



City of Hamilton

CITYHOUSING HAMILTON CORPORATION SHAREHOLDER MEETING

Meeting #: 18-002
Date: June 21, 2018
Time: 10:00 a.m.
Location: Room 264, 2nd Floor, City Hall
71 Main Street West

Lisa Chamberlain, Legislative Coordinator (905) 546-2424 ext. 2729

	Pages
1. APPROVAL OF AGENDA	
(Added Items, if applicable, will be noted with *)	
2. DECLARATIONS OF INTEREST	
3. APPROVAL OF MINUTES OF PREVIOUS MEETING	
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9. MOTIONS

9.1	Shareholder Resolution - CHH Audited Consolidated Financial Statements 2017	56
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10. NOTICES OF MOTION

11. GENERAL INFORMATION / OTHER BUSINESS

12. PRIVATE AND CONFIDENTIAL

13. ADJOURNMENT

Special Council meeting to commence immediately following this meeting.



**CITYHOUSING HAMILTON CORPORATION
SHAREHOLDER MEETING
MINUTES**

4:30 p.m.

Wednesday, April 11, 2018

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Mayor Eisenberger
Deputy Mayor J. Partridge (Chair)
Councillors, J. Farr, M. Green, S. Merulla, C. Collins, T. Jackson,
D. Skelly, T. Whitehead, M. Pearson, B. Johnson, L. Ferguson,
A. VanderBeek, R. Pasuta

**Absent with
Regrets:** Councillors A. Johnson and D. Conley – Personal

FOR INFORMATION:

(a) APPROVAL OF THE AGENDA (Item 1)

The Committee Clerk advised the Shareholders of the following change:

1. DISCUSSION ITEM

8.2 Shareholder Resolution - CityHousing Hamilton Corporation Development Strategy

(Whitehead/Pearson)

That the agenda for the April 11, 2018 meeting of the CityHousing Hamilton Corporation Shareholder be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(Collins/VanderBeek)

That the Minutes of the June 22, 2017 meeting be approved, as presented.

CARRIED

(d) DISCUSSION ITEMS (Item 8)

(i) Development Strategy Update (Report 17021(b)) (Item 8.1)

(Collins/Pearson)

That Report 17021(b) respecting a Development Strategy Update, be received.

CARRIED

(ii) CityHousing Hamilton Corporation Development Strategy (Added Item 8.2)

(Collins/Pearson)

WHEREAS, the City of Hamilton is the sole shareholder of CityHousing Hamilton Corporation (CHH);

WHEREAS, CHH is applying for certain loans from certain lenders to renovate wholly-owned CHH properties;

WHEREAS, a requirement of funding applications for CHH is the guarantee of the debt and confirmation of the amortization period by the City of Hamilton in its capacity as sole shareholder of CHH;

WHEREAS, CHH can access Infrastructure Ontario (IO) loan programs at a discounted municipal interest rate through the City of Hamilton as the sole shareholder of CHH; and

WHEREAS, CHH can enter into debt/debenture/mortgage agreements under terms and conditions that are approved by the Board of Directors and the sole shareholder;

THEREFORE IT BE RESOLVED:

(i) That the City of Hamilton, in its capacity as the sole shareholder of CHH:

(a) Approve the development plans outlined in CHH Report 17021(b) (attached);

- (b) Guarantee the debt financing for the projects listed in Report 17021(b) to the upset limit of (CAN) \$24,539,000;
 - (c) Approve CHH entering into loan agreements with certain lenders that would contemplate using wholly-owned CHH properties as collateral;
 - (d) Apply for Infrastructure Ontario (IO) loan programs on behalf of CHH and collect approved loan payments from CHH in accordance with terms and conditions in IO loan agreements;
 - (e) Approve amortization periods of up to thirty-five years on behalf of CHH;
 - (f) Prepare the necessary agreements with the terms and conditions that ensure that CHH is responsible for all debt or loan payments included in Report 17021(b), including the right to allow a creditor to register security agreements against the wholly-owned CHH properties being mortgaged, and seeking legal opinions where necessary; and
 - (g) Enter into all necessary agreements to implement the foregoing, such agreements to have content acceptable to the General Manager of Finance and Corporate Services, and be in a form satisfactory to the City Solicitor.
- (ii) That if required by a lender, CHH request City of Hamilton, the body corporate created pursuant to the City of Hamilton Act, 1999, guarantee the debt financing of certain wholly-owned CHH property.
 - (iii) That the Mayor and City Clerk are hereby authorized and directed to sign and/or dispatch and deliver all agreements and other necessary documents, including but not limited to, notices, articles, certificates required under or in connection with the Shareholder Direction, and to take any action deemed necessary in respect of any of the foregoing.

CARRIED

(e) ADJOURNMENT (Item 13)

(Pearson/Farr)

That there being no further business the CityHousing Hamilton Shareholder meeting be adjourned at 4:37 p.m.

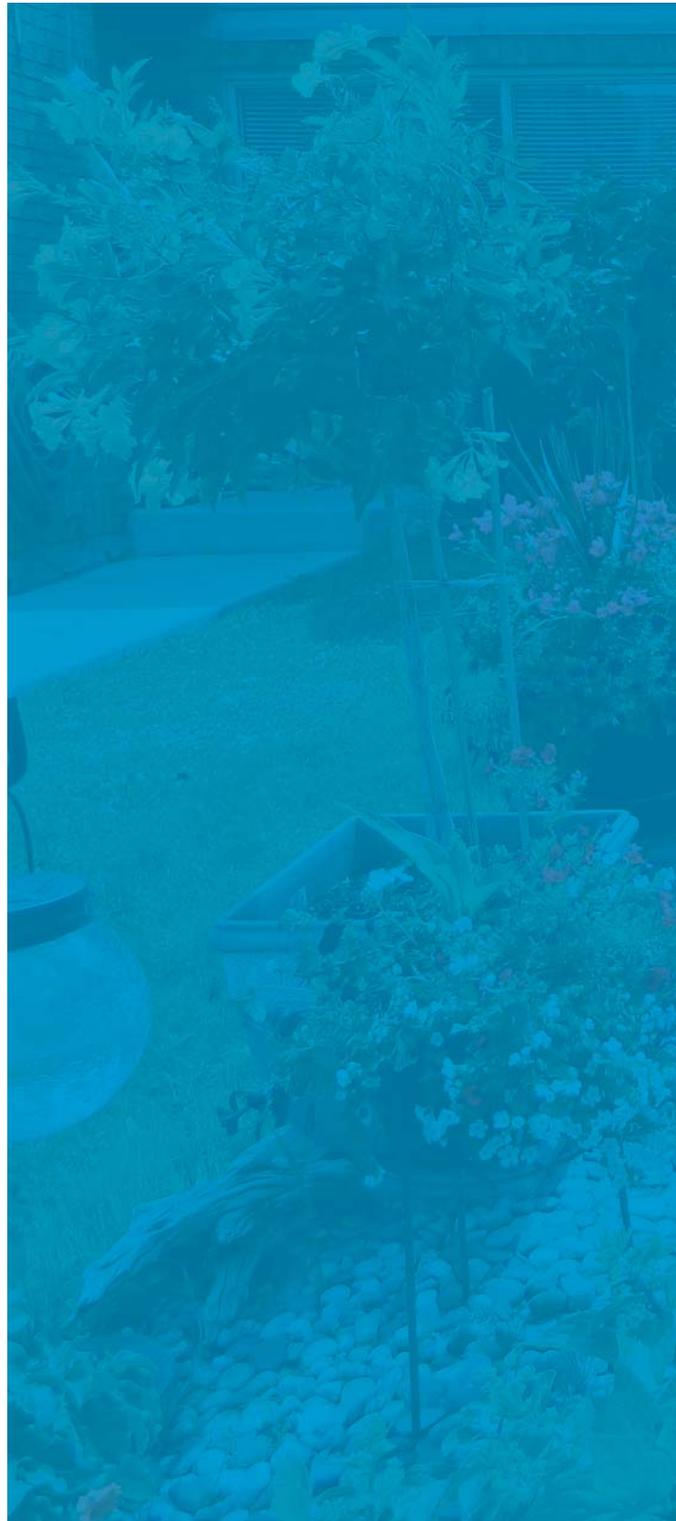
Respectfully submitted,

Councillor J. Partridge
Deputy Mayor

Loren Kolar
Legislative Coordinator
Office of the City Clerk

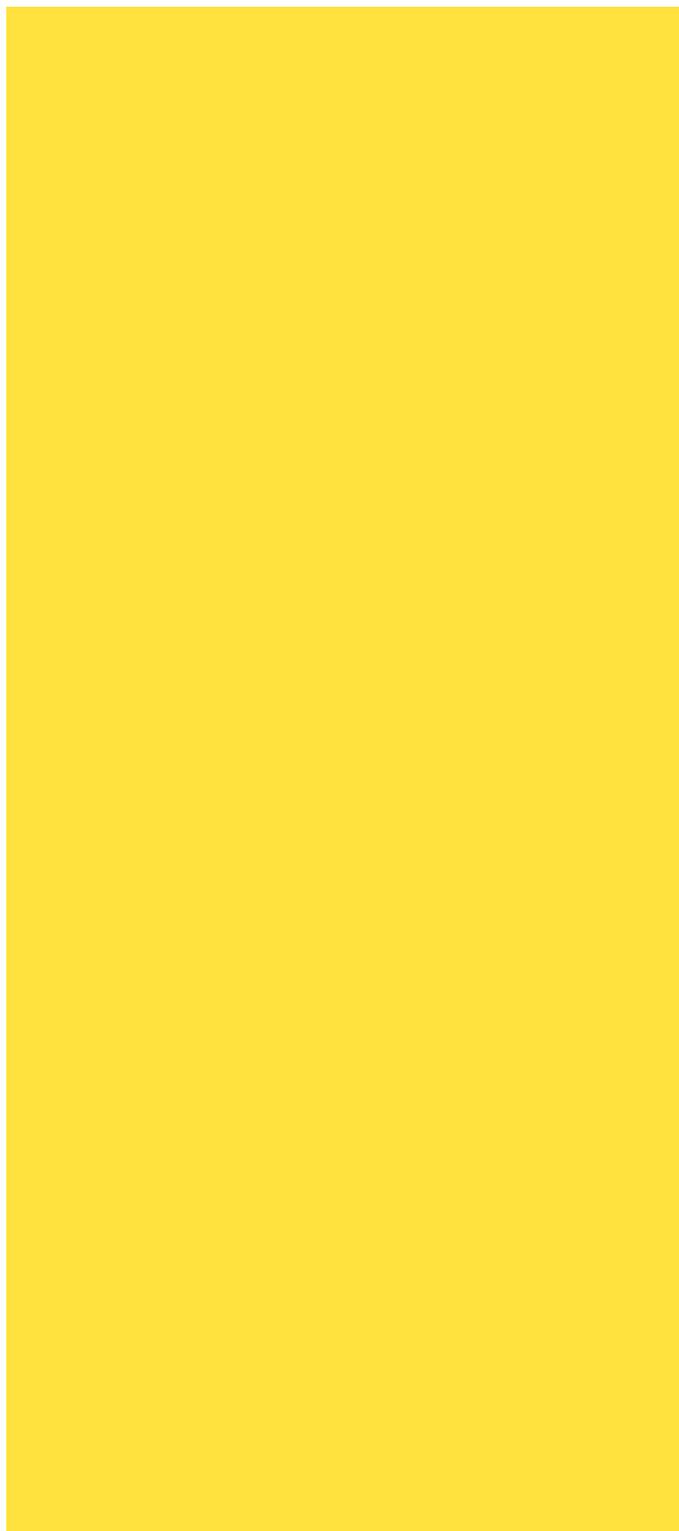


2017 ANNUAL REPORT



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A MESSAGE FROM THE BOARD PRESIDENT AND CEO

Affordable housing is a priority for the City of Hamilton. CityHousing Hamilton (CHH) has a key role to play in meeting the targets and aspirations of this renewed era of affordable housing. At all levels of government there are focussed strategies and historic investments being made to ensure that people have a place to call home.

To be successful in our work, CHH knows that this will require the collaboration and commitment of more partners than ever before. As you browse through this Report you will see how CHH has continued to nurture ongoing partnerships and created new ones in our quest to improve affordable housing in the City of Hamilton. Whether it is partnering to deliver resident programming or regenerate a building, we will best meet our goals in collaborating with others.

We would like to make mention, that over the past year, the City of Hamilton made an unprecedented investment of \$50M dollars to the Poverty Reduction Fund. As part of this investment, CHH will be receiving \$1M per year for the next ten years for the maintenance and preservation of existing units, and \$2M over 5 years to build new affordable rental housing. CHH is grateful for this support and the City of Hamilton's commitment to change the face of affordable housing in Hamilton.

To achieve our goals, CHH continues to focus on building our organization. This includes strengthening our day-to-day operations; enhancing customer service; ensuring continuous quality improvement; and nurturing engaged and motivated staff. Each one of these components is illustrated in the Report and speaks on CHH progressing to achieve its vision.

In reflecting on 2017, it is evident that our accomplishments are made possible due to the collective work of our community. We would like to thank the Board, the City of Hamilton, staff, residents, and community partners for their commitment to CityHousing Hamilton and helping us define our continued and future role in affordable housing in Hamilton.



Chad Collins

President and Ward 5 Councillor



Tom Hunter

Chief Executive Officer (CEO)



BOARD OF DIRECTORS

CHAD COLLINS, PRESIDENT
Ward 5 Councillor

MATTHEW GREEN,
VICE PRESIDENT / TREASURER
Ward 3 Councillor

TOM HUNTER,
CHIEF EXECUTIVE OFFICER

DOUG CONLEY
Ward 9 Councillor

JASON FARR
Ward 2 Councillor

TOM JACKSON
Ward 6 Councillor

JACQUELINE AIRD
Citizen Member

CARMINE FILICE
Citizen Member

TONY C. LEMMA
Citizen Member

PATRICIA REID
Citizen Member

SENIOR MANAGEMENT

ROCHELLE DESOUZA
Chief Financial Officer

MATTHEW BOWEN
Manager, Operations

BRIAN KINASCHUK
Manager, Maintenance

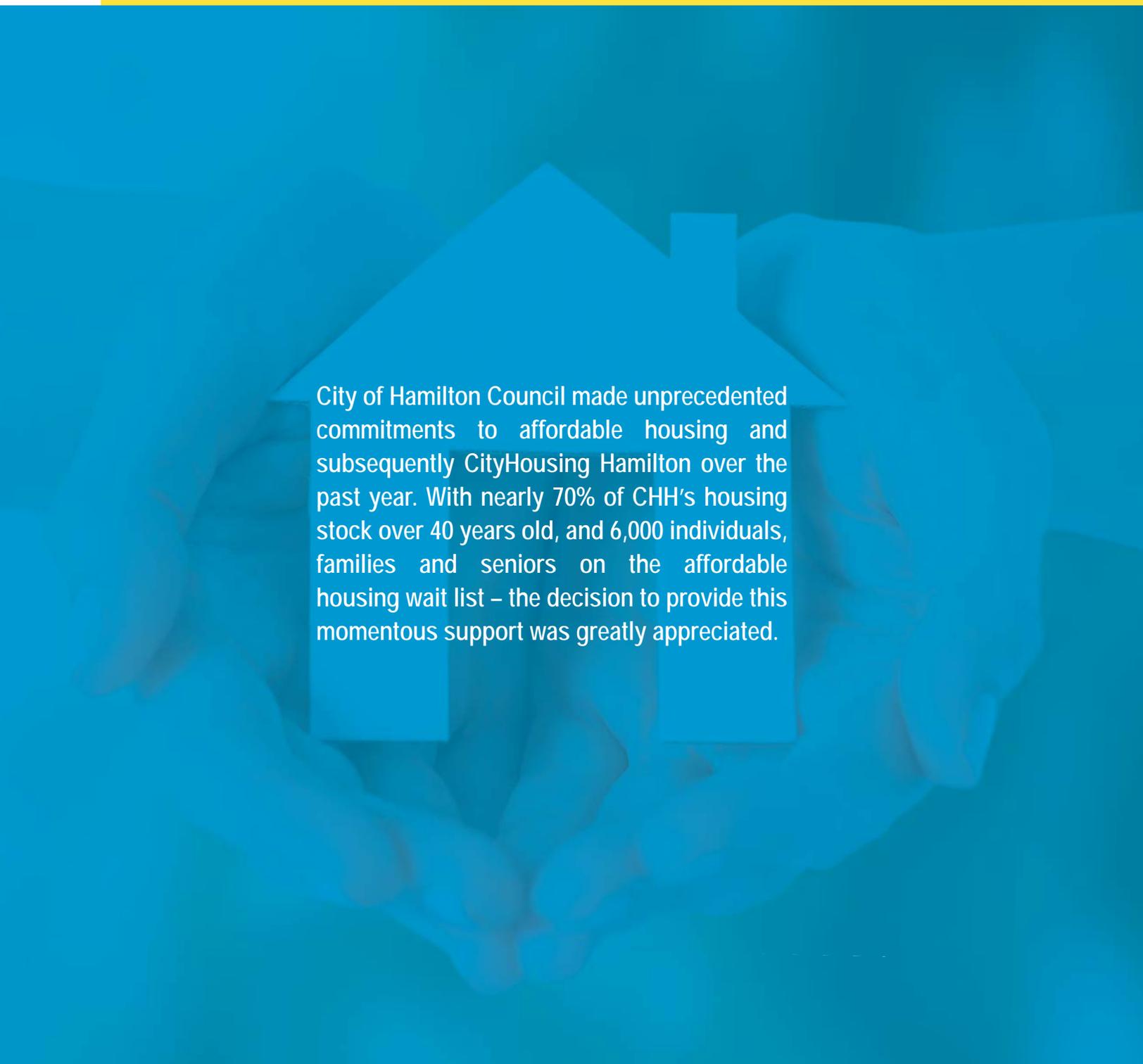
DONNA KIRCHKNOFF
Manager, Residency Administration

BERNICE LILLEY
Manager, Asset Renewal

KATE MANNEN
Manager, Partnership Development
and Support Services

KATHY MCINNES
Manager, Business Services

THE CITY OF HAMILTON COUNCIL COMMITMENT



City of Hamilton Council made unprecedented commitments to affordable housing and subsequently CityHousing Hamilton over the past year. With nearly 70% of CHH's housing stock over 40 years old, and 6,000 individuals, families and seniors on the affordable housing wait list – the decision to provide this momentous support was greatly appreciated.

Poverty Reduction Investment Fund

CityHousing will receive in total \$20M from the Poverty Reduction Fund as per the direction of Council. These funds are broken into two streams:

- New Affordable Rental Housing - The investment of \$10 million for new affordable rental housing supply will be allocated in the first five years of the Investment Plan (2017-2021).
- Quality and Regeneration of Social Housing Stock - The investment of \$10 million towards the quality of social housing stock will be prioritized for uninhabitable vacant units and the preservation of existing units. It is expected that the funding will positively impact approximately 800 units of CHH (2018-2027).

Tax Exemption

In 2017, Council designated eligible properties owned by CityHousing Hamilton as Municipal Capital Housing Facilities. This was done to exempt eligible properties from taxation for municipal and education purposes commencing in 2017 and to require CityHousing Hamilton to direct funds equal to the savings of the education portion of the property taxes towards capital repairs and regeneration of its housing stock. On an annual basis, this resulted in additional revenues of \$750,000.

Area-Rated Funds

Councillor area rating funds were received for the below projects:

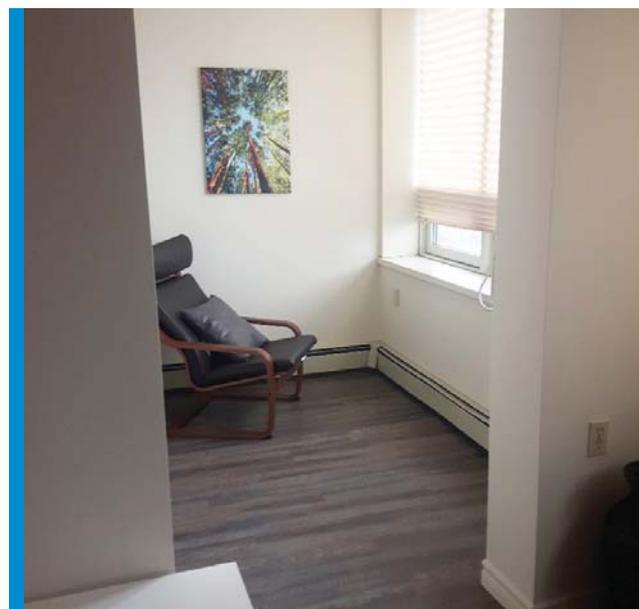
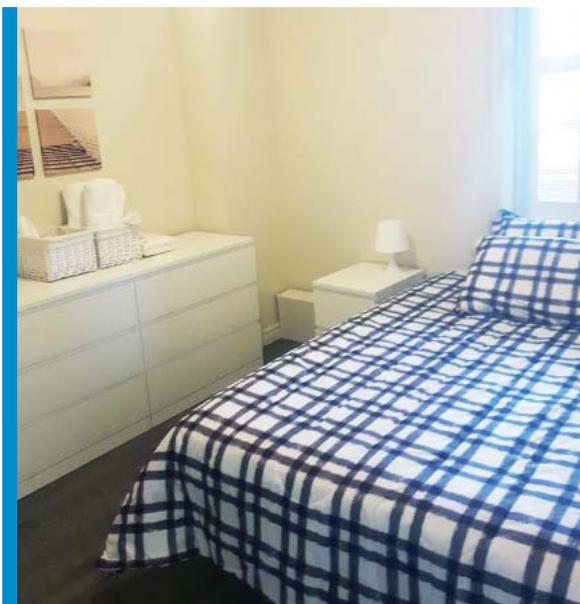
WARD 1	\$80,000	1884/1900 Main St.	Playground upgrade
WARD 2	\$20,000	185 Jackson	Hallway repairs and painting
WARD 3	\$28,920	30 Sanford	Surveillance
WARD 5	\$19,300	555 Queenston	Baseboard and flooring
	\$18,900	10 St. Andrews	Surveillance

COMMUNITY PARTNERSHIPS

First Place Supportive Housing Program

On October 25, 2017, St. Joseph's Home Care, in partnership with CityHousing Hamilton received funding from the Ministry of Health and Long Term Care and Hamilton Niagara Haldimand Brant LHIN to provide 40 individuals with subsidized accommodations and personal support services. The targeted population for this program is patients, who are in the hospital, who do not have a discharge location and require personal care services and financial support.

The subsidized apartments are located at First Place, 360 King Street East in Hamilton, Ontario. Services include personal support such as dressing, personal hygiene, assisting with mobility, assisting and monitoring medication use, and safety checks. In addition, essential homemaking services such as laundry, housecleaning, and meal preparation are provided to help clients live independently in their own residences. Staff members are located in the First Place building and are available 24 hours a day on a scheduled basis, or as needed. In December 2017, we started taking our first clients and to date, all 40 of the apartments have been occupied. The success of this program is working collaboratively with our community partners to ensure that services are tailored to meet the individual needs of our clients.



CityHousing Hamilton Partners with Wesley Urban Ministries

First Start Café

CityHousing Hamilton entered into an agreement with Wesley Urban Ministries to provide food services for First Place Hamilton Seniors Residence and other locations. The Café opened January 1, 2018 and currently serves over 200 meals per day on-site and for several off-site locations. The program plans to expand meal service to other CityHousing Hamilton locations with an older adult population in late spring 2018. As well, the First Start Cafe is a unique social enterprise that provides employment training to vulnerable, marginalized and high barrier youth, adults and newcomers. The goal of the social enterprise is to enable participants to become independent, engaged, and employed members of the community, as well as respond to meal needs in the community.



Supportive Housing Program

This Program opened in the fall 2017 at 191 Main Street West. This new ten-bed program works to improve the quality of care and life for individuals requiring alternate level of care and living with a Dual Diagnosis and complex needs. This community-based living environment focuses on individual choice, and a wraparound approach involving many community supports from healthcare and social services in Hamilton. This program works in close partnership with the YWCA Hamilton, St. Joseph's Healthcare Hamilton, Hamilton Niagara Haldimand Brant Local Health Integration Network and the Ontario Ministry of Community and Social Services.



REVITALIZATION AT CITYHOUSING HAMILTON



\$16 MILLION

500 MACNAB

Revitalization of 146 units

- 129 studio
- 17 one bedroom

Seniors building



\$17 MILLION

BAY-CANNON

Replacement of 46 and addition of 19 net new units

- 46 three bedroom
- 19 one bedroom

Family and under 60s



\$10 MILLION

QUEENSTON-PHASE 1

Replacement of 41 units

- 15 three bedroom
- 26 one bedroom

Family and Seniors

CityHousing Hamilton (CHH) is developing new social and affordable housing throughout Hamilton to strategically renew, redevelop and expand the housing portfolio. The first phase of this work begins with four new builds and one high-rise retrofit, all providing high-performance and quality housing. The following outlines the anticipated and approximate profile for each of these sites.



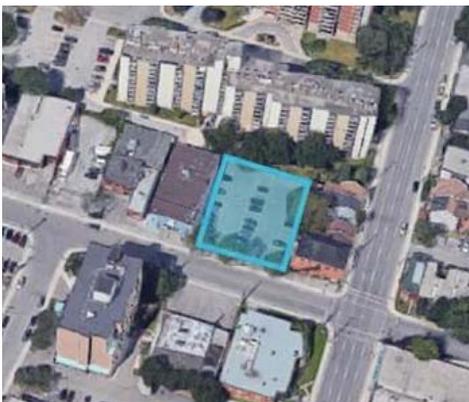
\$15 MILLION

MACASSA

Replacement of 45 and addition of 20 net new units

- 65 one bedroom

Seniors



\$6 MILLION

WELLINGTON-KING WILLIAM

Replacement of 14 and addition of 6 net new units

- 20 three bedroom

Family



DEVELOPMENT PARTNERSHIP

JAMESVILLE

Replacement of 45 CHH units as part of a medium density and mixed-income community.

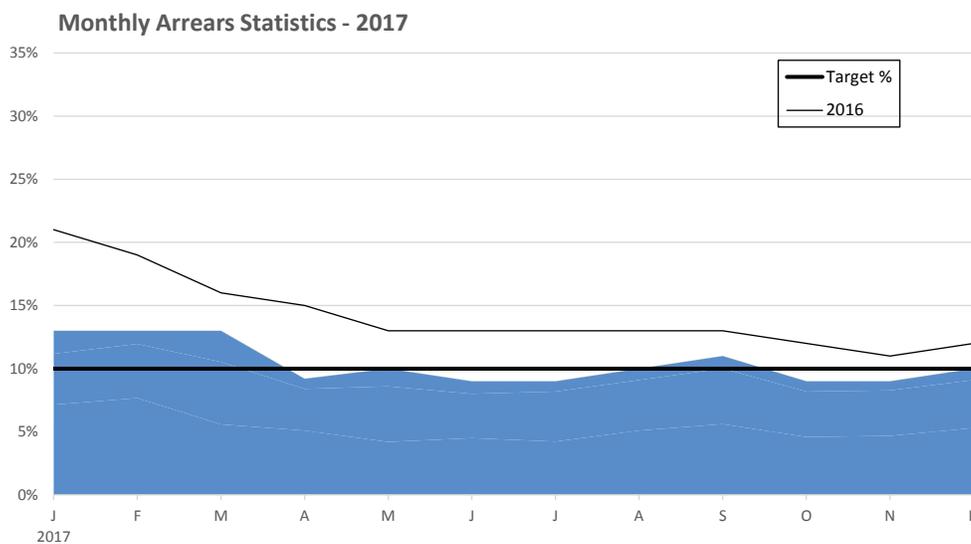
This community will be a combination of 350 to 500 affordable and market units.

It is anticipated that there will be a combination of 1, 2, 3 and 4 bedroom units.

QUALITY IMPROVEMENT INITIATIVES

Using Lean Six Sigma to Streamline our Processes

In 2017, staff continued its Lean Six focus on streamlining rent collection processes, software enhancements, improved resident communication and eviction prevention strategies. In April 2017, CHH met its Lean Six target of 10%, a percentage that has been maintained throughout the year.



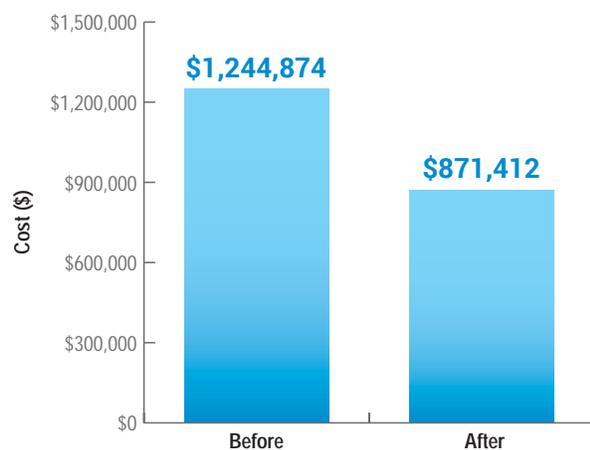
As well, in the latter part of 2017, CityHousing Hamilton implemented 24 hour vacancy turnover targets for market units as a continuous improvement program utilizing Lean Six Sigma as the methodology tool. Staff continue to work collaboratively to improve performance by identifying and removing procedural waste and reducing variation.

Water Conservation at our Properties

In 2017, CHH completed a water conservation retrofit at 11 of 13 selected mid and high-rise buildings; all of which will be completed by April 2018. The retrofit involved replacing existing water fixtures with high-efficiency fixtures such as toilets, showerheads and faucet aerators.

This project was funded through a \$1.0M loan from the City of Hamilton in accordance with the City's External Loan Guidelines. It is expected to have a significant impact on annual water costs and consumption at the 13 affected buildings, as illustrated in the graphs below, beginning in April 2018.

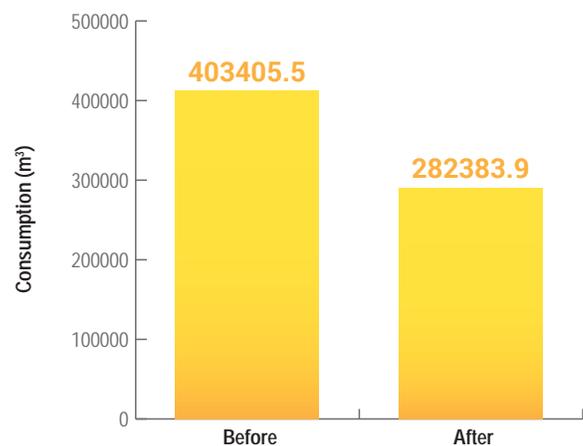
Annual Water Cost



**PROJECTED
COST SAVINGS:**

\$375,000
per year in
Water Cost Savings

Annual Water Consumption



**PROJECTED
REDUCTION:**

121,000 m³
per year in
Water Consumption

Based on the results at these 13 buildings and the fact that they were completed significantly under budget; CHH has proceeded to complete two additional high-rise buildings with the same retrofit in 2018.

Social Housing Apartment Retrofit Program (SHARP)

CHH was awarded \$7.1M through the Social Housing Apartment Retrofit Program (SHARP). This funding was allocated by the province for energy retrofits of social housing high-rise apartment buildings having more than 150 units. CHH additionally secured approximately \$1.7M in energy project incentive funding to multiply the impact of the SHARP funding. CHH worked expeditiously throughout 2017 to ensure all SHARP-funded energy retrofits would be complete by the program deadline of March 31, 2018. The SHARP-funded projects focused on increasing resident comfort, safety, and reducing utility costs and greenhouse gas emissions. The projects generally involved the following across its 13 eligible high-rise buildings:

- Installation of Building Automation Systems for space heating, domestic hot water heating, and parking garage ventilation;
- Complete LED lighting retrofits (interior and exterior);
- Replacement of aging mechanical equipment (e.g., boilers, make-up air units, domestic cold water booster pumps, etc.) with high-efficiency equipment; and
- Conducting detailed energy audits to inform current and future energy retrofits.

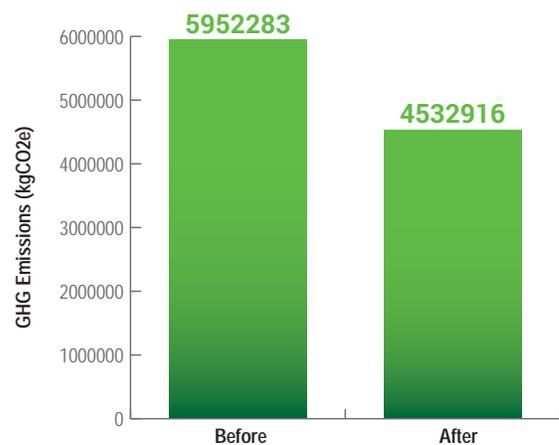
The SHARP-funded projects are expected to have a significant impact on annual utility costs and greenhouse gas emissions at the 13 affected buildings, as illustrated in the graphs below, beginning in April, 2018.

Annual Electricity and Natural Gas Cost



PROJECTED COST SAVINGS: **\$775,000** per year in Electricity and Natural Gas

Annual Greenhouse Gas Emissions



PROJECTED REDUCTION: **1,419,000 kgCO2e** per year in Greenhouse Gas Emissions

CityHousing Hamilton develops a new Safety and Security Strategy

CHH developed their first Safety and Security Strategy in 2017. This involved partnership development with Police, Fire, and Paramedic Services to gather data in order to prioritize properties requiring enhanced safety and security measures. Numerous buildings were prioritized for consultation: 200 Jackson, 191 Main, 30 Sanford, 226 Rebecca, 155 Park and 360 King. Staff were consulted through focus groups and a survey.

Crime Prevention Through Environmental Design (CPTED) audits were conducted in partnership with the police for 200 Jackson, 191 Main, 55 Hess, 30 Sanford and 181 Main. This information allowed CHH to identify key crime prevention themes and create a strategy. Four key areas are identified in the strategy including physical safety, resident safety, staff safety and vendor/volunteer/partner safety.

Next steps for 2018 include strategy approval at the Board of Directors, staff rollout and resident engagement. Additionally, a pilot of physical safety improvements will be conducted at 30 Sanford including camera and door improvements.



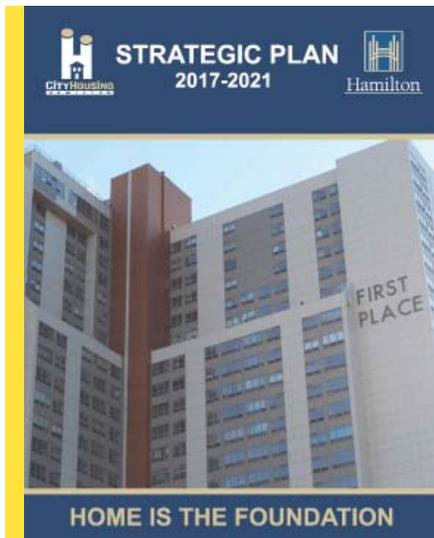
Maintenance Improvements at CityHousing Hamilton

Maintenance work at CityHousing Hamilton never stops. With 7,100 units spread over 1200 properties across the City of Hamilton, maintenance service plays a key role in the upkeep of our buildings.

In September 2017, the CityHousing Hamilton Maintenance department went through a transformation. Prior to this point in time, maintenance work was completed by a combination of Maintenance Servicers, Superintendents and Building Assistants. In the new model, maintenance work is now completed by only Maintenance Servicers. This new team includes an additional 10 Maintenance Servicers and a Maintenance Supervisor. The goals are to improve response times, complete more repairs using in-house staff, reduce operating costs, and provide an overall higher level of service to our residents.

Preliminary satisfaction surveys have been very positive. In December, the department received a 98% approval rating when internal staff was sent to make repairs. As well, the overall number of work orders being completed has increased by approximately 450 per month and wait times for repair work have been reduced. The Maintenance Team is committed to continually improving service for our residents.





Strategic Plan 2017 - 2021

CityHousing Hamilton revised its Strategic Plan for the years 2017 to 2021. This Plan is aligned with the City of Hamilton's Strategic Plan. The Mission, Values and Key Priorities are the same as the City. As it relates to the Key Priorities, there are "Signs of Success" and "Performance Measures" that are unique to CHH. As well, the document includes a "Collective Action Plan". This part of the Strategic Plan incorporates the following four areas: Strategic Priorities, Key Directions, Key Direction Activities, and Performance Measures. The Collective Action Plan is essentially the work plan for CHH and will guide the work for CHH over the next five years.

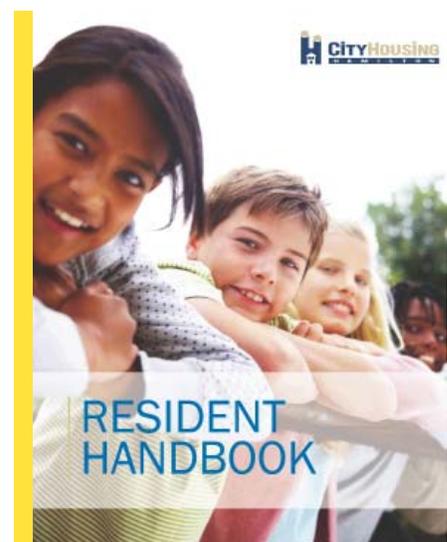
To view the full document visit www.cityhousinghamilton.com

Renewed Resident Handbook

CityHousing Hamilton launched an updated Resident Handbook in February 2017. Our goal was to create a comprehensive guide containing important information about CHH for our residents. This includes the roles of staff, maintenance and repairs, resident support, pest control, rent, rights and responsibilities, and an increased focus on safety and security including fire escape and emergency plans.

The handbook is provided to each new resident at lease signing and is updated on an annual basis.

To view the full document visit www.cityhousinghamilton.com



RESIDENTS OF CITYHOUSING HAMILTON

Step by Step – Community Builder Award

On April 24, 2017, Step by Step won the Volunteer Hamilton 2017 Community Builder Award for Civic Engagement. Step by Step is a nine member volunteer resident council that has worked in partnership with CityHousing residents and staff since 2012.

Step by Step members are strong, motivated individuals who go above and beyond the norm of regular volunteer duties to engage and support residents and resident-led groups. They have dedicated their time and energy to community building and have achieved:

- Enhanced communication with the wider CHH resident group as well as between residents and CHH management.
- Enriched resident knowledge about their rights, responsibilities and services in the community.
- Increased understanding and knowledge of members and tenants at large.
- Strengthened leadership and facilitation skills among tenant leaders.

Their community building work has involved many community and City of Hamilton partners including, but not limited to Public Health, Police, Fire, Paramedics, Community Legal Clinic, and the Roundtable on Poverty Reduction.



Congratulations to Step by Step!

Tenant Association - Club 30

The Association, whose members reside at 30 Sanford, promote and provide social, welfare, leadership, recreational, educational and training opportunities to residents. During 2017, the Association contributed \$2,905 and was successful in securing a New Horizons grant for \$15,698, as well as a Community Grant from Ward 3 for \$1,500. The \$20,103 was used to purchase and install a new sound system, 2 televisions and ten laptop computers to deliver programming and services.

With energy, desire, skill and the funding to provide equipment, the Association increased their ability to train and develop seniors to mentorship and facilitation roles and now provide 22 hours per week of programming to 350 members. A 7-week computer training program was successfully developed and implemented where residents trained and practiced on computers every week. The program included a written curriculum and midterm exam. The oldest graduate was 87 and scored 78% on the exam!

The new sound system offers a wider tonal range, which has benefitted seniors with hearing deterioration. Participation in programming has increased significantly; members have stated on many occasions that they can now hear what is happening and are much more willing to attend the Association's events. The new 72" television allows members to see what is being displayed on the television, especially in computer training.



STAFF DIVISIONAL DAY & YEARS OF SERVICE MILESTONES

Staff Divisional Day

On Divisional Day staff is provided with updates on CHH business plans, development, training and we also take the opportunity to pay special recognition to those staff who are celebrating employment milestones with CityHousing Hamilton.

This year for our group event we rented 2 HSR buses and went on a 3 hour road trip. We toured throughout the City to visit some of our communities and stopped in Ward 4 to tour the St. Helen's Community Centre and McQuesten Urban Farms. Staff also had the opportunity to visit and learn more about plans for future CityHousing Hamilton development.

Lauded as one of the best Division Days ever, everyone was excited to have had the opportunity to learn more about our properties and support programs offered by our community partners in the communities that we serve.



2017 CHH Retirees and Years of Service Milestones

During the afternoon session, staff were honoured for their years of service with CHH:

5 YEARS	10 YEARS	15 YEARS	25 YEARS	30 YEARS
Sean Botham	Mike Acciaroli	Vimal Sarin	Brian Lodewyks	Gillian McLaughlin
Hugo Espinal	Teresa Herechuk			
Carey Lavigne	Laura Seaton			
Steve Weis				
Shauna Wheeler				

A CELEBRATION OF *Service*

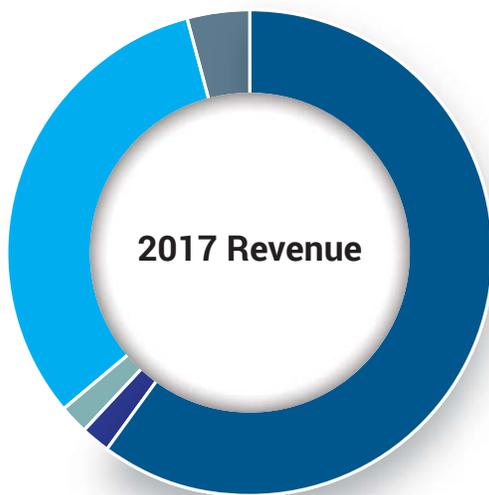
The following retirees were honoured:

Harvey Watters, November 2016

Louanne McClement, April 2017

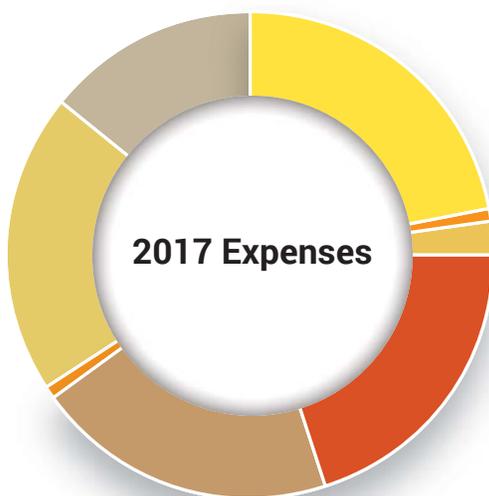
Dave Pangborn, October 2017

FINANCIAL YEAR IN REVIEW



60%	Residential Rent	\$35,685,756
2%	Commercial Rent	\$993,590
2%	Tenant Recoveries	\$904,600
32%	Government Subsidies - Operating	\$19,174,479
4%	Other	\$2,264,156

TOTAL: \$59,022,581



22%	Administration	\$12,906,276
1%	Bad Debt	\$406,233
2%	Insurance	\$975,617
20%	Maintenance	\$11,608,062
20%	Mortgage Amortization and Interest	\$11,895,146
1%	Municipal Taxes	\$710,036
20%	Utilities	\$11,536,461
14%	Replacement Reserve Allocation	\$8,375,889

TOTAL: \$58,413,720

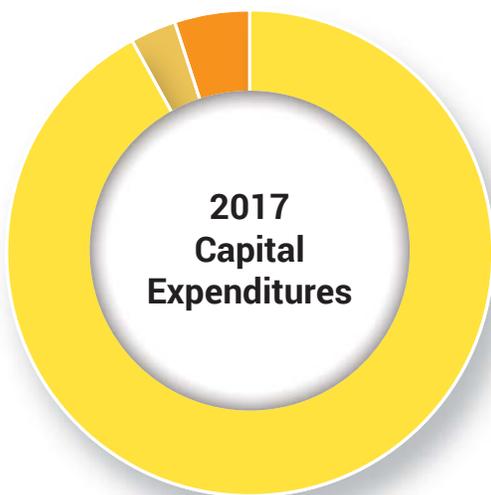


68% Replacement Reserve Allocation \$8,375,889

32% Other Funding** \$3,998,977

TOTAL: \$12,374,866

*** Other Funding Consists Mainly of Funding from the City of Hamilton for Special Projects and Interest Earned on Investment*



92% Building Rehabilitation* \$11,532,980

3% 350-360 Garage Repair \$383,469

5% 2017 Water Conservation Project \$630,657

TOTAL: \$12,547,106

** Includes accounts such as Roofing, Building, Heating and Ventilation, Plumbing, Electrical and Painting*

COMMUNITY PARTNERS

- AbleLiving Services Thrive Group
- Access to Housing
- Addiction Services Initiative (OW)
- Alzheimer Society of Canada
- Artforms
- Banyan Community Services
- Boys and Girls Clubs of Hamilton
- Brain Injury Services Hamilton
- Canadian Hearing Society
- Canadian National Institute for the Blind (CNIB)
- Canadian Red Cross
- Catholic Children's Aid Society of Hamilton
- Catholic Family Services of Hamilton
- Canadian Mental Health Association (CMHA)
- Care Dove
- Cheshire Independent Living Services
- Children's Aid Society of Hamilton
- City of Hamilton Home Management Program
- City of Hamilton Neighbourhood Action Strategy
- City of Hamilton Recreation Department
- Community Action Program for Children of Hamilton (CAPC)
- Community Care Access Centres of Hamilton (CCAC)
- Community Living Hamilton
- Community Schizophrenia Services (CSS)
- Contact Hamilton
- Crisis Outreach and Support Team Hamilton (COAST)
- Davis Creek Community Planning Team
- Development Services Ontario
- Dundas Community Services
- Dundas Valley School of Arts
- Environment Hamilton
- Elephant Thoughts Education and Outreach
- Gala Neighbourhood Planning Team
- Good Shepherd Centres
- Gwen Lee Supportive Housing (SJHC)
- Green Venture
- Habitat for Humanity
- Hamilton Association for Residential and Recreational Redevelopment Programs (HARRRP)
- Hamilton Centre for Civic Inclusion (HCCI)
- Hamilton Community Foundation (HCF)
- Hamilton Community Garden Network (HCGN)
- Hamilton Community Legal Clinics
- Hamilton Council on Aging (HCoA)
- Hamilton Crime Stoppers
- Hamilton Fire Department
- Hamilton Health Sciences Corporation (HHSC)
- Hamilton Interval House
- Hamilton Jewish Social Services (JSS)
- Hamilton Niagara Haldimand Brant Local Health Integration Network (HNHB LHIN)
- Hamilton Paramedic Service (Incl. CHAP-EMS)
- Hamilton People and Animal Welfare Solution (PAWS)
- Hamilton Police Services (HPS)
- Hamilton Program for Schizophrenia (HPS)
- Hamilton Urban Core Community Health Centre
- Hamilton-Wentworth District School Board (HWDSB)

- Helping Hands Street Mission
- Horizon Utilities Corporation
- Housing Help Centre
- Housing Services Corporation (HSC)
- Infrastructure Ontario
- Independent Electricity System Operator (IESO)
- Indwell
- Jamesville Community Planning Team
- Learning and Recreation Community House (LARCH)
- Lynwood Charlton Centre
- March of Dimes Canada
- McMaster University (Incl. CHAP-EMS / Inspire & Isolated Seniors)
- McQuesten Community Planning Team
- Mental Health Rights Coalition (MHRC)
- Ministry of Health and Long-Term Care (MOH LTC)
- Mission Services Opportunity Centres
- Mohawk College of Applied Arts and Technology
- Mountain Kidz Club
- Narcotics Anonymous World Services
- Native Women's Centre Hamilton
- Neighbour 2 Neighbour Centre
- North Hamilton Community Health Centre
- Ontario Disability Support Program (ODSP)
- Ontario Works (OW)
- Rolston Community Planning Team
- Rygiel Supports for Community Living
- Schizophrenia Society of Ontario Hamilton Chapter
- Senior Activation Maintenance Program (SAM)
- Service Canada
- Sleep Country Canada
- Smartmeds Pharmacy
- South Sherman Neighbourhood Planning Team
- St. Joseph's Healthcare Hamilton (SJHC)
- St. Joseph's Home Care (SJHC)
- St. Joseph's Immigrant Women's Centre
- St. Matthews House
- Strive Fitness and Athletics
- The City of Hamilton
- The Government of Canada
- The HBSPCA
- The Office of the Public Guardian and Trustee (OPGT)
- The Ontario Rent Bank Network
- The Salvation Army
- The Social Planning and Research Council of Hamilton (SPRC)
- Threshold School of Building
- Toronto Community Housing (TCH)
- Union Gas
- Veteran's Affairs Canada
- Victorian Order of Nurses Canada (VON)
- Volunteer Hamilton Centre for Community Engagement
- Wellington Psychiatric Outreach Program (WPOP)
- Wesley Urban Ministries
- Womankind Worldwide
- YMCA Hamilton
- YWCA Hamilton



**CITYHOUSING HAMILTON CORPORATION
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Tom Hunter
Chief Executive Officer
CityHousing Hamilton Corporation
181 Main St. West
Hamilton, ON L8P 4S1

May 9, 2018

Dear Tom:

In planning and performing our audit of the financial statements of CityHousing Hamilton Corporation ("the Entity") for the period ended December 31, 2017, we obtained an understanding of internal control over financial reporting (ICFR) 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 for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR. Accordingly, we do not express an opinion on the effectiveness of the Entity's ICFR. Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies or other control deficiencies have been identified. As a result, any matters reported below are limited to those deficiencies in ICFR that we identified during the audit. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Refer to the Appendices for the definitions of various control deficiencies.

Significant Deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

Other control deficiencies

We did not identify any other control deficiencies during the course of our engagement. The other control deficiency described in our letter with respect to the December 31, 2016 audit of the Entity has been appropriately addressed by management.



CityHousing Hamilton Corporation
May 9, 2018

Use of letter

This letter is for the use of management and those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purpose or by anyone other than management and those charged with governance.

KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Licensed Public Accountants



CityHousing Hamilton Corporation
May 9, 2018

Appendices

Terminology	Definition
Deficiency in Internal Control (“control deficiency”)	<p>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.</p> <p>A deficiency in design exists when (a) a control necessary to prevent, or detect and correct, misstatements in the financial statements is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control is unable to prevent, or detect and correct, misstatements in the financial statements.</p> <p>A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.</p>
Significant Deficiency in Internal Control (“significant deficiency”)	<p>A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.</p>

Financial Statements of

**CITYHOUSING HAMILTON
CORPORATION**

Year ended December 31, 2017



KPMG LLP
Commerce Place
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Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of CityHousing Hamilton Corporation

We have audited the accompanying financial statements of CityHousing Hamilton Corporation, which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting described in Note 1 to the financial statements.

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 in Note 1 to the financial statements; this includes determining that the basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, 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.

Auditors' 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CityHousing Hamilton Corporation as at December 31, 2017 and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with the basis of accounting in described Note 1 to the financial statements.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist CityHousing Hamilton Corporation to comply with the reporting provisions of the Housing Services Act, 2011. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of CityHousing Hamilton Corporation, the City of Hamilton and the Province of Ontario and should not be used by parties other than CityHousing Hamilton Corporation, the City of Hamilton or the Province of Ontario.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 29, 2018

CITYHOUSING HAMILTON CORPORATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	Operating fund	Capital reserve fund	Sold units reserve fund	2017	2016
Assets					
Current assets:					
Cash	\$ 7,695,768	\$ 7,026,901	\$ –	\$ 14,722,669	\$ 5,894,084
Receivables (note 4)	3,457,144	–	–	3,457,144	2,643,145
Prepays	829,923	–	–	829,923	785,946
Reserve investments (note 5)	–	3,108,135	–	3,108,135	2,958,797
Reserve investments Held by City of Hamilton (note 6)	1,774,934	–	1,030,280	2,805,214	2,743,187
Investment – other	145,892	–	–	145,892	143,436
Due from capital to operating fund	1,879,641	–	–	1,879,641	1,818,618
Due from capital fund to sold units fund	–	–	4,641,837	4,641,837	–
	15,783,302	10,135,036	5,672,117	31,590,455	16,987,213
Subsidy receivable	1,490,016	–	–	1,490,016	1,577,568
Property, plant and equipment (note 7)	89,733,066	–	–	89,733,066	98,971,212
Total assets	\$ 107,006,384	\$ 10,135,036	\$ 5,672,117	\$ 122,813,537	\$ 117,535,993

CITYHOUSING HAMILTON CORPORATION

Statement of Financial Position (continued)

December 31, 2017, with comparative information for 2016

	Operating fund	Capital reserve fund	Sold units reserve fund	2017	2016
Liabilities and Fund Balances					
Current liabilities:					
Payables and accruals	\$ 12,812,574	\$ —	\$ —	\$ 12,812,574	\$ 5,516,306
Rent deposits payable	1,450,796	—	—	1,450,796	1,367,583
Tenant trust	5,358	—	—	5,358	5,358
Due to City of Hamilton	92,891	—	—	92,891	2,167,321
Due to sold units from capital fund	—	4,641,837	—	4,641,837	—
Due to operating from capital fund	—	1,879,641	—	1,879,641	1,818,618
Accrued mortgage interest payable	109,594	—	—	109,594	113,294
Current portion of loan and mortgage payable (Note 9)	14,582,980	—	—	14,582,980	17,398,569
Current portion of debentures (Note 10)	3,035,164	—	—	3,035,164	2,980,618
Current portion of amount due to City of Hamilton (City Views) (Note 11)	22,350	—	—	22,350	21,325
	32,111,707	6,521,478	—	38,633,185	31,388,992
Long-term liabilities:					
Deferred contributions (Note 8)	18,272,645	—	—	18,272,645	19,054,868
Loan and mortgage payable (Note 9)	44,835,284	—	—	44,835,284	47,671,205
Debentures (Note 10)	11,000,201	—	—	11,000,201	14,035,365
Due to City of Hamilton (City Views) (Note 11)	818,796	—	—	818,796	841,146
	74,929,926	—	—	74,926,926	81,602,584
Total liabilities	107,038,633	6,521,478	—	113,560,111	112,991,576
Fund balances:					
Capital stock (Note 12)	76,300	—	—	76,300	76,300
Contributed surplus	45,819	—	—	45,819	45,819
Unrestricted operating fund	(154,368)	—	—	(154,368)	(393,780)
Capital reserve fund	—	3,613,558	—	3,613,558	3,785,798
Reserve from sold units	—	—	5,672,117	5,672,117	1,030,280
Total fund balances	(32,249)	3,613,558	5,672,117	9,253,426	4,544,417
Total liabilities and fund balances	\$ 107,006,384	\$ 10,135,036	\$ 5,672,117	\$ 122,813,537	\$ 117,535,993

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CITYHOUSING HAMILTON CORPORATION

Statements of Operations and Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016

	Budgeted operating fund	Actual operating fund	Capital reserve fund	Sold units reserve fund	2017 Total	2016 Total
Revenue:						
Rental:						
Residential	\$ 34,528,381	\$ 35,685,756	\$ –	\$ –	\$ 35,685,756	\$ 34,729,274
Commercial	1,286,748	993,590	–	–	993,590	902,685
Tenant recoveries	491,747	904,600	–	–	904,600	851,942
Government subsidies	21,369,658	19,174,479	–	–	19,174,479	34,251,313
Other	462,140	1,481,931	3,998,977	4,838,796	10,319,704	1,992,418
	58,138,674	58,240,356	3,998,977	4,838,796	67,078,129	72,727,632
Revenue allocated to capital reserve	(8,375,889)	(8,375,889)	8,375,889	–	–	–
Total revenue	49,762,785	49,864,467	12,374,866	4,838,796	67,078,129	72,727,632
Expenses:						
Administration	13,569,311	12,906,277	–	–	12,906,277	13,113,954
Bad debts	327,174	406,233	–	–	406,233	529,711
Insurance	994,663	975,617	–	–	975,617	1,153,890
Maintenance	11,795,348	11,608,062	–	–	11,608,062	10,637,622
Amortization	8,900,000	9,238,146	–	–	9,238,146	9,754,885
Interest on long term debt	2,555,812	2,657,000	–	–	2,657,000	3,085,957
Municipal taxes	622,761	710,036	–	–	710,036	14,240,074
Utilities	10,997,716	11,536,459	–	–	11,536,459	11,611,462
Total expenses	49,762,785	50,037,830	–	–	50,037,830	64,127,555
Excess of revenue over expenses (expenses over revenue) before building rehabilitation	–	(173,363)	12,374,866	4,838,796	17,040,299	8,600,077
Amortization of deferred contribution	–	782,223	–	–	782,223	778,782
Building rehabilitation	–	–	(12,547,106)	(196,959)	(12,744,065)	(5,634,377)
Excess of revenue over expenses (expenses over revenue) before adjustment	–	608,860	(172,240)	4,641,837	5,078,457	3,744,482
Service manager reconciliation adjustment	–	(369,448)	–	–	(369,448)	(42,248)
Excess of revenue over expenses (expenses over revenue)	–	239,412	(172,240)	4,641,837	4,709,009	3,702,234
Fund balance, beginning of year	720,064	(393,780)	3,785,798	1,030,280	4,422,298	720,064
Fund balance, end of year	\$ 720,064	\$ (154,368)	\$ 3,613,558	\$ 5,672,117	\$ 9,131,307	\$ 4,422,298

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Changes in Cash Flows

December 31, 2017, with comparative information for 2016

	Operating fund	Capital, reserve fund	Sold units, reserve fund	2017	2016
Cash provided by (used in):					
Operating activities:					
Excess of revenue over expenses (expenses over revenue)	\$ 239,412	\$ (172,240)	\$ 4,641,837	\$ 4,709,009	\$ 3,702,234
Items not involving cash:					
Amortization of deferred contributions	(782,223)	—	—	(782,223)	(778,782)
Amortization	9,238,146	—	—	9,238,146	9,754,885
Change in non-cash operating working capital					
Receivables	(813,999)	—	—	(813,999)	1,014,130
Prepays	(43,977)	—	—	(43,977)	166,616
Due to/from capital fund (net)	(61,023)	—	—	(61,023)	1,543,871
Due to/from sold units (net)	—	—	(4,641,837)	(4,641,837)	—
Due to/from operating (net)	—	4,702,860	—	4,702,860	(1,543,871)
Payables and accruals	7,296,268	—	—	7,296,268	(874,785)
Rent deposits payable	83,213	—	—	83,213	370,557
Deferred revenue	—	—	—	—	(206,070)
Due to/from City of Hamilton	(2,074,430)	—	—	(2,074,430)	(165,672)
Subsidy receivable	87,552	—	—	87,552	84,499
Accrued mortgage interest payable	(3,700)	—	—	(3,700)	(7,004)
Total cash flow from operating activities	13,165,239	4,530,620	—	17,695,859	13,060,608
Investing activities:					
Change in other investments	(2,456)	—	—	(2,456)	(1,171)
Change in reserve investments	—	(149,338)	—	(149,338)	(135,842)
Total cash flow from investing activities	(2,456)	(149,338)	—	(151,794)	(137,013)
Financing activities:					
Repayment of debentures	(2,980,618)	—	—	(2,980,618)	(3,664,435)
Repayment of loans and mortgages payable	(5,651,510)	—	—	(5,651,510)	(4,396,148)
Repayment of amounts due to City of Hamilton	(21,325)	—	—	(21,325)	(20,347)
Total cash flow from financing activities	(8,653,453)	—	—	(8,653,453)	(8,080,930)
Increase in cash and cash equivalents	4,509,330	4,381,282	—	8,890,612	4,842,665
Cash and cash equivalents, beginning of year	4,961,372	2,645,619	1,030,280	8,637,271	3,794,606
Cash and cash equivalents, end of year	\$ 9,470,702	\$ 7,026,901	\$ 1,030,280	\$ 17,527,883	\$ 8,637,271
Represented by:					
Cash	\$ 7,695,768	\$ 7,026,901	\$ —	\$ 14,722,669	\$ 5,894,084
Restricted funds (held by City of Hamilton-sold units)	1,774,934	—	1,030,280	2,805,214	2,743,187
	\$ 9,470,702	\$ 7,026,901	\$ 1,030,280	\$ 17,527,883	\$ 8,637,271

See accompanying notes to financial statements

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

CityHousing Hamilton Corporation (the "Corporation") operates various buildings for residential accommodation and commercial rent. The operating agreement as outlined in the Housing Services Act, 2011 for the three Provincial projects remains in effect and is transferred to CityHousing Hamilton Corporation.

1. Significant accounting policies:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Housing Services Act, 2011 ("HAS"). The basis of accounting used in these financial statements materially differs from Public Sector Accounting Standards ("PSAS") because:

- (i) Amortization is not provided on building and furniture and equipment over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgage.
- (ii) Capital assets:
 - purchased from the operating fund 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,
 - purchased from the capital reserve fund are charged against the replacement reserve account rather than being capitalized on the statement of financial position and amortized over their estimated useful lives, and
 - where the funding source requires it, equipment is recorded as a tangible capital asset, but not amortized
- (iii) Investments are recorded at fair value with changes in fair value recorded in the statement of operations and changes in fund balances
- (iv) Restricted contributions are recognized as revenue of the appropriate restricted fund. Revenues received in the Operating Fund for the annual allocation to the capital reserve are recorded as an allocation of revenue to the Capital Reserve Fund.

The accounting policies followed by the Corporation are as follows:

(a) Amortization:

Amortization is provided on the building at a rate equal to the annual principal reduction of the mortgage on the building. No amortization is charged on other fixed assets; however a capital reserve account is maintained to provide for future asset replacement.

(b) Sold unit reserve:

The proceeds from the sale of single units has been set up in a separate reserve which will be utilized to construct replacement units in the future as directed by the Board. The original value of the related investment is reflected in the sold unit reserve. Any increases or decreases in value are recognized in the operating fund.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Capital reserve:

Capital reserve is funded annually through the operating fund. Expenditures are then charged to the Capital reserve fund as expended.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks, net of overdrafts, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

(e) Fund accounting:

Funds within the financial statements consist of the operating, capital reserve and sold unit reserve funds. Transfers between the funds are recorded as adjustments to the appropriate fund balance. The Operating Fund reports assets and liabilities, operating assistance, revenue and expenses, related to the Corporation's housing activities. The Capital Reserve Fund reports the assets, liabilities, revenues and expenses related to capital asset replacement activities. The amounts allocated to and expended from this fund must be approved by the Board on an annual basis. The sold until reserve fund is described in Note 6.

(f) Revenue and expenses:

Revenue and expenses are recorded on the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

(g) Revenue recognition:

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.

(h) Property and equipment:

Property and equipment financed by debt are recorded at cost, including contributed cost. The portion of cost contributed by others has been reflected as deferred contributions.

(i) Deferred contributions:

Deferred contributions are amortized into income on the same basis as the amortization of the related buildings.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(j) Measurement uncertainty:

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 revenues and expenditures during the reporting period. Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. Investments – Fair value disclosure:

The Corporation's investments, which are held within the capital and operating funds, are recorded at fair value and have been determined based upon quoted prices in an active market for identical assets or liabilities.

3. Risks associated with financial instruments:

(a) Market risk:

Market risk is the potential for loss from changes in the value of financial instruments. The Corporation is exposed to market risk in its investment portfolio. This risk is managed by the implementation and adherence to the Board approved investment policy which specifies the exposure limits that the investment portfolio may have to equity markets. At December 31, 2017 mutual funds containing equity instruments make up 18.30% (2016 - 16.58%) of the total investment portfolio with bonds and fixed income funds comprising the balance of 81.70% (2016 - 83.42%).

(b) Interest rate risk:

The interest rate risk is the risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk. It is the Corporation's intention to hold the long term investments to maturity which eliminates exposure to short term swings in interest rates. The Corporation is exposed to interest rate risk on its long term liabilities. The Corporation has limited this risk by entering into fixed rate debt arrangements. The exposure is limited to the period when these arrangements are renewed. The present value of debentures is \$20,348,000 and a carrying value of \$14,035,365. The present value of loan and mortgage payable excluding loan to the City of Hamilton is \$70,523,000 with a carrying value of \$59,418,264.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Risks associated with financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund obligations as they come due. Demand for cash can result from unexpected capital expenditure requirements. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Senior management manages liquidity risk and monitors the cash and funding needs on a daily basis.

4. Receivables:

	2017	2016
Rent	\$ 1,971,509	\$ 1,765,082
HST/GST rebate	869,870	626,281
Subsidy	87,283	84,237
Miscellaneous	528,482	167,545
	\$ 3,457,144	\$ 2,643,145

5. Reserve investments:

Investment policies under the Housing Services Act, 2011 (HSA) requires certain housing providers to invest their capital resources in a fund managed by the Social Housing Services Corporation. The capital reserve funds for Municipal Non Profit, Dundas Valley Non Profit, and Portuguese Non Profit are invested in this fund.

6. Restricted funds from sale of scattered units:

Board approval was received on June 27, 2003 and subsequently Ministerial Consent was obtained on September 1, 2005 for the disposition of selected single and semi-detached units contained within the CityHousing Hamilton Corporation portfolio. The units were to be sold and the resulting cash flow could only be utilized to replace the sold units with new structures. This is in keeping with the directive from the Ministry that old units could only be sold if replaced by newer structures so as to maintain the capacity of the current housing stock.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Restricted funds from sale of scattered units (continued):

Board approval was received on April 11, 2017 and Ministerial consent was obtained on October 26, 2016 for the disposition of 100 single and semi-detached units (the "units"). In keeping with the directive from the Ministry, the old units could only be sold if vacant and proceeds must be used to replace with new structures to consistent capacity of the Corporation's housing portfolio.

The continuity of reserve investments held by the City of Hamilton is as follows:

	2017	2016
Opening balance	\$ 2,743,187	\$ 2,689,154
Interest earned	62,027	54,033
Closing balance	\$ 2,805,214	\$ 2,743,187

7. Property and equipment:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land and buildings	\$ 201,467,059	\$ 112,651,948	\$ 88,815,111	\$ 98,053,257
Equipment	917,955	-	917,955	917,955
	\$ 202,385,014	\$ 112,651,948	\$ 89,733,066	\$ 98,971,212

No amortization is charged on equipment; however a capital reserve account is maintained to provide for future asset replacement.

8. Deferred contributions:

Certain purchases of land and building have been funded by other government organizations. The portion of cost contributed by others has been reflected as deferred contributions and is being amortized into income on the same basis as the related building.

	2017	2016
557 Queenston Road	\$ 1,528,191	\$ 1,596,358
95 King Street	3,171,712	3,358,946
87-89 King Street	1,869,297	1,941,192
Bridgewater Court	5,810,248	5,918,519
690 Stonechurch Road	5,893,197	6,239,853
	\$ 18,272,645	\$ 19,054,868

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Loan and mortgage payable:

	2017	2016
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	\$ 552,830	\$ 700,268
TD Canada Trust, 4.726% mortgage for 470 Stone Church Road East, renewing January 1, 2018 payable in equal monthly instalments of principal and interest of \$24,445	1,324,272	1,549,883
Canada Mortgage and Housing Corporation, 2.11% mortgage for 75 Wentworth Street North and Ashley/Century, renewing January 1, 2019, payable in equal monthly instalments of principal and interest of \$16,408	1,626,895	1,787,788
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.	1,886,329	2,138,038
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	663,716	728,486
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	1,066,652	1,170,744
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	1,194,762	1,307,335
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	724,099	767,711

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Loan and mortgage payable (continued):

	2017	2016
Canada Mortgage and Housing Corporation, 1.85% mortgage for 25 Towercrest Drive, renewing August 1, 2019, payable in equal monthly instalments of principal and interest of \$31,022	3,855,240	4,153,493
Canada Mortgage and Housing Corporation, 1.82% mortgage for 1285 Upper Gage Avenue, renewing September 1, 2019, payable in equal monthly instalments of principal and interest of \$5,967	752,457	809,860
Royal Bank of Canada, 2.418% mortgage for 430 Cumberland Avenue, renewing October 1, 2018, payable in equal monthly instalments of principal and interest of \$68,089	8,406,870	9,013,741
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	1,894,092	2,037,103
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	2,857,173	3,042,132
Canada Mortgage and Housing Corporation, 1.85% mortgage for 1900 Main Street West, renewing August 1, 2019, payable in equal monthly instalments of principal and interest of \$72,181	6,810,127	7,543,498
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	400,681	507,542
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	1,422,915	1,592,862

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Loan and mortgage payable (continued):

	2017	2016
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	546,385	694,937
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	1,098,349	1,288,224
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	143,564	163,157
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	3,878,860	4,240,002
People's Trust Company 4.76% mortgage for 162 King William Street, renewing December 1, 2019, payable in equal monthly instalments of principal and interest of \$10,850	1,520,816	1,577,871
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	1,101,871	1,305,935
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	2,181,831	2,377,950
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	7,901,516	8,575,012

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Loan and mortgage payable (continued):

	2017	2016
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	3,199,942	3,308,213
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	1,495,279	1,687,989
Loan - City of Hamilton, 2.5% for water conservation project due August 31, 2026, payable in annual instalments of principal and interest of \$114,259, secured by a general security Agreement over the assets of the Corporation	910,741	1,000,000
	59,418,264	65,069,774
Less current portion	(14,582,980)	(17,398,569)
	\$ 44,835,284	\$ 47,671,205

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

2018	\$	14,582,980
2019		16,864,955
2020		6,284,263
2021		4,152,027
2022		10,469,812
2023 and thereafter		7,064,227
	\$	59,418,264

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Debentures:

	2017	2016
Canada Mortgage and Housing Corporation, various debentures at various interest rates ranging from 4.875% to 8.10%, maturing at various dates from January 1, 2017 to January 1, 2026, guaranteed by the Ministry of Housing and Canada Mortgage and Housing Corporation	\$ 14,035,365	\$ 17,015,983
Less current portion	(3,035,164)	(2,980,618)
	<u>\$ 11,000,201</u>	<u>\$ 14,035,365</u>

Principal repayments in each of the next five years and thereafter are due as follows:

2018	\$	3,035,164
2019		2,659,769
2020		2,374,538
2021		2,382,613
2022		1,778,806
2023 and thereafter		1,804,475
	<u>\$</u>	<u>14,035,365</u>

11. Due to the City of Hamilton:

	2017	2016
City of Hamilton, 4.75% loan for 211 King William (City Views), maturing December 31, 2040, payable in equal annual instalments of principal and interest of \$61,437, secured under a general security Agreement for the property	\$ 841,146	\$ 862,471
Less: Current portion	(22,350)	(21,325)
	<u>\$ 818,796</u>	<u>\$ 841,146</u>

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

11. Due to the City of Hamilton (continued):

Principal repayments in each of the next five years and thereafter are due as follows:

2018	\$	22,350
2019		23,425
2020		24,550
2021		25,730
2022		26,967
2023 and thereafter		718,124
	\$	841,146

12. Capital stock:

The Corporation is authorized to issue an unlimited number of common shares.

The Corporation has issued 100 common shares to the City of Hamilton with a book value of \$76,300 (2016 - \$76,300) with no par value.

CITYHOUSING HAMILTON
RESOLUTION OF SHAREHOLDER

Receive the Consolidated Financial Statements of CityHousing Hamilton Corporation for the year ended December 31, 2017

RESOLVED THAT the audited Consolidated Financial Statements of CityHousing Hamilton Corporation for the year ended December 31, 2017, as approved by the Board of Directors of CityHousing Hamilton are received by the Shareholder.

THE FOREGOING RESOLUTION is hereby consented to by the shareholders of the Corporation pursuant to the provision of the Business Corporation Act (Ontario).