, exterior and roof	20 years
Structure	50 years
Electrical	30 years
Mechanical	25 years
Site improvements	15 years
Multi-residential units	20 years
Single-family residential homes	20 years
Equipment and vehicles	10 years