

Financial Statements of

**KINGSTON & FRONTENAC  
HOUSING CORPORATION**

Year ended December 31, 2020

# KINGSTON & FRONTENAC HOUSING CORPORATION

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Year ended December 31, 2020

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## **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  
Director of Finance & Operations



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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the financial statements of Kingston & Frontenac Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 29, 2021

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Current assets:		
Cash	\$ 5,449,187	\$ 4,081,563
Rents receivable	54,327	23,542
Other receivables	691,409	631,892
	<u>6,194,923</u>	<u>4,736,997</u>
Long-term investments (notes 2, 4 and 5)	1,440,766	1,306,472
	<u>7,635,689</u>	<u>6,043,469</u>
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,359,558	1,053,433
Accrued payroll and employee benefits	151,524	143,754
Current portion of long-term debt (note 3)	488,350	347,312
Prepaid rents	307,259	266,814
Deferred revenue	66,874	50,139
Subsidy paid in advance	559,558	564,095
Payable to the Corporation of the City of Kingston (note 6)	282,338	437,877
	<u>3,215,461</u>	<u>2,863,424</u>
Long-term debt (note 3)	9,372,699	8,420,940
	<u>12,588,160</u>	<u>11,284,364</u>
Net financial debt	(4,952,471)	(5,240,895)
Non-financial assets:		
Tangible capital assets (note 12)	56,949,263	54,782,247
Prepaid expenses	291,535	315,657
	<u>57,240,798</u>	<u>55,097,904</u>
Contingent liabilities (notes 6 and 10)		
Subsequent event (note 19)		
Accumulated surplus	\$ 52,288,327	\$ 49,857,009

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, 2020, with comparative information for 2019

	2020 Budget (note 8)	2020 Total	2019 Total
<b>Revenue:</b>			
Local housing subsidy (note 13)	\$ 4,308,902	\$ 4,206,880	\$ 4,233,010
Rents	4,582,311	4,787,420	4,344,499
Rent supplement	2,912,289	2,868,008	2,918,055
Homelessness and portable subsidies	619,205	727,313	561,031
Province of Ontario grant	168,000	167,945	167,945
Non-rental revenue	175,754	266,950	214,383
Fees (note 15)	917,919	960,654	970,788
Interest income	39,713	129,000	147,924
	<b>13,724,093</b>	<b>14,114,170</b>	<b>13,557,635</b>
<b>Expenses:</b>			
Rent supplement and portable program costs	3,531,494	3,595,321	3,479,086
Salaries and benefits	2,062,483	1,961,097	1,950,885
Municipal taxes	1,896,973	1,902,889	1,835,165
Maintenance expense	1,001,827	1,079,584	993,999
Utilities	1,068,334	841,818	832,510
Capital expenses	1,398,670	1,272,267	1,639,929
Amounts recognized as tangible capital assets	–	(963,232)	(1,334,034)
Professional services	166,468	176,474	148,049
Management expenses (note 15)	859,014	846,017	886,730
Interest on long-term debt	409,563	383,156	341,836
Insurance	361,021	322,270	297,630
Administration services and expenses	172,889	160,378	179,841
Bad debts	34,270	90,644	49,736
	<b>12,963,006</b>	<b>11,668,683</b>	<b>11,301,362</b>
<b>Excess of revenue over expenses before the undernoted items</b>	<b>761,087</b>	<b>2,445,487</b>	<b>2,256,273</b>
Amortization expense	637,765	1,922,645	1,813,247
Capital government grants (note 14)	–	(1,908,476)	(2,635,231)
	<b>637,765</b>	<b>14,169</b>	<b>(821,984)</b>
<b>Annual surplus</b>	<b>123,322</b>	<b>2,431,318</b>	<b>3,078,257</b>
Accumulated surplus, beginning of year		49,857,009	46,778,752
<b>Accumulated surplus, end of year (schedules 1 and 2)</b>		<b>\$ 52,288,327</b>	<b>\$ 49,857,009</b>

See accompanying notes to financial statements.



# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Change in Net Financial Debt

Year ended December 31, 2020, with comparative information for 2019

	2020 Total	2019 Total
Annual surplus	\$ 2,431,318	\$ 3,078,257
Acquisition of tangible capital assets	(4,089,661)	(4,613,274)
Amortization of tangible capital assets	1,922,645	1,813,247
Change in prepaid expenses	24,122	(47,923)
Net change in net financial assets	288,424	230,307
Net financial debt, beginning of year	(5,240,895)	(5,471,202)
Net financial debt, end of year	\$ (4,952,471)	\$ (5,240,895)

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,431,318	\$ 3,078,257
Amortization, which does not involve cash	1,922,645	1,813,247
	<u>4,353,963</u>	<u>4,891,504</u>
Change in non-cash assets and liabilities:		
Rents receivable	(30,785)	9,951
Other receivables	(59,517)	(131,766)
Prepaid expenses	24,122	(47,923)
Accounts payable and accrued liabilities	306,125	(524,728)
Accrued payroll and employee benefits	7,770	(28,604)
Prepaid rents	40,445	56,066
Deferred revenue	16,735	1,305
Subsidy paid in advance	(4,537)	(47,880)
Payable to the Corporation of the City of Kingston	(155,539)	(181,201)
	<u>144,819</u>	<u>(894,780)</u>
	<u>4,498,782</u>	<u>3,996,724</u>
Capital activities:		
Cash used to acquire tangible capital assets	(4,089,661)	(4,613,274)
Financing activities:		
Proceeds of long-term debt	1,452,405	2,996,358
Principal repayment of long-term debt	(359,608)	(236,505)
	<u>1,092,797</u>	<u>2,759,853</u>
Investing activities:		
Increase in long-term investments	(134,294)	(170,375)
Increase in cash	<u>1,367,624</u>	<u>1,972,928</u>
Cash, beginning of year	4,081,563	2,108,635
Cash, end of year	<u>\$ 5,449,187</u>	<u>\$ 4,081,563</u>

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

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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 (Canada) and exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) 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 the 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, 2020.

### (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.

### (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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (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 year. 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	15 to 40
Motor vehicles	10

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.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations.

#### (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, 2020

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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. Long-term investments:

The fair value of long-term investments as at December 31, 2020 is \$1,440,766 (2019 - \$1,306,472), with a portion of this amount relating to the Affordable Housing Project of \$427,886 (2019 - \$347,483).

The portion of the investments under the Affordable Housing Project are held as part of the lender's requirement and hence, restricted in nature. The fair-value of the investments held in trust with Industrial Alliance as at December 31, 2020 is \$301,759 (2019 - 276,619) and with Infrastructure Ontario as at December 31, 2020 is \$126,127 (2019 - 70,864).

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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

	2020	2019
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 15, 2028, secured by 119 and 129 Van Order Drive	\$ 3,598,120	\$ 3,751,627
3.59% Mortgage payable in monthly blended instalments of \$3,390, due October 15, 2032, secured by 233 Queen Mary Road	391,798	417,910
3.41% Mortgage payable in monthly blended instalments of \$10,345, due December 20, 2036, secured by 40 Cliff Crescent	1,529,164	1,599,844
3.48% Mortgage payable in monthly blended instalments of \$3,260, due March 26, 2049, secured by 28 Cliff Crescent	702,999	717,385
3.41% Mortgage payable in monthly blended instalments of \$10,078, due May 28, 2049, secured by 645 Brock Street	2,198,858	2,243,973
Interest free and unsecured seed funding payable, for 1 Curtis Crescent due at the earlier of (i) receipt of project funding; (ii) the third anniversary of the signing of the seed funding agreement; or (iii) upon project termination or discontinuance	35,000	35,000
Interest free and unsecured seed funding payable for 20 Cliff Crescent, due at the earlier of (i) receipt of project funding; (ii) the third anniversary of the signing of the seed funding agreement; or (iii) upon project termination or discontinuance	21,000	2,513
2.82% Mortgage payable in monthly blended instalments of \$2,047.10, due May 1, 2050, secured by 20 Cliff Crescent	490,718	—
2.55% Mortgage payable in monthly blended instalments of \$3,262.61, due August 24, 2050, secured by 1 Curtis Crescent	814,219	—
4.68% Mortgage payable in monthly blended instalments, due November 30, 2021, secured by 27 Wright Crescent	79,173	—
	9,861,049	8,768,252
Current portion of long-term debt	(488,350)	(347,312)
	\$ 9,372,699	\$ 8,420,940

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

### 3. Affordable housing program long-term debt (continued):

The minimum scheduled principal repayments are as follows:

2021	\$	488,350
2022		368,531
2023		384,592
2024		401,432
2025		418,979
2026 and thereafter		7,799,165
	\$	9,861,049

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.

### 4. 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.

	2020	2019
Balance, beginning of year	\$ 932,342	\$ 895,956
Allocation from operations	1,398,670	1,398,670
Allocation for additional capital expenses	179,060	—
Expenses	(1,271,051)	(1,425,318)
	306,679	(26,648)
Investment income	80,539	63,034
Excess of revenue over expenses	387,218	36,386
Balance, end of year	\$ 1,319,560	\$ 932,342

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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#### 4. Rent geared to income capital reserve fund (continued):

Long-term investments in the amount of \$1,012,880 (2019 - \$958,989) 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 (\$306,680) (2019 - \$26,647 out).

#### 5. 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.

	2020	2019
Balance, beginning of year	\$ 347,483	\$ 276,692
Net transfer from operations	76,104	67,006
Interest earned	4,299	3,785
Balance, end of year	\$ 427,886	\$ 347,483

#### 6. 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.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 6. Municipal subsidy payable/receivable (continued):

An amount payable to the Corporation of the City of Kingston of \$282,338 (2019 - \$437,877) 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	Portable Housing	2020	2019
Subsidy advances received	\$ 4,311,528	\$ 3,384,560	\$ 250,319	\$ 7,946,407	\$ 7,981,899
Allowable expenses	4,206,880	3,345,001	250,319	7,802,200	7,712,096
Payable to the Corporation of the City of Kingston	104,648	39,559	–	144,207	269,803
Prior year payment of subsidy	(224,060)	(75,686)	–	(299,746)	(451,004)
Beginning balance of subsidy payable	360,243	75,686	1,948	437,877	619,078
Ending balance of subsidy payable	\$ 240,831	\$ 39,559	\$ 1,948	\$ 282,338	\$ 437,877

## 7. Line of credit:

In 2017, the Corporation signed a revolving demand credit facility agreement for up to \$1,500,000, at the lender's prime rate, secured by a first charge on the lands and improvements located at 1130 Montreal Street, Kingston, Ontario to finance general operating requirements.

As at December 31, 2020 this amount was undrawn (2019 - undrawn) and \$Nil interest expense (2019 - \$Nil) was recorded.

## 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, 2020

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## 9. Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS) which is a multi-employer plan, on behalf of 28 (2019 - 24) members of its staff. The plan is a contributory 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. Since any surpluses or deficits are a joint responsibility of all Ontario employers and their employees, the Corporation does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS for 2020 was \$163,878 (2019 - \$146,242) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus. The last available report for the OMERS plan was December 31, 2020. At that time, the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion actuarial deficit).

## 10. Contingent liabilities:

- (a) 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, 2020, 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.
- (b) In 2006 the Corporation entered into a contribution agreement with the Minister of Municipal Affairs and Housing ("the Minister") for the funding of an affordable housing capital project located at 119 & 129 Van Order Drive, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Minister the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be fully forgiven on the last day of the month at the end of the term of the loan, provided the Corporation has fulfilled all the requirements of the agreement. The full amount of the loan will be forgiven March 31, 2028. The loan proceeds of \$1,372,000 were recorded as grant revenue when received and the loan amount is not recorded in these financial statements.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Minister.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

- (c) In 2011 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 233 Queen Mary Road, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirty-fifth ( $1/35$ ) of the original principal amount of \$3,317,468 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2047.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (d) In 2015 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 40 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth ( $1/20$ ) of the original principal amount of \$697,966 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2036.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (e) In 2015 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of ten rent-g geared-to-income units in an affordable housing capital project located at 40 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the first day of the month following the occupancy date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

(e) (continued):

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$1,102,034 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2036.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(f) In 2017 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 645 Brock Street, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,342,500 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2047.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(g) In 2017 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of ten rent-g geared-to-income units in an affordable housing capital project located at 645 Brock Street, Kingston Ontario. This agreement states that on each anniversary date of the first day of the month following the occupancy date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$1,157,500 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2038.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

(g) (continued):

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(h) In 2018 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 28 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,200,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2048.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(i) In 2018 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 1 Curtis Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,500,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2049.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

- (j) In 2018 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 20 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,200,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2049.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (k) In 2020 the Corporation entered into a contribution agreement with the Canada Mortgage and Housing Corporation for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$198,155 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (l) In 2020 the Corporation entered into a municipal contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

(l) (continued)

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$723,215 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(m) In 2020 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston under the Investment in Affordable Housing for Ontario Program for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$626,785 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

(n) In 2020 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston under the Ontario Priorities Housing Initiative for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$1,306,820 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 10. Contingent liabilities (continued):

(n) (continued)

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

## 11. Fair value of financial instruments:

The carrying values of cash, 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 payable to 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, 2020

## 12. Tangible capital assets:

### (a) Assets under construction:

The balance of assets under construction in 2020 is \$2,651,839 (2019 - \$3,269,934).

### (b) Cost:

Cost	Balance December 31, 2019	Additions	Transfers	Balance December 31, 2020
Land - Rent Geared to Income	\$ 9,909,927	\$ -	\$ (64,276)	\$ 9,845,651
Land - Queen Mary Road	180,000	-	-	180,000
Land - Van Order Drive	342,000	-	-	342,000
Land - 40 Cliff Crescent (AFD/MR)	52,964	-	-	52,964
Land - 28 Cliff Crescent	9,333	-	-	9,333
Land - 645 Brock Street	342,000	-	-	342,000
Land - 20 Cliff Crescent	-	-	50,870	50,870
Land - Curtis Crescent	-	-	13,406	13,406
Land improvements - Rent Geared to Income	2,122,787	22,651	-	2,145,438
Land improvements - Queen Mary Road	114,950	-	-	114,950
Land improvements - Van Order Drive	120,630	-	-	120,630
Land improvements - 40 Cliff Crescent (AFD/MR)	141,600	-	-	141,600
Land improvements - 645 Brock Street	197,585	-	-	197,585
Land Improvements - 20 Cliff Crescent	-	-	20,050	20,050
Land Improvements - Curtis Crescent	-	-	33,401	33,401
Building - Rent Geared to Income	34,714,124	940,581	-	35,654,705
Building - Queen Mary Road	4,496,149	-	-	4,496,149
Building - Van Order Drive	7,400,877	-	-	7,400,877
Building - 40 Cliff Crescent	4,496,072	-	-	4,496,072
Building - 28 Cliff Crescent	1,977,851	-	-	1,977,851
Building - 645 Brock Street	4,273,003	-	-	4,273,003
Building - 20 Cliff Crescent	-	-	1,339,157	1,339,157
Building - Curtis Crescent	-	-	2,351,915	2,351,915
Assets under construction	3,269,934	3,126,429	(3,744,523)	2,651,840
	\$ 74,161,786	\$ 4,089,661	\$ -	\$ 78,251,447

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 12. Tangible capital assets (continued):

(c) Accumulated amortization:

Accumulated amortization	Balance December 31, 2019	Disposals	Amortization	Balance December 31, 2020
Land improvements - Rent Geared to Income	\$ 999,963	\$ -	\$ 73,898	\$ 1,073,861
Land improvements - Queen Mary Road	28,421	-	3,832	32,253
Land improvements - Van Order Drive	48,252	-	4,021	52,273
Land improvements - 40 Cliff Crescent	16,127	-	4,720	20,847
Land improvements - 645 Brock Street	3,842	-	6,586	10,428
Land Improvements - 20 Cliff Crescent	-	-	390	390
Land Improvements - Curtis Crescent	-	-	370	370
Building - Rent Geared to Income	14,685,830	-	1,225,391	15,911,221
Building - Queen Mary Road	834,924	-	112,404	947,328
Building - Van Order Drive	2,266,381	-	183,232	2,449,613
Building - 40 Cliff Crescent	384,040	-	112,402	496,442
Building - 28 Cliff Crescent	49,446	-	49,446	98,892
Building - 645 Brock Street	62,313	-	106,825	169,138
Building - 20 Cliff Crescent	-	-	19,529	19,529
Building - Curtis Crescent	-	-	19,599	19,599
	\$ 19,379,539	\$ -	\$ 1,922,645	\$ 21,302,184

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 12. Tangible capital assets (continued):

(d) Net book value:

	Net book value December 31, 2019	Net book value December 31, 2020
Land - Rent Geared to Income	\$ 9,909,927	\$ 9,845,651
Land - Queen Mary Road	180,000	180,000
Land - Van Order Drive	342,000	342,000
Land - 40 Cliff Crescent	52,964	52,964
Land - 28 Cliff Crescent	9,333	9,333
Land - 645 Brock Street	342,000	342,000
Land - 20 Cliff Crescent	-	50,870
Land - Curtis Crescent	-	13,406
Land improvement - Rent Geared to Income	1,122,824	1,071,577
Land improvement - Queen Mary Road	86,529	82,697
Land improvement - Van Order Drive	72,378	68,357
Land improvement - 40 Cliff Crescent	125,473	120,753
Land improvement - 645 Brock Street	193,743	187,157
Land improvements - 20 Cliff Crescent	-	19,660
Land improvements - Curtis Crescent	-	33,031
Building - Rent Geared to Income	20,028,294	19,743,484
Building - Queen Mary Road	3,661,225	3,548,821
Building - Van Order Drive	5,134,496	4,951,264
Building - 20 Cliff Crescent	4,112,032	3,999,630
Building - 28 Cliff Crescent	1,928,405	1,878,959
Building - 645 Brock Street	4,210,690	4,103,865
Building - 20 Cliff Crescent	-	1,319,628
Building - Curtis Crescent	-	2,332,316
Assets under construction	3,269,934	2,651,840
	<b>\$ 54,782,247</b>	<b>\$ 46,949,263</b>

## 13. Local housing subsidy:

Rent supplement administration subsidy of \$181,986 (2019 - \$177,773) received from the Corporation of the City of Kingston was included with the local housing subsidy on the Statement of Operations and Accumulated Surplus.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## **14. Construction of 645 Brock Street, 28 Cliff Crescent, 1 Curtis Crescent and 20 Cliff Crescent Street, located in Kingston, Ontario:**

- (a) In 2018, the Corporation entered into an agreement with The Corporation of the City of Kingston to construct a new affordable housing building located at 1 Curtis Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$1,500,000 in this regard of which \$187,793 (2019 - \$1,312,207) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (b) In 2018, the Corporation entered into an agreement with The Corporation of the City of Kingston to construct a new affordable housing building located at 20 Cliff Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$853,290 in this regard of which \$104,989 (2019 - \$748,301) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (c) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston under the Ontario Priorities Housing Initiative to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$1,306,820 in this regard of which \$653,410 (2019 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (d) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston (IAH) under the Investment in Affordable Housing for Ontario Program to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$626,785 in this regard of which \$313,393 (2019 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (e) In 2020, the Corporation entered into a municipal contribution agreement with The Corporation of the City of Kingston to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$723,215 in this regard of which \$402,738 (2019 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (f) In 2020, the Corporation entered into an agreement with the Canada Mortgage and Housing Corporation to construct a new affordable housing building located at 27 Wright Crescent. The Canada Mortgage and Housing Corporation agreed to provide the Corporation with funding of \$198,000 in this regard of which \$198,000 (2019 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (g) In 2020, the Corporation entered into a Seed Funding Contribution Agreement with Canada Mortgage and Housing Corporation in the amount of \$48,000 (2019 - \$Nil) related to 1316 Princess Street, which was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 15. Kingston Municipal Non-Profit Housing Corporation:

On November 1, 2018, the Corporation entered into an agreement with Kingston Municipal Non-Profit Housing Corporation to provide management services for maintenance, repair and cleaning services. In addition, in 2019, the Corporation also entered into an agreement to provide additional finance and administrative related services. The amount of management fees received in the year was \$960,654 (2019 - \$970,788) and is included as a component of revenue on the Statement of Operations and Accumulated Surplus. The amount of management expenses incurred in the year was \$846,017 (2019 - \$886,730) and is included as a component of expenses on the Statement of Operations and Accumulated Surplus.

At year-end, the receivable for these management fees amounts to \$160,019 (2019 - \$130,821) and is included in other receivables on the Statement of Financial Position.

## 16. Portable housing benefit:

In 2020, the Corporation received a subsidy for the Portable Housing Benefit which was designed to subsidize rent payments for high-need individuals. The amount of subsidies received during the year amounted to \$250,319 (2019 - \$Nil) and is included as a component of revenues on the statement of operations and accumulated surplus. The expenses incurred in the year were \$250,319 (2019 - \$Nil) and is included as a component of expenses on the Statement of Operations and Accumulated Surplus.

## 17. Impact of the COVID-19 pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Corporation has undertaken the following activities in relation to the COVID-19 pandemic:

Measures implemented to ensure worker safety and minimize exposure to COVID-19 include:

- Staff have to self-screen each morning and staff to stay home if they are sick or screen positive
- Staff who were travelling had to self-isolate for 14 days after returning home
- If at work and symptoms begin, workers immediately isolate, contact their supervisor and leave the workplace, following public health guidelines before they return
- Signs about COVID symptoms and prevention strategies are posted
- Physical distancing signs and floor markers are in place
- Regular emails sent out from the CEO with reminders and directions for following public health guidelines

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 17. Impact of the COVID-19 pandemic (continued):

- Compliance with the rules monitored by supervisors in the workplace.
- Sanitizing stations throughout the workplace for employee availability
- Workers must wear masks if within 6ft (2m) of each other
- Masks are worn in all public areas and apartment buildings
- As part of a general hazard control plan, full PPE is available to staff as needed or required
- Plexiglass installed at front reception and interview room to provide separation from tenants
- All tenants were screened prior to providing customer services
- Maintenance services continued during periods of lockdown, but only for emergency issues such as no heat, water leaks, etc.
- Increased collection risk with regards to rent receivables from tenants noted due to the impact of COVID-19
- During the second lockdown the office door was closed with a doorbell installed to limit tenant traffic

The Corporation continues to closely monitor the financial situation and to make adjustments to ensure the costs associated from the measures and as well as the impact from COVID can be covered in the operating budget.

## 18. Comparative information:

Certain comparative information has been reclassified to conform with the current year's presentation.

## 19. Subsequent event:

On January 7, 2021, a devastating fire occurred at McMullen Manor located at 6094 Carleton Drive in Verona, Ontario, which destroyed the structure and all tenant and the Corporation contents. The building is a Rent-Geared-to-Income building constructed in 1979 containing 28 units consisting of 27 one-bedroom units and one two-bedroom unit.

There was no loss of human life however one tenant sustained burns and was hospitalized and has since been released. The Fire Marshall Office investigated, and the official report stated the cause of fire was tenant smoking and confirmed all of the Corporation's fire alarm systems were working and in place. No litigation against the Corporation has resulted from the fire.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## **19. Subsequent event (continued):**

The Corporation found temporary lodging for all tenants displaced by the fire and have since found permanent or semi-permanent housing for all the tenants. Twenty-seven out of the twenty-eight tenants had tenant insurance which has assisted in their housing and replacement of contents.

The loss to the building and contents, owned by the Corporation, was entirely covered by the Corporation's insurance provider, in addition to one years' worth of lost rents and the rebuilding of the apartment building.

The insurance company is leading the rebuild and has an aggressive timeline for the demolition and reconstruction. Currently the demolition is complete and the planning stage of the rebuild is underway. The goal is to have the construction completed by late 2021 for occupancy early 2022. Given the pandemic and the impact on construction and materials the timeline may be extended.

# KINGSTON & FRONTENAC HOUSING CORPORATION

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

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 8)	2020 Total	2019 Total
<b>Revenue:</b>			
Rents	\$ 3,319,864	\$ 3,395,994	\$ 3,168,597
Local housing subsidy (note 13)	4,308,902	4,206,880	4,233,010
Rent supplement	2,912,289	2,868,008	2,918,055
Homelessness and portable subsidies	619,205	727,313	561,031
Non-rental revenue	135,884	192,223	163,372
Interest income	21,713	105,716	103,587
	<u>11,317,857</u>	<u>11,496,134</u>	<u>11,147,652</u>
<b>Expenses:</b>			
Rent supplement and portable program costs	3,531,495	3,595,321	3,479,086
Salaries and benefits	2,010,788	1,908,321	1,906,725
Municipal taxes	1,704,755	1,695,260	1,674,574
Capital expenses	1,398,670	1,271,051	1,636,319
Maintenance expense	920,344	972,061	903,085
Utilities	931,866	724,960	714,925
Professional services	287,590	296,707	265,463
Insurance	325,189	284,661	268,014
Administration services and expenses	172,889	159,646	179,092
Bad debts	34,271	90,589	47,540
Interest costs	-	405	209
Amounts recognized as tangible capital assets	-	(963,232)	(1,334,034)
	<u>11,317,857</u>	<u>10,035,750</u>	<u>9,740,998</u>
Excess of revenue over expenses before the undernoted item	-	1,460,384	1,406,654
Amortization expense		1,298,279	1,276,028
Annual surplus		162,105	130,626
Accumulated surplus, beginning of year		33,985,829	33,864,536
Transfer between funds		-	(9,333)
		<u>33,985,829</u>	<u>33,855,203</u>
Accumulated surplus, end of year		<u>\$ 34,147,934</u>	<u>\$ 33,985,829</u>
<b>Analyzed as follows:</b>			
Operating surplus (including 100 common shares for \$10)		\$ 2,167,662	\$ 1,992,441
Invested in tangible capital assets		30,660,712	31,061,046
Reserve Fund (note 4)		1,319,560	932,342
Accumulated surplus, end of year		<u>\$ 34,147,934</u>	<u>\$ 33,985,829</u>



# KINGSTON & FRONTENAC HOUSING CORPORATION

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

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 8)	2020 Total	2019 Total
<b>Revenue:</b>			
Rents	\$ 1,262,447	\$ 1,391,425	\$ 1,175,902
Province of Ontario grant	168,000	167,945	167,945
Non-residential rents	132,231	132,228	129,170
Interest income	18,000	23,283	44,338
Non-rental revenue	39,870	46,155	51,011
	1,620,548	1,761,036	1,568,366
<b>Expenses:</b>			
Interest costs	409,563	382,751	341,627
Utilities	136,468	116,858	117,585
Municipal taxes	192,219	207,629	160,591
Maintenance expense	81,484	107,522	90,915
Salaries and benefits	51,695	39,104	44,160
Insurance	35,832	37,608	29,616
Professional services	11,109	11,995	11,757
Capital expense	-	1,216	3,610
Administration services and expenses	-	733	576
Bad debts	-	55	2,196
	918,370	905,471	802,633
Excess of revenue over expenses before the undernoted items	702,178	855,565	765,733
Amortization expense		624,366	537,219
Capital government grants (note 14)		(1,908,476)	(2,635,231)
		(1,284,110)	(2,098,012)
Annual surplus		2,139,675	2,863,745
Accumulated surplus, beginning of year		15,785,030	12,911,952
Transfer between funds		-	9,333
		15,785,030	12,921,285
Accumulated surplus, end of year		\$ 17,924,705	\$ 15,785,030
<b>Analyzed as follows:</b>			
Operating surplus (deficit)		\$ 363,773	\$ (206,506)
Invested in tangible capital assets:			
Tangible capital assets		26,288,553	23,721,201
Long-term debt		(9,861,049)	(8,768,252)
Capital financing		705,542	691,104
		17,133,046	15,437,547
Reserve Fund (note 5)		427,886	347,483
		\$ 17,924,705	\$ 15,785,030

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Schedule 3 – Tenant Support Services Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Total
Revenue:	
Non-rental revenue	\$ 28,571
Expenses:	
Salaries and benefits	13,672
Excess of revenue over expenses	14,899
Accumulated surplus, beginning of year	–
Accumulated surplus, end of year	\$ 14,899