

Financial Statements of

**KINGSTON & FRONTENAC  
HOUSING CORPORATION**

Year ended December 31, 2023

# KINGSTON & FRONTENAC HOUSING CORPORATION

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Year ended December 31, 2023

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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 Auditor's 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



**KPMG LLP**

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## INDEPENDENT AUDITOR'S 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, 2023
- 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 accumulated remeasurement gains and losses 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, 2023, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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 ethical 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.



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### ***Emphasis of Matter - Comparative Information***

We draw attention to Note 2 to the financial statements (“Note 2”) which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reasons for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter - Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

### ***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.

### ***Auditor’s 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 auditor’s 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.



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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 auditor's 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 auditor's 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.



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- 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 25, 2024

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated – Note 2)
Financial assets:		
Current assets:		
Cash	\$ 11,392,749	\$ 10,144,833
Rents receivable	233,180	262,469
Other receivables	877,613	2,308,445
	<u>12,503,542</u>	<u>12,715,747</u>
Long-term investments (notes 3, 5 and 6)	3,509,305	2,851,922
	<u>16,012,847</u>	<u>15,567,669</u>
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	4,861,987	3,185,944
Accrued payroll and employee benefits	166,737	151,287
Current portion of long-term debt (note 4)	7,852,981	2,763,430
Prepaid rents	542,408	479,693
Deferred revenue	57,183	81,509
Subsidy paid in advance	49,997	768,602
Payable to the Corporation of the City of Kingston (note 7)	454,061	330,049
	<u>13,985,354</u>	<u>7,760,514</u>
Long-term debt (note 4)	19,208,621	23,084,192
Asset retirement obligations (note 2)	8,823,929	8,823,929
	<u>42,017,904</u>	<u>39,668,635</u>
Net financial debt	(26,005,057)	(24,100,966)
Non-financial assets:		
Tangible capital assets (note 13)	94,987,506	83,287,997
Prepaid expenses	706,398	657,277
	<u>95,693,904</u>	<u>83,945,274</u>
Contingent liabilities (notes 9 and 12)		
Accumulated surplus	\$ 69,688,847	\$ 59,844,308
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 69,812,259	\$ 59,844,308
Accumulated remeasurement losses	(123,412)	–
	<u>\$ 69,688,847</u>	<u>\$ 59,844,308</u>

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, 2023, with comparative information for 2022

	2023 Budget (note 10)	2023 Total	2022 Total (Restated – Note 2)
<b>Revenue:</b>			
Local housing subsidy (note 14)	\$ 6,766,038	\$ 6,770,360	\$ 6,618,141
Rents	8,356,251	8,858,204	8,341,247
Rent supplement	2,953,195	2,928,086	2,932,567
Portable Housing Program subsidy	973,026	1,072,131	900,816
Province of Ontario grant	168,000	167,945	167,945
Non-rental revenue	433,370	406,582	445,410
Interest income	22,000	754,910	72,117
	19,671,880	20,958,218	19,478,243
<b>Expenses:</b>			
Rent supplement and portable program costs	3,926,221	4,000,217	3,833,383
Municipal taxes	2,887,827	2,916,371	2,799,178
Salaries and benefits	2,725,599	2,667,754	2,317,944
Capital expenses	2,086,561	2,252,059	2,811,862
Maintenance expense	2,004,429	2,159,482	1,737,247
Utilities	1,542,334	1,501,070	1,428,437
Interest on long-term debt	800,000	738,080	763,625
Insurance	661,166	595,876	534,223
Professional services	634,862	588,536	642,518
Bad debts	200,180	321,827	142,893
Administration services and expenses	203,400	201,998	327,991
Amounts recognized as tangible capital assets	–	(1,875,061)	(2,442,047)
	17,672,579	16,068,209	14,897,254
<b>Excess of revenue over expenses before the undernoted items</b>	<b>1,999,301</b>	<b>4,890,009</b>	<b>4,580,989</b>
Amortization expense	809,246	3,180,741	2,959,261
Capital government grants (note 15)	–	(8,258,683)	(7,809,865)
	809,246	(5,077,942)	(4,850,604)
<b>Annual surplus</b>	<b>1,190,055</b>	<b>9,967,951</b>	<b>9,431,593</b>
Accumulated surplus, beginning of year	–	59,844,308	55,580,956
Adjustment on adoption of asset retirement obligation standard (note 2)	–	–	(5,168,241)
Accumulated surplus, beginning of year as restated	–	59,844,308	50,412,715
<b>Accumulated surplus, end of year</b>	<b>\$ 1,190,055</b>	<b>\$ 69,812,259</b>	<b>\$ 59,844,308</b>

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Change in Net Financial Debt

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 10)	2023 Total	2022 Total (Restated – Note 2)
Annual surplus	\$ 1,190,055	\$ 9,967,951	\$ 9,431,593
Acquisition of tangible capital assets	(2,086,561)	(14,880,250)	(12,311,058)
Amortization of tangible capital assets	809,246	3,180,741	2,959,261
Change in prepaid expenses	–	(49,121)	(58,713)
Net change in net financial assets (debt)	(87,260)	(1,780,679)	21,083
Net financial debt, beginning of year	(24,100,966)	(24,100,966)	(15,298,120)
Adjustment on adoption of asset retirement obligation standard (note 2)	–	–	(8,823,929)
Adjustment on adoption of financial instruments standard (note 2)	–	(123,412)	–
Net financial debt, beginning of year, restated	(24,100,966)	(24,224,378)	(24,122,049)
Net financial debt, end of year	\$ (24,188,226)	\$ (26,005,057)	\$ (24,100,966)

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Accumulated Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement losses, beginning of year (note 2)	\$ (183,707)	\$ —
Net unrealized gains attributable to: Investments designated at fair value	60,295	—
Net remeasurement gains for the year	60,295	—
Accumulated remeasurement losses, end of year	\$ (123,412)	\$ —

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated – Note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 9,967,951	\$ 9,431,593
Adjustments to non-cash items:		
Amortization of tangible capital assets	3,070,442	2,848,962
Amortization of tangible capital assets - asset retirement obligation	110,299	110,299
	13,148,692	12,390,854
Change in non-cash assets and liabilities:		
Rents receivable	29,289	(214,456)
Receivable from the Corporation of the City of Kingston	–	38,734
Other receivables	1,430,832	(1,237,914)
Prepaid expenses	(49,121)	(58,713)
Accounts payable and accrued liabilities	1,676,043	744,094
Accrued payroll and employee benefits	15,450	(17,571)
Prepaid rents	62,715	65,198
Deferred revenue	(24,326)	30,294
Subsidy paid in advance	(718,605)	(23,504)
Payable to the Corporation of the City of Kingston	124,012	330,049
	2,546,289	(343,789)
	15,694,981	12,047,065
Capital activities:		
Cash used to acquire tangible capital assets	(14,880,250)	(12,311,058)
Financing activities:		
Proceeds of long-term debt	6,213,599	4,136,515
Principal repayment of long-term debt	(4,999,619)	(416,242)
	1,213,980	3,720,273
Investing activities:		
(Increase) decrease in long-term investments	(780,795)	65,892
Increase in cash	1,247,916	3,522,172
Cash, beginning of year	10,144,833	6,622,661
Cash, end of year	\$ 11,392,749	\$ 10,144,833

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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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, 2023.

### (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, 2023

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## 1. Significant accounting policies (continued):

### (d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### (e) 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
Furniture and equipment	10
Land improvements	30
Buildings and building improvements	15 to 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.

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 and Accumulated Surplus.

#### (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, 2023

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## 1. Significant accounting policies (continued):

### (f) 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. Change in Accounting Policy – Adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 2. Change in Accounting Policy – Adoption of new accounting standards (continued):

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

In accordance with PS 3450 *Financial Instruments*, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 2. Change in Accounting Policy – Adoption of new accounting standards (continued):

On application of this standard, a new statement, the Statement of Remeasurement Gains and Losses has been included in these financial statements which records the remeasurement gains and losses for financial instruments measured at fair value.

Any difference between the financial instruments' fair values as at January 1, 2023 and previous carrying amounts as at December 31, 2022, excluding previously recognized exchange gains and losses, were recognized as an adjustment to the opening balance of accumulated remeasurement gains and losses. Hence, no comparative amounts are reported in the Statement of Remeasurement Gains and Losses due to prospective application of this standard.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from Corporation buildings and closure activities. The Corporation reports liabilities related to the legal obligations where the Corporation is obligated to incur costs to retire a tangible capital asset.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **2. Change in Accounting Policy – Adoption of new accounting standards (continued):**

The Corporation's ongoing efforts to assess the extent to which designated substances exist in Corporation assets, and new information obtained through regular maintenance and renewal of Corporation assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes in the estimated cost to fulfil the obligation. The measurement of assets retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Corporation uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 2. Change in Accounting Policy – Adoption of new accounting standards (continued):

As a result of applying this accounting standard, an asset retirement obligation of \$8,823,929 (2022 - \$8,823,929) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Corporation owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The Corporation has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, and amortization expense for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The associated TCA gross book value, TCA accumulated amortization and TCA amortization expense was restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

Statement of Financial Position	As previously reported	Adjustments	As restated
Tangible Capital Assets including ARO	\$ 79,742,608	\$ 3,545,389	\$ 83,287,997
Asset retirement obligation liability	–	8,823,929	8,823,929
Accumulated surplus	65,122,848	(5,278,540)	59,844,308

Statement of Change in Net Financial Debt	As previously reported	Adjustments	As restated
Annual surplus (deficit)	\$ 9,541,892	\$ (110,299)	\$ 9,431,593
Amortization of tangible capital assets (including ARO)	2,848,962	110,299	2,959,261
Change in net financial debt	21,083	–	21,083

Statement of Operations	As previously reported	Adjustments	As restated
Amortization of tangible capital assets (including ARO)	\$ 2,848,962	\$ 110,299	\$ 2,959,261
Surplus for the year	9,541,892	(110,299)	9,431,593

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

### 3. Long-term investments:

Investments reported under financial assets represent excess operating funds that are comprised of the following:

	Level	2023	2022
Cash	1	\$ –	\$ 52,085
Deposits – Affordable Housing Project (note 6)	2	1,111,575	591,969
Fixed income deposits, equity and mutual fund investments	2	2,397,730	2,207,868
		<b>\$ 3,509,305</b>	<b>\$ 2,851,922</b>

The portion of long-term investments relating to the Affordable Housing Project is \$1,111,575 (2022 - \$591,969).

Investments under the Affordable Housing Project are held as part of the lender's requirement and hence, restricted in nature. The value of the investments held in trust with Industrial Alliance as at December 31, 2023 is \$315,904 (2022 - \$364,713) and with Infrastructure Ontario as at December 31, 2023 is \$795,671 (2022 - \$227,256).

During the year there were no transfers between fair value hierarchy levels.

The maturity profile of fixed income investments held is as follows:

As at December 31, 2023	Within 1 year	1 - 5 years	6 - 10 years	Total
Carrying value	\$ –	\$ 2,397,730	\$ –	\$ 2,397,730
Percentage of total	–%	100.0%	0.0%	100.0%

  

As at December 31, 2022	Within 1 year	1 - 5 years	6 - 10 years	Total
Carrying value	\$ –	\$ 2,207,868	\$ –	\$ 2,207,868
Percentage of total	–%	100.0%	0.0%	100.0%

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

	2023	2022
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 15, 2028, secured by 119 and 129 Van Order Drive	\$ 3,085,115	\$ 3,265,340
3.59% Mortgage payable in monthly blended instalments of \$3,390, due October 15, 2032, secured by 233 Queen Mary Road	307,606	336,682
3.41% Mortgage payable in monthly blended instalments of \$10,345, due December 20, 2036, secured by 40 Cliff Crescent	1,302,093	1,380,375
3.48% Mortgage payable in monthly blended instalments of \$3,260, due March 26, 2049, secured by 28 Cliff Crescent	656,715	672,682
3.41% Mortgage payable in monthly blended instalments of \$10,078, due May 28, 2049, secured by 645 Brock Street	2,053,919	2,103,886
2.82% Mortgage payable in monthly blended instalments of \$2,047.10, due May 1, 2050, secured by 20 Cliff Crescent	457,178	468,674
2.55% Mortgage payable in monthly blended instalments of \$3,262.61, due August 24, 2050, secured by 1 Curtis Crescent	756,951	776,528
0.91% Mortgage payable in monthly blended instalments, due December 1, 2030, secured by 27 Wright Crescent	4,563,086	4,556,806
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	21,000
1% Mortgage, payable \$79,129 yearly including interest, due December 15, 2071, secured by 1316 Princess Street	3,004,822	3,101,530
3.15% cash advance (convertible into mortgage upon project completion), including interest, due December 15, 2031, secured by 1316 Princess Street	2,866,894	50,000
2.39% Mortgage, payable \$14,936 monthly including interest, due February 1, 2023, secured by Rideau Street and Division Street		
This loan has been repaid during the year.	–	29,781
Carry forward	19,110,379	16,798,284

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

	2023	2022
Carried forward	\$ 19,110,379	\$ 16,798,284
5.972% Mortgage, payable \$29,594 monthly including interest, due May 1, 2028, secured by Cassidy Street	1,381,057	1,646,181
3.74% Mortgage, payable \$22,656 monthly including interest, due May 1, 2028, secured by Rideaucrest Towers	1,106,030	1,337,415
6.49% Mortgage, payable \$27,018 monthly including interest, due January 1, 2026, secured by Country Pines	1,162,221	1,403,553
2.964% Mortgage, payable \$27,246 monthly, including interest, due January 1, 2024, net of deferred financing costs of \$197,754, secured by Eldon Hall	3,345,368	3,404,263
2.248% Mortgage, payable \$26,661 monthly including interest, due January 1, 2027, secured by Patrick Street	956,547	1,257,926
	27,061,602	25,847,622
Current portion of long-term debt	(7,852,981)	(2,763,430)
	\$ 19,208,621	\$ 23,084,192

The minimum scheduled principal repayments are as follows:

2024	\$ 7,852,981
2025	1,667,253
2026	2,080,191
2027	1,213,920
2028	667,372
2029 and thereafter	13,579,884
	\$ 27,061,602

Interest on mortgages payable in the amount of \$732,356 (2022 - \$742,326) is included in interest on long-term debt on the Statement of Operations and Accumulated Surplus.

The mortgages are secured by the following:

- (i) a first charge on the lands and all real and immovable 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, 2023

## 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.

	2023	2022
Balance, beginning of year	\$ 1,397,791	\$ 1,972,467
Allocation from operations	1,786,559	1,777,870
Allocation for additional capital expenses	–	258,252
Expenses	(2,204,781)	(2,429,669)
	(418,222)	(393,547)
Investment gains (losses)	98,880	(181,129)
Excess of expenses over revenue	(319,342)	(574,676)
Balance, end of year	\$ 1,078,449	\$ 1,397,791

Long-term investments in the amount of \$1,482,693 (2022 - \$1,383,813) have been designated to support the rent geared to income capital reserve fund and have not been adjusted for year-end transfers out of \$404,224 (2022: transfers in of \$13,976).

## 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.

	2023	2022
Balance, beginning of year	\$ 591,969	\$ 516,709
Net transfer from operations	598,415	73,706
Net transfer out of operations	(80,015)	–
Interest earned	1,206	1,554
Balance, end of year	\$ 1,111,575	\$ 591,969

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 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 \$454,061 (2022 - \$330,049) 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:

	Rent Supplement	Portable Housing	2023	2022
Subsidy advances received	\$ 3,497,344	\$ 659,567	\$ 4,156,911	\$ 10,778,344
Allowable expenses	3,401,687	598,530	4,000,217	10,451,525
Payable to the Corporation of the City of Kingston	95,657	61,037	156,694	326,819
Prior year payment of subsidy	–	(32,682)	(32,682)	41,964
Beginning balance of subsidy payable (receivable)	252,887	77,162	330,049	(38,734)
Ending balance of subsidy payable	\$ 348,544	\$ 105,517	\$ 454,061	\$ 330,049



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 8. Asset retirement obligations:

The Corporation has recorded ARO as of the January 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The Corporation discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for asset retirement obligations, beginning of year	\$ 8,823,929	\$ –
Opening adjustments for PSAB adjustment	–	8,823,929
Liabilities incurred during the year	–	–
Liabilities settled during the year	–	–
<b>Liabilities for asset retirement obligations, end of year</b>	<b>\$ 8,823,929</b>	<b>\$ 8,823,929</b>

## 9. 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, 2023 this amount was undrawn (2022 - undrawn) and \$Nil interest expense (2022 - \$Nil) was recorded.

## 10. 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, 2023

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## 11. Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit pension 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 OMERS Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 1,000 employers and 450,000 plan members.

Each year an independent actuary determines the funding status of the OMERS pension plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation reported an actuarial deficit of \$4.2 billion (2022 - \$6.7 billion). Because OMERS is a multi- employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Corporation has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Corporation does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS for 2023 was \$177,051 (2022 - \$164,545) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus.

## 12. 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, 2023, 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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 12. Contingent liabilities (continued):

- (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.

- (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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 12. Contingent liabilities (continued):

- (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-gear-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.

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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 12. Contingent liabilities (continued):

- (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.

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, 2023

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## 12. Contingent liabilities (continued):

- (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, 2023

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## 12. 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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 12. Contingent liabilities (continued):

- (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.

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.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 12. Contingent liabilities (continued):

- (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.

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.

- (o) In 2022 the Corporation entered into a contribution agreement with the Canada Mortgage and Housing Corporation under the Investment in Affordable Housing for Ontario Program for the funding of an affordable housing capital infill project located at 1316 Princess 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 twentieth (1/20) of the original principal amount of \$6,264,091 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 2031.

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.

## 13. Tangible capital assets:

- (a) Assets under construction:

The balance of assets under construction in 2023 is \$20,918,882 (2022 - \$10,953,678).

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 13. Tangible capital assets (continued):

(b) Cost:

Cost	Balance December 31, 2022	Adjustment for PS3280 (note 2)	Opening balance adjusted	Additions	Transfers	Disposals	Balance December 31, 2023
Land - Rent Geared to Income	\$ 9,845,651	\$ —	\$ 9,845,651	\$ —	\$ (8,048)	\$ —	\$ 9,837,603
Land - Queen Mary Road	180,000	—	180,000	—	—	—	180,000
Land - Van Order Drive	342,000	—	342,000	—	—	—	342,000
Land - 40 Cliff Crescent (AFD/MR)	52,964	—	52,964	—	—	—	52,964
Land - 28 Cliff Crescent	9,333	—	9,333	—	—	—	9,333
Land - 645 Brock Street	342,000	—	342,000	—	—	—	342,000
Land - 20 Cliff Crescent	50,870	—	50,870	—	—	—	50,870
Land - Curtis Crescent	13,406	—	13,406	—	—	—	13,406
Land Wright	500,000	—	500,000	—	—	—	500,000
Land (THK)	2,175,415	—	2,175,415	—	—	—	2,175,415
Land Curtis II	—	—	—	—	8,048	—	8,048
Land improvements (THK)	610,055	—	610,055	—	(610,055)	—	—
Land improvements - Rent Geared to Income	2,145,438	—	2,145,438	50,748	379,174	—	2,575,360
Land improvements - Queen Mary Road	114,950	—	114,950	—	—	—	114,950
Land improvements - Van Order Drive	120,630	—	120,630	—	—	—	120,630
Land improvements - 40 Cliff Crescent (AFD/MR)	141,600	—	141,600	—	—	—	141,600
Land improvements - 645 Brock Street	197,585	—	197,585	—	—	—	197,585
Land Improvements - 20 Cliff Crescent	20,050	—	20,050	—	—	—	20,050
Land Improvements - Curtis Crescent	33,401	—	33,401	—	—	—	33,401
Land Improvement - Wright	352,612	—	352,612	—	—	—	352,612
Land Improvement - Curtis II	—	—	—	—	213,831	—	213,831
Land Improvement - 35 Eldon/55 Notch	—	—	—	—	483,830	—	483,830
Building (THK)	27,512,970	2,298,916	29,811,886	—	—	—	29,811,886
Building - Rent Geared to Income	36,445,681	6,525,013	42,970,694	1,721,065	562,199	—	45,253,958
Building - Queen Mary Road	4,504,932	—	4,504,932	—	—	—	4,504,932
Building - Van Order Drive	7,400,877	—	7,400,877	—	—	—	7,400,877
Building - 40 Cliff Crescent	4,496,072	—	4,496,072	—	—	—	4,496,072
Building - 28 Cliff Crescent	1,977,851	—	1,977,851	—	—	—	1,977,851
Building - 645 Brock Street	4,273,003	—	4,273,003	—	—	—	4,273,003
Building - 20 Cliff Crescent	1,339,157	—	1,339,157	—	—	—	1,339,157
Building - Curtis Crescent	2,351,915	—	2,351,915	—	—	—	2,351,915
Building - Wright	6,611,415	—	6,611,415	—	—	—	6,611,415
Building - Curtis II	—	—	—	—	2,114,254	—	2,114,254
Assets under construction	10,953,678	—	10,953,678	13,108,437	(3,143,233)	—	20,918,882
	\$ 125,115,511	\$ 8,823,929	\$ 133,939,440	\$ 14,880,250	\$ —	\$ —	\$ 148,819,690

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 13. Tangible capital assets (continued):

(c) Accumulated amortization:

Accumulated amortization	Balance December 31, 2022	Adjustment for PS3280 (note 2)	Opening balance adjusted	Additions	Transfers	Disposals	Balance December 31, 2023
Land improvements - THK	\$ 114,674	\$ -	\$ 114,674	\$ 20,335	\$ (135,009)	\$ -	\$ -
Land improvements - Rent Geared to Income	1,219,999	-	1,219,999	91,089	27,934	-	1,339,022
Land improvements - Queen Mary Road	39,916	-	39,916	3,832	-	-	43,748
Land improvements - Van Order Drive	64,336	-	64,336	4,021	-	-	68,357
Land improvements - 40 Cliff Crescent	30,287	-	30,287	4,720	-	-	35,007
Land improvements -645 Brock Street	23,600	-	23,600	6,586	-	-	30,186
Land Improvements - 20 Cliff Crescent	1,726	-	1,726	668	-	-	2,394
Land Improvements - Curtis Crescent	2,597	-	2,597	1,113	-	-	3,710
Land Improvement - Wright	5,877	-	5,877	11,754	-	-	17,631
Land Improvement - Curtis II	-	-	-	3,564	-	-	3,564
Land Improvement - 35 Eldon/55 Notch	-	-	-	-	107,075	-	107,075
Building - THK	20,155,618	1,506,353	21,661,971	716,561	-	-	22,378,532
Building - Rent Geared to Income	18,117,041	3,772,187	21,889,228	1,466,317	-	-	23,355,545
Building - Queen Mary Road	1,173,004	-	1,173,004	113,282	-	-	1,286,286
Building - Van Order Drive	2,816,069	-	2,816,069	184,236	-	-	3,000,305
Building - 40 Cliff Crescent	721,245	-	721,245	112,402	-	-	833,647
Building - 28 Cliff Crescent	197,799	-	197,799	49,446	-	-	247,245
Building - 645 Brock Street	382,790	-	382,790	106,825	-	-	489,615
Building - 20 Cliff Crescent	86,487	-	86,487	33,479	-	-	119,966
Building - Curtis Crescent	137,195	-	137,195	58,798	-	-	195,993
Building - Wright	82,643	-	82,643	165,285	-	-	247,928
Building - Curtis II	-	-	-	26,428	-	-	26,428
	\$ 45,372,903	\$ 5,278,540	\$ 50,651,443	\$ 3,180,741	\$ -	\$ -	\$ 53,832,184

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 13. Tangible capital assets (continued):

(d) Net book value:

	Net book value December 31, 2022	Net book value December 31, 2023
Land - Rent Geared to Income	\$ 9,845,651	\$ 9,837,603
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	50,870
Land - Curtis Crescent	13,406	13,406
Land Wright	500,000	500,000
Land (THK)	2,175,415	2,175,415
Land Curtis II	-	8,048
Land improvements (THK)	495,381	-
Land improvement - Rent Geared to Income	925,439	1,236,338
Land improvement - Queen Mary Road	75,034	71,202
Land improvement - Van Order Drive	56,294	52,273
Land improvement - 40 Cliff Crescent	111,313	106,593
Land improvement 645 Brock Street	173,985	167,399
Land improvements - 20 Cliff Crescent	18,324	17,656
Land improvements - Curtis Crescent	30,804	29,691
Land improvements - Wright	346,735	334,981
Land improvements - Curtis II	-	210,267
Land improvements - 35 Eldon/55 Notch	-	376,755
Building - THK	8,149,915	7,433,354
Building - Rent Geared to Income	21,081,466	21,898,413
Building - Queen Mary Road	3,331,928	3,218,646
Building - Van Order Drive	4,584,808	4,400,572
Building - 40 Cliff Crescent	3,774,827	3,662,425
Building - 28 Cliff Crescent	1,780,052	1,730,606
Building - 645 Brock Street	3,890,213	3,783,388
Building - 20 Cliff Crescent	1,252,670	1,219,191
Building - Curtis Crescent	2,214,720	2,155,922
Building - Wright	6,528,772	6,363,487
Building - Curtis II	-	2,087,826
Assets under construction	10,953,678	20,918,882
	<b>\$ 83,287,997</b>	<b>\$ 94,987,506</b>

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 14. Local housing subsidy:

Rent supplement administration subsidy of \$192,248 (2022 - \$187,926) received from the Corporation of the City of Kingston was included with the local housing subsidy on the Statement of Operations and Accumulated Surplus.

## 15. Construction of 27 Wright Crescent and 1316 Princess Street located in Kingston, Ontario:

- (a) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston (OPHI) 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 \$Nil (2022 - \$130,682) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (b) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston (IAH) 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 \$Nil (2022 - \$62,678) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (c) In 2021, the Corporation entered into an agreement with The Corporation of the City of Kingston to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$7,953,753 in this regard of which \$3,181,501 (2022 - \$2,854,020) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (d) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (MCA) 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 \$Nil (2022 - \$320,478) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (e) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (OPHI) to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$854,025 in this regard of which \$Nil (2022 - \$427,013) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (f) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (IAH) to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with funding of \$250,000 (2022 - \$2,078,085) 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, 2023

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## **15. Construction of 27 Wright Crescent and 1316 Princess Street located in Kingston, Ontario (continued):**

- (g) In 2022, the Corporation entered into an agreement with Canada Mortgage and Housing Corporation to construct a new affordable housing building located at 1316 Princess Street. During the year, \$4,827,182 of the total forgivable loan \$6,264,091 (2022 - \$1,436,909) was received and which was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.

## **16. Portable housing benefit:**

In 2023, 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 \$598,530 (2022: \$432,289) and is included as a component of revenues on the statement of operations and accumulated surplus. The expenses incurred in the year were \$598,530 (2022: \$432,289) and is included as a component of expenses on the Statement of Operations and Accumulated Surplus.

## **17. Financial risks and concentration of credit risk:**

### **(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to patient and other accounts receivable are credited to the Statement of Operations. The balance of the allowance for doubtful accounts at December 31, 2023 is \$154,347 (2022 - \$116,848).

The Corporation follows an investment policy approved by its Board of Directors. The maximum exposure to credit risk with respect to investments of the Corporation at December 31, 2023 is the carrying value of long-term investment assets.

There have been no significant changes to the credit risk exposure from 2022.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 17. Financial risks and concentration of credit risk (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

As at December 31, 2023	Current	1 - 30 days	31 - 60 days	61 - 90 days	91+ days	Total
Rents receivables	\$ 79,579	\$ 50,201	\$ 39,335	\$ 27,853	\$ 190,559	\$ 387,527
Other receivables	877,613	–	–	–	–	877,613
Gross receivables	957,192	50,201	39,335	27,853	190,559	1,265,140
Impairment allowances	–	–	–	–	(154,347)	(154,347)
Net receivables	\$ 957,192	\$ 50,201	\$ 39,335	\$ 27,853	36,212	\$ 1,110,793

The amounts outstanding at year end were as follows:

As at December 31, 2022	Current	1 - 30 days	31 - 60 days	61 - 90 days	91+ days	Total
Rents receivables	\$ 95,153	\$ 58,908	\$ 49,578	\$ 47,251	\$ 128,427	\$ 379,317
Other receivables	2,308,445	–	–	–	–	2,308,445
Gross receivables	2,403,598	58,908	49,578	47,251	128,427	2,687,762
Impairment allowances	–	–	–	–	(116,848)	(116,848)
Net receivables	\$ 2,403,598	\$ 58,908	\$ 49,578	\$ 47,251	11,579	\$ 2,570,914

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 17. Financial risks and concentration of credit risk (continued):

The amounts outstanding at year end were as follows:

### (b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Corporation's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2022.

### (i) Currency risk:

Currency risk arises from the Corporation's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Corporation does not have any material transactions or financial instruments denominated in foreign currencies.

### (ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. The Corporation is exposed to this risk through its interest-bearing investments and long-term debt.

The Corporation's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 4. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2023, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$35,093 (2022 - \$28,519).

The Corporation's investments are disclosed in note 3.

There has been no change to the interest rate risk exposure from 2022.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 17. Financial risks and concentration of credit risk (continued):

### (b) Market risk (continued):

The amounts outstanding at year end were as follows:

#### (iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Corporation is exposed to this risk through its mutual fund holdings within its investment portfolio. At December 31, 2023, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the Corporation's mutual fund holdings of \$239,773 (2022 - \$220,787).

### (c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet all of its cash outflow obligations as they come due. The Corporation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The Corporation also maintains an unsecured line of credit with a Canadian chartered bank in the amount of \$1,500,000 (2022 - \$1,500,000) to cover short-term funding needs. There was no balance outstanding on the line of credit at December 31, 2023 (2022 - \$nil). Accounts payable are all current and the terms of the long-term debt are disclosed in note 4.

There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 17. Financial risks and concentration of credit risk (continued):

(c) Liquidity risk (continued):

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2023	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$4,861,987	\$ –	\$ –	\$ –	\$ 4,861,987
Accrued payroll and employee benefits	166,737	–	–	–	\$ 166,737
Long-term debt	7,032,621	820,360	18,021,232	1,187,389	27,061,602
	\$ 12,061,345	\$ 820,360	\$ 18,021,232	\$ 1,187,389	\$ 32,090,326

  

As at December 31, 2022	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$3,185,944	\$ –	\$ –	\$ –	\$ 3,185,944
Accrued payroll and employee benefits	151,287	–	–	–	\$ 151,287
Long-term debt	2,050,453	713,007	9,814,209	13,269,953	25,847,622
	\$ 5,387,684	\$ 713,007	\$ 9,814,209	\$ 13,269,953	\$ 29,184,853

# KINGSTON & FRONTENAC HOUSING CORPORATION

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

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 10)	2023 Total	2022 Total (Restated – Note 2)
<b>Revenue:</b>			
Rents	\$ 5,400,000	\$ 5,659,104	\$ 5,352,188
Local housing subsidy (note 14)	6,766,038	6,770,360	6,618,141
Rent supplement	3,420,000	3,401,687	3,401,095
Portable Housing Program subsidy	506,221	598,530	432,289
Non-rental revenue	350,530	331,285	272,223
Interest income	22,000	325,653	(28,130)
	<u>16,464,789</u>	<u>17,086,619</u>	<u>16,047,806</u>
<b>Expenses:</b>			
Rent supplement and portable program costs	3,926,221	4,000,217	3,833,383
Salaries and benefits	2,290,555	2,312,898	1,913,107
Municipal taxes	2,579,176	2,474,645	2,373,777
Capital expenses	1,786,561	329,720	275,000
Maintenance expense	1,722,793	1,849,945	1,682,199
Utilities	1,221,170	1,176,474	1,126,305
Professional services	460,337	396,046	621,392
Insurance	539,237	466,331	512,026
Administration services and expenses	326,963	328,133	141,369
Bad debts	150,180	225,900	133,691
Interest costs (recovery)	315,840	259,663	289,677
Amounts recognized as tangible capital assets	–	–	–
	<u>15,319,033</u>	<u>13,819,972</u>	<u>12,901,926</u>
Annual surplus before the undernoted items	1,145,756	3,266,647	3,145,880
Amortization expense	–	2,178,206	2,079,595
Annual surplus	1,145,756	1,088,441	1,066,285
Accumulated surplus, beginning of year		33,371,625	35,995,964
Adjustment on adoption of asset retirement obligation standard (note 2)		–	(3,690,624)
Accumulated surplus, beginning of year, as restated		33,371,625	32,305,340
Accumulated surplus, end of year		<u>\$ 34,460,066</u>	<u>\$ 33,371,625</u>
<b>Analyzed as follows:</b>			
Operating surplus (including 100 common shares for \$10)		\$ 3,162,087	\$ 2,874,104
Invested in tangible capital assets		30,219,528	29,099,730
Reserve Fund (note 5)		1,078,451	1,397,791
Accumulated surplus, end of year		<u>\$ 34,460,066</u>	<u>\$ 33,371,625</u>

# KINGSTON & FRONTENAC HOUSING CORPORATION

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

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 10)	2023 Total	2022 Total (Restated – Note 2)
<b>Revenue:</b>			
Rents	\$ 2,824,091	\$ 3,079,631	\$ 2,856,540
Province of Ontario grant	168,000	167,945	167,945
Non-residential rents	137,160	137,160	133,815
Interest income	–	305,844	100,247
Non-rental revenue	77,840	69,203	54,248
	3,207,091	3,759,783	3,312,795
<b>Expenses:</b>			
Interest costs	502,160	501,612	473,948
Utilities	321,164	324,595	302,132
Municipal taxes	308,651	441,725	425,401
Maintenance expense	281,636	311,551	143,160
Salaries and benefits	435,044	354,856	308,800
Insurance	121,929	141,142	90,676
Professional services	10,109	24,262	38,654
Capital expense	300,000	47,279	94,815
Administration services and expenses	22,757	16,884	–
Bad debts	50,000	95,927	9,203
	2,353,450	2,259,833	1,886,789
Annual surplus before the undernoted items	853,641	1,499,950	1,426,006
Amortization expense	809,246	1,002,535	888,382
Capital government grants (note 15)	–	(8,258,683)	(7,809,865)
	809,246	(7,256,148)	(6,921,483)
Annual surplus	44,395	8,756,098	8,347,489
Accumulated surplus, beginning of year		26,472,683	19,602,811
Adjustment on adoption of asset retirement obligation standard (note 2)		–	(1,477,617)
Accumulated surplus, beginning of year, as restated		26,472,683	18,125,194
Accumulated surplus, end of year		\$ 35,228,781	\$ 26,472,683
<b>Analyzed as follows:</b>			
Operating (deficit) surplus		\$ (667,060)	\$ 376,807
Invested in tangible capital assets:			
Tangible capital assets		61,222,589	50,642,878
Long-term debt		(27,061,602)	(25,847,622)
Capital financing		623,279	708,651
		34,784,266	25,503,907
Reserve Fund (note 6)		1,111,575	591,969
		\$ 35,228,781	\$ 26,472,683