

Financial Statements of

**CITYHOUSING HAMILTON
CORPORTATION**

Year ended December 31, 2019

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CITYHOUSING HAMILTON CORPORATION

Financial Statements

December 31, 2019, with comparative information for 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of CityHousing Hamilton Corporation

Opinion

We have audited the accompanying financial statements of CityHousing Hamilton Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2019,
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CityHousing Hamilton Corporation as at December 31, 2019 and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's' report thereon, included in the 2019 annual report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2019 annual report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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



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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 26, 2020

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CITYHOUSING HAMILTON CORPORATION

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	December 31, 2019	December 31, 2018
Financial assets		
Cash	\$ 23,703,954	\$ 11,219,169
Accounts receivable (note 2)	5,388,935	4,567,772
Investments (note 3)	13,010,845	12,618,060
	42,103,734	28,405,001
Liabilities		
Accounts payable and accrued liabilities	7,946,017	7,080,834
Accrued mortgage interest	96,011	103,904
Deferred revenue (note 4)	4,190,822	4,626,033
Due to City of Hamilton (note 5)	1,520,843	1,644,892
Loans and mortgages (note 6)	46,966,734	52,802,997
Post-employment benefits (note 9)	2,682,100	952,033
Rent deposits	1,368,240	1,423,303
	64,770,767	68,633,996
Net debt	(22,667,033)	(40,228,995)
Non-financial assets		
Prepaid expenses	890,821	996,613
Tangible capital assets (note 12)	151,397,189	141,852,561
	152,288,010	142,849,174
Accumulated surplus (note 10)	\$ 129,620,977	\$ 102,620,179

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

CITYHOUSING HAMILTON CORPORATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019 (note 11)	Actual 2019	Actual 2018
Revenue:			
Residential rental	\$ 37,252,244	\$ 36,956,941	\$36,728,260
Commercial rental	1,319,635	1,008,011	1,022,181
Tenant recoveries	499,027	876,739	849,028
Government subsidies	20,543,026	18,520,594	17,879,068
Amortization of deferred revenue	-	435,211	435,211
Government subsidies – capital	-	14,953,872	6,666,318
Other	454,953	2,466,413	2,336,398
Gain on sale of units	-	3,984,935	7,246,345
	60,068,885	79,202,716	73,162,809
Expenditures:			
Administration	14,012,637	16,274,689	13,870,833
Bad debts	338,479	420,682	437,884
Insurance	1,033,172	1,141,644	955,601
Maintenance	13,170,921	12,361,797	13,790,482
Amortization	6,883,000	6,883,000	6,657,284
Interest on long-term debt	1,930,413	1,930,413	2,267,080
OHC repayment	2,659,769	2,659,769	3,035,164
Municipal property tax	874,453	726,118	664,797
Utilities	10,583,384	9,801,024	9,600,062
	51,486,228	52,199,136	51,279,187
Annual surplus before service manager reconciliation	8,582,657	27,003,580	21,883,622
Service manager reconciliation	-	(2,782)	(191)
Annual surplus	8,582,657	27,000,798	21,883,431
Accumulated surplus, beginning of year	102,620,179	102,620,179	80,736,748
Accumulated surplus, end of year	\$ 111,202,836	\$ 129,620,977	\$ 102,620,179

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Changes in Net Debt

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ 27,000,798	\$ 21,883,431
Purchase of tangible capital assets	(16,815,219)	(14,312,699)
Gain on sale of tangible capital assets	(3,984,935)	(7,246,345)
Proceeds on disposal of tangible capital assets	4,372,526	8,136,454
Amortization of tangible capital assets	6,883,000	6,657,284
	17,456,170	15,118,125
Net decrease (increase) in prepaid expenses	105,792	(166,690)
Change in net debt	17,561,962	14,951,435
Net debt, beginning of year	(40,228,995)	(55,180,430)
Net debt, end of year	\$ (22,667,033)	\$ (40,228,995)

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 27,000,798	\$ 21,883,431
Items not involving cash:		
Amortization	6,883,000	6,657,284
Gain on disposal of tangible capital assets	(3,984,935)	(7,246,345)
Amortization of deferred revenue	(435,211)	(435,211)
Post-employment benefits	1,730,067	42,222
Change in non-cash assets and other liabilities:		
Accounts receivable	(821,163)	379,388
Prepaid expenses	105,792	(166,690)
Accounts payable and accrued liabilities	865,183	(5,731,740)
Rent deposits	(55,063)	(27,493)
Accrued mortgage interest	(7,893)	(5,690)
	31,280,575	15,349,156
Capital activities:		
Purchase of tangible capital assets	(16,815,219)	(14,312,699)
Proceeds on disposal of tangible capital assets	4,372,526	8,136,454
	(12,442,693)	(6,176,245)
Financing activities:		
Due from City of Hamilton	(124,049)	(115,243)
Repayment of loans and mortgages	(5,836,263)	(5,789,169)
	(5,960,312)	(5,904,412)
Investing activities:		
Change in investments (net)	(392,785)	(6,771,999)
Net change in cash	12,484,785	(3,503,500)
Cash, beginning of year	11,219,169	14,722,669
Cash, end of year	\$ 23,703,954	\$ 11,219,169

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

CityHousing Hamilton Corporation (the "Corporation") is incorporated with share capital under the Ontario Business Corporations Act to provide, operate, and construct housing accommodation primarily for persons of low and moderate income. The Corporation's shares are 100% owned by the City of Hamilton (the "City"). The City is also the Service Manager for the Corporation. The Corporation is exempt from tax under the Federal Income Tax Act.

1. Significant account policies:

The financial statements of the Corporation have been prepared 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 revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received are from federal and provincial governments and the City of Hamilton. Government transfers paid relate to service manager reconciliation adjustments to the City of Hamilton. 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.

(c) Other income including rental income:

Other income is reported as revenue in the period earned.

(d) 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 all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recognized as tangible capital assets at their fair value at the date of receipt and as revenue. Interest is not capitalized to tangible capital assets during construction.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

1. Significant account policies (continued):

(d) Non-financial assets (continued):

(ii) Amortization:

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Buildings and structures	20 – 40
Furniture and equipment	5 – 20
Leasehold improvements	20
Land improvements	20
IT equipment	3 – 5

One half of the 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.

(e) Post-employment benefits:

The Corporation provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefit for early retirees and vested sick leave. The costs of extended health and dental benefits and vested sick leave are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains or losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period. These contributions are recognized in the period in which the contributions are earned.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

1. Significant account policies (continued):

(f) Deferred revenue:

Deferred revenue arising from the receipt of government transfers for the construction and acquisition of housing units are amortized to revenue over the period that the units are operated. Under the terms of the Corporation's government transfer agreements, the Corporation is required to operate the units for 20 years. Accordingly, these government transfers are amortized to revenue over 20 years.

(g) Investments:

Investments consist of short-term and long-term bonds and pooled equity instruments. Investments are carried at cost. Investment income is recognized only to the extent received or receivable. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(h) Provincial debentures:

Certain public housing properties which were originally financed by the province of Ontario through general obligation provincial debentures are currently being repaid by the Corporation, however the Corporation is not legally responsible for the settlement of the debt. Accordingly, the provincial debentures are not presented on the Corporation's statement of financial position. Under PSAS, the amount of repayment in the year is recognized as an expense in the statement of operations.

(i) Use of estimates:

The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include assumptions used in performing actuarial valuations of liability for future benefits. Actual results could differ from those estimates.

2. Accounts receivable:

	2019	2018
Tenant receivable	\$ 2,274,908	\$ 2,272,648
Subsidy receivable	1,399,864	1,490,016
Other	1,089,893	288,222
HST receivable	852,140	630,518
Allowance for doubtful accounts	(227,870)	(113,632)
	<u>\$ 5,388,935</u>	<u>\$ 4,567,772</u>

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

3. Investments:

	2019	2018
Cost	\$ 13,010,845	\$ 12,618,060
Market value	13,173,080	12,597,773

4. Deferred revenue:

Deferred revenue consists of grants received for housing units. The Corporation must operate and maintain the units for a period of 20 years.

	2019	2018
557 Queenston St. Bridgewater	\$ 715,796 3,475,026	\$ 835,095 3,790,938
	\$ 4,190,822	\$ 4,626,033

Continuity	2019	2018
Balance, beginning of year	\$ 4,626,033	\$ 5,061,244
Add: Grants received	-	-
Less: Amounts recognized in revenue	(435,211)	(435,211)
	\$ 4,190,822	\$ 4,626,033

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

5. Due to the City of Hamilton:

- a. Included in amounts owing to the City of Hamilton is a long-term liability for 211 King William (City Views). The liability bears interest at 4.75% per annum, maturing December 31, 2040 and payable in equal annual installments of principal and interest of \$61,437. The liability is secured under a general security agreement on the property. The balance outstanding at the end of the year is \$795,370 (2018 - \$818,794)

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

2020	\$	24,550
2021		25,730
2022		26,967
2023		28,263
2024		29,622
2025 and thereafter		660,238
	\$	795,370

- b. Included in amounts owing to the City of Hamilton is a long-term liability for the water conservation project. The liability bears interest at 2.5% per annum, maturing August 31, 2026 and payable in equal annual installments of principal and interest of \$114,259. The liability is secured under a general security agreement over the assets of the corporation. The balance outstanding at the end of the year is \$725,473 (2018 - \$826,097)

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

2020	\$	96,122
2021		98,525
2022		100,988
2023		103,513
2024		106,101
2025 and thereafter		220,224
	\$	725,473

The remaining amounts owing to the City of Hamilton are non-interest bearing with no fixed repayment terms.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

6. Loan and mortgage payable:

	2019	2018
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	\$ 253,685	\$ 403,974
Scotia Mortgage Corporation, 2.590% mortgage for 470 Stone Church Road East, renewing January 1, 2023 payable in equal monthly instalments of principal and interest of \$23,206	824,548	1,078,222
Canada Mortgage and Housing Corporation, 2.22% mortgage for 75 Wentworth Street North and Ashley/Century, renewing January 1, 2024, payable in equal monthly instalments of principal and interest of \$16,479	1,295,418	1,462,597
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.	1,372,344	1,631,116
Scotia Mortgage Corporation, 2.195% mortgage for 1781 King Street East, renewing January 1, 2022, payable in equal monthly instalments of principal and interest of \$6,719	528,661	596,925
Scotia Mortgage Corporation, 2.195% mortgage for 67 Ossington Drive, renewing January 1, 2022, payable in equal monthly instalments of principal and interest of \$10,798	849,606	959,314
Scotia Mortgage Corporation, 1.865% mortgage for 1081 Rymal Road East, renewing June 1, 2022, payable in equal monthly instalments of principal and interest of \$11,441	960,438	1,078,688
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	628,982	677,906
Canada Mortgage and Housing Corporation, 1.73% mortgage for 25 Towercrest Drive, renewing August 1, 2024, payable in equal monthly instalments of principal and interest of \$30,845	3,241,429	3,551,463
Canada Mortgage and Housing Corporation, 1.69% mortgage for 1285 Upper Gage Avenue, renewing September 1, 2024, payable in equal monthly instalments of principal and interest of \$5,930	634,393	694,007

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

6. Loan and mortgage payable (continued):

	2019	2018
First National Financial LP, 2.990% mortgage for 430 Cumberland Avenue, renewing October 1, 2029, payable in equal monthly instalments of principal and interest of \$69,967	7,151,545	7,785,237
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	1,602,071	1,749,093
TD Canada Trust, 2.221% mortgage for 1100 Limeridge Road East, renewing February 1, 2022, payable in equal monthly instalments of principal and interest of \$20,833	2,474,351	2,667,856
Canada Mortgage and Housing Corporation, 1.73% mortgage for 1900 Main Street West, renewing June 1, 2026, payable in equal monthly instalments of principal and interest of \$71,892	5,301,289	6,063,158
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	183,867	292,793
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	1,077,848	1,251,250
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	244,168	396,135
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	703,805	903,586
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	103,704	123,747

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

6. Loan and mortgage payable (continued):

	2019	2018
Canada Mortgage and Housing Corporation, 1.71% mortgage for 185-206, 210 Jackson Street East, renewing September 1, 2027, payable in equal monthly instalments of principal and interest of \$36,538	3,143,916	3,515,081
People's Trust Company 2.89% mortgage for 162 King William Street, renewing June 1, 2030, payable in equal monthly instalments of principal and interest of \$9,571	1,398,333	1,461,015
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 \$19,577	677,842	892,552
TD Canada Trust, 2.37% mortgage for 170 East Avenue South, renewing September 1, 2022, payable in equal monthly instalments of principal and interest of \$20,892	1,774,186	1,980,410
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	6,472,856	7,201,155
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	2,972,607	3,088,112
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	1,094,842	1,297,606
	\$ 46,966,734	\$ 52,802,997

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

6. Loan and mortgage payable (continued):

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

2020	\$	8,461,402
2021		6,307,733
2022		12,727,472
2023		3,472,615
2024		7,550,090
2025 and thereafter		8,447,422
	\$	46,966,734

7. Provincial debentures:

The value of the provincial debentures not recognized at the end of the year is \$8,340,432 (2018 - \$11,000,201).

8. Pension agreements:

The Corporation makes contributions to OMERS, which is a multi-employer plan, on behalf of 236 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The latest actuarial valuation as at December 31, 2019 reported a funding deficit of \$3.4 billion (2018 - \$4.2 billion). OMERS expects the contributions and policy changes made in response to the deficit to return the plan to a fully funded position by 2025. Contributions were made in the 2019 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$861,906 was contributed to OMERS (2018 - \$841,435) for current service.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

9. Post-employment benefits:

The Corporation provides certain employees benefits which will require funding in future periods. These benefits include sick leave and life insurance and extended health and dental benefits to early retirees.

	2019	2018
Retiree benefits	\$ 890,400	\$ 704,014
Vested sick leave	73,200	248,019
WSIB Obligations	227,700	-
LTD Plan	1,490,800	-
Balance, end of year	\$ 2,682,100	\$ 952,033

Information about the Corporation's employee future benefits and obligations are summarized as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$ 2,726,500	\$ 991,200
Current benefit cost	485,700	37,841
Interest	95,900	37,175
Benefits paid	(626,000)	(88,416)
Balance, end of year	2,682,100	977,800
Net Unamortized actuarial loss	-	(25,767)
Liability for benefits	\$ 2,682,100	\$ 952,033

a. Liability for vested sick leave benefit plans

The Corporation provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment.

b. Liability for retiree benefits

The Corporation provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years.

c. Liability for WSIB benefits Obligations

The Corporation provides for accidents after 1997 benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

9. Post-employment benefits (continued):

d. Liability for LTD plan

The Corporation provides certain long-term disability benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years.

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve and reserve funds as follows:

	2019	2018
Reserves and reserve funds	\$ 28,598,096	\$ 15,348,746
Unfunded loans and mortgages	(47,692,208)	(53,629,095)
Unfunded post-employment benefit	(2,682,100)	(952,033)
Tangible capital assets	151,397,189	141,852,561
Balance, end of year	\$ 129,620,977	\$ 102,620,179

11. Budget data:

The budget data presented in these financial statements are based upon the 2019 approved operating and capital budgets approved by the Board of the Corporation. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

Revenues	
Operating budget	\$ 60,068,885
Capital budget	8,688,377
Less: capital	(8,688,377)
Total revenue	60,068,885
Expenses:	
Operating budget	51,380,508
Capital budget	8,688,377
Add:	
OHC repayment	2,659,769
Less:	
Amortization of mortgages (net)	(2,554,049)
Capital expenses	(8,688,377)
Total expenses	51,486,228
Annual surplus	\$ 8,582,657

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

12. Tangible capital assets:

(a) Assets under construction:

Assets under construction having a value of \$14,320,046 (2018 - \$3,583,941) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

No contributed tangible capital assets have been received in 2019.

(c) Tangible capital assets disclosed at nominal values:

Where an estimate could not be made, the tangible capital asset was recognized at a nominal value. No assets were recognized at nominal amount.

(d) Works of art and historical treasures:

The Corporation does not have any works of art or historical treasures.

(e) Write-down of tangible capital assets:

No capital assets were written down during the year.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

12. Tangible Capital Assets (continued)

	Cost			Accumulated Amortization					2019 Net Book Value
	Balance Beginning of Year	Additions	Disposals	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	29,007,216	-	(379,816)	28,627,400	-	-	-	-	28,627,400
Building and structures	326,523,002	5,244,827	(1,044,769)	330,723,060	247,697,692	5,028,257	(1,036,994)	251,688,955	79,034,105
Furniture and Equipment	28,669,404	532,022	-	29,201,426	5,350,711	1,411,313	-	6,762,024	22,439,402
Leasehold Improvement	2,704,643	-	-	2,704,643	1,014,241	135,232	-	1,149,473	1,555,170
Land Improvement	5,098,829	302,265	-	5,401,094	1,021,127	266,681	-	1,287,808	4,113,286
It equipment	1,659,419	-	-	1,659,419	310,122	41,517	-	351,639	1,307,780
WIP	3,583,941	10,736,105	-	14,320,046	-	-	-	-	14,320,046
December 31, 2019	397,246,454	16,815,219	(1,424,585)	412,637,088	255,393,893	6,883,000	(1,036,994)	261,239,899	151,397,189
Land	27,442,567	2,400,000	(835,351)	29,007,216	-	-	-	-	29,007,216
Building and structures	326,492,176	2,458,150	(2,427,324)	326,523,002	245,053,816	5,016,442	(2,372,566)	247,697,692	78,825,310
Furniture and Equipment	19,969,894	8,699,510	-	28,669,404	4,138,185	1,212,526	-	5,350,711	23,318,693
Leasehold Improvement	2,704,643	-	-	2,704,643	879,009	135,232	-	1,014,241	1,690,402
Land Improvement	5,098,829	-	-	5,098,829	769,560	251,567	-	1,021,127	4,077,702
It equipment	1,659,419	-	-	1,659,419	268,605	41,517	-	310,122	1,349,297
WIP	2,828,902	4,345,390	(3,590,351)	3,583,941	-	-	-	-	3,583,941
December 31, 2018	386,196,430	17,903,050	(6,853,026)	397,246,454	251,109,175	6,657,284	(2,372,566)	255,393,893	141,852,561

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

13. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

14. Comparative information:

Comparative information in the financial statements have been adjusted, where applicable, to correct prior period information.

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