

Financial Statements of

**CITYHOUSING HAMILTON  
CORPORATION**

Year ended December 31, 2016



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of CityHousing Hamilton Corporation

We have audited the accompanying financial statements of CityHousing Hamilton Corporation, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 1 to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting in Note 1 to the financial statements; this includes determining that the basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of CityHousing Hamilton Corporation as at December 31, 2016 and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with the basis of accounting in described Note 1 to the financial statements.

*Basis of accounting and restriction on use*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist CityHousing Hamilton Corporation to comply with the reporting provisions of the Housing Services Act, 2011. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of CityHousing Hamilton Corporation, the City of Hamilton and the Province of Ontario and should not be used by parties other than CityHousing Hamilton Corporation, the City of Hamilton and the Province of Ontario.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

May 30, 2017  
Hamilton, Canada

# CITYHOUSING HAMILTON CORPORATION

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	Operating fund	Capital, reserve fund	Sold units, reserve fund	2016	2015
<b>Assets</b>					
Current assets:					
Cash	\$ 3,248,465	\$ 2,645,619	\$ -	\$ 5,894,084	\$ 1,105,452
Receivables (note 5)	2,643,145	-	-	2,643,145	3,657,275
Prepays	785,946	-	-	785,946	952,562
Reserve investments (note 6)	-	2,958,797	-	2,958,797	2,822,955
Reserve investments Held by City of Hamilton (note 7)	1,712,907	-	1,030,280	2,743,187	2,689,154
Investment – other	143,436	-	-	143,436	142,265
Due from capital to operating fund	1,818,618	-	-	1,818,618	3,362,489
	10,352,517	5,604,416	1,030,280	16,987,213	14,732,152
Subsidy receivable	1,577,568	-	-	1,577,568	1,662,067
Property, plant and equipment (note 8)	98,971,212	-	-	98,971,212	108,726,097
<b>Total Assets</b>	<b>\$110,901,297</b>	<b>\$ 5,604,416</b>	<b>\$ 1,030,280</b>	<b>\$117,535,993</b>	<b>\$125,120,316</b>

# CITYHOUSING HAMILTON CORPORATION

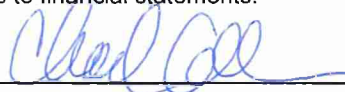
## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	Operating fund	Capital, reserve fund	Sold units, reserve fund	2016	2015
<b>Liabilities and Fund Balances</b>					
Current liabilities:					
Payables and accruals	\$ 5,516,306	\$ -	\$ -	\$ 5,516,306	\$ 6,391,091
Rent deposits payable	1,367,583	-	-	1,367,583	997,026
Tenant trust	5,358	-	-	5,358	5,358
Deferred revenue	-	-	-	-	206,070
Due to City of Hamilton	2,167,321	-	-	2,167,321	2,332,993
Due to Operating from Capital fund	-	1,818,618	-	1,818,618	3,362,489
Accrued mortgage interest Payable	113,294	-	-	113,294	120,298
Current portion of loan and mortgage payable (Note 10)	17,398,569	-	-	17,398,569	12,036,568
Current portion of debentures (Note 11)	2,980,618	-	-	2,980,618	3,664,435
Current portion of amount due to City of Hamilton (City Views) (Note 12)	21,325	-	-	21,325	20,347
	29,570,374	1,818,618	-	31,388,992	29,136,675
Long-term liabilities:					
Deferred Contributions (Note 9)	19,054,868	-	-	19,054,868	19,833,650
Loan and mortgage payable (Note 10)	47,671,205	-	-	47,671,205	57,429,354
Debentures (Note 11)	14,035,365	-	-	14,035,365	17,015,983
Due to City of Hamilton (City Views) (Note 12)	841,146	-	-	841,146	862,471
	81,602,584	-	-	81,602,584	95,141,458
<b>Total liabilities</b>	<b>111,172,958</b>	<b>1,818,618</b>	<b>-</b>	<b>112,991,576</b>	<b>124,278,133</b>
Fund balances:					
Capital Stock (Note 14)	76,300	-	-	76,300	76,300
Contributed Surplus	45,819	-	-	45,819	45,819
Unrestricted Operating Fund	(393,780)	-	-	(393,780)	(431,137)
Capital Reserve Fund	-	3,785,798	-	3,785,798	120,921
Reserve from Sold Units	-	-	1,030,280	1,030,280	1,030,280
<b>Total Fund Balances</b>	<b>(271,661)</b>	<b>3,785,798</b>	<b>1,030,280</b>	<b>4,544,417</b>	<b>842,183</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$110,901,297</b>	<b>\$ 5,604,416</b>	<b>\$ 1,030,280</b>	<b>\$117,535,993</b>	<b>\$125,120,316</b>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

Director



Director

# CITYHOUSING HAMILTON CORPORATION

## Statements of Operations and Changes in Fund Balances

Year ended December 31, 2016, with comparative information for 2015

	Budgeted operating fund	Actual operating fund	Capital, reserve fund	Sold units, reserve fund	2016 Total	2015 Total
<b>Revenue:</b>						
Rental						
Residential	\$ 34,361,459	\$ 34,729,274	\$ -	\$ -	\$ 34,729,274	\$ 34,531,417
Commercial	1,286,748	902,685	-	-	902,685	916,804
Tenant recoveries	492,985	851,942	-	-	851,942	639,228
Government subsidies	35,209,712	34,251,313	-	-	34,251,313	34,351,028
Other	454,864	914,491	1,077,927	-	1,992,418	3,173,426
	71,805,768	71,649,705	1,077,927	-	72,727,632	73,611,903
Revenue allocated to Capital reserve	(8,221,327)	(8,221,327)	8,221,327	-	-	-
<b>Total revenue</b>	<b>63,584,441</b>	<b>63,428,378</b>	<b>9,299,254</b>	<b>-</b>	<b>72,727,632</b>	<b>73,611,903</b>
<b>Expenses:</b>						
Administration	13,624,074	13,113,954	-	-	13,113,954	13,275,604
Bad debts	323,426	529,711	-	-	529,711	579,724
Insurance	1,078,320	1,153,890	-	-	1,153,890	1,030,477
Maintenance	11,411,999	10,637,622	-	-	10,637,622	11,358,312
Amortization	12,447,544	9,754,885	-	-	9,754,885	9,581,049
Interest on long term debt	-	3,085,957	-	-	3,085,957	3,573,702
Municipal taxes	14,365,162	14,240,074	-	-	14,240,074	13,923,226
Utilities	10,333,916	11,611,462	-	-	11,611,462	10,926,694
<b>Total expenses</b>	<b>63,584,441</b>	<b>64,127,555</b>	<b>-</b>	<b>-</b>	<b>64,127,555</b>	<b>64,248,788</b>
Excess of revenue over expenses (expenses over revenue) before building rehabilitation	-	(699,177)	9,299,254	-	8,600,077	9,363,115
Amortization of deferred contribution	-	778,782	-	-	778,782	775,445
Building rehabilitation	-	-	(5,634,377)	-	(5,634,377)	(11,539,256)
Excess of revenue over expenses (expenses over revenue) before adjustment	-	79,605	3,664,877	-	3,744,482	(1,400,696)
Service manager reconciliation adjustment	-	(42,248)	-	-	(42,248)	(200,843)
Excess of revenue over expenses (expenses over revenue)	-	37,357	3,664,877	-	3,702,234	(1,601,539)
Fund balance, beginning of year	720,064	(431,137)	120,921	1,030,280	720,064	2,321,603
<b>Fund balance, end of year</b>	<b>\$ 720,064</b>	<b>\$ (393,780)</b>	<b>\$ 3,785,798</b>	<b>\$ 1,030,280</b>	<b>\$ 4,422,298</b>	<b>\$ 720,064</b>

See accompanying notes to financial statements.

# CITYHOUSING HAMILTON CORPORATION

## Statement of Changes in Cash Flows

Year ended December 31, 2016

	Operating fund	Capital, reserve fund	Sold units, reserve fund	2016 Total	2015 Total
Increase (decrease) in cash and cash equivalents					
Operating:					
Excess of expenses over revenue	\$ 37,357	\$ 3,664,877	\$ -	\$ 3,702,234	\$ (1,601,539)
Amortization of deferred contributions	(778,782)	-	-	(778,782)	(775,445)
Amortization	9,754,885	-	-	9,754,885	9,581,049
	9,013,460	3,664,877	-	12,678,337	7,204,065
Change in non-cash operating working capital					
Receivables	1,014,130	-	-	1,014,130	347,324
Prepays	166,616	-	-	166,616	(174,236)
Due to/from capital fund (net)	1,543,871	-	-	1,543,871	860,066
Due to/from sold units (net)	-	-	-	-	-
Due to/from operating (net)	-	(1,543,871)	-	(1,543,871)	(860,066)
Payables and accruals	(874,785)	-	-	(874,785)	(64,530)
Rent deposits payable	370,557	-	-	370,557	(168,744)
Deferred revenue	(206,070)	-	-	(206,070)	43,236
Due to/from City of Hamilton	(165,672)	-	-	(165,672)	(1,199,715)
Subsidy receivable	84,499	-	-	84,499	170,656
Accrued mortgage interest payable	(7,004)	-	-	(7,004)	(20,392)
Total cash flow from operating activities	10,939,602	2,121,006	-	13,060,608	6,137,664
Investing					
Property plant & equipment	-	-	-	-	(6,933,172)
Change in other investments	(1,171)	-	-	(1,171)	(1,099)
Change in reserve investments	-	(135,842)	-	(135,842)	(46,920)
Total cash flow from investing activities	(1,171)	(135,842)	-	(137,013)	(6,981,191)
Financing					
Deferred capital contributions	-	-	-	-	6,933,173
Repayment of debentures	(3,664,435)	-	-	(3,664,435)	(3,678,943)
Repayment of loans and mortgages payable	(4,396,148)	-	-	(4,396,148)	(5,208,737)
Repayment of amounts due to City of Hamilton	(20,347)	-	-	(20,347)	(19,414)
Total cash flow from financing activities	(8,080,930)	-	-	(8,080,930)	(1,973,921)
Net increase (decrease) in cash and cash equivalents	2,857,501	1,985,164	-	4,842,665	(2,817,448)
Cash and cash equivalents, beginning of year	2,103,871	660,455	1,030,280	3,794,606	6,612,054
Cash and cash equivalents, end of year	\$ 4,961,372	\$ 2,645,619	\$ 1,030,280	\$ 8,637,271	\$ 3,794,606
Represented by:					
Cash	\$ 3,248,465	\$ 2,645,619	\$ -	\$ 5,894,084	\$ 1,105,452
Restricted funds (held by City of Hamilton-sold units)	1,712,907	-	1,030,280	2,743,187	2,689,154
	\$ 4,961,372	\$ 2,645,619	\$ 1,030,280	\$ 8,637,271	\$ 3,794,606

See accompanying notes to financial statements

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2016

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CityHousing Hamilton Corporation (the "Corporation") operates various buildings for residential accommodation and commercial rent. The operating agreement as outlined in the Housing Services Act, 2011 for the three Provincial projects remains in effect and is transferred to CityHousing Hamilton Corporation.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Housing Services Act, 2011 ("HAS"). The basis of accounting used in these financial statements materially differs from Public Sector Accounting Standards ("PSAS") because:

(i) 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.

(ii) Capital assets:

- purchased from the operating fund are charged to operations in the year the expenditure is incurred rather than being capitalized on the statement of financial position and amortized over their estimated useful lives,
- purchased from the capital reserve fund are charged against the replacement reserve account rather than being capitalized on the statement of financial position and amortized over their estimated useful lives, and
- where the funding source requires it, equipment is recorded as a tangible capital asset, but not amortized

(a) Investments:

Investments are recorded at fair value with changes in fair value recorded in the statement of operations and changes in fund balances.

(b) 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.



# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (c) 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. The original value of the related investment is reflected in the sold unit reserve. Any increases or decreases in value are recognized in the operating fund.

### (d) Capital reserve:

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

### (e) 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.

### (f) 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 until reserve fund is described in Note 7.

### (g) Revenue and expenses:

Revenue and expenses are recorded on the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

### (h) 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.

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (h) Revenue recognition (continued)

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

### (i) Property and equipment:

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

### (j) Deferred contributions:

Deferred contributions are amortized into income on the same basis as the amortization of the related buildings.

### (k) Measurement uncertainty:

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 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.

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 2. Investments – Fair value disclosure:

The Corporation's investments, which are held within the capital and operating funds, are recorded at fair value and have been determined based upon quoted prices in an active market for identical assets or liabilities.

## 3. Risks associated with financial instruments:

### 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, 2016 mutual funds and equity make up 16.58% (2015 - 17.57%) of the total investment portfolio with bonds and fixed income funds comprising the balance of 83.42% (2015 - 82.43%).

### 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. The Corporation is exposed to interest rate risk on its long term liabilities. The Corporation has limited this risk by entering into fixed rate debt arrangements. The exposure is limited to the period when these arrangements are renewed. The present value of debentures is \$13,372,527 and a carrying value of \$17,015,983. The present value of loan and mortgage payable is \$69,688,684 and a carrying value of \$64,069,774.

### 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.

## 4. Capital disclosures:

The Corporation considers cash and 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.

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 5. Receivables:

	2016	2015
Rent	\$ 1,765,082	\$ 1,978,268
HST/GST rebate	626,281	780,387
Subsidy	84,237	81,556
Miscellaneous	167,545	817,064
	<u>\$ 2,643,145</u>	<u>\$ 3,657,275</u>

## 6. Reserve investments:

Investment policies under the Housing Services Act, 2011 (HSA) requires certain housing providers to invest their capital resources in a fund managed by the Social Housing Services Corporation. The capital reserve funds for Municipal Non Profit, Dundas Valley Non Profit, and Portuguese Non Profit are invested in this fund.

## 7. 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 units contained within the CityHousing Hamilton Corporation 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. Interest earned on the portfolio in 2016 was \$54,033 (2015 - \$86,924).

The continuity of reserve investments held by the City of Hamilton is as follows:

	2016	2015
Opening balance	\$ 2,689,154	\$ 4,853,008
Interest earned	54,033	86,924
Less: Amounts used for Bridgewater Court and 690 Stone Church	-	(1,691,774)
Less: Drawn for other capital projects	-	(559,004)
Closing balance	<u>\$ 2,743,187</u>	<u>\$ 2,689,154</u>

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 8. Property and equipment:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land and buildings	\$ 201,467,059	\$ 103,413,802	\$ 98,053,257	\$ 107,808,142
Equipment	917,955	-	917,955	917,955
	<b>\$ 202,385,014</b>	<b>\$103,413,802</b>	<b>\$ 98,971,212</b>	<b>\$108,726,097</b>

No amortization is charged on equipment; however a capital reserve account is maintained to provide for future asset replacement.

## 9. Deferred contributions:

Certain purchases of land and building have been funded by other government 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.

	2016	2015
557 Queenston Road	\$ 1,596,358	\$ 1,664,526
95 King Street	3,358,946	3,546,179
87-89 King Street	1,941,192	2,013,086
Bridgewater Court	5,918,519	6,023,345
690 Stonechurch	6,239,853	6,586,514
	<b>\$ 19,054,868</b>	<b>\$ 19,833,650</b>

## 10. Loan and mortgage payable:

	2016	2015
Canada Mortgage and Housing Corporation, 0.96% mortgage for 772 Upper Paradise, renewing August 1, 2021, payable in equal monthly instalments of principal and interest of \$12,792	\$ 700,268	\$ 835,691
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	1,549,883	1,765,197
Canada Mortgage and Housing Corporation, 2.11% mortgage for 75 Wentworth Street North and Ashley/Century, renewing January 1, 2019, payable in equal monthly instalments of principal and interest of \$16,408	1,787,788	1,945,318

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 10. Loan and mortgage payable (continued):

	2016	2015
Canada Mortgage and Housing Corporation, 1.390% mortgage for 1150 Limeridge Road East, renewing June 1, 2020, payable in equal monthly instalments of principal and interest of \$23,311.	2,138,038	2,386,267
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	728,486	784,902
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	1,170,744	1,261,420
Scotia Mortgage Corporation, 2.32% mortgage for 1081 Rymal Road East, renewing June 1, 2017, payable in equal monthly instalments of principal and interest of \$11,694	1,307,335	1,416,113
Scotia Mortgage Corporation, 5.83% mortgage for 10 Brock Street, renewing May 1, 2024, payable in equal monthly instalments of principal and interest of \$7,225	767,711	808,888
Canada Mortgage and Housing Corporation, 1.85% mortgage for 25 Towercrest Drive, renewing August 1, 2019, payable in equal monthly instalments of principal and interest of \$31,022	4,153,493	4,446,261
Canada Mortgage and Housing Corporation, 1.82% mortgage for 1285 Upper Gage Avenue, renewing September 1, 2019, payable in equal monthly instalments of principal and interest of \$5,967	809,860	866,226
Royal Bank of Canada, 2.418% mortgage for 430 Cumberland Avenue, renewing October 1, 2019, payable in equal monthly instalments of principal and interest of \$68,089	9,013,741	9,606,199
Canada Mortgage and Housing Corporation, 1.39% mortgage for 101 Broadway Avenue, renewing June 1, 2020, payable in equal monthly instalments of principal and interest of \$14,194.	2,037,103	2,178,131

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 10. Loan and mortgage payable (continued):

	2016	2015
TD Canada Trust, 2.221% mortgage for 1100 Limeridge Road East, renewing February 1, 2017, payable in equal monthly instalments of principal and interest of \$20,861.	3,042,132	3,223,048
Canada Mortgage and Housing Corporation, 1.85% mortgage for 1900 Main Street West, renewing August 1, 2019, payable in equal monthly instalments of principal and interest of \$72,181	7,543,498	8,263,408
Canada Mortgage and Housing Corporation, 0.96% mortgage for 25 Lynden Avenue, renewing August 1, 2021, payable in equal monthly instalments of principal and interest of \$9,271	507,542	611,837
Canada Mortgage and Housing Corporation, 1.01% mortgage for 122 Hatt Street, renewing February 1, 2021, payable in equal monthly instalments of principal and interest of \$15,434	1,592,862	1,758,637
Canada Mortgage and Housing Corporation, 1.14% mortgage for 700 Stonechurch Road West, renewing July 1, 2021, payable in equal monthly instalments of principal and interest of \$12,973	694,937	838,798
TD Canada Trust, 2.559% mortgage for 680 Stonechurch Road West, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$18,371	1,288,224	1,473,332
Canada Mortgage and Housing Corporation, 1.14% mortgage for 7-23 Gurnett Drive, renewing June 1, 2021, payable in equal monthly instalments of principal and interest of \$1,779	163,157	181,890
Canada Mortgage and Housing Corporation, 1.71% mortgage for 185-206, 210 Jackson Street East, renewing September 1, 2017, payable in equal monthly instalments of principal and interest of \$35,995	4,240,002	4,596,378
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 \$10,850	1,577,871	1,632,303

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 10. Loan and mortgage payable (continued):

	2016	2015
TD Canada Trust, 2.559% mortgage for 580 Limeridge Road East, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$19,558	1,305,935	1,504,876
TD Canada Trust, 2.442% mortgage for 170 East Avenue South, renewing September 1, 2017, payable in equal monthly instalments of principal and interest of \$20,965	2,377,950	2,569,230
Sunlife Financial 3.950% mortgage for 350-360 King Street East, renewing June 1, 2027, payable in equal quarterly instalments of principal and interest of \$250,176	8,575,012	9,222,672
MCAP Financial Corporation 3.260% mortgage for 4 Bridgewater Court, renewing June 1, 2022, payable in equal monthly instalments of principal and interest of \$17,816	3,308,213	3,413,039
TD Canada Trust, 2.559% mortgage for 405 York Boulevard, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$19,453	1,687,989	1,875,861
Loan – City of Hamilton, 2.5% for water conversation project due August 31, 2026, payable in annual instalments of principal and interest of \$114,259, secured by a general security Agreement over the assets of the Corporation	1,000,000	-
	65,069,774	69,465,922
Less current portion	17,398,569	12,036,568
	\$ 47,671,205	\$ 57,429,354

Future principal payments required on all long-term debt for the next five years are as follows:

2017	\$	17,398,569
2018		5,748,119
2019		23,609,031
2020		5,194,848
2021		3,086,621
2022 and thereafter		10,032,586
	\$	65,069,774



# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 11. Debentures:

	2016	2015
Canada Mortgage and Housing Corporation, various debentures at various interest rates ranging from 4.875% to 8.10%, maturing at various dates from January 1, 2017 to January 1, 2026, guaranteed by the Ministry of Housing and Canada Mortgage and Housing Corporation	\$ 17,015,983	\$ 20,680,418
Less current portion	2,980,618	3,664,435
	<u>\$ 14,035,365</u>	<u>\$ 17,015,983</u>

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

2017	\$	2,980,618
2018		3,035,164
2019		2,659,769
2020		2,374,538
2021		2,382,613
2022 and thereafter		3,583,281
	\$	<u>17,015,983</u>

## 12. Due to the City of Hamilton:

	2016	2015
City of Hamilton, 4.75% loan for 211 King William (City Views), maturing December 31, 2040, payable in equal annual instalments of principal and interest of \$61,437	\$ 862,471	\$ 882,818
Less: Current portion	21,325	20,347
	<u>\$ 841,146</u>	<u>\$ 862,471</u>

# CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 12. Due to the City of Hamilton (continued):

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

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2017	\$	21,325
2018		22,350
2019		23,425
2020		24,550
2021		25,730
2022 and thereafter		745,091
	\$	862,471

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## 13. Income taxes:

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

## 14. Capital stock:

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

The Corporation has issued 100 common shares to the City of Hamilton with a book value of \$76,300 (2015 - \$76,300) with no par value.

## 15. Related party transaction:

The Corporation remitted \$14,240,074 (2015 - \$13,923,226) to its sole shareholder, the City of Hamilton, to meet its property tax obligation. Balances due from the City of Hamilton are non-interest bearing with no fixed terms of repayment with the exception of amounts owing described in notes 10 and 12.

## 16. Comparative figures:

Certain 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.