

Greater Sudbury Housing Corporation

Financial Statements
December 31, 2015



April 27, 2016

Independent Auditor's Report

To the Board of Directors of 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, 2015 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and the related notes, 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, 2015 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.

Basis of presentation and restriction on use

These financial statements have not been, and were not intended to be, prepared in accordance with Canadian public sector accounting standards 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 policies as specified by the Greater Sudbury Housing Corporation's Municipal Service Manager. 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 Professional Accountants, Licensed Public Accountants

Greater Sudbury Housing Corporation

Statement of Financial Position

As at December 31, 2015

	2015 \$	2014 \$
Financial assets		
Cash	1,116,264	1,672,936
Pooled fund investment (note 3)	509,607	340,361
Tenant accounts receivable	194,956	281,546
Other accounts receivable	333,686	131,125
	<hr/> 2,154,513	<hr/> 2,425,968
Liabilities		
Accounts payable and accrued liabilities	1,136,421	1,432,481
Accrued payroll and employee benefits expenses	193,457	176,689
Tenant prepaid rents	205,006	211,447
	<hr/> 1,534,884	<hr/> 1,820,617
Net financial assets	619,629	605,351
Non-financial assets		
Prepaid expenses	275,561	270,637
Share capital		
Authorized		
Unlimited common shares		
Issued		
100 common shares	<hr/> 1	<hr/> 1
Accumulated surplus (note 5)	<hr/> 895,189	<hr/> 875,987
Commitments (note 6)		
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, 2015

	2015 Budget \$	2015 \$	2014 \$
Revenues			
Rental	6,940,867	6,959,129	6,940,867
Maintenance recoveries	143,726	134,770	284,443
Sundry revenue	255,476	280,409	236,036
Interest	28,000	33,694	32,240
Management services	86,033	87,598	-
City of Greater Sudbury			
Local housing subsidy (note 9)	9,489,999	9,489,999	11,751,613
Regular Rent Supplement Program administration fee	90,498	78,200	78,200
Strong Communities Rent Supplement Program	-	505,547	495,733
Special Capital Projects	-	155,000	-
	<u>17,034,599</u>	<u>17,724,346</u>	<u>19,819,132</u>
Expenses			
Utilities (note 7)	3,749,947	3,578,908	3,753,261
Rent Supplement Program	3,073,277	3,002,575	2,846,093
Strong Communities Rent Supplement Program	-	493,210	483,435
Salaries and benefits	4,000,424	3,914,969	3,693,098
Property maintenance and operations (note 8)	2,474,432	2,498,153	2,648,981
Tenant services	121,000	131,369	112,920
Capital	2,655,323	3,059,381	2,180,872
Municipal taxes (note 9)	-	-	2,953,790
Administration (note 8)	540,196	554,912	529,456
Bad debts	260,000	253,600	208,427
Transportation and communication	160,000	218,067	187,589
	<u>17,034,599</u>	<u>17,705,144</u>	<u>19,597,922</u>
Excess of revenues over expenses	<u>-</u>	<u>19,202</u>	<u>221,210</u>

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

Greater Sudbury Housing Corporation

Statement of Changes in Net Financial Assets

For the year ended December 31, 2015

	2015 \$	2014 \$
Excess of revenues over expenses for the year	19,202	221,210
Change in prepaid expenses	(4,924)	(9,227)
Increase in net financial assets	14,278	211,983
Net financial assets - Beginning of year	605,351	393,368
Net financial assets - End of year	619,629	605,351

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, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	19,202	221,210
Change in non-cash assets and liabilities		
Tenant accounts receivable	86,590	(86,478)
Other accounts receivable	(202,561)	29,524
Accounts payable and accrued liabilities	(296,060)	64,184
Accrued payroll and employee benefits expenses	16,768	31,770
Tenant prepaid rents	(6,441)	10,228
Prepaid expenses	(4,924)	(9,227)
	<hr/> (387,426) <hr/>	261,211
Investing activities		
Purchase of pooled fund investment	(169,246)	-
Sale of pooled fund investment	-	241,639
	<hr/> (169,246) <hr/>	241,639
Net change in cash for the year	(556,672)	502,850
Cash - Beginning of year	<hr/> 1,672,936 <hr/>	1,170,086
Cash - End of year	<hr/> 1,116,264 <hr/>	1,672,936
Supplementary information		
Interest received	33,694	32,240

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

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2015

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 City of Greater Sudbury.

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

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 Canadian public sector accounting standards 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 6);
- b) capital assets purchased and betterments, which extend the estimated life of an asset, are expensed in the statement of 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 2). Tangible capital asset additions are capitalized in the schedule of tangible capital assets only if they exceed a \$50,000 threshold;
- c) inventory of parts and supplies are expensed in the statement of operations in the year the expenditure is incurred; and
- d) expenses on the statement of operations are classified and presented based on the nature of the expense rather than function.

Cash

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

Pooled fund investment

The Corporation invests in the Social Housing Canadian Bond Fund. This investment is measured at cost less any writedowns associated with a loss in value that is other than a temporary decline. A writedown of a pooled fund investment is not reversed for a subsequent increase in value.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2015

Prepaid expenses

Prepaid expenses are charged to expenses during the year of the expected benefit.

Accumulated surplus

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

Accumulated surplus consists 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 supplement 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 year 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.

Local housing subsidy revenue from the City of Greater Sudbury is recognized in the period in which the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government; and the amount can reasonably be estimated. Funding received under a funding arrangement, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes, is reflected as deferred revenue in the year of receipt and is recognized as revenue in the period in which all the recognition criteria have been met.

Rental revenue is recognized as revenue during the month of occupancy by members.

Management services revenue is recognized when the service has been performed and collectability is reasonably assured.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2015

Expenses

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

Subsidy refundable

The local housing 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 as an adjustment to local housing subsidy revenue.

Budget figures

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

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the valuation allowances for tenant accounts receivable 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 those estimates.

3 Pooled fund investment

As at December 31, 2015, the cost of the Corporation's pooled fund investment is \$509,607 (2014 - \$340,361) and the fair value was \$518,619 (2014 - \$343,057).

4 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.

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2015

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

Street address	Other name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpellier, 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
		1,848

In addition, two parcels of vacant land, which currently do not have any buildings on them, were also transferred to the Corporation.

5 Accumulated surplus

	2015			2014	
	Operating reserve \$	Capital reserve \$	Rent supplement reserve \$	Total \$	Total \$
Balance - Beginning of year	297,766	509,591	68,630	875,987	654,777
Excess (deficiency) of revenues over expenses	189,753	(241,608)	71,057	19,202	221,210
Balance - End of year	487,519	267,983	139,687	895,189	875,987

Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2015

6 Commitments

The Corporation provides certain employee benefits, which will require funding in future years, and which are not accrued. The value of unaccrued vacation as at December 31, 2015 totals \$55,105 (2014 - \$59,230).

The Corporation enters into various non-cancellable contracts in the ordinary course of business. Payments for these contracts are contractual obligations as scheduled per each agreement. Commitments for minimum payments in relation to non-cancellable contracts as at December 31, 2015 are as follows:

	\$
No later than 1 year	388,264
Later than 1 year and no longer than 5 years	<u>472,377</u>
	<u>860,641</u>

The Corporation is involved in certain litigation and claims from time to time, which are 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, 2015 (2014 - \$nil) for any of these claims.

7 Utilities expense

Utilities expense comprises the following:

	2015 \$	2014 \$
Electricity	1,036,460	1,031,316
Fuel	1,255,506	1,314,753
Gas hot water tank rental	175,157	170,750
Water	<u>1,111,785</u>	<u>1,236,442</u>
	<u>3,578,908</u>	<u>3,753,261</u>

8 Insurance expense

Administration expense includes \$74,106 (2014 - \$81,276) of insurance expense and property maintenance and operations expense includes \$249,372 (2014 - \$234,995) of insurance expense.

9 Municipal taxes

The Corporation is no longer required to remit municipal property taxes under by-law 2015-113 (2014 - \$2,953,790). The City of Greater Sudbury has incorporated this into its local housing subsidy allocation.

Greater Sudbury Housing Corporation

Schedule of Operations

For the year ended December 31, 2015

Schedule 1

	Operating		Capital		Rent Supplement Program		Total	
	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
Revenues								
Rental	6,940,867	6,959,129	-	-	-	-	6,940,867	6,959,129
Maintenance recoveries	143,726	134,770	-	-	-	-	143,726	134,770
Sundry revenue	255,476	280,409	-	-	-	-	255,476	280,409
Interest	28,000	22,539	-	-	-	-	28,000	22,539
Management services	86,033	87,598	-	-	-	-	86,033	87,598
City of Greater Sudbury								
Local housing subsidy	3,761,399	3,761,399	2,655,323	2,655,323	3,073,277	3,073,277	9,489,999	9,489,999
Regular Rent Supplement Program administration fee	90,498	78,200	-	-	-	-	90,498	78,200
Strong Communities Rent Supplement Program	-	12,337	-	-	-	493,210	-	505,547
Special Capital Projects	-	-	-	155,000	-	-	-	155,000
	<u>11,305,999</u>	<u>11,336,381</u>	<u>2,655,323</u>	<u>2,810,323</u>	<u>3,073,277</u>	<u>3,566,487</u>	<u>17,034,599</u>	<u>17,713,191</u>
Expenses								
Utilities	3,749,947	3,578,908	-	-	-	-	3,749,947	3,578,908
Rent Supplement Program	-	-	-	-	3,073,277	3,002,575	3,073,277	3,002,575
Strong Communities Rent Supplement Program	-	-	-	-	-	493,210	-	493,210
Salaries and benefits	4,000,424	3,914,969	-	-	-	-	4,000,424	3,914,969
Property maintenance and operations	2,474,432	2,498,153	-	-	-	-	2,474,432	2,498,153
Tenant services	121,000	131,369	-	-	-	-	121,000	131,369
Capital	-	-	2,655,323	3,059,381	-	-	2,655,323	3,059,381
Administration	540,196	554,912	-	-	-	-	540,196	554,912
Bad debts	260,000	253,600	-	-	-	-	260,000	253,600
Transportation and communication	160,000	218,067	-	-	-	-	160,000	218,067
	<u>11,305,999</u>	<u>11,149,978</u>	<u>2,655,323</u>	<u>3,059,381</u>	<u>3,073,277</u>	<u>3,495,785</u>	<u>17,034,599</u>	<u>17,705,144</u>
Excess (deficiency) of revenues over expenses before the undernoted	-	186,403	-	(249,058)	-	70,702	-	8,047
Interest on reserve funds	-	3,350	-	7,450	-	355	-	11,155
Excess (deficiency) of revenues over expenses	-	189,753	-	(241,608)	-	71,057	-	19,202

Greater Sudbury Housing Corporation

Schedule of Tangible Capital Assets

For the year ended December 31

Schedule 2

	Cost			Accumulated amortization			Net book value of tangible assets	
	Balance - Beginning of year \$	Additions \$	Balance - End of year \$	Balance - Beginning of year \$	Amortization \$	Balance - End of year \$	2015 \$	2014 \$
High-rise residential units								
Land	2,180,550	-	2,180,550	-	-	-	2,180,550	2,180,550
Site improvements	5,282,056	1,197,516	6,479,572	2,981,582	392,054	3,373,636	3,105,936	2,300,474
Buildings	20,279,474	736,060	21,015,534	9,668,211	791,443	10,459,654	10,555,880	10,611,263
	<u>27,742,080</u>	<u>1,933,576</u>	<u>29,675,656</u>	<u>12,649,793</u>	<u>1,183,497</u>	<u>13,833,290</u>	<u>15,842,366</u>	<u>15,092,287</u>
Multi-residential units								
Land	2,853,550	-	2,853,550	-	-	-	2,853,550	2,853,550
Buildings	39,113,206	382,123	39,495,329	23,159,283	1,970,042	25,129,325	14,366,004	15,953,923
	<u>41,966,756</u>	<u>382,123</u>	<u>42,348,879</u>	<u>23,159,283</u>	<u>1,970,042</u>	<u>25,129,325</u>	<u>17,219,554</u>	<u>18,807,473</u>
Single-family residential houses								
Land	4,155,000	-	4,155,000	-	-	-	4,155,000	4,155,000
Buildings	13,345,459	-	13,345,459	7,917,390	667,274	8,584,664	4,760,795	5,428,069
	<u>17,500,459</u>	<u>-</u>	<u>17,500,459</u>	<u>7,917,390</u>	<u>667,274</u>	<u>8,584,664</u>	<u>8,915,795</u>	<u>9,583,069</u>
Equipment and vehicles								
Furniture and equipment	709,116	-	709,116	699,020	10,096	709,116	-	10,096
Vehicles	329,912	-	329,912	273,480	32,991	306,471	23,441	56,432
	<u>1,039,028</u>	<u>-</u>	<u>1,039,028</u>	<u>972,500</u>	<u>43,087</u>	<u>1,015,587</u>	<u>23,441</u>	<u>66,528</u>
	<u>88,248,323</u>	<u>2,315,699</u>	<u>90,564,022</u>	<u>44,698,966</u>	<u>3,863,900</u>	<u>48,562,866</u>	<u>42,001,156</u>	<u>43,549,357</u>
Summary								
Land	9,189,100	-	9,189,100	-	-	-	9,189,100	9,189,100
Site improvements	5,282,056	1,197,516	6,479,572	2,981,582	392,054	3,373,636	3,105,936	2,300,474
Buildings	72,738,139	1,118,183	73,856,322	40,744,884	3,428,759	44,173,643	29,682,679	31,993,255
Furniture and equipment	709,116	-	709,116	699,020	10,096	709,116	-	10,096
Vehicles	329,912	-	329,912	273,480	32,991	306,471	23,441	56,432
	<u>88,248,323</u>	<u>2,315,699</u>	<u>90,564,022</u>	<u>44,698,966</u>	<u>3,863,900</u>	<u>48,562,866</u>	<u>42,001,156</u>	<u>43,549,357</u>

Greater Sudbury Housing Corporation

Schedule of Tangible Capital Assets ... *continued*

Schedule 2

For the year ended December 31

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

High-rise residential units	
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 houses	20 years
Equipment and vehicles	10 years