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**TIMISKAMING DISTRICT HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2005 & 2004**

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## **AUDITORS' REPORT**

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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, 2005 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, 2005 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 28, 2006

**ROSS, POPE & COMPANY**  
**CHARTERED ACCOUNTANTS**

# TIMISKAMING DISTRICT HOUSING CORPORATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2005	2004
<b>FINANCIAL ASSETS</b>		
Cash	\$ 738,198	\$ 408,126
Accounts receivable	188,499	192,172
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 926,697</b>	<b>\$ 600,298</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 200,475	\$ 164,664
Due to District of Timiskaming Social Services Administration Board(Note 2)	95,917	76,565
Deferred revenue (Note 2)	19,450	21,233
Employee benefits payable (Note 4)	224,039	226,334
Long-term debt (Notes 2, 3 and 5)	1,502,552	1,595,438
<b>TOTAL LIABILITIES</b>	<b>2,042,433</b>	<b>2,084,234</b>
<b>CORPORATION POSITION (Note 2)</b>		
Current fund (Schedule 1) (Note 13)	257,039	128,541
Reserve fund (Note 2) (Schedule 2)	353,816	209,295
<b>FUND BALANCES (Note 13)</b>	<b>610,855</b>	<b>337,836</b>
<b>AMOUNTS TO BE RECOVERED (Notes 2 and 3)</b>	<b>(1,726,591)</b>	<b>(1,821,772)</b>
<b>TOTAL CORPORATION POSITION</b>	<b>(1,115,736)</b>	<b>(1,483,936)</b>
<b>TOTAL LIABILITIES AND CORPORATION POSITION</b>	<b>\$ 926,697</b>	<b>\$ 600,298</b>

Approved by:

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Chairperson

\_\_\_\_\_  
Social Housing Manager

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED DECEMBER 31

	-----2005-----		
	BUDGET (UNAUDITED)	ACTUAL	2004 ACTUAL
<b>REVENUES</b>			
Rent	\$ 1,861,430	\$ 1,895,701	\$ 1,827,453
District of Timiskaming Social Services Administration Board	1,366,440	1,324,350	1,359,000
Interest income	3,500	13,862	4,796
Other	-	2,435	1,382
<b>TOTAL REVENUES</b>	<b>3,231,370</b>	<b>3,236,348</b>	<b>3,192,631</b>
<b>EXPENDITURES</b>			
Administrative overhead (Schedule 3)	115,000	113,623	111,431
Bad debts	-	18,630	15,079
Capital	487,080	400,090	497,974
Insurance	72,000	64,068	67,352
Materials and services (Schedule 3)	482,350	484,920	485,355
Mortgage interest	83,614	83,619	88,470
Municipal taxes	420,400	279,737	292,789
Salaries and benefits	636,920	619,087	624,266
Utilities (Schedule 3)	787,000	804,374	814,797
<b>TOTAL EXPENDITURES</b>	<b>3,084,364</b>	<b>2,868,148</b>	<b>2,997,513</b>
<b>CHANGE IN CORPORATION POSITION</b>	<b>147,006</b>	<b>368,200</b>	<b>195,118</b>
Debt principal repayments	(92,886)	(92,886)	(88,034)
Increase (decrease) in employee benefits payable	-	(2,295)	10,489
Decrease in amounts to be recovered	(92,886)	(95,181)	(77,545)
<b>CHANGE IN FUND BALANCES</b>	<b>\$ 54,120</b>	<b>\$ 273,019</b>	<b>\$ 117,573</b>

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31

	2005	2004
<b>OPERATIONS</b>		
CHANGE IN CORPORATION POSITION	\$ 368,200	\$ 195,118
USES:		
Increase in accounts receivable	-	(58,824)
Decrease in accounts payable and accrued liabilities	-	(20,273)
Decrease in deferred revenue	(1,783)	-
	(1,783)	(79,097)
SOURCES:		
Decrease in accounts receivable	3,673	-
Increase in accounts payable and accrued liabilities	35,811	-
Increase in due to District of Timiskaming Social Services Administration Board	19,352	18,727
Increase in deferred revenue	-	10,851
Increase (decrease) in employee benefits payable	(2,295)	10,489
	56,541	40,067
NET INCREASE IN CASH FROM OPERATIONS	422,958	156,088
<b>FINANCING</b>		
Long-term debt repaid	(92,886)	(88,034)
NET DECREASE IN CASH FROM FINANCING	(92,886)	(88,034)
<b>CASH INCREASE</b>	330,072	68,054
CASH, beginning of year	408,126	340,072
<b>CASH, end of year</b>	\$ 738,198	\$ 408,126

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 & 2004

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### 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, 2005 & 2004

### 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, 2005, the outstanding balance of the operating line was nil ( 2004 - 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:

	2005	2004
Long-term debt	\$ 1,502,552	\$ 1,595,438
Employee Benefits Payable	204,190	205,770
Vacation payable	19,849	20,564
	<b>\$ 1,726,591</b>	<b>\$ 1,821,772</b>

### 5. LONG-TERM DEBT

	2005	2004
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 and	\$ 1,250,101	\$ 1,326,083
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	269,355
	<b>\$ 1,502,552</b>	<b>\$ 1,595,438</b>

# TIMISKAMING DISTRICT HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED DECEMBER 31, 2005 & 2004

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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:

2006	\$ 97,998
2007	103,399
2008	109,098
2009	115,112
2010	121,457
Subsequent to 2010	955,488
	<hr/>
	\$ 1,502,552

### 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 2005, the debenture repayment amount was \$696,230 (2004 - \$696,230). The outstanding balance of these debentures as at December 31, 2005 is \$6,368,803 (2004 - \$6,577,146).

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, 2005, the Corporation contributed \$27,910 (2004 - \$26,870) 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, 2005 & 2004**

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### **10. PUBLIC SECTOR SALARY DISCLOSURE**

On January 29, 1996, the Ontario Legislature passed the Public Sector Salary Disclosure Act which requires Ontario's broader public sector organizations to disclose annually the names, positions, salaries and taxable benefits of employees paid \$100,000 or more a year.

In 2005, no employees of the Timiskaming District Housing Corporation were paid \$100,000 or more.

### **11. FINANCIAL INSTRUMENTS**

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to 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.

### **12. 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.

As the debt was not transferred to the Board prior to year-end, these financial statements still reflect all the assets, liabilities, revenues and expenditures of the Corporation for the year ended December 31, 2005.

### **13. PRIOR PERIOD ADJUSTMENT**

During the year the Corporation changed its accounting policy with respect to employee future benefits which requires them to recognize the accrued retirement obligations and other self insured benefits that relate to current payroll costs. As well an accounting error relating to a amount on deposit with the Workers Safety Insurance Board was also discovered. The prior years employee benefits payable has been increased by an amount of \$123,302 and the accounts receivable have been increased by \$62,463. The amounts to be recovered has increased by \$123,302 and the opening current fund balance has been increased by \$62,463.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## SCHEDULE OF CURRENT FUND OPERATIONS

YEARS ENDED DECEMBER 31

	-----2005-----		
	BUDGET (UNAUDITED)	ACTUAL	2004 ACTUAL
<b>REVENUES</b>			
Rent	\$ 1,861,430	\$ 1,895,701	\$ 1,827,453
District of Timiskaming Social Services Administration Board	1,366,440	1,324,350	1,359,000
Interest income	3,500	10,451	4,528
Other	-	2,435	1,382
<b>TOTAL REVENUES</b>	<b>3,231,370</b>	<b>3,232,937</b>	<b>3,192,363</b>
<b>EXPENDITURES</b>			
Administrative overhead (Schedule 3)	115,000	113,623	111,431
Bad debts	-	18,630	15,079
Insurance	72,000	64,068	67,352
Materials and services (Schedule 3)	482,350	484,920	485,355
Mortgage interest	83,614	83,619	88,470
Municipal taxes	420,400	279,737	292,789
Salaries and benefits	636,920	619,087	624,266
Utilities (Schedule 3)	787,000	804,374	814,797
<b>TOTAL EXPENDITURES</b>	<b>2,597,284</b>	<b>2,468,058</b>	<b>2,499,539</b>
<b>NET REVENUES</b>	<b>634,086</b>	<b>764,879</b>	<b>692,824</b>
<b>FINANCING AND TRANSFERS</b>			
Debt principal repayments	92,886	92,886	88,034
(Increase) decrease in employee benefits payable	-	2,295	(10,489)
Transfer to reserve fund	541,200	541,200	541,200
<b>NET FINANCING AND TRANSFERS</b>	<b>634,086</b>	<b>636,381</b>	<b>618,745</b>
<b>CHANGE IN CURRENT FUND BALANCE</b>	<b>-</b>	<b>128,498</b>	<b>74,079</b>
CURRENT FUND BALANCE, beginning of year	128,541	128,541	54,462
<b>CURRENT FUND BALANCE, end of year</b>	<b>\$ 128,541</b>	<b>\$ 257,039</b>	<b>\$ 128,541</b>

## TIMISKAMING DISTRICT HOUSING CORPORATION

## SCHEDULE OF RESERVE FUND

YEARS ENDED DECEMBER 31

	-----2005-----		2004
	BUDGET (UNAUDITED)	ACTUAL	ACTUAL
<b>REVENUES</b>			
Interest income	\$ -	\$ 3,411	\$ 268
<b>TOTAL REVENUES</b>	-	<b>3,411</b>	268
<b>EXPENDITURES</b>			
Building	306,600	<b>290,428</b>	429,310
Electrical	-	<b>19,163</b>	3,726
Elevators	10,880	-	-
Grounds	169,600	<b>58,823</b>	16,633
Painting	-	-	3,210
Plumbing	-	<b>31,676</b>	45,095
<b>TOTAL EXPENDITURES</b>	487,080	<b>400,090</b>	497,974
<b>NET EXPENDITURES</b>	(487,080)	<b>(396,679)</b>	(497,706)
<b>NET TRANSFERS TO OTHER FUNDS</b>			
Transfer from current fund	541,200	<b>541,200</b>	541,200
<b>TOTAL NET TRANSFERS</b>	541,200	<b>541,200</b>	541,200
<b>CHANGE IN RESERVE FUND BALANCE</b>	54,120	<b>144,521</b>	43,494
RESERVE FUND BALANCE, beginning of year	209,295	<b>209,295</b>	165,801
<b>RESERVE FUND BALANCE, end of year</b>	\$ 263,415	<b>\$ 353,816</b>	\$ 209,295

## TIMISKAMING DISTRICT HOUSING CORPORATION

## SCHEDULE OF EXPENDITURES

YEARS ENDED DECEMBER 31

	-----2005-----		2004 ACTUAL
	BUDGET (UNAUDITED)	ACTUAL	
<b>ADMINISTRATIVE OVERHEAD</b>			
Bank charges and interest	\$ 4,000	\$ 2,247	\$ 2,783
Miscellaneous	4,500	1,740	2,500
Office rent	14,000	13,665	13,699
Professional fees	20,000	24,689	13,125
Supplies and equipment	7,100	6,271	11,019
Transportation and communication	30,230	33,773	34,624
Travel and accommodation	35,170	31,238	33,681
	\$ 115,000	\$ 113,623	\$ 111,431
<b>MATERIALS AND SERVICES</b>			
Building	\$ 143,120	\$ 148,099	\$ 115,976
Electrical	45,400	38,956	53,878
Elevator	15,120	11,909	13,805
Equipment	16,150	23,286	22,029
Grounds	46,060	35,771	46,064
Heating and plumbing	68,790	72,228	73,722
Painting	90,000	102,701	96,767
Security	54,710	49,370	59,469
Waste removal	3,000	2,600	3,645
	\$ 482,350	\$ 484,920	\$ 485,355
<b>UTILITIES</b>			
Electricity	\$ 473,000	\$ 495,149	\$ 499,886
Fuel	158,000	142,384	160,730
Sewer and water	156,000	166,841	154,181
	\$ 787,000	\$ 804,374	\$ 814,797