



City of Hamilton
CITYHOUSING HAMILTON CORPORATION SHAREHOLDER
MEETING REVISED

Meeting #: 19-001
Date: June 25, 2019
Time: 12:30 p.m.
Location: Room 264, 2nd Floor, City Hall
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

	Pages
1. CEREMONIAL ACTIVITIES	
2. APPROVAL OF AGENDA	
(Added Items, if applicable, will be noted with *)	
3. DECLARATIONS OF INTEREST	
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10. DISCUSSION ITEMS

10.1	2018 Audited Consolidated Financial Statements and Management Letter	30
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11. MOTIONS

11.1	Shareholder Resolution - CityHousing Hamilton Audited Consolidated Financial Statements 2018	59
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12. NOTICES OF MOTION**13. GENERAL INFORMATION / OTHER BUSINESS****14. PRIVATE AND CONFIDENTIAL**

*14.1	Shareholder Resolution - Appointment of Citizen Directors (distributed under separate cover)	
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15. ADJOURNMENT



**CITYHOUSING HAMILTON CORPORATION
SHAREHOLDER MEETING**

MINUTES

10:00 a.m.

Thursday, June 21, 2018

Room 264

Hamilton City Hall, 71 Main Street West

Present: Mayor Eisenberger
Deputy Mayor B. Johnson (Chair)
Councillors, A. Johnson, J. Farr, M. Green, S. Merulla, C. Collins,
M. Pearson, L. Ferguson, R. Pasuta

**Absent with
Regrets:** Councillors T. Jackson, T. Whitehead, A. VanderBeek and
J. Partridge – City Business
Councillors D. Skelly and D. Conley - Personal

FOR INFORMATION:

(a) APPROVAL OF THE AGENDA (Item 1)

The Committee Clerk advised there were no changes.

(Pearson/Collins)

That the agenda for the June 21, 2018 meeting of the CityHousing Hamilton Corporation Shareholder be approved, as presented.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

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

(i) April 11, 2018 (Item 3.1)

(Collins/Pearson)

That the Minutes of the April 11, 2018 meeting be approved, as presented.

CARRIED

(d) STAFF PRESENTATIONS (Item 7)

(i) 2017 Annual Report (Item 7.1)

Tom Hunter, CEO of CityHousing Hamilton, addressed the Shareholder, with the aid of a PowerPoint Presentation. A copy of the presentation has been retained for the official record and is available online at www.hamilton.ca.

(Pearson/Collins)

That the presentation from Tom Hunter, CEO of CityHousing Hamilton, respecting the 2017 CityHousing Hamilton Corporation Annual Report, be received.

CARRIED

(Collins/Merulla)

That the 2017 CityHousing Hamilton Corporation Annual Report, be received.

CARRIED

(e) DISCUSSION ITEMS (Item 8)

(i) 2017 Audited Consolidated Financial Statements and Management Letter (Item 8.1)

(Collins/Green)

That the 2017 Audited Consolidated Financial Statements and Management Letter, be received.

CARRIED

(f) MOTIONS (Item 9)

(i) Shareholder Resolution – CityHousing Hamilton Consolidated Financial Statements 2017 (Item 9.1)

(Green/Pearson)

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.

CARRIED

(g) ADJOURNMENT (Item 13)

(Green/Partridge)

That there being no further business the CityHousing Hamilton Shareholder meeting be adjourned at 10:44 a.m.

CARRIED

Respectfully submitted,

Councillor B. Johnson
Deputy Mayor

Lisa Chamberlain
Legislative Coordinator
Office of the City Clerk



2018 ANNUAL REPORT

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MESSAGE FROM THE BOARD PRESIDENT AND CEO

Affordable housing continues to be a priority for our City and for communities across the country. Providing housing to everyone is a basic human right, and pivotal to the wellness of individuals and a robust community. As well, it is increasingly evident that with the provision of deep affordable housing there is the obligation to ensure people have the supports they need to obtain and maintain housing.

CityHousing Hamilton (CHH) continues to work at maintaining its housing infrastructure and seek out opportunities to ensure there is more affordable rental housing in Hamilton. CHH is focused on providing housing that is of good quality and safe. The revitalization and development work at CHH is attentive to creating affordable housing that is more sustainable and integrated into the fabric of our community.

This year's annual report provides a cross section of the innovative work that is taking place at CHH to address the affordable housing challenge. As an example, the Vanier Towers project illustrates our extensive work with our community partners to provide enriched supports to our residents. Creating a more sustainable organization has led to a focus on such projects as waste management and energy conservation. Our development work now includes housing projects on eight properties and will result in the revitalization of 441 units and the addition of 80 net new units. CHH has an important role to play in changing the housing landscape in Hamilton.

This work is only possible with the collective efforts of our community. We would like to thank the CHH Board of Directors for their leadership in addressing the affordable housing needs in Hamilton. We would like to thank the City of Hamilton, staff, residents and community partners for the part they play in helping to enable all people to experience equity in housing.

Together we will strengthen affordable housing, leading us to better housing outcomes for everyone in our community.



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

COMMUNITY PARTNERSHIPS

New Medical Clinic at Vanier Towers

In July 2018, a new medical clinic opened at the 95 Hess Street South location of Vanier Towers to provide primary care services to its residents, which also includes residents at 181 Jackson Street. The goal is to enhance the health of the Vanier Towers community by improving collaboration and relationships between the residents, public health, housing, primary care, and other health and social service sectors.

Patient visits increased consistently throughout 2018. Future plans include exploring solutions to further address health disparities among Vanier Tower residents.

The medical clinic was made possible through a partnership with Shelter Health Network and collaboration with other community partners. CHH thanks PRISMS Pharmasave for their generosity in sponsoring the start-up and ongoing supply costs for the medical clinic.

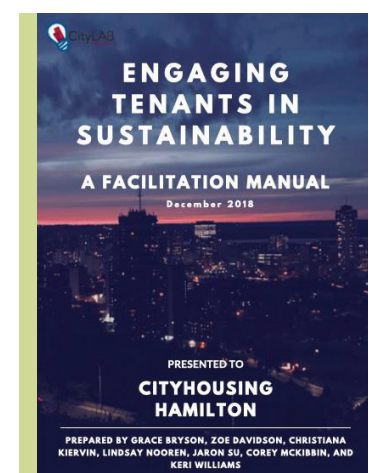


CityLAB Partnership – 226 Rebecca Street

CityLAB Hamilton is an innovation hub that brings together student, academic, and civic leaders to co-create a better Hamilton for all. In 2018, CHH partnered in the CityLAB Hamilton to engage CHH residents in sustainable living. Students from CityLAB designed and implemented a three-step plan related to energy and solid waste management.

As a first step, students conducted relevant background research, focussing on 226 Rebecca Street as a case study for the assignment. Next, they held an engaging, interactive meeting with the residents at 226 Rebecca Street to provide education and raise awareness about recycling, composting, and energy-efficient behaviour. Finally, they provided residents with compost bins and decks of playing cards containing sustainable living tips on each card.

The students documented their research in the form of a facilitation manual which CHH can use to extend this initiative to residents of other CHH sites.



CityLAB Partnership – 980 Upper Ottawa Street

CHH and Mohawk College collaborated on a unique project that placed students from the classroom into the community to rebuild and renovate housing units. Students engaged in hands-on learning by renovating a CHH townhouse on the east mountain, participating in work related to painting, flooring, electrical and general repairs. The work was supervised by a Mohawk College teacher who ensured both quality work, and that students' learning needs were met.

CHH and Mohawk College are building on the success of this partnership by having students renovate two additional units, incorporating an emphasis on accessibility and energy conservation.



Improving Fire Safety Awareness and Compliance

In response to fire-related incidents across Ontario and within CHH sites in 2017, CHH partnered with the Hamilton Fire Department to create a plan for improving fire safety awareness and compliance across our buildings.

Two key initiatives were undertaken to address two main areas of focus: resident education and staff competency.

The first initiative involved a review of all fire safety plans for CHH sites. A consistent template was developed, and all plans were updated and shared with the fire department. This process enabled staff to review their respective roles and responsibilities as outlined in fire safety plans.



The second initiative involved a review and evaluation of areas of non-compliance. This led to changes in documentation procedures to improve record-keeping practices and accuracy, and to the development and enhancement of staff training materials to support improved building compliance.

Fire safety officers also provided fire safety education to CHH residents through involvement in various activities including resident meetings, door-to-door visits, and community health fairs. In addition, an evacuation of the residents of 226 Rebecca Street was conducted and evaluated to better understand how seniors with limitations respond during a fire drill.

CHH continues to work together with the Hamilton Fire Department to ensure the safety of our residents.



Smoke-Free Living at CityHousing Hamilton

CHH and Hamilton Public Health Services are committed to promoting a healthy community and providing smoke-free environments for residents, workers and visitors across our sites. This commitment is reflected in a new CHH policy which was passed by the Board of Directors in June 2018.

This policy, however, recognizes and respects the rights of individuals related to the medical use of cannabis in accordance with relevant legislation, as well as to the traditional use of tobacco by Indigenous peoples.

The partnership between CHH and Hamilton Public Health Services towards smoke-free living will continue in 2019 with a resident survey to determine the future of smoking at CHH.



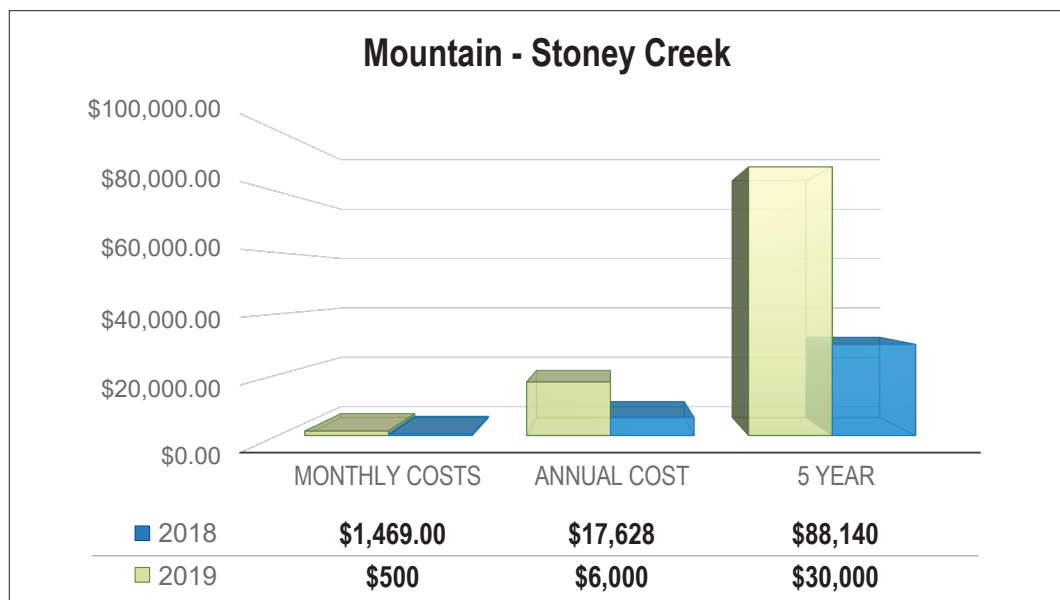
QUALITY IMPROVEMENT INITIATIVES

Improving Waste Management

CHH has been focused on making improvements to its waste management program. More specifically, the goals for this work include:

- Reducing and controlling waste management costs by identifying areas of wasteful spending, creating efficiencies, and developing an affordable and sustainable waste management plan for CHH.
- Creating standard operating procedures, best practices, policies and creative solutions to “clean up” garbage-related issues across CHH sites ensuring they are as clean, neat and as safe as possible for our community.
- Developing a long-term strategy for a waste management program to meet the changing needs of our residents, community and new developments.

For example, at one of the CHH townhouse locations it was possible to move away from a contractor based pick-up program to using the City of Hamilton’s waste services. This resulted in reducing waste management costs:



A second example involved a more comprehensive Curbside Program. The focus of this work involved:

- Reducing garbage at the various townhouse sites to meet the City of Hamilton expectation of one bag per household and encourage residents to recycle and manage green waste.
- Empowering residents to manage their own garbage and take responsibility for their own household waste.
- Decreasing costs for removal and management of waste.
- Creating a healthier, cleaner and safer waste management program for our community.

It is anticipated that at this location alone the potential annual cost savings are \$5,500.



Energy and Water Conservation

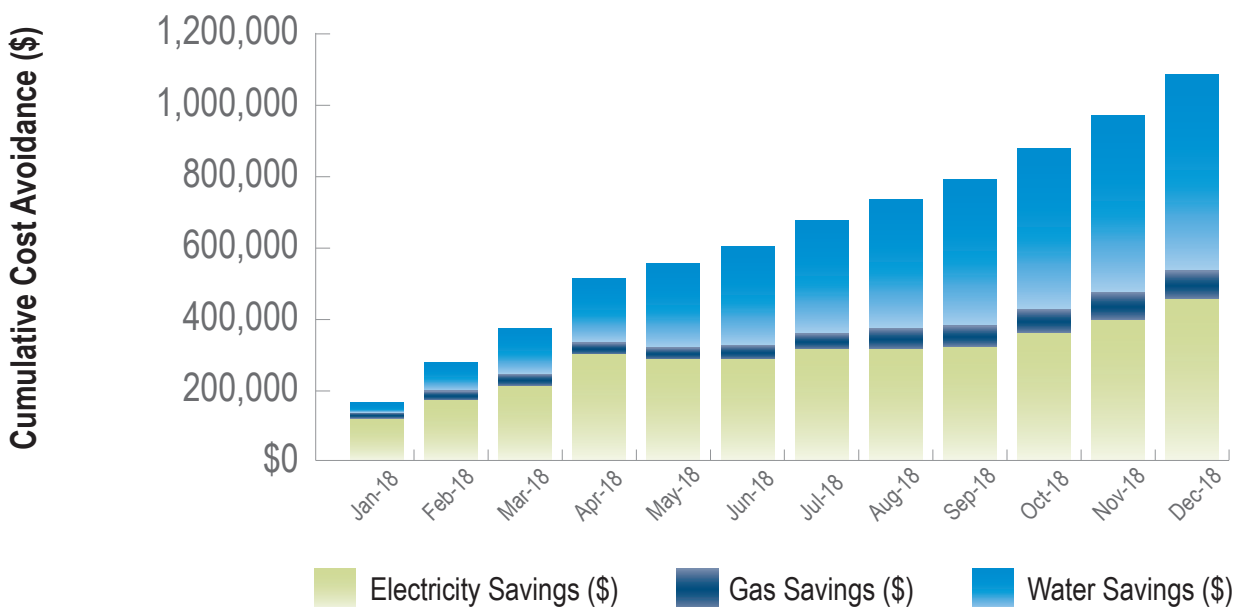
In 2018, CHH took steps to support the sustainability of our organization through energy and water conservation.

Several energy and water retrofits were completed across 17 of our mid- and high-rise apartment buildings. These included the installation of building automation systems related to heating and ventilation, LED lighting retrofits, the replacement of existing water fixtures with high efficiency fixtures, and the replacement of aging mechanical equipment with high-efficiency equipment.

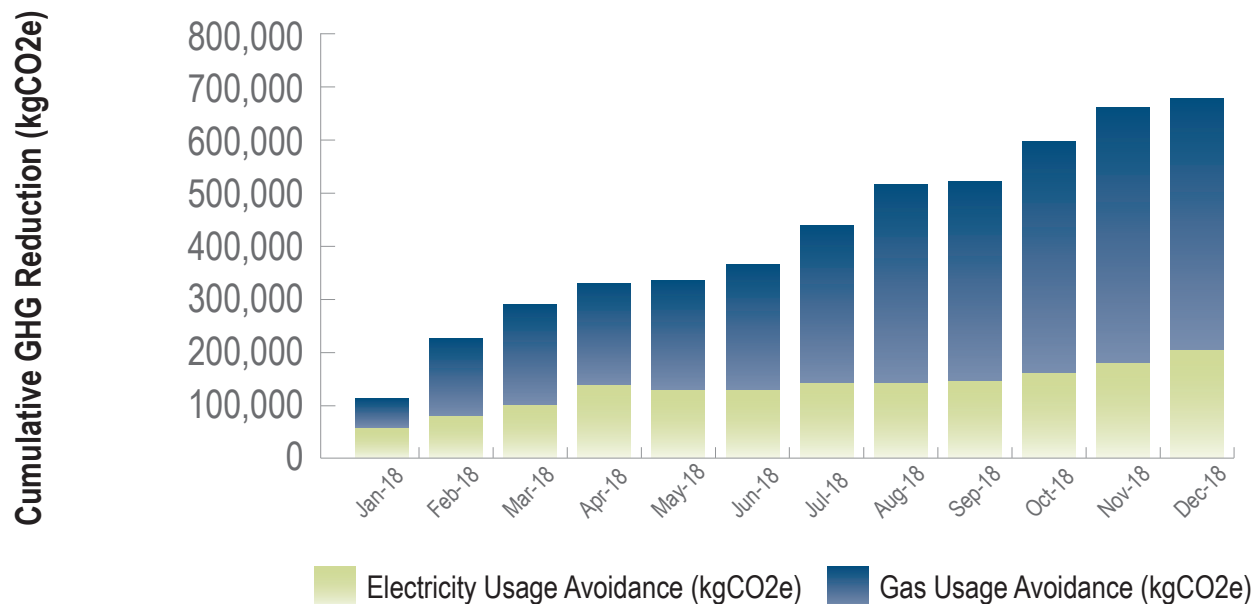
In addition to the retrofits, resident engagement sessions were conducted in each building to promote energy and water efficiency. Detailed energy audits were also completed to inform current and future energy retrofits.

This work resulted in significant impacts related to utility cost avoidance and reduced greenhouse gas emissions as illustrated below. Most retrofits were completed in March 2018 and as such, impacts in 2019 are expected to be even more significant.

Utility Cost Avoidance from 2018 Energy and Water Retrofits



Greenhouse Gas Emissions Reduction from 2018 Energy Retrofits



In addition to utility cost and greenhouse gas emission savings, there are other benefits associated with energy initiatives. These can include addressing deferred maintenance needs, and non-monetary benefits that may impact residents, such as those related to indoor air quality, safety and security, physical comfort, and aesthetics.

The total cost of \$8.85 million for energy and water retrofits completed in 2018 was fully funded as outlined below:

\$7.15 MILLION

in funding from the province's
Cap and Trade program

Social Housing Apartment
Retrofit Program – SHARP

\$890,000

in utility
program incentives

e.g. Union Gas and SaveOnEnergy

\$810,000

loan through the
City of Hamilton

\$8.85 MILLION

TOTAL COST

energy and water retrofits

DEVELOPMENT AND REVITALIZATION

The need for affordable and social housing in Hamilton is tremendous. While there were 508 households who were housed in rent-geared-to-income (RGI) units throughout 2018, at the end of the year, there were 6,704 applicant households on the Access to Housing (ATH) wait list. CHH is implementing a strategic plan to revitalize core assets, redevelop existing 'communities of potential,' and infill new development sites to maximize social benefit and contribute to the financial sustainability of the organization.

Given the overwhelming need for more affordable housing, CHH is accelerating the renewal and growth of our portfolio by undertaking the first large scale revitalization of our social and affordable housing, covering 521 units. This includes the rehabilitation of the 146 units at 500 MacNab Street North through an extensive retrofit, and the new construction of 375 units across eight locations.

To respond to the need for more housing, in 2017 the City of Hamilton allocated \$50 million to the Poverty Reduction Fund (PRF). Through this fund, CHH will receive \$2 million annually over five years for a total investment of \$10 million in additional funding for new development. As well, in order to further support the revitalization of its portfolio, CHH continues to seek new sources of funding, for example, through federal National Housing Strategy grants. CHH is also exploring creative ways of finding value within its existing portfolio, for example, through the Jamesville Request for Proposals (RFP).

MacNab Renderings



SITE	TYPOLOGY	TYPE	UNIT COMPOSITION			
			Total	Rehab.	Replace	Net New
500 MacNab	High-rise	Revitalization	146	146	-	-
Jamesville	Townhouse	Redevelopment Partnership	46	-	46	TBD ¹
Roxborough	Townhouse	Redevelopment Partnership	104	-	104	-
Queenston Phase 1	Empty Lot	New Development	41	-	41	-
Bay-Cannon Phase 1	Parking Lot	New Development	55	-	45	10
Wellington-King William	Parking Lot	New Development	20	-	14	6
Macassa	Greenfield	New Development	65	-	45	20
Riverdale	Greenfield	New Development	44	-	-	44
			521	146	295	80

Notes:

1 - TBD through the competitive RFP process.

Resident Relocation during Redevelopment Projects

When CHH redevelops an existing apartment building and townhouse site with residents living in the units, a primary consideration is the relocation of our residents.

CHH is committed to relocating every one of our residents within our existing portfolio and we strive to make the relocation transfer process as seamless as possible. When there is discussion about possible redevelopment, CHH deploys staff to connect with each of our affected residents to understand their unique circumstances and explain the potential plans. We also host several resident information sessions to provide regular updates.



Community Relations Workers meet with every household individually to gather information about their current needs and wants. This information assists our Tenant Placement Team in matching these households to future CHH vacant units.

To date, the 146-unit apartment building at 500 MacNab Street North and the 91-unit townhouse complex known as Jamesville have been vacated. CHH is pleased to report that every resident living in units at these two complexes have been accommodated by either being rehoused at another CHH property or the resident decided to make other living arrangements. All relocation fees were paid for by CHH.

Once the redevelopment is complete, our residents will be offered the opportunity to return to their former community to a unit for which they qualify.

STAFF DIVISIONAL DAY AND YEARS OF SERVICE

Staff Divisional Day

Every year, one day is set aside for all staff at CHH to come together to learn, share and build relationships. For this Divisional Day, CHH took the opportunity to provide a spectrum of presentations and activities to further enrich the working environment for staff. The various events included:

- Urban Indigenous Strategy – 8th Fire: Wab’s Walk Through History
- Gender Identity / Transgender Protocol - Protocol for Gender Identity and Gender Expression; Transgender and Gender Non-Conforming Persons
- Paul Johnson, General Manager, Health & Safe Communities Dept – Opening Remarks, Afternoon Session
- Mike Zegarac, Interim City Manager – Years of Service Awards
- Kate Mannen, Manager of Resident Engagement & Support Services – Pest Control Video ‘A Day in the Life’ & new Employee Recognition Program, Raise the Roof
- Kathy McInnes, Manager of Business Services – Northgate Program Reveal



RAISING THE ROOF

This program is about recognizing staff who exemplify the City’s foundational values every day in big and small ways.

The successful individual has the honour of displaying THE HOUSE at their work site for 2 months.

2018 Years of Service Milestones and Retirees

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

5 YEARS		10 YEARS	15 YEARS	20 YEARS
Lisa Aberdeen Nancy Brunet Rochelle Desouza Carrie Duffy Michael Fazzari Jordan Gage Jannifer Garside Attila Kiss Norman Troy Ledger Walter Long Kane Losier Kevin MacDonnell	Katherine MacIntyre Tina Mantopoulos Ahmed Mohammed Joan Owen Navneal Parmar Tobi Scott Dave Woodcox	Carolyn Alexander Sharon Churcher Susan Edwards Karen Hayton Eric Lovell Kate Mannen Kimberly Moore Tina Rhora Jacqueline Rosettani Marlene Secord Robin Smith Marcia Villamoya	David Gerrie John Hill Bill Hind Marilyn Kohler Scott McLeod Christine Saunders	Mira Cvitanin Nancy Pell
25 YEARS	30 YEARS	35 YEARS	A CELEBRATION OF <i>Service</i>	
Gabriella Mullins	Heather Horwath	Christine Buckley Kathleen McInnes	The following retirees were honoured: Pat Finnerty, December 2017 Robin Hillgartner, April 2018 Mike Galizzi, August 2018	

THE CITY OF HAMILTON COUNCIL COMMITMENT

Poverty Reduction Funds

In 2017, the City of Hamilton made an investment of \$50 million to the Poverty Reduction Fund. As part of this investment, CHH received \$1 million per year for the next 10 years for the maintenance and preservation of existing units.

CHH is pleased to share that in 2018, there were 196 units that were renovated and turned over to rent. The average cost per unit was \$5,102.

Area-Rated Funds

Councillor area ratings were received for the projects below:

WARD 2	155 Park Street	\$7,000	Garbage disposal compound
WARD 2	226 Rebecca Street	\$50,000	Security cameras
WARD 3	360 King Street East	\$100,000	Front entrance
WARD 3	30 Sanford Avenue South	\$150,000	Outdoor seating and gazebo
WARD 3	430 Cumberland Avenue	\$238,000	Playground and corridors upgrade
WARD 6	980 Upper Ottawa Street	\$15,000	Basketball court
WARD 7	395 Mohawk Road East	\$7,000	Intercom system replacement

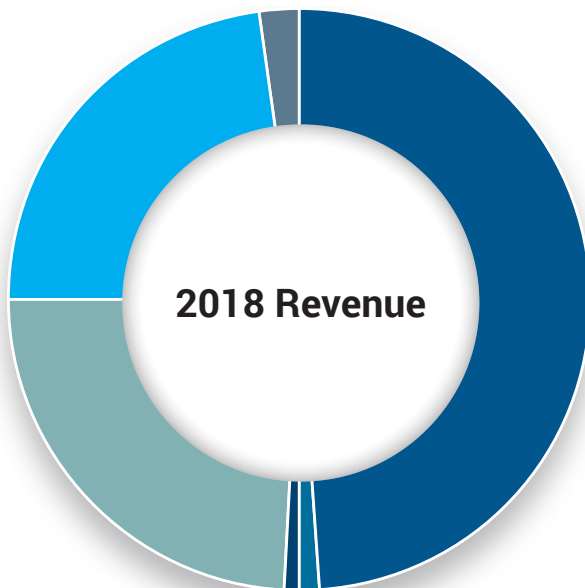


980 UPPER OTTAWA STREET
Basketball Court



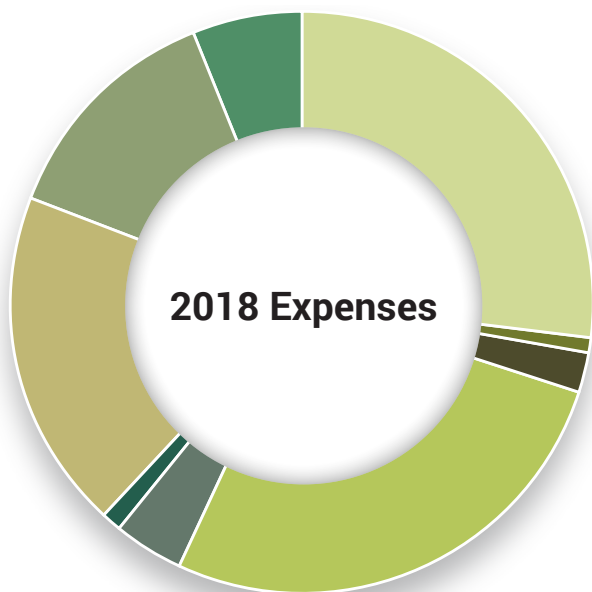
430 CUMBERLAND AVENUE
Playground and corridors update announcement

FINANCIAL YEAR IN REVIEW



49%	Residential Rent	\$36,728,260
1%	Commercial Rent	\$1,022,181
1%	Tenant Recoveries	\$849,028
24%	Government Subsidies	\$17,879,068
23%	Other	\$16,249,061
2%	Amortization of Deferred Revenue	\$435,211

TOTAL: \$73,162,809



27%	Administration	\$13,870,833
1%	Bad Debt	\$437,884
2%	Insurance	\$955,601
27%	Maintenance	\$13,790,482
4%	Interest on Long-term Debt	\$2,267,080
1%	Municipal Taxes	\$664,797
19%	Utilities	\$9,600,062
13%	Amortization	\$6,657,284
6%	Repayment of OHC Debt	3,035,164
TOTAL:		\$73,162,809

Complete audited financial statements available on our website, www.cityhousinghamilton.com or upon request.

Note: CityHousing Hamilton converted financial statements to Public Sector Accounting Standards in 2018.

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
- Canada Revenue Agency
- Canadian Mental Health Association (CMHA)
- Care Dove
- Cheshire Independent Living Services
- Children's Aid Society of Hamilton
- City of Hamilton:
 - Home Management Program
 - Neighbourhood Action Strategy
 - Ontario Works
 - Public Health Services
 - 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
- Empowerment Squared
- 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 Philharmonic Orchestra
- Hamilton Police Services (HPS)
- Hamilton Program for Schizophrenia (HPS)
- Hamilton Urban Core Community Health Centre
- Hamilton-Wentworth District School Board (HWDSB)
- Healing Arts and Recovery through Peer Support
- 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
- Shelter Health Network Clinic
- 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



**CITYHOUSING HAMILTON CORPORATION
HEAD OFFICE**

55 Hess Street South, P.O. Box 2500
23rd Floor, Hamilton, Ontario
L8N 4E5

T: 905-523-8496

F: 905-540-5222

www.cityhousinghamilton.com



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

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

June 11, 2019

Dear Tom:

In planning and performing our audit of the financial statements of CityHousing Hamilton Corporation ("the Entity") for the period ended December 31, 2018, 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.



CityHousing Hamilton Corporation
June 11, 2019

Other matter

We noted that write-offs of tenant receivables continue to be well in excess of the current provision against tenant receivables. That is, the current amount provided for on the statement of financial position does not appear to adequately reflect the amount of write-offs the Entity experiences in a given year.

	2018	2017	2016
Tenant Rent Receivable	\$1,387,000	\$1,321,679	\$1,318,374
Allowance for doubtful accounts	(\$114,000)	(\$104,000)	(\$104,000)
Bad debt expense	\$438,000	\$406,000	\$530,000

While this does not constitute a control deficiency by definition, there is some analysis required to assess the appropriate required provision for financial statement preparation to ensure the valuation of tenant rent receivable is appropriate.

Management's response

Management will review tenant receivables and bad debt expenses in 2019, if the trend continues as has been seen in 2016, 2017 and 2018, the allowance for doubtful accounts will be increased to 10% and adjusted slowly to increase over the years to match bad debt write offs. The rationale for the gradual increase is the lean six that was done in 2017 on the current accounts receivables and its impact on past tenants.

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,

Licensed Public Accountants



CityHousing Hamilton Corporation
June 11, 2019

Appendices

Terminology	Definition
<p>Deficiency in Internal Control (“control deficiency”)</p>	<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>
<p>Significant Deficiency in Internal Control (“significant deficiency”)</p>	<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

Year ended December 31, 2018

CITYHOUSING HAMILTON

Financial Statements

December 31, 2018, with comparative information for 2017

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KPMG LLP
Commerce Place
21 King Street West, Suite 700
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

Opinion

We have audited the accompanying financial statements of CityHousing Hamilton Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017
- the statement of operations and accumulated surplus for the years ended December 31, 2018 and December 31, 2017
- the statement of changes in net debt for the years ended December 31, 2018 and December 31, 2017
- the statement of cash flows for the years ended December 31, 2018 and December 31, 2017
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CityHousing Hamilton Corporation as at December 31, 2018, December 31, 2017 and January 1, 2017 and its results of operations, its changes in net debt and its cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with Canadian public sector accounting standards.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 11 to the financial statements ("Note 11"), which explains that certain comparative information presented for the year ended December 31, 2017 and at January 1, 2017 has been restated.

Note 11 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's' report thereon, included in the 2018 annual report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2018 annual report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 28, 2019

CITYHOUSING HAMILTON

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	December 31, 2018	December 31, 2017 (restated Note 11)	January 1, 2017 (restated Note 11)
Financial assets			
Cash	\$ 11,219,169	\$ 14,722,669	\$ 5,894,084
Accounts receivable (note 3)	4,567,772	4,947,160	4,220,713
Investments (note 2)	12,618,060	5,846,061	5,721,299
	<u>28,405,001</u>	<u>25,515,890</u>	<u>15,836,096</u>
Liabilities			
Accounts payable and accrued liabilities	7,080,834	12,812,574	5,516,306
Accrued mortgage interest	103,904	109,594	113,294
Rent deposits	1,423,303	1,450,796	1,367,583
Post-employment benefits (note 8)	952,033	909,811	900,819
Due to City of Hamilton (note 5)	818,794	934,037	3,029,792
Loans and mortgages (note 6)	53,629,095	59,418,264	65,069,774
Deferred revenue (note 4)	4,626,033	5,061,244	5,496,455
	<u>68,633,996</u>	<u>80,696,320</u>	<u>81,494,023</u>
Net debt	(40,228,995)	(55,180,430)	(65,657,927)
Non-financial assets			
Prepaid expenses	996,613	829,923	785,946
Tangible capital assets (note 12)	141,852,561	135,087,255	130,560,051
	<u>142,849,174</u>	<u>135,917,178</u>	<u>131,345,997</u>
Accumulated surplus (note 9)	<u>\$ 102,620,179</u>	<u>\$ 80,736,748</u>	<u>\$ 65,688,070</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

CITYHOUSING HAMILTON

Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget 2018 (note 10)	Actual 2018 (restated, note 11)	Actual 2017 (restated, note 11)
Revenue:			
Residential rental	\$ 36,699,409	\$ 36,728,260	\$ 35,685,756
Commercial rental	1,319,635	1,022,181	993,590
Tenant recoveries	499,032	849,028	904,600
Government subsidies	20,732,137	17,879,068	19,174,479
Amortization of deferred revenue	-	435,211	435,211
Other	454,953	16,249,061	10,037,709
	59,705,166	73,162,809	67,231,345
Expenditures:			
Administration	13,776,837	13,870,833	13,147,527
Bad debts	330,975	437,884	406,233
Insurance	1,001,364	955,601	975,617
Maintenance	12,808,634	12,251,250	11,608,062
Repairs	-	1,539,232	1,554,927
Amortization	6,657,284	6,657,284	6,236,740
Interest on long-term debt	2,267,080	2,267,080	2,657,000
OHC repayment	3,035,164	3,035,164	2,980,618
Municipal property tax	875,376	664,797	710,036
Utilities	11,031,153	9,600,062	11,536,459
	51,783,867	51,279,187	51,813,219
Annual surplus before service manager reconciliation	7,921,299	21,883,622	15,418,126
Service manager reconciliation	-	(191)	(369,448)
Annual surplus	7,921,299	21,883,431	15,048,678
Accumulated surplus, beginning of year	80,737,748	80,736,748	65,688,070
Accumulated surplus, end of year	\$ 88,659,047	\$ 102,620,179	\$ 80,736,748

See accompanying notes to financial statements.

CITYHOUSING HAMILTON

Statement of Changes in Net Debt

Year ended December 31, 2018, with comparative information for 2017

	2018	2017 (restated note 11)
Annual surplus	\$ 21,883,431	\$ 15,048,678
Purchase of tangible capital assets	(14,312,699)	(11,189,138)
Gain on sale of tangible capital assets	(7,246,345)	(4,413,692)
Proceeds on disposal of tangible capital assets	8,136,454	4,838,886
Amortization of tangible capital assets	6,657,284	6,236,740
	15,118,125	10,521,474
Net increase in prepaid expenses	(166,690)	(43,977)
Change in net debt	14,951,435	10,477,497
Net debt, beginning of year	(55,180,430)	(65,657,927)
Net debt, end of year	\$ (40,228,995)	\$ (55,180,430)

See accompanying notes to financial statements.

CITYHOUSING HAMILTON

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017 (restated note 11)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 21,883,431	\$ 15,048,678
Items not involving cash:		
Amortization	6,657,284	6,236,740
Gain on disposal of tangible capital assets	(7,246,345)	(4,413,692)
Amortization of deferred revenue	(435,211)	(435,211)
Change in non-cash assets and other liabilities:		
Accounts receivable	379,388	(726,447)
Prepaid expenses	(166,690)	(43,977)
Accounts payable and accrued liabilities	(5,731,740)	7,296,268
Rent deposits	(27,493)	83,213
Post-employment benefits	42,222	8,992
Accrued mortgage interest	(5,690)	(3,700)
	15,349,156	23,050,864
Capital activities:		
Purchase of tangible capital assets	(14,312,699)	(11,189,138)
Proceeds on disposal of tangible capital assets	8,136,454	4,838,886
	(6,176,245)	(6,350,252)
Financing activities:		
Due from City of Hamilton	(115,243)	(2,095,755)
Repayment of loans and mortgages	(5,789,169)	(5,651,510)
	(5,904,412)	(7,747,265)
Investing activities:		
Change in investments (net)	(6,771,999)	(124,762)
Net change in cash	(3,503,500)	8,828,585
Cash, beginning of year	14,722,669	5,894,084
Cash, end of year	\$ 11,219,169	\$ 14,722,669

See accompanying notes to financial statements.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

CityHousing Hamilton Corporation (the "Corporation") is incorporated with share capital under the Ontario Business Corporations Act to provide, operate, and construct housing accommodation primarily for persons of low and moderate income. The Corporation's shares are 100% owned by the City of Hamilton (the "City"). The City is also the Service Manager for the Corporation. The Corporation is exempt from tax under the Federal Income Tax Act.

1. Significant account policies:

The financial statements of the Corporation have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Corporation are as follows:

(a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received are from federal and provincial governments and the City of Hamilton. Government transfers paid relate to service manager reconciliation adjustments to the City of Hamilton. 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.

(c) Other income including rental income:

Other income is reported as revenue in the period earned.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recognized as tangible capital assets at their fair value at the date of receipt and as revenue.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

1. Significant account policies (continued):

(d) Non-financial assets (continued):

(ii) Amortization:

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Buildings and structures	20 – 40
Furniture and equipment	5 – 20
Leasehold improvements	20
Land improvements	20
IT equipment	3 – 5

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(e) Post-employment benefits:

The Corporation provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefit for early retirees and vested sick leave. The costs of extended health and dental benefits and vested sick leave are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains or losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period. These contributions are recognized in the period in which the contributions are earned.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

1. Significant account policies (continued):

(f) Deferred revenue:

Deferred revenue arising from the receipt of government transfers for the construction and acquisition of housing units are amortized to revenue over the period that the units are operated. Under the terms of the Corporation's government transfer agreements, the Corporation is required to operate the units for 20 years. Accordingly, these government transfers are amortized to revenue over 20 years.

(g) Investments:

Investments consist of short-term and long-term bonds and pooled equity instruments. Investments are carried at cost. Investment income is recognized only to the extent received or receivable. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(h) Use of estimates:

The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include assumptions used in performing actuarial valuations of liability for future benefits. Actual results could differ from those estimates.

2. Investments:

	2018	2017	January 1, 2017
Cost	\$ 12,618,060	\$ 5,846,061	\$ 5,721,299
Market value	12,597,773	6,106,950	5,845,420

3. Accounts receivable:

	2018	2017	January 1, 2017
Tenant receivable	\$ 2,272,648	\$ 2,075,273	\$ 1,869,201
Subsidy receivable	1,490,016	1,577,299	1,661,805
Allowance for doubtful accounts	(113,632)	(103,764)	(104,119)
HST receivable	630,518	869,870	626,281
Other	288,222	528,482	167,545
	\$ 4,567,772	\$ 4,947,160	\$ 4,220,713

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

4. Deferred revenue:

Deferred revenue consists of grants received for housing units. The Corporation must operate and maintain the units for a period of 20 years.

	2018	2017	January 1, 2017
557 Queenston St.	\$ 835,095	\$ 954,394	\$ 1,073,693
Bridgewater	3,790,938	4,106,850	4,422,762
	<u>\$ 4,623,033</u>	<u>\$ 5,061,244</u>	<u>\$ 5,496,455</u>
<hr/>			
Continuity		2018	2017
Balance, beginning of year		\$ 5,061,244	\$ 5,496,455
Add:			
Grants received		-	-
Less:			
Amounts recognized in revenue		(435,211)	(435,211)
	<u>\$</u>	<u>\$ 4,623,033</u>	<u>\$ 5,061,244</u>

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

5. Due to the City of Hamilton:

Included in amounts owing to the City of Hamilton is a long-term liability for 211 King William (City Views). The liability bears interest at 4.75% per annum, maturing December 31, 2040 and payable in equal annual installments of principal and interest of \$61,437. The liability is secured under a general security agreement on the property. The balance outstanding at the end of the year is \$818,794 (2017 - \$841,146; 2016 – \$862,471)

(a) Principal charges in each of the next five years are as follows:

2019	\$	93,778
2020		96,122
2021		98,525
2022		100,988
2023		103,513
2024 and thereafter		325,838
	\$	818,794

The remaining amounts owing to the City of Hamilton are non-interest bearing with no fixed repayment terms.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

6. Loan and mortgage payable:

	2018	2017
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	\$ 403,974	\$ 552,830
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	1,078,222	1,324,272
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	1,462,597	1,626,895
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.	1,631,116	1,886,329
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	596,925	663,716
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	959,314	1,066,652
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	1,078,688	1,194,762
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	677,906	724,099
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	3,551,463	3,855,240
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	694,007	752,457

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

6. Loan and mortgage payable (continued):

	2018	2017
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	7,785,237	8,406,870
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	1,749,093	1,894,092
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	2,667,856	2,857,173
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	6,063,158	6,810,127
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	292,793	400,681
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	1,251,250	1,422,915
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	396,135	546,385
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	903,586	1,098,349
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	123,747	143,564

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

6. Loan and mortgage payable (continued):

	2018	2017
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	3,515,081	3,878,860
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	1,461,015	1,520,816
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	892,552	1,101,871
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	1,980,410	2,181,831
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	7,201,155	7,901,516
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	3,088,112	3,199,942
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	1,297,606	1,495,279
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	826,097	910,741
	\$ 53,629,095	\$ 59,418,264

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

6. Loan and mortgage payable (continued):

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

2019	\$ 24,893,671
2020	6,543,792
2021	4,379,477
2022	10,733,809
2023	1,424,393
2024 and thereafter	5,653,953
	\$ 53,629,095

Repayments made in the year are recognized as an expense in the statement of operations. The value of the debentures at the end of the year is \$11,000,201 (2017 - \$14,035,365; 2016 - \$17,015,983).

7. Pension agreements:

The Corporation makes contributions to OMERS, which is a multi-employer plan, on behalf of 236 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The latest actuarial valuation as at December 31, 2018 reported a funding deficit of \$4.8 billion (2017 - \$5.4 billion). OMERS expects the contributions and policy changes made in response to the deficit to return the plan to a fully funded position by 2025. Contributions were made in the 2018 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$841,435 was contributed to OMERS (2017 - \$826,172) for current service.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

8. Post-employment benefits:

The Corporation provides certain employees benefits which will require funding in future periods. These benefits include sick leave and life insurance and extended health and dental benefits to early retirees.

	2018	2017	January 1, 2017
Retiree benefits	\$ 704,014	\$ 670,849	\$ 629,474
Vested sick leave	248,019	238,962	271,345
Balance, end of year	\$ 952,033	\$ 909,811	\$ 900,819

Information about the Corporation's benefit plans is as follows:

	2018	2017
Accrued benefit obligation:		
Balance, beginning of year	\$ 991,200	\$ 966,874
Current benefit cost	37,841	34,102
Interest	37,175	38,416
Actuarial gain	-	22,893
Benefits paid	(88,416)	(71,085)
Balance, end of year	977,800	991,200
Net Unamortized actuarial loss	(25,767)	(81,389)
Liability for benefits	\$ 952,033	\$ 909,811

a. Liability for sick leave benefit plans

The Corporation provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. An actuarial valuation as at December 31, 2018 has estimated the accrued benefit obligation at \$87,800 (2017 - \$97,200; 2016 - \$271,344). The actuarial gain as at December 31, 2018 of \$160,219 is being amortized over 11.8 to 12.4 years, which is the expected average remaining life expectancy of the members of the employee groups.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

8. Post-employment benefits (continued):

b. Liability for retirement benefits

The Corporation provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. An actuarial valuation at December 31, 2018 estimated the accrued benefit obligation at \$890,000 (2017 - \$894,000; 2016 - \$1,019,226). The actuarial loss as at December 31, 2018 of \$185,986 is being amortized over 41.3 to 16.0 years, which is the expected average remaining life expectancy of the plan members in various groups.

9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve and reserve funds as follows:

	2018	2017	January 1. 2017
Reserves and reserve funds	\$ 15,348,746	\$ 5,977,568	\$ 1,098,612
Unfunded liability for future benefits	-	-	-
Unfunded loans and mortgages	(53,629,095)	(59,418,264)	(65,069,774)
Unfunded post-employment benefit	(952,033)	(909,811)	(900,819)
Tangible capital assets	141,852,561	135,087,255	130,560,051
Balance, end of year	\$ 102,620,179	\$ 80,736,748	\$ 65,688,070

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

10. Budget data:

The budget data presented in these financial statements are based upon the 2018 approved operating and capital budgets approved by the Board of the Corporation. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

Revenues	
Operating budget	\$ 59,705,166
Capital budget	8,390,000
Less: capital	(8,390,000)
Total revenue	59,705,166
Expenses:	
Operating budget	59,705,166
Capital budget	8,390,000
Add:	
OHC repayment	3,035,164
Less:	
Amortization of mortgages (net)	(2,460,934)
Capital expenses	(16,885,529)
Total expenses	51,783,867
Annual surplus	\$ 7,921,299

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

11. Explanation of transition to Public sector accounting standards:

The Housing Services Act (“HAS”) was proclaimed into law on January 1, 2012 replacing and repealing the Social Housing and Reform Act (“SHRA”). A control assessment was performed and it was determined that due to the change in legislation, the Corporation is controlled by the City of Hamilton for reporting purposes under Canadian Public Sector Accounting Standards.

As an entity controlled by a local government, the Corporation is required to follow public sector accounting standards. At January 1, 2017, the Corporation has adopted public sector accounting standards. These financial statements are the first financial statements for which the Corporation has applied public sector accounting standards. Related accounting changes have been applied retroactively with restatement of prior period results. Key adjustments on the Corporation’s financial statements resulting from adoption of public sector accounting standards (“PSAS”) are as follows:

(a) Investments:

Previously, the Corporation recorded its investments at fair value because they were classified as fair value financial instruments. Unrealized gains and losses on investments and interest were previously recorded in the statement of operations. PSAS requires that investments be recorded at cost with interest recognized only to the extent received or receivable. Gains and losses on investments are recorded at the time of sale and thus unrealized gains and losses have been reversed in the statement of operations.

(b) Deferred revenue:

Previously, the Corporation recorded certain funds as deferred contributions as they were related to the construction of certain properties. PSAS requires revenue recognition for government transfers at the point in time when eligibility criteria are met and construction is complete. Additionally, PSAS does not permit the recognition of internally restricted funds as deferred contributions. A portion of funding previously recognized as deferred contributions has been recognized in accumulated surplus as a result of this change. Amortization on remaining deferred contributions have been amended to reflect the criteria set forth in the initial agreement from the transferor.

(c) Provincial debentures:

Certain public housing properties which were originally financed by the province of Ontario through general obligation provincial debentures are currently being repaid by the Corporation, however the Corporation is not legally responsible for the settlement of the debt. Accordingly, the value of the provincial debentures has been removed from the Corporation’s financial statements. Under PSAS, the amount of repayment in the year is recognized as an expense in the statement of operations.

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

11. Explanation of transition to Public sector accounting standards (continued):

(d) Tangible capital assets:

Previously, the Corporation only recognized tangible capital assets on land and buildings and certain equipment. Amortization on land and buildings was previously amortized over the life of the related loan and mortgage which financed the construction or acquisition. This is materially different from PSAS which requires capitalization of tangible assets in use for greater than one period. Amortization is required to be provided systematically over the estimated useful life of the related asset.

(e) Post-employment benefit:

Previously, the Corporation did not recognize their share of post-employment benefits for retirees and vested sick leave benefits. PSAS requires the Corporation to recognize post-employment benefits using the projected benefits method pro-rated on service, as determined by actuarial valuation.

January 1, 2017	Impact
Accumulated surplus, as originally reported, beginning of year-	\$ 4,544,417
Adjustments to accumulated surplus:	
Investments	(124,121)
Deferred revenue	13,558,413
Provincial debentures	17,015,983
Tangible capital assets	31,588,839
Post-employment benefits	(900,819)
Miscellaneous	5,358
Total adjustment	61,143,653
Revised accumulated surplus, as restated opening	65,688,070
December 31, 2017	
Annual surplus for the year, as originally reported	\$ 4,709,009
Adjustments to accumulated surplus:	
Investments	(89,059)
Deferred revenue	(347,012)
Provincial debentures	(2,980,618)
Post-employment benefits	(8,992)
Tangible capital assets	13,765,350
Total adjustments	10,339,669
Annual surplus, as restated	\$ 15,048,678

CITYHOUSING HAMILTON

Notes to Financial Statements

Year ended December 31, 2018

12. Tangible capital assets:

(a) Assets under construction:

Assets under construction having a value of \$3,583,941 (2017 - \$2,828,902) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

No contributed tangible capital assets have been received in 2018 or 2017.

(c) Tangible capital assets disclosed at nominal values:

Where an estimate could not be made, the tangible capital asset was recognized at a nominal value. No assets were recognized at nominal amount.

(d) Works of art and historical treasures:

The Corporation does not have any works of art or historical treasures.

(e) Write-down of tangible capital assets:

No capital assets were written down during the year.

CITYHOUSING HAMILTON

Notes to the financial Notes to Financial Statements

Year ended December 31, 2018

12. Tangible Capital Assets (continued)

	Cost			Accumulated Amortization				2018 Net Book Value	
	Balance Beginning of Year	Additions	Disposals	Balance End of Year	Balance Beginning of Year	Amortization	Disposals		Balance End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	
Land	27,442,567	2,400,000	(835,351)	29,007,216	-	-	-	-	29,007,216
Buildings and structures	326,492,176	2,458,150	(2,427,324)	326,523,002	245,053,816	5,016,442	(2,372,566)	247,697,692	78,825,310
Furniture and equipment	19,969,894	8,699,510	-	28,669,404	4,138,185	1,212,526	-	5,350,711	23,318,693
Leasehold improvements	2,704,643	-	-	2,704,643	879,009	135,232	-	1,014,241	1,690,402
Land improvements	5,098,829	-	-	5,098,829	769,560	251,567	-	1,021,127	4,077,702
IT equipment	1,659,419	-	-	1,659,419	268,605	41,517	-	310,122	1,349,297
Work-in-progress	2,828,902	4,345,390	(3,590,351)	3,583,941	-	-	-	-	3,583,941
December 31, 2018	386,196,430	17,903,050	(6,853,026)	397,246,454	251,109,175	6,657,284	(2,372,566)	255,393,893	141,852,561
Land	27,856,443	-	(413,876)	27,442,567	-	-	-	-	27,442,567
Buildings and structures	323,418,081	5,220,857	(2,146,762)	326,492,176	242,255,761	4,933,498	(2,135,443)	245,053,816	81,438,360
Furniture and equipment	15,406,756	4,563,138	-	19,969,894	3,263,259	874,926	-	4,138,185	15,831,709
Leasehold improvements	2,704,643	-	-	2,704,643	743,777	135,232	-	879,009	1,825,634
Land improvements	5,098,829	-	-	5,098,829	517,993	251,567	-	769,560	4,329,269
IT equipment	1,659,419	-	-	1,659,419	227,088	41,517	-	268,605	1,390,814
Work-in-progress	1,423,759	4,794,240	(3,389,097)	2,828,902	-	-	-	-	2,828,902
December 31, 2017	377,567,930	14,578,235	(5,949,735)	386,196,430	247,007,878	6,236,740	(2,135,443)	251,109,175	135,087,255

CITYHOUSING HAMILTON CORPORATION
(the "Corporation")

RESOLUTION OF THE SOLE VOTING MEMBER OF THE CORPORATION

WHEREAS the City of Hamilton is the sole shareholder of the Corporation ("Sole Voting Member");

AND WHEREAS City of Hamilton is authorized to hold shares in the Corporation and to exercise the rights attributed thereto, pursuant to Subsection 203(1) of the *Municipal Act*, 2001, SO 2001, c25 ("**Act**"), but the Corporation is not an Offering Corporation within the meaning ascribed to that term in the *Business Corporations Act*, R.S.O. 1990, c. B.16 ("**OBCA**");

AND WHEREAS the Council of the City of Hamilton are sitting as representatives of the Sole Voting Member (City of Hamilton) for the Corporation;

AND WHEREAS the Board of Directors of the Corporation comprises of a total of nine (9) members, five (5) of whom shall be elected members of Council of the City of Hamilton and four (4) of whom shall be members who are not Councillors of the City of Hamilton (the "**Citizen Members**").

NOW THEREFORE the Council of the City of Hamilton, acting in its capacity as representative of the Sole Voting Member (City of Hamilton) of the Corporation, RESOLVES AS FOLLOWS:

1. NOTICE

BE IT RESOLVED:

That, in accordance with the provisions of the OBCA, the Sole Voting Member hereby waives any notice requirement for the manner or time of notice required to be given under any provision of any Act, any regulations thereunder, the articles, the by-laws or otherwise and such waiver shall cure any default in the manner or time of such notice, as the case may be.

2. MINUTES OF PREVIOUS ANNUAL MEETING

BE IT RESOLVED:

That the minutes of the annual meeting held June 21, 2018 be approved.

3. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

BE IT RESOLVED:

That the financial statements of the Corporation for the fiscal year ended December 31, 2018 together with the auditor's report, if applicable, be and the same are hereby received and approved.

4. AUDIT APPOINTMENT

BE IT RESOLVED:

That the undersigned, being the Sole Voting Member, hereby authorizes the Directors of the Corporation to appoint an auditor of the Corporation to hold office until the next following annual meeting at such remuneration as may be fixed by the Directors and the Directors are hereby authorized to fix such remuneration.

The foregoing resolutions are, by signature below of the Sole Voting Member of the Corporation entitled to vote on such resolutions, passed as resolutions of the Corporation pursuant to the Act.