
TIMISKAMING DISTRICT HOUSING CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 & 2005

AUDITORS' REPORT

To the Members of the Board of the District of Timiskaming Social Services Administration Board

We have audited the statement of financial position of the Timiskaming District Housing Corporation as at December 31, 2006 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Ross, Pope & Company

Kirkland Lake, Ontario
April 25, 2007

ROSS, POPE & COMPANY
CHARTERED ACCOUNTANTS
Licensed Public Accountants

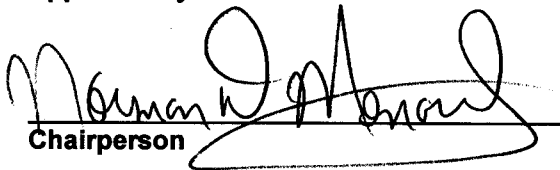
TIMISKAMING DISTRICT HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2006	2005
FINANCIAL ASSETS		
Cash	\$ 1,093,057	\$ 738,198
Accounts receivable	115,735	188,499
TOTAL FINANCIAL ASSETS	\$ 1,208,792	\$ 926,697
LIABILITIES		
Accounts payable and accrued liabilities	\$ 348,878	\$ 200,475
Due to District of Timiskaming Social Services Administration Board	180,912	95,917
Deferred revenue	148,263	19,450
Employee benefits payable (Note 4)	242,400	224,039
Long-term debt (Notes 4 and 5)	1,169,849	1,502,552
TOTAL LIABILITIES	2,090,302	2,042,433
CORPORATION POSITION		
Current fund (Schedule 1)	148,753	257,039
Reserve fund (Schedule 2)	381,986	353,816
FUND BALANCES	530,739	610,855
AMOUNTS TO BE RECOVERED (Note 4)	(1,412,249)	(1,726,591)
TOTAL CORPORATION POSITION	(881,510)	(1,115,736)
TOTAL LIABILITIES AND CORPORATION POSITION	\$ 1,208,792	\$ 926,697

Approved by:


Chairperson


Social Housing Manager

See accompanying notes.

TIMISKAMING DISTRICT HOUSING CORPORATION

STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED DECEMBER 31

	-----2006-----		2005 ACTUAL
	BUDGET (UNAUDITED)	ACTUAL	
REVENUES			
Rent	\$ 1,913,980	\$ 1,863,063	\$ 1,895,701
District of Timiskaming Social Services			
Administration Board	1,340,000	1,340,000	1,324,350
Interest income	10,000	27,823	13,863
Other	-	10,382	2,435
TOTAL REVENUES	3,263,980	3,241,268	3,236,349
EXPENDITURES			
Administrative overhead (Schedule 3)	130,500	91,084	113,623
Bad debts	-	32,037	18,630
Capital	487,080	464,761	400,090
Insurance	70,000	61,932	64,069
Materials and services (Schedule 3)	550,280	582,335	484,921
Mortgage interest	87,114	78,501	83,618
Municipal taxes	380,000	293,343	279,737
Salaries and benefits	618,277	532,244	619,087
Utilities (Schedule 3)	810,000	870,805	804,374
TOTAL EXPENDITURES	3,133,251	3,007,042	2,868,149
CHANGE IN CORPORATION POSITION	130,729	234,226	368,200
Transfer of debt (Note 11)	-	(234,699)	-
Debt principal repayments	(92,886)	(98,004)	(92,885)
Increase (decrease) in employee benefits payable	-	18,361	(2,295)
Decrease in amounts to be recovered	(92,886)	(314,342)	(95,180)
CHANGE IN FUND BALANCES	\$ 37,843	\$ (80,116)	\$ 273,020

See accompanying notes.

TIMISKAMING DISTRICT HOUSING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31

	2006	2005
OPERATIONS		
CHANGE IN CORPORATION POSITION	\$ 234,226	\$ 368,200
USES:		
Decrease in deferred revenue	-	(1,783)
	-	(1,783)
SOURCES:		
Decrease in accounts receivable	72,764	3,673
Increase in accounts payable and accrued liabilities	148,403	35,811
Increase in due to District of Timiskaming Social Services Administration Board	84,995	19,352
Increase in deferred revenue	128,813	-
Increase (decrease) in employee benefits payable	18,361	(2,295)
	453,336	56,541
NET INCREASE IN CASH FROM OPERATIONS	687,562	422,958
FINANCING		
Long-term debt repaid	(98,004)	(92,886)
NET DECREASE IN CASH FROM FINANCING	(98,004)	(92,886)
CASH INCREASE	589,558	330,072
CASH, beginning of year	738,198	408,126
CASH, end of year	\$ 1,327,756	\$ 738,198

See Note 11 for disclosure of non-cash transaction.

See accompanying notes.

TIMISKAMING DISTRICT HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 & 2005

1. NATURE OF OPERATIONS

The Timiskaming District Housing Corporation ("the Corporation") provides social housing in the District of Timiskaming.

The Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Timiskaming District Housing Corporation are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The more significant of the accounting policies are summarized below.

The focus of PSAB financial statements is on the financial position of the Corporation and the changes thereto. The Statement of Financial Position reports the assets and liabilities of the Corporation. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Corporation position represents the financial position and is the difference between assets and liabilities. This provides information about the Corporation's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) BASIS OF ACCOUNTING

(i) Fund Accounting

The Timiskaming District Housing Corporation follows the fund basis of accounting. Reserve funds are generally created by appropriations from current operations. The uses of these funds are restricted to the purposes for which the reserve funds are created. Within the framework of the fund basis of accounting, these financial statements have been prepared on an accrual basis. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Capital Assets

The historical cost and accumulated amortization for capital assets are not recorded. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition. The amount of these expenditures which is financed from long-term liabilities which remains outstanding at year-end is included in the amounts to be recovered in future years in the Statement of Financial Position.

(iii) Reserve Fund

The reserve fund represents an amount appropriated for a specific purpose. Transfers to and/or from the reserve fund are an adjustment to the fund when approved.

(iv) Use of Estimates

The preparation of financial statements in conformity with Canadian 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 period. Actual results could differ from these estimates.

TIMISKAMING DISTRICT HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2006 & 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) REVENUE RECOGNITION

The Corporation is funded primarily by rental revenues collected from social housing tenants and by funding from the District of Timiskaming Social Services Administration Board ("the DTSSAB"). Rental revenues and the amount from the DTSSAB are recorded as revenue in the period to which they relate. Amounts approved but not received at the end of an accounting period are accrued. Where a portion of the amounts relate to a future period, it is deferred and recognized in that subsequent period.

3 OPERATING LINE LOAN AGREEMENT

Timiskaming District Housing Corporation has entered into an operating line loan agreement with its financial institution. The credit limit for this agreement is \$100,000. Interest is calculated at prime plus 1/2%. This operating line is utilized from time to time to cover temporary cash shortfalls that may occur during this year.

As at December 31, 2006, the outstanding balance of the operating line was nil (2005 - nil).

4. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent liabilities established for accrual accounting purposes. The liabilities are to be funded from future years' budgetary allocations. The balance is comprised of the following items:

	2006	2005
Long-term debt	\$ 1,169,849	\$ 1,502,552
Employee Benefits Payable	200,815	204,190
Vacation payable	41,585	19,849
	\$ 1,412,249	\$ 1,726,591

5. LONG-TERM DEBT

	2006	2005
Mortgage payable to TD Canada Trust, repayable in blended monthly payments of \$12,230, interest at 5.543%, secured by real property, maturing June 1, 2007	\$ 1,169,849	\$ 1,250,101
Mortgage payable to TD Canada Trust, repayable in blended monthly payments of \$2,479, interest at 4.959%, secured by real property, maturing December 1, 2006.	-	252,451
	\$ 1,169,849	\$ 1,502,552

TIMISKAMING DISTRICT HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2006 & 2005

Principal payments due on long-term debt within the next five years and thereafter, assuming the above mortgages are renewed at similar terms and interest rates, are approximately as follows:

2007	\$	84,756
2008		89,520
2009		94,550
2010		99,864
2011		105,476
Thereafter		695,683
		<hr/>
		\$ 1,169,849

6. DEBENTURE DEBT

The Social Housing Reform Act, 2000, transferred ownership and responsibility for administration of public housing to Local Housing Corporations ("LHC's") effective January 1, 2001. The transfer included land and buildings which were provided at no cost to the LHC's. In the District of Timiskaming, the LHC is the Timiskaming District Housing Corporation.

The majority of Ontario public housing projects were originally financed by Ontario Housing Corporation ("OHC") debentures. The OHC debentures were not assigned to or assumed by the LHC's when devolution became effective January 1, 2001. As the debentures are not assignable, the OHC will continue to hold the debentures with the debenture repayment amounts to be deducted from federal funds received by the District of Timiskaming Social Services Administration Board on behalf of the Corporation. For 2006, the debenture repayment amount was \$696,230 (2005 - \$696,230). The outstanding balance of these debentures as at December 31, 2006 is \$5,672,573 (2005 - \$6,368,803).

The amounts reported in Note 4 represent public housing projects financed by loans from private lending institutions and secured by mortgages. Ownership of the related properties and the mortgage liabilities was transferred to the Timiskaming District Housing Corporation effective January 1, 2001.

7. SHARE CAPITAL

AUTHORIZED

unlimited number of common shares

ISSUED

100 common shares at a nominal value

8. PENSION AGREEMENT

All permanent employees of the Corporation are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Corporation contributions equal the employee contributions to the plan. During the year ended December 31, 2006, the Corporation contributed \$27,813 (2005 - \$27,910) to the plan. As this is a multi-employer pension plan, these contributions are the Corporation's pension benefit expenses. No pension liability for this type of plan is included in the Corporation's financial statements.

9. ECONOMIC DEPENDENCE

The continuation of this Corporation is dependent on funding received from the District of Timiskaming Social Services Administration Board.

TIMISKAMING DISTRICT HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2006 & 2005

10. FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, deferred revenue, and amounts due from the District of Timiskaming Social Services Administration Board approximate their fair value due to the short-term maturities of these instruments. The carrying amount of the long-term debt approximates fair value as the Corporation's current rate of borrowing for similar debt instruments of comparable maturity is not materially different.

11. TRANSFER TO DISTRICT OF TIMISKAMING SOCIAL SERVICES ADMINISTRATION BOARD

Effective May 1, 2004, the assets and liabilities of the Timiskaming District Housing Corporation were to be transferred to the District of Timiskaming Social Services Administration Board ("the Board"). The Corporation, however, continued to operate the Social Housing Program on behalf of the Board.

During 2006, one of the TD Canada Trust mortgages matured. This mortgage in the amount of \$234,699 was refinanced with Scotia Mortgage Company and transferred to the Board at this time. Therefore the related asset has also been transferred to the Board for the year ended December 31, 2006.

TIMISKAMING DISTRICT HOUSING CORPORATION

SCHEDULE OF CURRENT FUND OPERATIONS

YEARS ENDED DECEMBER 31

	-----2006-----		2005 ACTUAL
	BUDGET (UNAUDITED)	ACTUAL	
REVENUES			
Rent	\$ 1,913,980	\$ 1,863,063	\$ 1,895,701
District of Timiskaming Social Services			
Administration Board	1,340,000	1,340,000	1,324,350
Interest income	10,000	20,292	10,451
Other	-	10,382	2,435
TOTAL REVENUES	3,263,980	3,233,737	3,232,937
EXPENDITURES			
Administrative overhead (Schedule 3)	130,500	91,084	113,623
Bad debts	-	32,037	18,630
Insurance	70,000	61,932	64,068
Materials and services (Schedule 3)	550,280	582,335	484,921
Mortgage interest	87,114	78,501	83,619
Municipal taxes	380,000	293,343	279,737
Salaries and benefits	618,277	532,244	619,087
Utilities (Schedule 3)	810,000	870,805	804,374
TOTAL EXPENDITURES	2,646,171	2,542,281	2,468,059
NET REVENUES	617,809	691,456	764,878
FINANCING AND TRANSFERS			
Transfer of debt (Note 11)	-	234,699	-
Debt principal repayments	(92,886)	98,004	92,885
(Increase) decrease in employee benefits payable	-	(18,361)	2,295
Transfer to reserve fund	541,200	485,400	541,200
NET FINANCING AND TRANSFERS	448,314	799,742	636,380
CHANGE IN CURRENT FUND BALANCE	169,495	(108,286)	128,498
CURRENT FUND BALANCE, beginning of year	257,039	257,039	128,541
CURRENT FUND BALANCE, end of year	\$ 426,534	\$ 148,753	\$ 257,039

TIMISKAMING DISTRICT HOUSING CORPORATION

SCHEDULE OF RESERVE FUND

YEARS ENDED DECEMBER 31

	-----2006-----		2005 ACTUAL
	BUDGET (UNAUDITED)	ACTUAL	
REVENUES			
Interest income	\$ -	\$ 7,531	\$ 3,411
TOTAL REVENUES	-	7,531	3,411
EXPENDITURES			
Building	314,080	250,414	290,428
Electrical	-	6,838	19,163
Elevators	-	42,731	-
Grounds	173,000	119,244	58,823
Plumbing	-	45,534	31,676
TOTAL EXPENDITURES	487,080	464,761	400,090
NET EXPENDITURES	(487,080)	(457,230)	(396,679)
NET TRANSFERS TO OTHER FUNDS			
Transfer from current fund	541,200	485,400	541,200
TOTAL NET TRANSFERS	541,200	485,400	541,200
CHANGE IN RESERVE FUND BALANCE	54,120	28,170	144,521
RESERVE FUND BALANCE, beginning of year	353,816	353,816	209,295
RESERVE FUND BALANCE, end of year	\$ 407,936	\$ 381,986	\$ 353,816

TIMISKAMING DISTRICT HOUSING CORPORATION

SCHEDULE OF EXPENDITURES

YEARS ENDED DECEMBER 31

	-----2006-----		2005
	BUDGET (UNAUDITED)	ACTUAL	ACTUAL
ADMINISTRATIVE OVERHEAD			
Bank charges and interest	\$ 4,000	\$ 2,302	\$ 2,247
Miscellaneous	6,500	4,000	1,740
Office rent	14,000	6,833	13,665
Professional fees	31,500	21,408	24,689
Supplies and equipment	6,000	3,458	6,271
Transportation and communication	33,200	30,652	33,773
Travel and accommodation	35,300	22,431	31,238
	\$ 130,500	\$ 91,084	\$ 113,623
MATERIALS AND SERVICES			
Building	\$ 186,380	\$ 217,051	\$ 148,099
Electrical	51,250	49,760	38,956
Elevator	16,150	13,937	11,909
Equipment	16,300	17,388	23,286
Grounds	48,000	48,955	35,771
Heating and plumbing	70,200	89,078	72,229
Painting	97,800	103,898	102,701
Security	61,200	39,618	49,370
Waste removal	3,000	2,650	2,600
	\$ 550,280	\$ 582,335	\$ 484,921
UTILITIES			
Electricity	\$ 480,000	\$ 528,612	\$ 495,149
Fuel	165,000	157,627	142,384
Sewer and water	165,000	184,566	166,841
	\$ 810,000	\$ 870,805	\$ 804,374