

Financial Statements of

**KINGSTON & FRONTENAC  
HOUSING CORPORATION**

Year ended December 31, 2015

# **KINGSTON & FRONTENAC HOUSING CORPORATION**

Financial Statements

Year ended December 31, 2015

	Page
Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Financial Debt	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule 1: Rent Geared to Income Program Statement of Operations and Accumulated Surplus	18
Schedule 2: Affordable Housing Program Schedule of Operations and Accumulated Surplus	19

## **Management’s Responsibility for the Financial Statements**

The accompanying financial statements of Kingston & Frontenac Housing Corporation (the “Corporation”) are the responsibility of the Corporation’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditors’ Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation’s financial statements.

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Mary Lynn Cousins Brame  
Chief Executive Officer

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Dan Song  
Finance & Administration Manager

## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of Kingston & Frontenac Housing Corporation

We have audited the accompanying financial statements of Kingston & Frontenac Housing Corporation ("the Corporation"), which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and notes, comprising 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 Canadian public sector accounting standards, 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.

### *Auditors' 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 our 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, we consider 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.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kingston & Frontenac Housing Corporation as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 4, 2016

Kingston, Canada

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Current assets:		
Cash (note 5)	\$ 3,606,681	\$ 2,801,657
Rents receivable	10,430	37,926
Other receivables	283,493	146,571
Receivable from the Corporation of the City of Kingston (note 7)	—	66,522
	<u>3,900,604</u>	<u>3,052,676</u>
Long-term investments (notes 3, 5 and 6)	1,314,847	1,259,963
	<u>5,215,451</u>	<u>4,312,639</u>
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,106,975	597,553
Accrued payroll and employee benefits	128,868	124,839
Current portion of long-term debt (note 4)	146,563	139,311
Prepaid rents	154,499	134,547
Deferred revenue	45,159	47,371
Subsidy paid in advance	688,989	706,833
Payable to the Corporation of the City of Kingston (note 7)	107,814	—
	<u>2,378,867</u>	<u>1,750,454</u>
Long-term debt (note 4)	4,656,678	4,803,241
	<u>7,035,545</u>	<u>6,553,695</u>
Net financial debt	(1,820,094)	(2,241,056)
Non-financial assets:		
Tangible capital assets (note 12)	43,803,176	43,117,270
Prepaid expenses	252,696	203,951
	<u>44,055,872</u>	<u>43,321,221</u>
Contingent liabilities (notes 7 and 10)		
Commitment (note 14)		
Accumulated surplus	\$ 42,235,778	\$ 41,080,165

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 8)	2015 Total	2014 Total
<b>Revenue:</b>			
Local housing subsidy (note 13)	\$ 4,541,227	\$ 4,512,680	\$ 4,319,595
Rents	3,152,989	3,114,260	3,183,999
Rent supplement	3,002,948	3,046,771	3,083,492
Homelessness supplement	466,805	466,805	466,805
Province of Ontario grant	168,000	167,945	167,945
Non-rental revenue	162,790	175,122	173,970
Non-residential rents	122,149	122,149	118,764
Interest income	17,000	60,122	113,136
	11,633,908	11,665,854	11,627,706
<b>Expenses:</b>			
Rent supplement program costs	3,469,753	3,513,576	3,550,297
Salaries and benefits	1,849,661	1,830,976	1,759,862
Municipal taxes	1,690,891	1,645,620	1,625,214
Maintenance expense	962,260	943,054	1,000,834
Utilities	984,378	883,309	858,129
Capital expenses	1,378,261	1,422,593	1,374,306
Amounts recognized as tangible capital assets	(1,000,000)	(958,655)	(1,042,203)
Professional services	213,561	252,324	241,693
Interest	252,829	252,188	267,902
Insurance	255,404	231,729	205,086
Administration services and expenses	159,033	149,082	152,165
Bad debts (recovery)	31,229	(114)	31,558
	10,247,260	10,165,682	10,024,843
Excess of revenue over expenses	1,386,648	1,500,172	1,602,863
Amortization expense	1,312,671	1,344,711	1,285,128
Loss on sale of tangible capital assets (note 15(a))	-	607,021	-
Government grant (note 15(b))	-	(1,607,173)	-
	1,312,671	344,559	1,285,128
Annual surplus	73,977	1,155,613	317,735
Accumulated surplus, beginning of year		41,080,165	40,762,430
Accumulated surplus, end of year (schedules 1 and 2)		\$ 42,235,778	\$ 41,080,165

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Change in Net Financial Debt

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 1,155,613	\$ 317,735
Acquisition of tangible capital assets	(3,136,433)	(1,042,203)
Amortization of tangible capital assets	1,344,711	1,285,128
Loss on sale of tangible capital assets	607,021	–
Proceeds on sale of tangible capital assets	498,795	–
Change in prepaid expense	(48,745)	(36,601)
Net change in net financial assets	420,962	524,059
Net financial debt, beginning of year	(2,241,056)	(2,765,115)
Net financial debt, end of year	\$ (1,820,094)	\$ (2,241,056)

See accompanying notes to financial statements.



# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,155,613	\$ 317,735
Loss on sale of tangible capital assets	607,021	-
Amortization, which does not involve cash	1,344,711	1,285,128
	<u>3,107,345</u>	<u>1,602,863</u>
Change in non-cash assets and liabilities:		
Rents receivable	27,496	10,616
Other receivables	(136,922)	11,141
Prepaid expenses	(48,745)	(36,601)
Receivable from the Corporation of the City of Kingston	66,522	(54,147)
Accounts payable and accrued liabilities	509,422	7,550
Accrued payroll and employee benefits	4,029	9,028
Prepaid rents	19,952	(5,621)
Deferred revenue	(2,212)	10,357
Subsidy paid in advance	(17,844)	14,848
Payable to the Corporation of the City of Kingston	107,814	-
	<u>529,512</u>	<u>(32,829)</u>
	<u>3,636,857</u>	<u>1,570,034</u>
Capital activities:		
Cash used to acquire tangible capital assets	(3,136,433)	(1,042,203)
Proceeds on sale of tangible capital assets	498,795	-
	<u>(2,637,638)</u>	<u>(1,042,203)</u>
Financing activities:		
Principal repayment of long-term debt	(139,311)	(132,424)
Investing activities:		
Increase in long-term investments	(54,884)	(68,675)
Increase in cash	805,024	326,732
Cash, beginning of year	2,801,657	2,474,925
Cash, end of year	<u>\$ 3,606,681</u>	<u>\$ 2,801,657</u>

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2015

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Kingston & Frontenac Housing Corporation (the "Corporation") was incorporated under the Corporations Act of Ontario on December 14, 2000. Its principal activity is the provision of socially-assisted housing.

These financial statements present the financial position and results of operation of Kingston & Frontenac Housing Corporation, which is a non-profit organization under the Income Tax Act and exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by Kingston & Frontenac Housing Corporation are as follows:

### (a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (b) Funding arrangements:

Kingston & Frontenac Housing Corporation rent geared to income program is funded primarily by the Corporation of the City of Kingston as Consolidated Municipal Service Manager (the "Service Manager"), in accordance with budget arrangements formerly established by Ministry of Municipal Affairs and Housing and the Corporation of the City of Kingston. These financial statements reflect agreed arrangements approved by the Corporation of the City of Kingston with respect to the year ended December 31, 2015.

### (c) Municipal rent geared to income program subsidy revenue:

The rent geared to income program operating subsidy is recognized based on the approved fiscal allocation by the Service Manager, and adjusted for estimated recoveries based on actual expenses incurred during the year. Subsidies may be adjusted by the Service Manager based on an annual reconciliation performed subsequent to year end. Any further adjustments will be recorded in the year of Service Manager approval.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Long-term investments:

Long-term investments are recorded at their fair value. Realized investment income and unrealized gains or losses from the change in fair value are recorded as revenue in the period earned. Fair value is determined at quoted market prices. Transaction costs related to the acquisition of long-term investments are recorded as a reduction of investment income.

### (e) 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 revenue and expenses during the period. Actual results could differ from those estimates.

### (f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
Land improvements	30
Buildings and building improvements	40

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (g) Government transfers:

Government transfers are the transfer of monetary assets or tangible capital assets from other levels of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future.

The Corporation receives government transfers from the federal, provincial and municipal governments to fund operating and capital expenditures. These transfers to the Corporation are recognized as revenues when the transfers are authorized and all of 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. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

## 2. Changes in accounting policies:

The Corporation has implemented Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Corporation's financial statements.

## 3. Long-term investments:

The fair value of long-term investments as at December 31, 2015 is \$1,314,847 (2014 - \$1,259,963), with a portion of this amount relating to the Affordable Housing Project of \$146,614 (2014 - \$122,414).

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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#### 4. Affordable housing program long-term debt:

	2015	2014
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 15, 2028	\$ 4,289,760	\$ 4,407,244
3.59% Mortgage payable in monthly blended instalments of \$3,390, due October 15, 2032	513,481	535,308
	4,803,241	4,942,552
Current portion of long-term debt	(146,563)	(139,311)
	\$ 4,656,678	\$ 4,803,241

The minimum scheduled principal repayments are as follows: 2016 - \$146,563; 2017 - \$154,199; 2018 - \$162,238; 2019 - \$170,704; 2020 - \$179,619; and thereafter, \$3,989,918.

The mortgages are secured by the following:

- (i) a first charge on the lands and all real and immoveable property located thereon;
- (ii) a first general assignment of leases and rents; and
- (iii) a first general security agreement.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 5. Rent geared to income capital reserve fund:

In compliance with the Housing Services Act ("HSA"), sections 27(3) and 124(b), a capital reserve fund is maintained for the purpose of funding major asset repairs and replacement and amounts are allocated to it as provided for in the Corporation's budget. The capital reserve fund cash balances are designated from cash balances available for current operations and interest earned on these funds and interest on reserve fund investments are returned to the capital reserve fund.

	2015	2014
Balance, beginning of year	\$ 1,191,858	\$ 1,063,226
Allocation from operations	1,378,261	1,400,000
Expenses	(1,422,593)	(1,345,691)
	(44,332)	54,309
Investment income	60,122	113,136
Unrealized loss on investments	(29,438)	(38,813)
	30,684	74,323
Excess of revenue over expense (expense over revenue)	(13,648)	128,632
Balance, end of year	\$ 1,178,210	\$ 1,191,858

Cash and long-term investments in the amount of \$1,168,233 (2014 - \$1,137,550) have been designated to support the rent geared to income capital reserve fund and have not been adjusted for year-end outstanding transfers in of \$9,977 (2014 - \$54,308).

## 6. Affordable housing program reserve fund:

Under the terms of the National Housing Act ("NHA") insured mortgage loan to the Corporation, a capital replacement reserve fund was established to ensure funds are available to carry out capital replacements for the affordable housing project. An amount of at least 2.65% of the actual effective annual gross income of the affordable housing component is to be deposited in a segregated bank account identified for its intended purpose. Other transfers from the affordable housing program will be completed upon approval of the Board of Directors.

	2015	2014
Balance, beginning of year	\$ 122,414	\$ 101,114
Net transfer from operations	24,200	21,300
Balance, end of year	\$ 146,614	\$ 122,414

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 7. Municipal subsidy payable/receivable:

Municipal subsidy revenue is subject to review by the Service Manager after the financial statements and annual reporting requirements have been submitted for the year, however, an estimate of subsidy to be recovered/paid is reported as a payable to/receivable from the Service Manager at year end based on actual expenses incurred during the year.

Revenue, municipal subsidy receivable/payable and operating surplus may change depending upon final review and approval by the Service Manager. Any additional year end adjustment resulting from this review will be reflected in the year of Service Manager approval.

An amount payable to the Corporation of the City of Kingston of \$107,814 (2014 - receivable of \$66,522) has been reported on the statement of financial position with respect to an estimate of the balance of subsidy revenue to be paid to the Service Manager as follows:

	Operating	Rent Supplement	2015	2014
Subsidy advances received	\$ 4,541,229	\$ 3,592,841	\$ 8,134,070	\$ 7,803,370
Allowable expenses	4,512,680	3,513,576	8,026,256	7,869,892
Payable to (receivable from) the Corporation of the City of Kingston	28,549	79,265	107,814	(66,522)
Prior year payment of subsidy	19,926	46,596	66,522	12,375
Beginning balance of subsidy receivable	(19,926)	(46,596)	(66,522)	(12,375)
Ending balance of subsidy payable (receivable)	\$ 28,549	\$ 79,265	\$ 107,814	\$ (66,522)

## 8. Budget figures:

The Corporation reviews the operating and capital budgets annually. The budget figures are reflected in the statement of operations and accumulated surplus.

Approved budget figures have been reclassified and adjusted for the purposes of these financial statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## **9. Pension agreements:**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 22 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2015 was \$126,998 (2014 - \$114,728) for current service and is included as an expense on the statement of operations and accumulated surplus.

## **10. Contingent liabilities:**

The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2015, management believes that the Corporation has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Corporation's financial position.

## **11. Fair value of financial instruments:**

The carrying values of cash and cash equivalents, rents receivable, other receivables, accounts payable and accrued liabilities and accrued payroll and employee benefits approximate their fair values due to the expected short term maturity of these instruments.

The carrying value of long-term investments is their fair value.

The fair value of amounts receivable from the Corporation of the City of Kingston cannot be determined in the absence of current market comparables due to the non-arms' length nature of the arrangement.

The fair value of the long-term debt cannot be determined due to the special nature of the underlying security and the absence of market comparables.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 12. Tangible capital assets:

### (a) Assets under construction:

The balance of assets under construction in 2015 is \$2,206,393 (2014 - \$28,615).

### (b) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

Cost	Balance December 31, 2014	Additions	Dispositions	Balance December 31, 2015
Land - Rent Geared to Income	\$ 10,263,290	\$ -	\$ 291,066	\$ 9,972,224
Land - Queen Mary Road	180,000	-	-	180,000
Land - Van Order Drive	342,000	-	-	342,000
Land improvement - Rent Geared to Income	2,256,361	16,813	211,233	2,061,941
Land improvement - Queen Mary Road	114,950	-	-	114,950
Land improvement - Van Order Drive	120,630	-	-	120,630
Building - Rent Geared to Income	29,841,646	941,842	945,218	29,838,270
Building - Queen Mary Road	4,496,149	-	-	4,496,149
Building - Van Order Drive	7,400,877	-	-	7,400,877
Assets under construction	28,615	2,177,778	-	2,206,393
	<b>\$ 55,044,518</b>	<b>\$ 3,136,433</b>	<b>\$ 1,447,517</b>	<b>\$ 56,733,434</b>

Accumulated amortization	Balance December 31, 2014	Disposals	Amortization	Balance December 31, 2015
Land improvement - Rent Geared to Income	\$ 716,408	\$ 77,461	\$ 75,772	\$ 714,719
Land improvement - Queen Mary Road	9,261	-	3,832	13,093
Land improvement - Van Order Drive	28,147	-	4,021	32,168
Building - Rent Geared to Income	9,570,786	264,240	959,293	10,265,839
Building - Queen Mary Road	272,903	-	112,404	385,307
Building - Van Order Drive	1,329,743	-	189,389	1,519,132
	<b>\$ 11,927,248</b>	<b>\$ 341,701</b>	<b>\$ 1,344,711</b>	<b>\$ 12,930,258</b>

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 12. Tangible capital assets (continued):

(b) Tangible capital assets disclosed at nominal values (continued):

	Net book value December 31, 2014	Net book value December 31, 2015
Land - Rent Geared to Income	\$ 10,263,290	\$ 9,972,224
Land - Queen Mary Road	180,000	180,000
Land - Van Order Drive	342,000	342,000
Land improvement - Rent Geared to Income	1,539,953	1,347,222
Land improvement - Queen Mary Road	105,689	101,857
Land improvement - Van Order Drive	92,483	88,462
Building - Rent Geared to Income	20,270,860	19,572,431
Building - Queen Mary Road	4,223,246	4,110,842
Building - Van Order Drive	6,071,134	5,881,745
Assets under construction	28,615	2,206,393
	<b>\$ 43,117,270</b>	<b>\$ 43,803,176</b>

## 13. Local housing subsidy:

Rent supplement administration subsidy of \$166,713 (2014 - \$162,093) received from the Corporation of the City of Kingston was included with the 2015 local housing subsidy.

## 14. Commitment:

The Corporation is constructing a new building at 40 Cliff Crescent located in Kingston, Ontario. The estimated remaining costs to complete as at December 31, 2015 are \$2.3 million and the building is expected to be substantially completed by in July 2016.

## 15. Disposition of 80 Daly Street and construction of 40 Cliff Crescent located in Kingston, Ontario:

(a) During the year, the Corporation sold RGI land and building located at 80 Daly Street to the Corporation of the City of Kingston for proceeds of \$500,000 less costs of sale. The book value of the related tangible capital assets amounted to \$1,105,815 resulting in a loss on sale of \$607,021 which is included on the Statement of Operations and Accumulated Surplus.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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**15. Disposition of 80 Daly Street and construction of 40 Cliff Crescent located in Kingston, Ontario (continued):**

- (b) During the year, the Corporation commenced construction of a new affordable housing building located at 40 Cliff Crescent. The Corporation of the City of Kingston has agreed to provide the Corporation with aggregate funding of \$1,800,000 in this regard of which \$1,607,173 was received in 2015 and is included on the Statement of Operations and Accumulated Surplus.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Schedule 1 - Rent Geared to Income Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 8)	2015 Total	2014 Total
<b>Revenue:</b>			
Rents	\$ 2,548,201	\$ 2,510,621	\$ 2,584,046
Local housing subsidy (note 13)	4,541,227	4,512,680	4,319,595
Rent supplement	3,002,948	3,046,771	3,083,492
Homelessness supplement	466,805	466,805	466,805
Non-rental revenue	143,000	157,351	156,988
Interest income	8,000	45,521	90,854
	10,710,181	10,739,749	10,701,780
<b>Expenses:</b>			
Rent supplement program costs	3,469,753	3,513,576	3,550,297
Salaries and benefits	1,814,817	1,796,132	1,728,943
Municipal taxes	1,622,891	1,563,371	1,551,798
Capital expenses	1,378,261	1,422,593	1,374,306
Maintenance expense	914,100	889,834	929,432
Utilities	872,378	780,168	755,740
Professional services	211,561	250,324	237,906
Insurance	238,228	214,553	194,540
Administration services and expenses	156,963	147,168	150,659
Bad debts	31,229	(582)	31,558
Amounts recognized as tangible capital assets	(1,000,000)	(958,655)	(1,042,203)
	9,710,181	9,618,482	9,462,976
Excess of revenue over expenses	1,000,000	1,121,267	1,238,804
Amortization expense	1,000,000	1,035,066	975,482
Loss on sale of tangible capital assets (note 15(a))	—	607,021	—
	1,000,000	1,642,087	975,482
Annual surplus (deficit)	—	(520,820)	263,322
Accumulated surplus, beginning of year		33,738,255	33,474,933
Transfer to Affordable Housing Program		(498,794)	—
Accumulated surplus, end of year		\$ 32,718,641	\$ 33,738,255
<b>Analyzed as follows:</b>			
Operating surplus (including 100 common shares for \$10)		\$ 648,554	\$ 472,294
Invested in tangible capital assets		30,891,877	32,074,103
Reserve Fund (note 5)		1,178,210	1,191,858
Accumulated surplus, end of year		\$ 32,718,641	\$ 33,738,255

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Schedule 2 - Affordable Housing Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 8)	2015 Total	2014 Total
Revenue:			
Rents	\$ 604,788	\$ 603,639	\$ 599,953
Province of Ontario grant	168,000	167,945	167,945
Non-residential rents	122,149	122,149	118,764
Interest income	9,000	14,601	22,282
Non-rental revenue	19,790	17,771	16,982
	923,727	926,105	925,926
Expenses:			
Interest costs	252,829	252,188	267,902
Utilities	112,000	103,141	102,389
Municipal taxes	68,000	82,249	73,416
Maintenance expense	48,160	53,220	71,402
Salaries and benefits	34,844	34,844	30,920
Insurance	17,176	17,176	10,546
Professional services	2,000	2,000	3,787
Administration services and expenses	2,070	1,914	1,505
Bad debts	–	468	–
	537,079	547,200	561,867
Excess of revenue over expenses	386,648	378,905	364,059
Amortization expense	312,671	309,645	309,646
Government grants (note 15(b))	–	(1,607,173)	–
	312,671	(1,297,528)	309,646
Annual surplus	73,977	1,676,433	54,413
Accumulated surplus, beginning of year		7,341,910	7,287,497
Transfer from Rent Geared to Income Program		98,794	–
Accumulated surplus, end of year	\$	\$ 9,517,137	\$ 7,341,910
Analyzed as follows:			
Operating surplus		\$ 771,528	\$ 656,578
Invested in tangible capital assets:			
Tangible capital assets		12,911,299	11,043,167
Long-term debt		(4,803,241)	(4,942,552)
Capital financing		490,937	462,303
		9,370,523	7,219,496
Reserve Fund (note 6)		146,614	122,414
		\$ 9,517,137	\$ 7,341,910