

# **Greater Sudbury Housing Corporation**

Financial Statements  
**December 31, 2012**



April 24, 2013

## **Independent Auditor's Report**

### **To the Board of Directors of the Greater Sudbury Housing Corporation**

We have audited the accompanying financial statements of the Greater Sudbury Housing Corporation, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and the related notes and supplementary schedules, which comprise a summary of significant accounting policies and other explanatory information.

#### **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 described in note 2 to the financial statements, 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.

#### **Auditor's 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 the auditor's 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, the auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

---

*PricewaterhouseCoopers LLP*

*Mississauga Executive Centre, One Robert Speck Parkway, Suite 1100, Mississauga, Ontario, Canada L4Z 3M3  
T: +1 905 949 7400, F: +1 416 814 3220*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Sudbury Housing Corporation as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the financial statements.

**Emphasis of matter**

These financial statements have not been, and were not intended to be, prepared in accordance with Canadian public sector accounting standards and are solely for the information and use of the Board of Directors of the Greater Sudbury Housing Corporation and the City of Greater Sudbury to comply with accounting policies as specified by the Corporation's Municipal Service Manager. These financial statements are not intended to be, and should not be, used by anyone other than the specified users or for any other purpose.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

# Greater Sudbury Housing Corporation

## Statement of Financial Position

As at December 31

	2012 \$	2011 \$
<b>Financial assets</b>		
Cash	2,203,744	2,065,307
Tenant accounts receivable	160,814	72,269
Other accounts receivable	170,354	368,505
Due from the City of Greater Sudbury (note 4)	-	220,973
	<u>2,534,912</u>	<u>2,727,054</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,261,339	1,761,463
Accrued payroll and employee benefits expenses	129,764	102,799
Tenant prepaid rents	197,813	162,920
	<u>1,588,916</u>	<u>2,027,182</u>
<b>Net financial assets</b>	<u>945,996</u>	<u>699,872</u>
<b>Non-financial assets</b>		
Prepaid expenses	<u>275,347</u>	<u>249,228</u>
<b>Share capital</b>		
Authorized		
Unlimited common shares		
Issued		
100 common shares	<u>1</u>	<u>1</u>
<b>Accumulated surplus</b> (note 5)	<u>1,221,342</u>	<u>949,099</u>
<b>Commitments</b> (note 6)		
<b>Schedule of tangible capital assets</b> (schedule 2)		

### Approved on behalf of the Board

\_\_\_\_\_ Board member \_\_\_\_\_ Board member

The accompanying notes and supplementary schedules are an integral part of these financial statements.

# Greater Sudbury Housing Corporation

## Statement of Operations

For the year ended December 31

	2012 Budget \$ (Unaudited)	2012 \$	2011 \$
<b>Revenues</b>			
Rental	6,757,844	6,977,472	6,703,254
Tenant recoveries	90,000	98,550	91,849
Sundry revenue	260,000	142,632	151,428
Interest	17,000	35,792	27,080
Non-profit management fees	50,880	59,181	65,441
City of Greater Sudbury			
Local housing subsidy	10,787,882	10,800,394	10,647,498
Regular Rent Supplement Program administration fee	78,200	78,200	78,200
Strong Communities Rent Supplement Program	11,076	463,944	443,721
Renewable Energy Program funding	-	-	1,231,566
	<u>18,052,882</u>	<u>18,656,165</u>	<u>19,440,037</u>
<b>Expenses</b>			
Utilities	3,601,116	3,516,102	3,524,816
Rent Supplement Program	2,692,809	3,261,399	3,204,534
Salaries and benefits	3,611,530	3,299,240	3,280,615
Property maintenance and operations	2,182,500	2,424,582	2,411,048
Tenant services	142,500	132,378	54,605
Capital	2,310,000	2,282,569	3,573,639
Municipal taxes	2,637,248	2,649,760	2,585,538
Administration	543,679	562,583	465,010
Bad debts	165,000	88,226	156,467
Transportation and communication	166,500	167,083	161,450
Severance	-	-	38,754
	<u>18,052,882</u>	<u>18,383,922</u>	<u>19,456,476</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>-</u>	<u>272,243</u>	<u>(16,439)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## Greater Sudbury Housing Corporation

### Statement of Changes in Net Financial Assets

For the year ended December 31

---

	2012	2011
	\$	\$
<b>Excess (deficiency) of revenues over expenses for the year</b>	272,243	(16,439)
Change in prepaid expenses	(26,119)	18,589
<b>Increase in net financial assets</b>	246,124	2,150
<b>Net financial assets - Beginning of year</b>	699,872	697,722
<b>Net financial assets - End of year</b>	945,996	699,872

The accompanying notes and supplementary schedules are an integral part of these financial statements.

# Greater Sudbury Housing Corporation

## Statement of Cash Flows

For the year ended December 31

---

	2012 \$	2011 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	272,243	(16,439)
Change in non-cash assets and liabilities		
Tenant accounts receivable	(88,545)	13,281
Other accounts receivable	198,151	(45,803)
Due from the City of Greater Sudbury	220,973	(179,262)
Accounts payable and accrued liabilities	(500,124)	141,409
Accrued payroll and employee benefits expenses	26,965	38,084
Tenant prepaid rents	34,893	4,575
Prepaid expenses	(26,119)	18,589
<b>Net change in cash for the year</b>	138,437	(25,566)
<b>Cash - Beginning of year</b>	2,065,307	2,090,873
<b>Cash - End of year</b>	2,203,744	2,065,307
<b>Supplementary information</b>		
Interest received	35,792	27,080

The accompanying notes and supplementary schedules are an integral part of these financial statements.

# Greater Sudbury Housing Corporation

## Notes to Financial Statements

December 31, 2012

---

### 1 Nature of operations

Greater Sudbury Housing Corporation (the Corporation) was incorporated under the Ontario Business Corporations Act on December 14, 2000. Its principal activity is the provision of socially assisted housing for the Municipality of Greater Sudbury.

The Corporation is a municipal corporation pursuant to paragraph 149(1)(d.5) of the Income Tax Act and is, therefore, exempt from income taxes, having met certain requirements of the Income Tax Act.

### 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 policies as determined by the Corporation's Municipal Service Manager, the City of Greater Sudbury. The basis of accounting used in these financial statements materially differs from Canadian Public Sector Accounting Standards because:

- a) the Corporation has obligations for certain employee benefits, which will require funding in future years, and which are not accrued in the financial statements (note 6);
- b) capital assets purchased and betterments which extend the estimated life of an asset 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 (see schedule 2). Tangible capital asset additions are capitalized to the schedule of tangible capital assets only if they exceed a \$50,000 threshold;
- c) inventory of parts and supplies are charged to the statement of operations in the year that the expenditure is incurred; and
- d) expenses on the statement of operations are classified and presented based on the nature of the expense rather than function.

#### Cash

Cash includes cash on hand and demand deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

#### Prepaid expenses

Prepaid expenses are charged to expenses during the year of the expected benefit.



# Greater Sudbury Housing Corporation

## Notes to Financial Statements

December 31, 2012

---

### Accumulated surplus

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective reserve when approved.

Accumulated surplus consists of the following:

- Operating reserve

This reserve is not restricted and is utilized for the operating activities of the Corporation.

- Capital reserve

This reserve is restricted and can only be used for capital projects that have been approved by the Board of Directors.

- Rent supplemental reserve

This reserve is restricted and can only be used for expenses related to the Rent Supplement Program.

### Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Rental revenue and the local housing subsidy are recognized as revenue during the month of occupancy by members.

### Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

### Subsidy refundable

The local housing subsidy is recognized based on the approved fiscal allocation by the City of Greater Sudbury. Subsidies may be recovered by the City of Greater Sudbury based on an annual reconciliation performed subsequent to year-end. The recoveries are reported in the year of recovery.

### Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors. The budget figures are unaudited.

# Greater Sudbury Housing Corporation

## Notes to Financial Statements

December 31, 2012

---

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the valuation allowances for tenant accounts receivables and other accounts receivable.

Estimates are based on the best information available at the time of preparation of the financial statements, and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

### 3 Tangible capital assets

Pursuant to a transfer order made under the Social Housing Reform Act, all assets, liabilities, rights and obligations with respect to the provincially operated local housing authority were transferred from Ontario Housing Corporation to the Corporation, effective January 1, 2001. The transfer included all social housing units including land and buildings, but did not include the associated debentures.

The land and buildings transferred to the Corporation are as follows:

Street address	Other name	Units
Cabot/Burton/Hearne	Cabot Park	88
3553 Montpellier, Chelmsford	The Rosemount	41
1950 Lasalle Boulevard	Place Hurtubise	106
744 Bruce Street	Ryan Heights	150
1960 B Paris Street	401 Rumball Terrace	204
1960 A Paris Street	201 Rumball Terrace	101
1052 Belfry Street	Eddie Lapierre Building	101
1920 Paris Street	The Towers	101
27 Hanna Street, Capreol	Dennie Court	20
Catherine and Maplewood Streets, Garson		3
720 Bruce Avenue	The Balmoral	251
Charette Street, Chelmsford		8
O'Neil Drive, Garson		6
241 Second Avenue North	Birkdale Village	70
1778 LaSalle Boulevard	Keewatin Court	30
1200 Attlee Avenue	McCormack Court	76
159 Louis Street	Fournier Gardens	127
Charlotte and Gaudette Streets, Chelmsford		20
166 Louis Street		50
1528 Kennedy Street		20
155 Lapointe Street, Hanmer	Place Royale	27
35 Spruce Street, Garson	Spruce Villa	24
240 B Street, Lively		26
242 Colonial Court	Colonial Court	12
St. Onge Street, Chelmsford		6
1655 and 1676 Havenbrook Drive		12
715 Burton Avenue		20
491 Camelot Drive	Carmichael Village	42
Scattered units		63
Scattered units		43
		<hr/>
		1,848
		<hr/>

# Greater Sudbury Housing Corporation

Notes to Financial Statements

December 31, 2012

## 4 Due from the City of Greater Sudbury

	2012 \$	2011 \$
Balance consists of		
Receivable from the City of Greater Sudbury Capital Program	-	220,973

## 5 Accumulated surplus

	Operating reserve \$	Capital reserve \$	Rent Supplement reserve \$	2012 Total \$	2011 Total \$
<b>Balance - Beginning of year</b>	186,816	543,266	219,017	949,099	965,538
Excess (deficiency) of revenue over expenses	351,203	34,601	(113,561)	272,243	(16,439)
Transfer between reserves	(76,292)	-	76,292	-	-
<b>Balance - End of year</b>	<b>461,727</b>	<b>577,867</b>	<b>181,748</b>	<b>1,221,342</b>	<b>949,099</b>

## 6 Commitments

The Corporation provides certain employee benefits, which will require funding in future year, and which are not accrued. The total unaccrued vacation as at December 31, 2012 totals \$64,603 (2011 - \$36,016).

The Corporation enters into various non-cancellable contracts in the ordinary course of business. Payments for these contracts are contractual obligations as scheduled per each agreement. Commitments for minimum payments in relation to non-cancellable contracts at December 31, 2012 are as follows:

	\$
No later than 1 year	288,031
Later than 1 year and no longer than 5 years	62,994

The Corporation is involved in certain litigation and claims, which are from time to time in the normal course of business. The Corporation records accruals that reflect management's best estimate of any potential liability relating to these claims. In the opinion of management, the Corporation has reasonable arguments to defend against these claims and none would result in an additional liability that would have a significant adverse effect on the Corporation's financial position. However, the Corporation cannot predict with certainty the final outcome of these matters. No accrual has been made as at December 31, 2012 (2011 - \$nil) for any of these claims.

# **Greater Sudbury Housing Corporation**

Notes to Financial Statements

**December 31, 2012**

---

## **7 Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. These changes have no effect on excess (deficiency) of revenues over expenses previously reported in the prior year.

# Greater Sudbury Housing Corporation

## Schedule of Operations

For the year ended December 31, 2012

Schedule 1

	Operating		Capital		Rent Supplement Program		Total	
	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$
<b>Revenues</b>								
Rental	6,757,844	6,977,472	-	-	-	-	6,757,844	6,977,472
Tenant recoveries	90,000	98,550	-	-	-	-	90,000	98,550
Sundry revenue	260,000	142,632	-	-	-	-	260,000	142,632
Interest	17,000	23,895	-	-	-	-	17,000	23,895
Non-profit management fees	50,880	59,181	-	-	-	-	50,880	59,181
City of Greater Sudbury								
Local housing subsidy	5,785,073	5,797,585	2,310,000	2,310,000	2,692,809	2,692,809	10,787,882	10,800,394
Regular Rent Supplement Program administration fee	78,200	78,200	-	-	-	-	78,200	78,200
Strong Communities Rent Supplement Program	11,076	12,675	-	-	-	451,269	11,076	463,944
Renewable Energy Program funding	-	-	-	-	-	-	-	-
	13,050,073	13,190,190	2,310,000	2,310,000	2,692,809	3,144,078	18,052,882	18,644,268
<b>Expenses</b>								
Utilities	3,601,116	3,516,102	-	-	-	-	3,601,116	3,516,102
Rent Supplement Program	-	-	-	-	2,692,809	3,261,399	2,692,809	3,261,399
Salaries and benefits	3,611,530	3,299,240	-	-	-	-	3,611,530	3,299,240
Property maintenance and operations	2,182,500	2,424,582	-	-	-	-	2,182,500	2,424,582
Tenant services	142,500	132,378	-	-	-	-	142,500	132,378
Capital								
Regular Solar PV Project/Gas meter reconfiguration	-	-	2,310,000	2,050,682	-	-	2,310,000	2,050,682
Municipal taxes	2,637,248	2,649,760	-	-	-	-	2,637,248	2,649,760
Administration	543,679	562,583	-	-	-	-	543,679	562,583
Bad debts	165,000	88,226	-	-	-	-	165,000	88,226
Transportation and communication	166,500	167,083	-	-	-	-	166,500	167,083
	13,050,073	12,839,954	2,310,000	2,282,569	2,692,809	3,261,399	18,052,882	18,383,922
<b>Excess (deficiency) of revenues over expenses before the undernoted</b>	-	350,236	-	27,431	-	(117,321)	-	260,346
Interest on reserve funds	-	967	-	7,170	-	3,760	-	11,897
<b>Excess (deficiency) of revenues over expenses</b>	-	351,203	-	34,601	-	(113,561)	-	272,243

# Greater Sudbury Housing Corporation

## Schedule of Tangible Capital Assets

Schedule 2

For the year ended December 31, 2012

	Cost			Accumulated amortization			Net book value of tangible assets	
	Balance - beginning of year \$	Additions and betterments \$	Balance - end of year \$	Balance - beginning of year \$	Amortization \$	Balance - end of year \$	2012 \$	2011 \$
<b>High-rise residential units</b>								
Land	2,180,550	-	2,180,550	-	-	-	2,180,550	2,180,550
Site improvements	3,326,290	-	3,326,290	2,177,235	221,753	2,398,988	927,302	1,149,055
Buildings	19,594,775	606,508	20,201,283	7,364,264	757,353	8,121,617	12,079,666	12,230,511
	25,101,615	606,508	25,708,123	9,541,499	979,106	10,520,605	15,187,518	15,560,116
<b>Multi-residential units</b>								
Land	2,853,550	-	2,853,550	-	-	-	2,853,550	2,853,550
Buildings	37,044,150	633,144	37,677,294	17,437,458	1,872,864	19,310,322	18,366,972	19,606,692
	39,897,700	633,144	40,530,844	17,437,458	1,872,864	19,310,322	21,220,522	22,460,242
<b>Single-family residential houses</b>								
Land	4,155,000	-	4,155,000	-	-	-	4,155,000	4,155,000
Buildings	13,191,048	-	13,191,048	5,927,150	659,553	6,586,703	6,604,345	7,263,898
	17,346,048	-	17,346,048	5,927,150	659,553	6,586,703	10,759,345	11,418,898
<b>Equipment and vehicles</b>								
Furniture and equipment	709,116	-	709,116	486,284	70,912	557,196	151,920	222,832
Vehicles	329,912	-	329,912	174,507	32,991	207,498	122,414	155,405
	1,039,028	-	1,039,028	660,791	103,903	764,694	274,334	378,237
	83,384,391	1,239,652	84,624,043	33,566,898	3,615,426	37,182,324	47,441,719	49,817,493
<b>Summary</b>								
Land	9,189,100	-	9,189,100	-	-	-	9,189,100	9,189,100
Site improvements	3,326,290	-	3,326,290	2,177,235	221,753	2,398,988	927,302	1,149,055
Buildings	69,829,973	1,239,652	71,069,625	30,728,872	3,289,770	34,018,642	37,050,983	39,101,101
Furniture and equipment	709,116	-	709,116	486,284	70,912	557,196	151,920	222,832
Vehicles	329,912	-	329,912	174,507	32,991	207,498	122,414	155,405
	83,384,391	1,239,652	84,624,043	33,566,898	3,615,426	37,182,324	47,441,719	49,817,493

## Greater Sudbury Housing Corporation

### Schedule of Tangible Capital Assets...*cont'd*

For the year ended December 31, 2012

---

Capital assets in the schedule of tangible capital assets are stated at cost, less accumulated amortization, and are amortized based on the estimated useful life of each individual component on a straight-line basis at the following rates:

High-rise residential units	
Interior, exterior and roof	20 years
Structure	50 years
Electrical	30 years
Mechanical	25 years
Site improvements	15 years
Multi-residential units	20 years
Single-family residential houses	20 years
Equipment and vehicles	10 years