

Financial Statements of

**CITYHOUSING HAMILTON
CORPORTATION**

And Independent Auditors' Report thereon
Year ended December 31, 2020

CITYHOUSING HAMILTON CORPORATION

Financial Statements

December 31, 2020, with comparative information for 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of CityHousing Hamilton Corporation

Opinion

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

- the statement of financial position as at December 31, 2020,
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- 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, 2020 and its results of operations, its changes in net debt and its cash flows for the year then ended 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.



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 2020 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 2020 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line that extends to the right.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 25, 2021

CITYHOUSING HAMILTON CORPORATION

Statement of Financial Position

As at December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 28,402,537	\$ 23,703,954
Accounts receivable (note 2)	5,541,361	5,388,935
Investments (note 3)	13,470,187	13,010,845
	47,414,085	42,103,734
Liabilities		
Accounts payable and accrued liabilities (note 10)	10,327,600	7,946,017
Accrued mortgage interest	82,941	96,011
Deferred revenue (note 4)	3,755,611	4,190,822
Due to City of Hamilton (note 5)	10,629,671	1,520,843
Loans and mortgages (note 6)	44,740,909	46,966,734
Post-employment benefits (note 9)	3,086,300	2,682,100
Rent deposits	1,460,251	1,368,240
	74,083,283	64,770,767
Net debt	(26,669,198)	(22,667,033)
Non-financial assets		
Prepaid expenses	1,137,817	890,821
Tangible capital assets (note 13)	178,600,076	151,397,189
	179,737,893	152,288,010
Accumulated surplus (note 11)	\$ 153,068,695	\$ 129,620,977

See accompanying notes to financial statements.

On behalf of the Board:



Director CHAD COLLINS



Director NRINDER NANN

CITYHOUSING HAMILTON CORPORATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020	Actual 2020	Actual 2019
	(note 12)		
Revenue:			
Residential rental	\$ 38,447,561	\$ 37,602,497	\$ 36,956,941
Commercial rental	1,319,634	1,025,733	1,008,011
Tenant recoveries	486,944	685,158	876,739
Government subsidies	20,513,848	18,472,122	18,520,594
Amortization of deferred revenue	-	435,211	435,211
Government subsidies - capital	-	4,946,803	14,953,872
Other income	486,574	2,632,209	2,466,413
Gain on sale of units	-	9,900,330	3,984,935
	61,254,561	75,700,063	79,202,716
Expenditures:			
Administration	14,648,999	16,008,371	16,274,689
Bad debts	346,500	300,735	420,682
Insurance	1,148,442	1,320,069	1,141,644
Maintenance	13,185,160	12,911,616	12,361,797
Amortization	7,330,793	7,330,793	6,883,000
Interest on long-term debt	2,024,831	1,607,216	1,930,413
OHC repayment	2,374,538	2,374,538	2,659,769
Municipal property tax	827,154	741,730	726,118
Utilities	10,721,538	9,601,536	9,801,024
	52,607,955	52,196,604	52,199,136
Annual surplus before service manager reconciliation	8,646,606	23,503,459	27,003,580
Service manager reconciliation	-	(55,741)	(2,782)
Annual surplus	8,646,606	23,447,718	27,000,798
Accumulated surplus, beginning of year	129,620,977	129,620,977	102,620,179
Accumulated surplus, end of year	\$ 138,267,583	\$ 153,068,695	\$ 129,620,977

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Changes in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 23,447,718	\$ 27,000,798
Purchase of tangible capital assets	(35,480,092)	(16,815,219)
Gain on sale of tangible capital assets	(2,506,956)	(3,984,935)
Proceeds on disposal of tangible capital assets	3,453,368	4,372,526
Amortization of tangible capital assets	7,330,793	6,883,000
	(3,755,169)	17,456,170
Net (increase) decrease in prepaid expenses	(246,996)	105,792
Change in net debt	(4,002,165)	17,561,962
Net debt, beginning of year	(22,667,033)	(40,228,995)
Net debt, end of year	\$ (26,669,198)	\$ (22,667,033)

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 23,447,718	\$ 27,000,798
Items not involving cash:		
Amortization	7,330,793	6,883,000
Gain on disposal of tangible capital assets	(9,873,623)	(3,984,935)
Amortization of deferred revenue	(435,211)	(435,211)
Post-employment benefits	404,200	1,730,067
Change in non-cash assets and other liabilities:		
Accounts receivable	(152,426)	(821,163)
Prepaid expenses	(246,996)	105,792
Accounts payable and accrued liabilities	2,381,583	865,183
Rent deposits	92,011	(55,063)
Accrued mortgage interest	(13,070)	(7,893)
	22,934,979	31,280,575
Capital activities:		
Purchase of tangible capital assets	(35,480,092)	(16,815,219)
Proceeds on disposal of tangible capital assets	10,820,035	4,372,526
	(24,660,057)	(12,442,693)
Financing activities:		
Repayment to City of Hamilton	(120,672)	(124,049)
Advances from City of Hamilton	9,229,500	-
Proceeds from loans and mortgages	3,750,000	-
Repayment of loans and mortgages	(5,975,825)	(5,836,263)
	6,883,003	(5,960,312)
Investing activities:		
Change in investments (net)	(459,342)	(392,785)
Net change in cash	4,698,583	12,484,785
Cash, beginning of year	23,703,954	11,219,169
Cash, end of year	\$ 28,402,537	\$ 23,703,954

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

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. Expenses 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. Government transfers made by the Corporation are recognized as expenses when the transfer is paid.

(c) Other income including rental income:

Other income is reported as revenue in the period earned. Rental income is reported as revenue in the period earned at the agreed upon rental rate between the Corporation and the tenant.

(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.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

1. Significant account policies (continued):

(d) Non-financial assets (continued):

(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. Interest is not capitalized to tangible capital assets during construction.

(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.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

1. Significant account policies (continued):

(e) Post-employment benefits (continued):

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.

(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) 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 provincial debentures are not presented on the Corporation's statement of financial position. Under PSAS, the amount of repayment in the year is recognized as an expense in the statement of operations.

(i) 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 post-employment benefits. Actual results could differ from those estimates.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

2. Accounts receivable:

	2020	2019
Tenant receivable	\$ 2,765,761	\$ 2,274,908
Subsidy receivable	1,306,749	1,399,864
Other	644,937	1,089,893
HST receivable	1,124,649	852,140
Allowance for doubtful accounts	(300,735)	(227,870)
	\$ 5,541,361	\$ 5,388,935

3. Investments:

	2020	2019
Cost	\$ 13,470,187	\$ 13,010,845
Market value	13,740,640	13,173,080

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.

	2020	2019
557 Queenston St.	\$ 596,496	\$ 715,796
Bridgewater	3,159,115	3,475,026
	\$ 3,755,611	\$ 4,190,822

Continuity	2020	2019
Balance, beginning of year	\$ 4,190,822	\$ 4,626,033
Add: Grants received	-	-
Less: Amounts recognized in revenue	(435,211)	(435,211)
Balance, end of year	\$ 3,755,611	\$ 4,190,822

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

5. Due to the City of Hamilton:

- a) 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 \$770,820 (2019 - \$795,370)

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

2021	\$	25,730
2022		26,967
2023		28,263
2024		29,622
2025		31,046
2026 and thereafter		629,192
	\$	770,820

- b) Included in amounts owing to the City of Hamilton is a long-term liability for the water conservation project. The liability bears interest at 2.5% per annum, maturing August 31, 2026 and payable in equal annual installments of principal and interest of \$114,259. The liability is secured under a general security agreement over the assets of the corporation. The balance outstanding at the end of the year is \$629,351 (2019 - \$725,473)

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

2021	\$	98,525
2022		100,988
2023		103,513
2024		106,101
2025		108,753
2026		111,471
	\$	629,351

- c) Included in amounts owing to the City of Hamilton is a long-term liability for 500 MacNab project. The liability bears interest at 2.63% per annum, maturing May 6, 2030 and payable in equal annual installments of principal and interest of \$1,063,000. The liability is secured by 20 Congress and 30 Congress Ave. The balance outstanding at the end of the year is \$9,229,500 (2019 - \$nil). Principal will be repaid in equal installments of \$922,950 over the 10-year period.

The remaining amounts owing to/from the City of Hamilton are non-interest bearing with no fixed repayment terms and are recognized in accounts receivable and accounts payable in the normal course of operations. These amounts are recognized at the carrying amount.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

6. Loan and mortgage payable:

	2020	2019
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	\$ 101,953	\$ 253,685
Scotia Mortgage Corporation, 2.590% mortgage for 470 Stone Church Road East, renewing January 1, 2023 payable in equal monthly instalments of principal and interest of \$23,206	564,261	824,548
Canada Mortgage and Housing Corporation, 2.22% mortgage for 75 Wentworth Street North and Ashley/Century, renewing January 1, 2024, payable in equal monthly instalments of principal and interest of \$16,479	1,124,583	1,295,418
Canada Mortgage and Housing Corporation, 0.69% mortgage for 1150 Limeridge Road East, renewing January 1, 2025, payable in equal monthly instalments of principal and interest of \$22,940	1,108,062	1,372,344
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	458,889	528,661
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	737,477	849,606
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	839,973	960,438
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	577,163	628,982
Canada Mortgage and Housing Corporation, 1.73% mortgage for 25 Towercrest Drive, renewing August 1, 2024, payable in equal monthly instalments of principal and interest of \$30,845	2,924,683	3,241,429

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

6. Loan and mortgage payable (continued):

	2020	2019
Canada Mortgage and Housing Corporation, 1.69% mortgage for 1285 Upper Gage Avenue, renewing September 1, 2024, payable in equal monthly instalments of principal and interest of \$5,930	573,450	634,393
First National Financial LP, 2.99% mortgage for 430 Cumberland Avenue, renewing October 1, 2029, payable in equal monthly instalments of principal and interest of \$69,967	6,515,840	7,151,545
Canada Mortgage and Housing Corporation, 0.69% mortgage for 101 Broadway Avenue, renewing June 1, 2025, payable in equal monthly instalments of principal and interest of \$13,732	1,450,557	1,602,071
First National Financial LP, 2.20% mortgage for 1100 Limeridge Road East, renewing February 1, 2022, payable in equal monthly instalments of principal and interest of \$20,833	2,276,566	2,474,351
Canada Mortgage and Housing Corporation, 1.73% mortgage for 1900 Main Street West, renewing August 1, 2024, payable in equal monthly instalments of principal and interest of \$71,892	4,523,876	5,301,289
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	73,893	183,867
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	902,693	1,077,848
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	90,467	244,168
MCAP Financial Corporation, 2.559% mortgage for 680 Stonechurch Road West, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$18,371	498,880	703,805

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

6. Loan and mortgage payable (continued):

	2020	2019
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	83,432	103,704
Canada Mortgage and Housing Corporation, 2.02% mortgage for 185-206, 210 Jackson Street East, renewing September 1, 2027, payable in equal monthly instalments of principal and interest of \$36,538	2,765,239	3,143,916
People's Trust Company 2.89% mortgage for 162 King William Street, renewing June 1, 2030, payable in equal monthly instalments of principal and interest of \$9,571	1,322,657	1,398,333
MCAP Financial Corporation, 2.559% mortgage for 580 Limeridge Road East, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$19,577	457,602	677,842
Scotia Mortgage Corporation, 2.37% mortgage for 170 East Avenue South, renewing September 1, 2022, payable in equal monthly instalments of principal and interest of \$20,892	1,563,046	1,774,186
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	5,715,505	6,472,856
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	2,853,306	2,972,607
MCAP Financial Corporation, 2.559% mortgage for 405 York Boulevard, renewing December 1, 2022, payable in equal monthly instalments of principal and interest of \$19,453	886,856	1,094,842
Federation of Canadian Municipalities, 3.10% debenture for 500 MacNab St N, renewing September 1, 2040, payable in semi annual instalments of principal and interest of \$87,864	3,750,000	-
	\$ 44,740,909	\$ 46,966,734

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

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:

2021	\$ 6,038,702
2022	13,383,271
2023	4,145,502
2024	8,215,218
2025	3,241,644
2026 and thereafter	9,716,572
	<hr/>
	\$ 44,740,909

7. Provincial debentures:

The value of the provincial debentures not recognized at the end of the year is \$5,965,894 (2019 - \$8,340,432). The Corporation made payments in the amount of \$2,374,538 during the year (2019 - \$2,659,769).

8. Pension agreements:

The Corporation makes contributions to OMERS, which is a multi-employer plan, on behalf of 137 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, 2020, reported a funding deficit of \$3.2 billion (2019 - \$3.4 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 2020 calendar year at rates ranging from 9% to 14.6% depending on the level of earnings. As a result, \$908,085 was contributed to OMERS (2019 - \$861,906) for current service.

9. 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.

	2020	2019
Retiree benefits	\$ 1,081,300	\$ 890,400
Vested sick leave	76,500	73,200
WSIB obligations	240,500	227,700
LTD plan	1,688,000	1,490,800
Balance, end of year	<hr/> \$ 3,086,300	<hr/> \$ 2,682,100

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

9. Post-employment benefits (continued):

Information about the Corporation's employee future benefits and obligations are summarized below. The most recent actuarial valuation on the Corporation's retiree benefits and vested sick leave was completed for the December 31, 2020 year-end.

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 2,682,100	\$ 977,800
Current benefit cost	561,900	485,900
Interest	97,500	95,700
Benefits paid	(568,900)	(626,000)
WSIB and long-term debt obligation recognition	-	1,748,700
Actuarial loss	313,700	-
Balance, end of year	3,086,300	2,682,100
Net actuarial loss	-	-
Liability for benefits	\$ 3,086,300	\$2,682,100

a) Liability for vested 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.

The significant actuarial assumptions adopted in estimating the Corporation's accrued benefit obligation for vested sick leave is as follows:

	2020	2019
Interest (discount rate)	3.25%	3.50%
Salary increases	3.00%	3.00%
Inflation	3.00%	3.00%

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

9. Post-employment benefits (continued):

b) Liability for retiree 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.

The significant actuarial assumptions adopted in estimating the Corporation's accrued benefit obligation for vested sick leave is as follows:

	2020	2019
Interest (discount rate)	3.50%	3.75%
Health care trend rate*	6.21%	5.87%
Dental care trend rate	4.00%	4.00%

* Decreasing at a rate of 0.13% per annum reaching 4.00% in 2038.

c) Liability for WSIB benefits obligations:

In common with other Schedule 2 employers, the Corporation funds its obligations to the Workplace Safety and Insurance Board ("WSIB") on a pay as you go basis for employees under Schedule 2. An independent actuarial valuation has been performed on the Corporation's liabilities for future payments, with the most recent valuation completed for the December 31, 2020 year-end.

d) Liability for LTD plan:

The Corporation provides certain long-term disability benefits which are self-insured by the Corporation. An independent actuarial valuation has been performed on the Corporation's liabilities for future payments, with the most recent valuation completed for the December 31, 2020 year-end.

10. Accounts payable:

	2020	2019
Accounts payable	\$ 5,014,424	\$ 4,866,823
Contractor holdbacks	3,734,068	1,225,601
Accrued liabilities including payroll	1,455,714	1,513,339
Service manager payable	123,394	340,254
	\$ 10,327,600	\$ 7,946,017

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

11. Accumulated surplus:

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

	2020	2019
Reserves and reserve funds	\$ 32,154,679	\$ 28,598,096
Unfunded loans and mortgages	(54,599,760)	(47,692,208)
Unfunded post-employment benefit	(3,086,300)	(2,682,100)
Tangible capital assets	178,600,076	151,397,189
Balance, end of year	\$ 153,068,695	\$ 129,620,977

12. Budget data:

The budget data presented in these financial statements are based upon the 2020 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	\$ 61,254,561
Capital budget	7,282,000
Less: capital	(7,282,000)
Total revenue	61,254,561
Expenses:	
Operating budget	61,254,561
Capital budget	7,282,000
Add:	
OHC repayment	2,374,538
Less:	
Amortization – repayments	(2,126,848)
Transfers to replacement reserve	(8,894,296)
Capital expenses	(7,282,000)
Total expenses	52,607,955
Annual surplus	\$ 8,646,606

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2020

13. Tangible capital assets:

(a) Assets under construction:

Assets under construction having a value of \$43,339,984 (2019 - \$14,320,046) 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 2020 or 2019.

(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 in 2020 or 2019.

(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.

Year ended December 31, 2020											
12. Tangible Capital Assets (continued)											
	Cost				Accumulated Amortization						
	Balance Beginning of Year	Additions	Disposals	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	2020	Net	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	Book Value	\$
Land	28,627,400.00	-	(817,386.00)	27,810,014.00	-	-	-	-	-	27,810,014.00	
Building and structures	330,723,060.00	4,420,680.00	(1,979,261.00)	333,164,479.00	251,688,955.00	5,378,851.00	(2,506,956.00)	254,560,850.00	78,603,629.00		
Furniture and Equipment	29,201,426.00	850,762.00	368,840.00	30,421,028.00	6,762,024.00	1,487,789.00	-	8,249,813.00	22,171,215.00		
Leasehold Improvement	2,704,643.00	-	-	2,704,643.00	1,149,473.00	135,232.00	-	1,284,705.00	1,419,938.00		
Land Improvement	5,401,094.00	163,151.00	-	5,564,245.00	1,287,808.00	287,404.00	-	1,575,212.00	3,989,033.00		
It equipment	1,659,419.00	-	-	1,659,419.00	351,639.00	41,517.00	-	393,156.00	1,266,263.00		
WIP	14,320,046.00	30,045,499.00	(1,025,561.00)	43,339,984.00	-	-	-	-	43,339,984.00		
December 31, 2020	412,637,088.00	35,480,092.00	(3,453,368.00)	444,663,812.00	261,239,899.00	7,330,793.00	(2,506,956.00)	266,063,736.00	178,600,076.00		
Land	29,007,216.00	-	(379,816.00)	28,627,400.00	-	-	-	-	28,627,400.00		
Building and structures	326,523,002.00	5,244,827.00	(1,044,769.00)	330,723,060.00	247,697,692.00	5,028,257.00	(1,036,994.00)	251,688,955.00	79,034,105.00		
Furniture and Equipment	28,669,404.00	532,022.00	-	29,201,426.00	5,350,711.00	1,411,313.00	-	6,762,024.00	22,439,402.00		
Leasehold Improvement	2,704,643.00	-	-	2,704,643.00	1,014,241.00	135,232.00	-	1,149,473.00	1,555,170.00		
Land Improvement	5,098,829.00	302,265.00	-	5,401,094.00	1,021,127.00	266,681.00	-	1,287,808.00	4,113,286.00		
It equipment	1,659,419.00	-	-	1,659,419.00	310,122.00	41,517.00	-	351,639.00	1,307,780.00		
WIP	3,583,941.00	10,736,105.00	-	14,320,046.00	-	-	-	-	14,320,046.00		
December 31, 2019	397,246,454.00	16,815,219.00	(1,424,585.00)	412,637,088.00	255,393,893.00	6,883,000.00	(1,036,994.00)	261,239,899.00	151,397,189.00		