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**TIMISKAMING DISTRICT HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2007 & 2006**

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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, 2007 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, 2007, its financial activities 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  
March 31, 2008

**ROSS, POPE & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**Licensed Public Accountants**

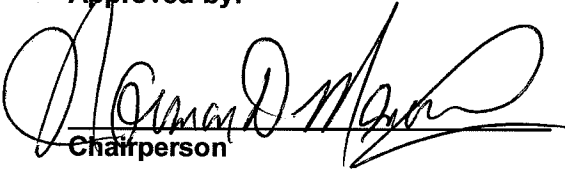
# TIMISKAMING DISTRICT HOUSING CORPORATION


## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2007	2006
<b>FINANCIAL ASSETS</b>		
Cash	\$ 913,691	\$ 1,093,057
Accounts receivable	121,256	115,735
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$ 1,034,947</b>	<b>\$ 1,208,792</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 306,149	\$ 348,878
Due to District of Timiskaming Social Services Administration Board	996,125	180,912
Deferred revenue	130,316	148,263
Employee benefits payable (Note 4)	264,853	242,400
Long-term debt (Notes 4 and 5)	-	1,169,849
<b>TOTAL LIABILITIES</b>	<b>1,697,443</b>	<b>2,090,302</b>
<b>CORPORATION POSITION</b>		
Current fund (Schedule 1)	(846,995)	148,753
Reserve fund (Schedule 2)	449,352	381,986
<b>FUND BALANCES</b>	<b>(397,643)</b>	<b>530,739</b>
<b>AMOUNTS TO BE RECOVERED (Note 4)</b>	<b>(264,853)</b>	<b>(1,412,249)</b>
<b>TOTAL CORPORATION POSITION</b>	<b>(662,496)</b>	<b>(881,510)</b>
<b>TOTAL LIABILITIES AND CORPORATION POSITION</b>	<b>\$ 1,034,947</b>	<b>\$ 1,208,792</b>

Approved by:

  
Chairperson

  
Social Housing Manager

for.

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## STATEMENT OF FINANCIAL ACTIVITIES

YEARS ENDED DECEMBER 31

	2007	2006
<b>REVENUES</b>		
Rent	\$ 1,957,806	\$ 1,863,063
District of Timiskaming Social Services Administration Board	1,399,800	1,340,000
Interest income	35,129	27,823
Other	12,859	10,382
<b>TOTAL REVENUES</b>	<b>3,405,594</b>	<b>3,241,268</b>
<b>EXPENDITURES</b>		
Administrative overhead (Schedule 3)	110,195	91,084
Bad debts	20,033	32,037
Capital (Schedule 3)	422,662	464,761
Insurance	89,343	61,932
Materials and services (Schedule 3)	678,406	582,335
Mortgage interest	31,492	78,501
Municipal taxes	322,018	293,343
Salaries and benefits	610,924	532,244
Utilities (Schedule 3)	901,507	870,805
<b>TOTAL EXPENDITURES</b>	<b>3,186,580</b>	<b>3,007,042</b>
<b>CHANGE IN CORPORATION POSITION</b>	<b>219,014</b>	<b>234,226</b>
Transfer of debt (Note 11)	(1,127,962)	(234,699)
Debt principal repayments	(41,887)	(98,004)
Increase (decrease) in employee benefits payable	22,453	18,361
Decrease in amounts to be recovered	(1,147,396)	(314,342)
<b>CHANGE IN FUND BALANCES</b>	<b>\$ (928,382)</b>	<b>\$ (80,116)</b>

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31

	2007	2006
<b>OPERATIONS</b>		
CHANGE IN CORPORATION POSITION	\$ 219,014	\$ 234,226
USES:		
Increase in accounts receivable	(5,521)	-
Decrease in accounts payable and accrued liabilities	(42,728)	-
Decrease in deferred revenue	(17,947)	-
	(66,196)	-
SOURCES:		
Decrease in accounts receivable	-	72,764
Increase in accounts payable and accrued liabilities	-	148,403
Increase in due to District of Timiskaming Social Services Administration Board	815,213	84,995
Increase in deferred revenue	-	128,813
Increase (decrease) in employee benefits payable	22,453	18,361
	837,666	453,336
<b>NET INCREASE IN CASH FROM OPERATIONS</b>	<b>990,484</b>	<b>687,562</b>
<b>FINANCING</b>		
Long-term debt repaid	(41,887)	(98,004)
Transfer of debt	(1,127,963)	(234,699)
<b>NET DECREASE IN CASH FROM FINANCING</b>	<b>(1,169,850)</b>	<b>(332,703)</b>
<b>CASH INCREASE</b>	<b>(179,366)</b>	<b>354,859</b>
CASH, beginning of year	1,093,057	738,198
<b>CASH, end of year</b>	<b>\$ 913,691</b>	<b>\$ 1,093,057</b>

See Notes 6 and 11 for disclosure of non-cash transaction.

See accompanying notes.

# TIMISKAMING DISTRICT HOUSING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 & 2006

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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, 2007 & 2006

### 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%. This operating line is utilized from time to time to cover temporary cash shortfalls that may occur during this year.

As at December 31, 2007, the outstanding balance of the operating line was nil ( 2006 - 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:

	2007	2006
Long-term debt	\$ -	\$ 1,169,849
Employee Benefits Payable	197,476	200,815
Vacation payable	67,377	41,585
	<b>\$ 264,853</b>	<b>\$ 1,412,249</b>

### 5. LONG-TERM DEBT

	2007	2006
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
	<b>\$ -</b>	<b>\$ 1,169,849</b>

# **TIMISKAMING DISTRICT HOUSING CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED DECEMBER 31, 2007 & 2006**

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### **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 2007, the debenture repayment amount was \$696,230 (2006 - \$696,230). The outstanding balance of these debentures as at December 31, 2007 is \$4,976,343 (2006 - \$5,672,573).

### **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, 2007, the Corporation contributed \$31,500 (2006 - \$27,813) 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.

### **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.

# **TIMISKAMING DISTRICT HOUSING CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED DECEMBER 31, 2007 & 2006**

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### **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 2007, one of the TD Canada Trust mortgages matured. This mortgage in the amount of \$1,127,963 (2006 - \$234,699) was refinanced with Scotia Mortgage Company and transferred to the Board at this time.

### **12. COMPARATIVE FIGURES**

Certain comparative figures in the schedules have been restated to conform to the current years presentation.

**TIMISKAMING DISTRICT HOUSING CORPORATION****SCHEDULE OF CURRENT FUND OPERATIONS**

YEARS ENDED DECEMBER 31

	2007	2006
<b>REVENUES</b>		
Rent	\$ 1,957,806	\$ 1,863,063
District of Timiskaming Social Services Administration Board	1,399,800	1,340,000
Interest income	21,883	20,292
Other	12,859	10,382
<b>TOTAL REVENUES</b>	<b>3,392,348</b>	<b>3,233,737</b>
<b>EXPENDITURES</b>		
Administrative overhead (Schedule 3)	110,195	91,084
Bad debts	20,033	32,037
Capital (Schedule 3)	422,662	464,761
Insurance	89,343	61,932
Materials and services (Schedule 3)	678,406	582,335
Mortgage interest	31,492	78,501
Municipal taxes	322,018	293,343
Salaries and benefits	610,924	532,244
Utilities (Schedule 3)	901,507	870,805
<b>TOTAL EXPENDITURES</b>	<b>3,186,580</b>	<b>3,007,042</b>
<b>NET REVENUES</b>	<b>205,768</b>	<b>226,695</b>
<b>FINANCING AND TRANSFERS</b>		
Transfer of debt (Note 11)	1,127,962	234,699
Debt principal repayments	41,887	98,004
(Increase) decrease in employee benefits payable	(22,453)	(18,361)
Transfer to reserve fund	54,120	20,639
<b>NET FINANCING AND TRANSFERS</b>	<b>1,201,516</b>	<b>334,981</b>
<b>CHANGE IN CURRENT FUND BALANCE</b>	<b>(995,748)</b>	<b>(108,286)</b>
<b>CURRENT FUND BALANCE, beginning of year</b>	<b>148,753</b>	<b>257,039</b>
<b>CURRENT FUND BALANCE, end of year</b>	<b>\$ (846,995)</b>	<b>\$ 148,753</b>

**TIMISKAMING DISTRICT HOUSING CORPORATION****SCHEDULE OF RESERVE FUND****YEARS ENDED DECEMBER 31**

	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>		
Interest income	<b>\$ 13,246</b>	<b>\$ 7,531</b>
<b>TRANSFERS FROM OTHER FUNDS</b>		
Transfer from current fund	<b>54,120</b>	<b>20,639</b>
<b>CHANGE IN RESERVE FUND BALANCE</b>	<b>67,366</b>	<b>28,170</b>
RESERVE FUND BALANCE, beginning of year	<b>381,986</b>	<b>353,816</b>
<b>RESERVE FUND BALANCE, end of year</b>	<b>\$ 449,352</b>	<b>\$ 381,986</b>

**TIMISKAMING DISTRICT HOUSING CORPORATION****SCHEDULE OF EXPENDITURES**

YEARS ENDED DECEMBER 31

	2007	2006
<b>ADMINISTRATIVE OVERHEAD</b>		
Bank charges and interest	\$ 2,110	\$ 2,302
Miscellaneous	-	4,000
Office rent	8,047	6,833
Professional fees	44,802	21,408
Supplies and equipment	3,727	3,458
Transportation and communication	21,930	30,652
Travel and accommodation	29,579	22,431
	<b>\$ 110,195</b>	<b>\$ 91,084</b>
<b>MATERIALS AND SERVICES</b>		
Building	\$ 262,705	\$ 217,051
Electrical	45,389	49,760
Elevator	16,877	13,937
Equipment	19,595	17,388
Grounds	69,124	48,955
Heating and plumbing	126,449	89,078
Painting	91,576	103,898
Security	44,762	39,618
Waste removal	1,929	2,650
	<b>\$ 678,406</b>	<b>\$ 582,335</b>
<b>UTILITIES</b>		
Electricity	\$ 548,242	\$ 528,612
Fuel	159,283	157,627
Sewer and water	193,982	184,566
	<b>\$ 901,507</b>	<b>\$ 870,805</b>
<b>CAPITAL EXPENDITURES</b>		
Building	284,102	250,414
Electrical	3,700	6,838
Elevators	45,658	42,731
Grounds	84,267	119,244
Plumbing	4,935	45,534
<b>TOTAL EXPENDITURES</b>	<b>422,662</b>	<b>464,761</b>