



CITYHOUSING

H A M I L T O N

- **Hamilton Housing**
- **Municipal Non Profit**
- **Dundas Valley Non Profit**
- **Portuguese Non Profit**
- **100% Market Buildings**
- **First Place**

Financial Statements

December 31, 2010

DRAFT

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CityHousing Hamilton Notes to the Financial Statements

December 31st, 2010

CityHousing Hamilton Corporation Statement of Financial Position As at December 31, 2010

	2,010			2010 Total	2009 Total
	Operating Fund	Capital Reserve Fund	Sold Units Reserve Fund		
Assets					
Cash	\$ 10,121,234	\$ -	\$ -	\$ 10,121,234	\$ 7,446,660
Restricted Cash (Note 8)				-	3,114,920
Receivables (Note 6)	1,957,312		38	1,957,350	1,631,292
Prepays	773,079			773,079	594,113
Reserve Investments (Note 7)		4,449,525		4,449,525	4,162,072
Reserve Investments - Held by City (Note 8)	530,235		11,778,654	12,308,889	8,902,821
Investments - Other	124,333			124,333	-
Due from Capital to Operating Fund	1,350,323			1,350,323	1,350,323
Due from Operating to Capital Fund		7,663,858		7,663,858	6,558,374
	14,856,516	12,113,383	11,778,692	38,748,591	33,760,575
Property and equipment (Note 9)	134,195,051			134,195,051	141,422,953
Total Assets	\$ 149,051,567	\$ 12,113,383	\$ 11,778,692	\$ 172,943,642	\$ 175,183,528
Liabilities					
Payables and accruals	\$ 6,356,978	\$ -	\$ -	\$ 6,356,978	\$ 3,893,716
Rent deposits payable	544,957			544,957	315,542
Tenant Trust	5,358			5,358	5,358
Due to City of Hamilton	693,754			693,754	734,227
Due to Capital from Operating Fund	7,663,858			7,663,858	6,558,374
Due to Operating from Capital Fund		1,350,323		1,350,323	1,350,323
Accrued Mortgage Interest Payable	317,976			317,976	345,996
Current portion of long term debt	9,950,617			9,950,617	6,972,372
	25,533,498	1,350,323	-	26,883,821	20,175,908
Deferred Contributions - (557 Queenston, 95 King & 87-89 King) (Note 10)	4,958,680			4,958,680	5,116,346
Deferred Contributions - Capital Funding (Service Mgr.) (Note 10)				-	656,675
Debentures (Note 12)	34,628,059			34,628,059	37,743,104
Due to City (City Views) (Note 13)	955,294			955,294	971,384
Long Term Debt (Note 11)	82,375,803			82,375,803	89,245,562
	122,917,836	-	-	122,917,836	133,733,071
Total Liabilities	148,451,334	1,350,323	-	149,801,657	153,908,979
Fund Balances					
Capital Stock (Note 15)	76,300			76,300	76,300
Contributed Surplus	45,819			45,819	45,819
Unrestricted Operating Fund	478,114			478,114	421,241
Capital Reserve Fund		10,671,874		10,671,874	8,622,262
Special Repairs		91,186		91,186	91,186
Reserve from Sold Units			11,778,692	11,778,692	12,017,741
Total Fund Balances	600,233	10,763,060	11,778,692	23,141,985	21,274,549
Total Liabilities & Fund Balances	\$ 149,051,567	\$ 12,113,383	\$ 11,778,692	\$ 172,943,642	\$ 175,183,528

On behalf of the Board:

Director

See accompanying notes to the financial statements.

CityHousing Hamilton Notes to the Financial Statements

December 31st, 2010

CityHousing Hamilton Corporation Statement of Operations and Changes in Fund Balances For the year ending December 31, 2010

	2010				2010 Total	2009 Total
	Budgeted Operating Fund	Actual Operating Fund	Capital Reserve Fund	Sold Units Reserve Fund		
Revenue						
Rental						
Residential	\$ 31,433,277	\$ 30,927,260	\$ -	\$ -	\$ 30,927,260	\$ 28,334,118
Commercial	920,806	946,714			\$946,714	\$508,230
Tenant Recoveries	130,000	219,952			\$219,952	\$174,084
Government subsidies	29,421,430	29,800,955	5,491,916		\$35,292,871	\$27,772,779
Other	700,151	1,013,519	283,256		\$1,296,775	\$1,747,584
	62,605,664	62,908,400	5,775,172	-	68,683,572	58,536,795
Revenue allocated to Capital Reserve	(7,218,364)	(7,212,605)	7,212,605		-	-
Total Revenue	\$ 55,387,300	\$ 55,695,795	\$ 12,987,777	\$ -	\$ 68,683,572	\$ 58,536,795
Expenses						
Administration	\$ 8,480,340	\$ 8,185,163	\$ -	\$ -	\$ 8,185,163	\$ 7,162,626
Bad Debts	513,038	265,914			265,914	481,617
Insurance	702,327	726,874			726,874	785,840
Maintenance	10,103,782	10,925,244			10,925,244	9,172,833
Amortization		7,227,390			7,227,390	5,850,323
Interest on long term debt	13,668,964	6,674,728			6,674,728	6,574,953
Municipal taxes	12,266,184	12,205,300			12,205,300	11,749,039
Utilities	9,857,919	9,825,062			9,825,062	9,457,588
Total Expenses	55,592,554	56,035,675	-	-	56,035,675	51,234,819
Excess of revenue over expenses before building rehabilitation	(205,254)	(339,880)	12,987,777	-	12,647,897	7,301,976
Portuguese Capital Funds from Receiver					-	56,870
Sale of Single Units				38	38	3,261,890
Amortization of Deferred Contribution		157,666			157,666	157,665
Building rehabilitation			(10,938,167)		(10,938,167)	(8,712,002)
Excess of revenue over expenses	(205,254)	(182,214)	2,049,610	38	1,867,434	2,066,399
Fund transfer		239,087		(239,087)	-	-
Service Manager Reconciliation Adjustment					-	168,368
Fund balance, beginning of year		421,242	8,713,450	12,017,741	21,152,433	18,917,666
Fund balance, end of year	\$ (205,254)	\$ 478,114	\$ 10,763,060	\$ 11,778,692	\$ 23,019,867	\$ 21,152,433

See accompanying notes to the financial statements.

CityHousing Hamilton Notes to the Financial Statements

December 31st, 2010

CityHousing Hamilton Corporation Statement of Changes in Financial Position For the year ending December 31, 2010
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	2010			2010 Total	2009 Total
	Operating Fund	Capital Reserve Fund	Sold Units Reserve Fund		
Increase (decrease) in cash and cash equivalents					
Operating					
Excess of revenue over expenses	\$ (182,214)	\$ 2,049,610	\$ 38	\$ 1,867,434	\$ 2,066,398
Amortization of deferred contribution	(157,666)			(157,666)	(157,665)
Amortization	7,227,902			7,227,902	5,850,323
	6,888,022	2,049,610	38	8,937,670	7,759,056
Change in non-cash operating working capital					
Receivables	(326,058)	-	(38)	(326,096)	(439,335)
Prepaid Expense	(178,966)			(178,966)	(79,603)
Due to Capital Fund (net)	1,105,484			1,105,484	(768,283)
Due from Operating (net)		(1,105,484)		(1,105,484)	768,283
Property & equipment (Sale of Single Units)					104,563
Property & equipment (First Place Assets)					(22,462,239)
Payables and accruals	2,463,262			2,463,262	713,480
Rent deposits payable	229,415			229,415	(202,451)
Due to City of Hamilton	(40,473)			(40,473)	577,703
Mortgage Interest Payable	(28,020)			(28,020)	37,776
	10,112,666	944,126	-	11,056,792	(13,991,050)
Investing					
Property & equipment (Sale of Single Units)	38			38	
Purchase of Property & Equipment (First Place)	-			-	22,012,646
Change in other investments	(124,333)			(124,333)	-
Change in reserve investments		(287,451)		(287,451)	(409,442)
	(124,295)	(287,451)		(411,746)	21,603,204
Financing					
Service Manager Capital Investment		(656,675)		(656,675)	656,675
Service Manager reconciliation adjustment					168,368
Fund transfer	239,087		(239,087)		
Repayment of long term debt	(7,022,649)			(7,022,649)	(5,667,957)
	(6,783,562)	(656,675)	(239,087)	(7,679,324)	(4,842,914)
Net increase (decrease) in cash and cash equivalents	3,204,809	-	(239,087)	2,965,722 #	2,769,240
Cash & cash equivalents beginning of year	7,446,660		12,017,741	19,464,401	16,695,161
Cash & cash equivalents end of year	\$ 10,651,469	\$ -	\$ 11,778,654	\$ 22,430,123	\$ 19,464,401
Represented by:					
Cash	\$ 10,121,234	\$ -	\$ -	\$ 10,121,234	\$ 7,446,660
Restricted Cash - Sold Units					3,114,920
Restricted funds (held by City-Sold Units)	530,235		11,778,654	12,308,889	8,902,821
Total	\$ 10,651,469	\$ -	\$ 11,778,654	\$ 22,430,123	\$ 19,464,401

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

1. Nature of operations

CityHousing Hamilton operates various buildings for residential accommodation and commercial rent. The operating agreement as outlined in the SHRA for the three Provincial projects remains in effect and is transferred to CityHousing Hamilton Corporation.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Social Housing Reform Act, 2000 (SHRA). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because:

- (a) amortization is not provided on building and furniture and equipment over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgage;
- (b) capital assets:
 - (1) purchased from operating fund are charged to operations in the year the expenditure is incurred, and
 - (2) purchased from the capital reserve fund are charged against the replacement reserve account rather than being capitalized on the balance sheet and amortized over their estimated useful lives.

Investments

Investments are recorded at market value.

Amortization

Amortization is provided on the building at a rate equal to the annual principal reduction of the mortgage on the building. No amortization is charged on other fixed assets; however, a capital reserve account is maintained to provide for future asset replacement.

Sold Unit reserve

The proceeds from the sale of single units has been set up in a separate reserve which will be utilized to construct replacement units in the future as directed by the Board.

Capital reserve

Capital reserve is funded annually through the operating fund. Expenditures are then charged to the Capital reserve fund as expended.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of overdrafts, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

2. Summary of significant accounting policies (continued)

Fund accounting

Funds within the financial statements consist of the operating, capital reserve, and sold unit reserve funds. Transfers between the funds are recorded as adjustments to the appropriate fund balance. The Operating Fund reports assets and liabilities, operating assistance, revenue and expenses related to the Corporation's housing activities. The Capital Reserve Fund reports the assets, liabilities, revenues and expenses related to capital asset replacement activities. The amounts allocated to and expended from this fund must be approved by the Board on an annual basis. The sold unit reserve fund is detailed in Note 8.

Revenues and expenses

Revenue and expenses are recorded according to the accrual basis of accounting.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund. Revenues received in the Operating Fund for the annual allocation to the capital reserve are recorded as an allocation of revenue to the Capital Reserve Fund.

Property & Equipment

Property and equipment is recorded at cost, including contributed cost. The portion of cost contributed by others has been reflected as deferred contributions.

Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles 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 revenues and expenditures during the reporting period. Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Financial Instruments

The organization's financial instruments consist of cash, investments, receivables and payables and accruals. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

The organization has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Receivables	Loans and receivables
Investments	Held-for-trading
Payables and accruals	Other liabilities
Deferred contributions	Other liabilities
Long term debt	Other liabilities

CityHousing Hamilton
Notes to the Financial Statements

December 31st, 2010

2. Summary of significant accounting policies (continued)

Changes in accounting policy

Effective January 1, 2010, CityHousing Hamilton adopted the amendments to CICA Section 3862, "Financial Instruments – Disclosures" of the CICA Handbook. The amendments establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 financial instruments are valued using quoted prices in active markets for identical assets or liabilities.

Level 2 financial instruments are valued using observable inputs other than quoted prices included in Level 1.

Level 3 financial instruments are valued using unobservable inputs.

These amended disclosures are included in Note 3.

3. Investments – Fair Value Disclosure

The Corporations' investments, which are held within the capital and operating funds, are recorded at fair value and have been categorized based upon the fair value hierarchy, as discussed in Note 2. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2010.

Description	Level 1	Level 2	Level 3	TOTAL
Short Term Bond Fund	\$ 1,785,036	\$ -	\$ -	
Bond Fund	1,412,984	-	-	
Equity Fund	1,251,507	-	-	
Fixed Income Securities	10,856,439	1,353,978	-	
Mutual Fund	98,471	-	-	
TOTAL	\$ 15,404,436	\$ 1,353,978	\$ -	\$ 16,758,414

Reserve Investments- Phillips Hager	\$ 4,449,525
Reserve Investments- Sold Units	12,308,889
	<u>\$ 16,758,414</u>

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

4. Risks associated with financial instruments

The Corporation is exposed to the following additional risks related to its financial assets and liabilities:

Market Risk

Market risk is the potential for loss from changes in the value of financial instruments. The Corporation is exposed to market risk in the investment portfolio. This risk is managed by the implementation and adherence to the Board approved investment policy which specifies the exposure limits that the investment portfolio may have to equity markets. At December 31, 2010, as detailed in note 3, mutual funds make up 7.4% of the total investment portfolio with bonds and fixed income funds comprising the balance of 92.6%.

Interest Rate Risk

The interest rate risk is the risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. It is the Corporation's intention to hold the long term investments to maturity which eliminates exposure to short term swings in interest rates.

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund obligations as they come due. Demand for cash can result from unexpected capital expenditure requirements. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Senior management manages liquidity risk and monitors the cash and funding needs on a daily basis.

5. Capital disclosures

The Corporation considers cash, investments as capital. The Corporation manages its capital to have sufficient resources to satisfy its liabilities as they become due and to support its tenants through its rental operations. The Corporation has no externally imposed capital requirements.

6. Receivables

	<u>2010</u>	<u>2009</u>
Rent	\$ 496,839	\$ 553,070
HST/GST Rebate	1,214,226	485,527
Subsidy	-	117,991
Miscellaneous	<u>246,247</u>	<u>474,704</u>
	<u>\$ 1,957,312</u>	<u>\$ 1,631,292</u>

CityHousing Hamilton
Notes to the Financial Statements

December 31st, 2010

7. Reserve investments

Investment policies under the Social Housing Reform Act, 2000 (SHRA) requires certain housing providers to invest their capital reserves in a fund managed by the Social Housing Services Corporation. The capital reserve funds for Municipal Non Profit, and Dundas Valley Non Profit are invested in this fund. In 2010, a fund for Portuguese Non Profit was also set up.

8. Restricted Funds from Sale of Scattered Units

Board approval was received on June 27, 2003 and subsequently Ministerial Consent was obtained on September 1, 2005 for the disposition of selected single and semi-detached contained within the CityHousing Hamilton portfolio. The units were to be sold and the resulting cash flow could only be utilized to replace the sold units with new structures. This is in keeping with the directive from the Ministry that old units could only be sold if replaced by newer structures so as to maintain the capacity of the current housing stock. As at December 31, 2009 CHH has sold 88 units for net proceeds totalling \$12,017,741. In March, 2009 CHH transferred \$8,663,734 from CHH operating bank account to the City of Hamilton to hold in trust for CHH. In April 2010, \$3,114,920 was transferred to the City for units sold in 2009. Interest earned in 2010 was \$291,148 (2009 - \$239,087).

The City of Hamilton continues to maintain and invest the net proceeds from the sale of 88 single and semi-detached units.

	<u>2010</u>	<u>2009</u>
Opening Balance	\$ 12,017,741	\$ 8,516,764
Gross Sales	-	3,443,130
Asset Reduction	-	(104,563)
Property Enhancement	-	(76,677)
Interest Earned	291,148	239,087
Net Proceeds	<u>291,148</u>	<u>3,500,977</u>
Closing Balance	<u>\$12,308,889</u>	<u>\$ 12,017,741</u>

9. Property and equipment

			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land & buildings	\$ 184,857,585	\$ (51,580,488)	\$ 133,277,097	\$ 140,504,998
Equipment	<u>917,955</u>	<u>-</u>	<u>917,955</u>	<u>917,955</u>
	<u>\$ 184,775,540</u>	<u>\$ (51,580,488)</u>	<u>\$ 134,195,052</u>	<u>\$ 141,422,953</u>

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

10. Deferred contributions

Certain purchases of land and building have been funded by other governmental organizations. The portion of cost contributed by others has been reflected as deferred contributions and is being amortized into income on the same basis as the related building.

Funds received under the 2008 Capital Funding Program were reflected as a deferred contribution in 2009. CityHousing Hamilton received confirmation from the Service Manager that these funds would no longer be treated as a repayable loan; funds received in 2009 and 2010 were recorded as grant revenue and flowed through the Capital Reserve account.

	<u>2010</u>	<u>2009</u>
557 Queenston Road	\$ 2,005,376	\$ 2,073,548
95 King Street	580,742	598,340
87-89 King Street	2,372,563	2,444,459
Capital funding [from SM]	-	656,675
	<u>\$ 4,958,681</u>	<u>\$ 5,773,022</u>

11. Long term debt

	<u>2010</u>	<u>2009</u>
Canada Mortgage and Housing Corporation, 4.530 % mortgage for 772 Upper Paradise, renewing September 1, 2016, payable in equal monthly instalments of principal and interest of \$13,943	\$ 1,416,134	\$ 1,517,423
Scotia Mortgage Corporation, 5.418% mortgage for 580 Limeridge Road East, renewing December 1, 2012, payable in equal monthly instalments of principal and interest of \$22,343	2,369,539	2,506,691
TD Canada Trust, 4.726% mortgage for 470 Stone Church Road East, renewing January 1, 2018 payable in equal monthly instalments of principal and interest of \$24,445	2,703,043	2,865,732
Canada Mortgage and Housing Corporation, 2.860% mortgage for 75 Wentworth and Ashley/Century, renewing December 1, 2013, payable in equal monthly instalments of principal and interest of \$ 17,184	2,659,149	2,787,763
Canada Mortgage and Housing Corporation, 4.39% mortgage for 1150 Limeridge Road East, renewing June 1, 2015, payable in equal monthly instalments of principal and interest of \$ 26,718	3,372,020	3,541,920
Scotia Mortgage Corporation, 4.366% mortgage for 1781 King Street East, renewing January 1, 2017, payable in equal monthly instalments of principal and interest of \$7,439	1,033,168	1,076,706
Scotia Mortgage Corporation, 4.366% mortgage for 67 Ossington Drive, renewing January 1, 2017, payable in equal monthly instalments of principal and interest of \$ 11,956	1,660,450	1,730,426

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

11. Long term debt (continued)	<u>2010</u>	<u>2009</u>
Scotia Mortgage Corporation, 4.639% mortgage for 1081 Rymal Road East, renewing June 1, 2012, payable in equal monthly instalments of principle and interest of \$ 13,685	1,897,092	1,972,261
Scotia Mortgage Corporation, 5.83% mortgage for 10 Brock Street, renewing May 1, 2024, payable in equal monthly instalments of principle and interest of \$ 7,225	982,743	1,011,911
Canada Mortgage and Housing Corporation, 2.63% mortgage for 25 Towercrest Drive, renewing August 1, 2014 payable in equal monthly instalments of principal and interest of \$ 32,756	5,760,160	5,999,167
Canada Mortgage and Housing Corporation, 2.61% mortgage for 1285 Upper Gage, renewing September 1, 2014, payable in equal monthly instalments of principal and interest of \$ 6,307	1,118,778	1,164,776
Royal Bank of Canada, 3.044% mortgage for 430 Cumberland, renewing October 1, 2014, payable in equal monthly instalments of principal and interest of \$ 71,112	12,240,501	12,715,767
Canada Mortgage and Housing Corporation, 4.39% mortgage for 101 Broadway Avenue, renewing June 1, 2015, payable in equal monthly instalments of principal and interest of \$ 17,369	2,699,437	2,788,329
TD Canada Trust, 4.385% mortgage for 1100 Limeridge Avenue East, renewing February 1, 2012, payable in equal monthly instalments of principal and interest of \$ 25,036	4,030,112	4,152,521
Canada Mortgage and Housing Corporation, 2.63% mortgage for 1900 Main Street West, renewing August 1, 2014, payable in equal monthly instalments of principal and interest of \$ 75,424	11,523,490	12,118,710
Canada Mortgage and Housing Corporation, 5.92% mortgage for 25 Lynden, renewing September 1, 2011, payable in equal monthly instalments of principal and interest of \$ 11,481	1,091,290	1,162,958
Canada Mortgage and Housing Corporation, 2.75% mortgage for 122 Hatt, renewing February 1, 2016, payable in equal monthly instalments of principal and interest of \$ 16,769	2,471,150	2,588,256
Canada Mortgage and Housing Corporation, 6.33% mortgage for 700 Stonechurch, renewing June 1, 2011, payable in equal monthly installments of principal and interest of \$ 15,970	1,481,448	1,577,258

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

11. Long term debt (continued)	<u>2010</u>	<u>2009</u>
TD Canada Trust, 4.623% mortgage for 680 Stonechurch, renewing December 1, 2012, payable in equal monthly instalments of principal and interest of \$ 20,288	2,290,859	2,426,042
Canada Mortgage and Housing Corporation, 4.45% mortgage for 7-23 Gurnett, renewing June 1, 2011, payable in equal monthly instalments of principal and interest of \$ 2,116	264,920	278,310
Scotia Mortgage Corporation, 4.746% mortgage for 170 East Ave., renewing September 1, 2012, payable in equal monthly instalments of principal and interest of \$ 24,496	3,403,746	3,534,398
Canada Mortgage and Housing Corporation, 8.00% mortgage for 350-360 King, renewing Apr 1, 2027, payable in equal monthly instalments of principal and interest of \$ 3,393	373,702	384,543
Canada Mortgage and Housing Corporation, 8.00% mortgage for 350-360 King, renewing April 1, 2027, payable in equal monthly instalments of principal and interest of \$ 87,822	9,672,432	9,952,989
First National, 4.41% mortgage for 350-360 King, renewing December 1, 2014, payable in equal monthly instalments of principal and interest of \$ 36,039	1,968,150	2,306,551
Canada Mortgage and Housing Corporation, 4.63% mortgage for 185 Jackson, renewing September 1, 2012, payable in equal monthly instalments of principal and interest of \$ 43,961	6,159,063	6,398,171
Scotia Mortgage Corporation, 5.418% mortgage for 405 York, renewing December 1, 2012, payable in equal monthly instalments of principal and interest of \$22,740	2,683,545	2,808,973
People's Trust Company, 4.76% mortgage for 162 King William Street, renewing December 1, 2019, payable in equal monthly instalments of principal and interest of \$ 10,800	<u>1,869,164</u>	<u>1,910,210</u>
	\$ 89,195,285	\$ 93,278,762
Less: Current portion of long term debt	<u>6,819,482</u>	<u>4,033,200</u>
	\$ 82,375,804	\$ 89,245,562

CityHousing Hamilton
Notes to the Financial Statements

December 31st, 2010

11. Long term debt (continued)

The mortgages are secured by way of a first mortgage on the land and buildings, a general assignment of rents and leases, and a chattel mortgage. Principal repayments in each of the next five years are due as follows:

2011	\$6,819,482
2012	19,287,663
2013	5,740,296
2014	28,896,516
2015	6,311,292

12. Debentures

2010

2009

Canada Mortgage and Housing Corporation, various debentures at various interest rates from 4.38% to 7.50%, maturing at various dates from Jan. 1, 2010 to Jan. 1, 2026, guaranteed by the Ministry of Housing and Canada Mortgage and Housing Corporation
 Less: Current portion

\$ 37,743,104	\$ 40,666,923
<u>3,115,045</u>	<u>2,923,819</u>
<u>\$ 34,628,059</u>	<u>\$ 37,743,104</u>

Principal repayments in each of the next five years are due as follows:

2011	\$3,115,045
2012	3,237,110
2013	3,412,877
2014	3,618,711
2015	3,678,943

13. Due to City of Hamilton

2010

2009

City of Hamilton, 4.75% loan for 211 King William (City Views), maturing December 31, 2040, payable in equal annual instalments of principle and interest of \$61,437.
 Less: Current Portion

\$ 971,384	\$ 986,737
<u>16,090</u>	<u>15,353</u>
<u>\$ 955,294</u>	<u>\$ 971,384</u>

Principal repayments in each of the next five years are due as follows:

2011	\$16,090
2012	16,864
2013	17,674
2014	18,524
2015	19,414

CityHousing Hamilton

Notes to the Financial Statements

December 31st, 2010

14. Income taxes

Section 150(1)(a) of the Income Tax Act requires all corporations to file an annual corporation income tax return even though non-profit housing corporations are exempt from tax under Section 149(1)(n) of the Income Tax Act.

15. Capital stock

The Corporation is authorized to issue unlimited number of common shares.

The Corporation has issued 100 common shares to the City Of Hamilton with a book value of \$76,300 with no par value.

16. New construction

The Corporation has entered into an agreement to develop a housing complex at 4 Bridgewater Court. The agreements required for the land donated by the Provincial Government were finalized in 2006. The current estimated construction cost is \$7 million; to date the Corporation has allocated funding of \$4.86 million. The Board of Directors has allocated \$50,000 from the capital reserve fund for preliminary work. Construction was completed in 2010 and units rented by Fall 2010. The property is held as a construction-in-progress on the balance sheet of the City of Hamilton until final disbursements on the project are completed. The total costs of the project will be transferred to CityHousing Hamilton in 2011. At that point, the land and building will be recorded on CityHousing Hamilton's financial statements.

The Corporation acquired from the City of Hamilton the property located at 95 King Street East in December, 2008. This property is slated for redevelopment in 2011.

17. Related party transaction

The Corporation remitted \$12,205,300 (2009 - \$11,749,039) to the City of Hamilton to meet its property tax obligation.
