

NOTICE OF MEETING
BOARD OF DIRECTORS AND MEMBERS
CITYHOUSING HAMILTON CORPORATION

AGM (2023) - SPECIAL MEETING

Date: TUESDAY, February 18th, 2025
Time: 9:00am – 10:00am – 2023 Annual Report -
Financial Statement
*8:45am – Board members join via Webex invite

Place: **Special Notice: (Hybrid / City Hall, 1st Floor, Room 192 & will be held via WebEx conferencing and live streamed only on YouTube for public access:**
[CHH Feb18 2025 YouTube Link](#)
CHH website, Agenda Material link:
[CHH Feb18 2025 Agenda Material Link](#)

AGENDA:

- 1) Call to Order
- 2) Conflict of Interest Declaration
- 3) Confirmation of Minutes
 - a) AGM meeting held May 23, 2023
 - b) Audit & Finance Committee meeting held May 12, 2023
 - c) Audit & Finance Committee meeting held January 17, 2025
- 4) **AGM (2023) Annual Report - Financial Statement**
 - a) Remarks by President
 - b) AGM 2023 brochure presentation, Chief Executive Officer
 - c) Audited 2023 Financial Report for CHH (Report #25001)
 - d) Appointment of Auditor for 2024 Audit Year (Report #25002)
- 5) **AGM (2023) meeting adjourned**



To be approved by the Board May 2024 (postponed to) Feb. 18, 2025

MEETING MINUTES
BOARD OF DIRECTORS AND MEMBERS
CITYHOUSING HAMILTON CORPORATION

Date: Tuesday, May 23rd, 2023
Time: 10:30am – 12:00pm
Meeting: Annual General Meeting

Place: **(Hybrid / City Hall, 2nd Floor, Room 264 & will be held via WebEx conferencing and live streamed:**
YouTube for public access:
[youtube.com/live/CHH_May23_2023](https://www.youtube.com/live/CHH_May23_2023)

Agenda: BoD_May23_2023_Agenda (link [May23 board-of-directors](#))

Present: Councillor N. Nann, President
~~Nicholas But, Vice President~~
Councillor T. Hwang, Treasurer
Adam Sweedland, CEO/Secretary
Councillor C. Kroetsch
~~Councillor T. Jackson~~
~~Councillor A. Wilson~~
Jacqueline Aird (Virtual)
Adriana Harris
Patricia Reid (Virtual)

Regrets: Nicholas But, Vice President
Councillor T. Jackson
Councillor A. Wilson

Also Present: CHH Staff: S. Botham, R. Desouza, A. Warren-Ritchie, B. Lilley, B. Kinaschuk, T. Murphy, L. Ward, G. McLaughlin
Other City Depts: Housing Services: M. Baird, B. Kreps, K. Ryan, G. Gambioli
Guest for item 4c: Paul Ciapanna and Stephen Credico , KPMG

Public: Live streaming made available and posted to CHH website.

1. Call to Order (Quorum is five)

Councillor Nirder Nann, President, called the meeting to order at 10:01am.

President N. Nann read the 'Traditional Land Acknowledgement for the City of Hamilton'.

Board meeting May 23rd is **Hybrid** meeting (from City Hall Boardroom 264) and being held via WebEx conferencing and Live Streamed on YouTube. President proceeded with roll call.

Chair Nann welcomed Paul Ciapanna and Stephen Credico, Auditors from KPMG LLP attending for AGM, item #4c.

2. Conflict of Interest Declaration

In response of a call from the President for conflict-of-interest declarations:
None received.

3. Confirmation of Minutes

a) AGM meeting held May 24, 2022

Motion by Councillor C. Kroetsch, seconded by Jacqueline Aird and carried to approve AGM minutes of May 24, 2022 as distributed.

b) Audit & Finance Committee meeting held May 16, 2022

Motion by Councillor T. Hwang, seconded by Councillor C. Kroetsch and carried to approve AGM minutes of May 16, 2022 as distributed.

4. Annual General Meeting

a) Remarks by President

Board President N. Nann commented on the critical role in Hamilton. CHH's work is vital in supporting vulnerable people needing and deserving a safe, affordable home in Hamilton.
The focus of 2022 was the development of the 2023 – 2027 Strategic Plan.
Thanking staff and the Board members with the overall work well done throughout 2022.

b) AGM 2022 'Draft' Annual Report Brochure

The Board was in receipt of the draft 2022 Annual Report brochure from CEO/Secretary dated May 23, 2023.

Adam Sweedland, CEO, gave an overview of the draft brochure which is including the financial audited statements and will be shared with the City of Hamilton Shareholder soon.

Adam presented the brochure slideshow including but not limited to:

- Message from the Chief Executive Officer
- Board of Directors
- Senior Management
- By The Numbers
- Strategic Plan 2023-2027
- Community Partnerships
- Tenant Supports
- Sustaining CHH Infrastructure
- Quality Improvement Initiatives
- Development and Revitalization
- City of Hamilton Council Commitment
- CHH Staff Divisional Day and Years of Service
- Financial Year In Review
- Partners

The Board requesting that a Five-Year Trend be created for Area Rating funds. Staff will bring forward a report to the September Board meeting.

It was moved by Patricia Reid, seconded by Adriana Harris and carried:

That the 2022 AGM Brochure be received for information and noted as finalized.

c) Audited 2022 Financial Report for CHH

The Board was in receipt of Report #23010 from CEO/Secretary dated May 23, 2023.

Rochelle Desouza, CFO introduced Paul Ciapanna, Audit Partner at KPMG and presented the financial statements for the year ending Dec. 31, 2022. Paul gave a high-level financial overview including but not limited to:

- Independent Auditor's Report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Changes in Net Debt
- Statement of Cash Flows
- Notes to Financial Statements

Rochelle Desouza, CFO thanked the Auditor, Board and Treasurer Hwang and staff who helped with the audit process. Rochelle gave an overview of Report 23010, highlighting the variances, revenues, expenses and Appendix C.

It was moved by Councillor T. Hwang, seconded by Councillor C. Kroetsch and carried:

That the Board of Directors authorize the President and Vice-President to execute the Final 2022 Financial Report for CityHousing Hamilton as audited by KPMG LLP, Chartered Accountants.

New Business

Citizen Member Application (through the City of Hamilton) new process is delayed, and the selection committee is hoping to confirm appointments by the end of June.

5. Adjournment at 10:57am

Motion by Councillor C. Kroetsch, seconded by Jacqueline Aird and carried that the meeting be adjourned.

TAKEN AS READ AND APPROVED

**NIRDER NANN, PRESIDENT
CityHousing Hamilton Corporation**

*Amanda Warren-Ritchie
CityHousing Hamilton Corporation
May 23, 2023*

To be approved at BoD, Feb. 18, 2025

AUDIT & FINANCE COMMITTEE

CITYHOUSING HAMILTON CORPORATION

Date: Friday May 12, 2023
Time: 2:15 pm – 3:00 pm
Place : Web-ex

Attendees: Councillor Tammy Hwang, Treasurer
 Adam Sweedland, CEO
 Brian Kreps, Service Manager
 George Gambioli, Service Manager
 Paul Ciapanna, Auditor KPMG
 Stephen Credico, Auditor KPMG
 Rochelle Desouza, CFO
 Teresa Herechuk, Web-ex Host

Regrets: None

Re: CHH Board meeting date, May 23, 2023

AUDIT COMMITTEE MEETING MINUTES:

Item	Title	ACTION
1)	Report 23010 – 2022 Audited Financial Report	
	Paul Ciapanna summarized KPMG findings and presented the Management Rep Letter. Rochelle Desouza, summarized the report and the findings.	
2)	Tenders going out for Appointment of Auditors for the 2023 Audit year	
	Will be reported to the Board once awarded.	
3)	Questions on Page A2 of Annual Information Return (Management Representation Report)	
	Kept same as 2022 audit - no changes.	
4)	Adjournment at 3.00 am	
TAKEN AS READ AND APPROVED		
TAMMY HWANG, TREASURER CityHousing Hamilton Corporation		
	Rochelle Desouza, CFO CityHousing Hamilton Corporation May 12, 2023	

To be approved at BoD meeting Feb. 18th, 2025

AUDIT & FINANCE COMMITTEE

CITYHOUSING HAMILTON CORPORATION

Date: Friday Jan. 17th, 2025

Time: 8:45am – 9:45am

Place : (virtual) Teams

Attendees: Councillor Tammy Hwang, Treasurer
 Christine Griffith, Vice-President
 Adam Sweedland, CEO
 (attending on behalf of Pilar Homerston) Carin Finch and
 Kelly Harrington, Service Manager
 Paul Ciapanna, Auditor KPMG
 Daniel Glasbergen, Auditor KPMG
 Rochelle Desouza, CFO
 Teresa Herechuk, virtual mtg Host


Regrets: Councillor Nrinder Nann, President

Re: CHH Board meeting date, Feb 18, 2025 (moved from Jan. 21, 2025)

AUDIT COMMITTEE MEETING MINUTES:

Item	Title	ACTION
1)	Report 25001 – 2023 Audited Financial Report; Paul Ciapanna summarized KPMG findings and new accounting standard and its impact to the financial statements (Asset Retirement Obligations) and impacts of the cyber incident on CHH's financials.	
2)	Report 25002 – Appointment of Auditors for the 2024 Audit year	
3)	Adjournment at 9.45am	
TAKEN AS READ AND APPROVED		
TAMMY HWANG, TREASURER CityHousing Hamilton Corporation		
	Rochelle Desouza, CFO CityHousing Hamilton Corporation January 17, 2025	



Date:	February 18, 2025
Report to:	Board of Directors CityHousing Hamilton Corporation
Prepared by:	Rochelle Desouza, Chief Financial Officer
CEO/Secretary Signature	Adam Sweedland, Chief Executive Officer 
Subject:	Audited <u>2023</u> Financial Report for CityHousing Hamilton Corporation (Report #25001)
Report Type:	Recommendation for Approval

Recommendation(s):

That Report #25001 Audited 2023 Financial Report be received for information and the following recommendation(s) **approved**:

- a) The President and Vice-President of CityHousing Hamilton Corporation (CHH) be authorized to execute the final 2023 Financial Reports for CHH as audited by KPMG LLP and attached as Appendix A to Report 25001.

Executive Summary:

CityHousing Hamilton Corporation (CHH) has prepared its 2023 financial statements as per the Canadian Public Sector Accounting Standards.

KPMG, CHH's appointed Auditor, has audited the draft 2023 financial statements for CityHousing Hamilton (Appendix A). The report includes three key financial reports:

- Statement of Financial Position – summarizes the financial balances as at December 31, 2023.
- Statement of Operations and Accumulated Surplus – details operating results for the fiscal year ending December 31, 2023.
- Statement of Cash Flow – outlines the sources and uses of funds and explains any changes in cash or working capital.

Consolidated operating results show a net surplus of \$18,170,819 compared to a budgeted surplus of \$5,692,501, resulting in a net favourable variance of \$12,478,318. The surplus reflects depreciated values of assets amortized over future years, but the revenue is recognized in the year it is earned.

Background and Additional Information:

Table 1 – Variances (consolidated)

	Description	2023 Budget	2023 Actual	Variance
Revenue	Rental Revenue & Recoveries	40,001,169	40,427,630	426,461
	City of Hamilton Operating Subsidy	21,881,899	20,848,817	(1,033,082)
	Commercial Rental	923,574	1,127,669	204,095
	Tenant Recoveries	558,399	638,515	80,116
	Amortization of Deferred Revenue	0	1,218,512	1,218,512
	Sold Units	0	2,757,397	2,757,397
	Other Revenue (parking, capital funding programs, energy rebates, interest earned, etc.)	1,278,183	16,577,083	15,298,900
	Subtotal	64,643,224	83,595,623	18,952,399
	Expenditures	Salaries & Benefits	16,428,355	16,333,046
Bad Debts		410,906	755,105	(344,199)
Insurance		1,922,774	2,288,926	(366,152)
Maintenance		14,563,099	17,648,296	(3,085,197)
Depreciation		11,574,099	14,136,036	(2,561,937)
Interest on long-term debt		1,254,449	1,254,449	0

	Municipal Property Taxes	792,668	898,059	(105,391)
	Debentures	734,663	734,663	0
	Utilities	11,269,710	11,376,144	(106,434)
	Total	58,950,723	65,424,724	(6,474,001)
	Annual Surplus before Service Manager Reconciliation	5,692,501	18,170,899	12,478,398

The audited financial statements attached (Appendix A) require execution by the President and Vice-President following approval by the Board of Directors

Additional information for the 2023 variance is set out below:

REVENUE (Favourable \$18,952,399)

- Residential Rent – There was a favourable variance of \$426,461. The budget is established primarily based on rents determined by the Service Manager with annual indices applied per provincial regulations. Actual revenue reflects what CHH received. This includes market rents with increases applied as per the *Residential Tenancies Act*.
- Commercial Rent – There was a favourable variance of \$204,095. This reflects the extension of a commercial lease at 181 Main Street West not originally budgeted for 2023.
- Tenant recoveries – There was a favorable variance of \$80,116. These relate to former tenant arrears. There were additional efforts put forth to close out aged accounts, resulting in recoveries higher than budgeted.
- Subsidy – There was an unfavourable variance of (\$1,033,082). This reflects the annual reconciliation to the Service Manager and funds returned to the City of Hamilton.
- Other revenue – There was a favourable variance of \$15,298,900. This is the result of the budget being based on benchmarking and actual revenue being higher and includes interest, incentive funding and energy rebates in 2023. This also includes funding received through the Canada-Ontario Community Housing Initiative, Federation of Canadian Municipalities, CMHC (including rapid housing initiative) in 2023.

- Sold Units - \$2,757,397 in revenue was received through the sale of units in 2023 and transferred to the sold unit fund.
- Amortization of deferred revenue – There was deferred revenue of \$1,218,512. This reflects the terms of transfer payment agreements which require the revenue to be amortized over the length of the affordability period of the agreement.

EXPENDITURES (Unfavourable \$6,474,001)

- Salaries, wages and benefits (Favourable variance of \$95,309). This primarily is the result of time lags between employee departures and recruitment.
- Bad Debt Expenses (Unfavourable variance of \$344,199). Additional efforts to close out former tenant files resulted in higher-than-expected write-offs. All uncollectable accounts written off until June 2023. These are accounts which, based on age, are considered unlikely to be recoverable.
- Insurance – (Unfavourable of \$366,152). There has been a change made to how deductibles are recorded. Previously, the deductible was paid when the file was concluded by the adjuster. Beginning in 2023, deductibles are paid at the time of the incident. This results in a confluence of old claims with backended deductibles and new files with frontended deductibles.
- Maintenance (Unfavourable variance of \$3,085,197). Security and waste/removal and grounds maintenance continue to be high-cost drivers for maintenance. In addition, the growing volume of unit turnovers results in more tenants. This drives additional need and requests for security, pest control, routine maintenance and common element repairs such as elevators, fire systems and HVAC. Unit turnover costs were split between maintenance, special City funding and Poverty Reduction Funds and expensed under the respective project.
- Municipal property taxes (unfavourable \$105,391). In 2023 there were two properties 690 Stone Church Rd West and 4 Bridgewater for which property taxes are paid and equal funds are received as part of the operating subsidy, resulting in a net zero impact to CHH. CHH pays property taxes on some market and commercial properties and on sites under construction are included in this

variance. CHH is only able to seek tax exemption once these sites are fully constructed and occupied.

- Utilities (unfavourable \$106,434). CHH implements energy and water initiatives that target significant annual utility cost avoidance. Some of these initiatives include heating controls, LED lighting retrofits, mechanical equipment upgrades, and regular water leak investigations.

In 2023, utility expenses were 1% higher than budgeted. Overall, this is a minor variance given the complex number of variables affecting utility costs (utility rates, weather, tenant behaviour, etc.). One of the primary factors leading to an unfavourable variance on utility costs in 2023 was utility rates. In 2023, market electricity rates decreased by 1%, natural gas rates increased by 3%, and water rates increased by 7% compared to 2022.

In 2024, CHH will readjust Hydro (i.e., electricity) and Heating Fuel (i.e., natural gas) budgets to reflect recent shifts in utility usage and rate trends and re-allocate this funding to support other areas.

Note: some numbers have been rounded and grouped for presentation.

Consultation:

Internal CHH Departments:

External: KPMG (City of Hamilton appointed auditor for CityHousing Hamilton Corporation)

Financial and Legal/Risk Considerations:

Audited statements are required to be approved by the Board and Shareholder annually.

Next Steps and Milestones:

Present 2023 Audited Financial Reporting to City of Hamilton for approval in its capacity as sole-shareholder of CityHousing Hamilton Corporation.

Strategic Alignment:

This report supports the following 2023-2027 CityHousing Hamilton Strategic Priorities:

- A WHOLE TEAM APPROACH: Strengthen our people and performance.

Supporting Presentations and Appendices:

Appendix A

AS/rd

Financial Statements of

**CITYHOUSING HAMILTON
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023

DRAFT

CITYHOUSING HAMILTON CORPORATION

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DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of CityHousing Hamilton Corporation

Opinion

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

- the statement of financial position as at December 31, 2023
- 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, 2023 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical 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 2023 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 auditor's report thereon, included in the 2023 annual report as at the date of this auditor's 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 auditor's report.

We have nothing to report in this regard.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 in the financial statements which explains that certain comparative information presented for the year ended December 31, 2023 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restated certain comparative information. Our opinion is not modified with respect to this matter.

As part of our audit the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022.

In our opinion, such adjustments are appropriate and have been appropriately applied.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restated certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Corporation 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

January 21, 2025

CITYHOUSING HAMILTON CORPORATION

Statement of Financial Position

As at December 31, 2023, with comparative information for 2022

	2023	2022 (restated – see note 2)
Financial assets		
Cash	\$ 20,837,000	\$ 23,354,086
Accounts receivable (note 4)	5,897,916	7,296,019
Investments (note 5)	19,378,018	16,249,053
Due From City of Hamilton (note 7)	919,395	–
	<u>47,032,329</u>	<u>46,899,158</u>
Liabilities		
Accounts payable and accrued liabilities (note 12)	18,500,667	12,232,534
Accrued mortgage interest	119,966	125,074
Deferred revenue (note 6)	28,439,718	11,247,304
Due to City of Hamilton (note 7)	–	8,793,981
Loans and mortgages (note 8)	43,498,439	46,731,084
Post-employment benefits (note 11)	2,910,591	3,373,700
Rent deposits	1,911,380	1,758,421
Asset retirement obligation (note 16)	212,815,918	211,715,000
	<u>308,196,679</u>	<u>295,977,098</u>
Net debt	(261,164,350)	(249,077,940)
Non-financial assets		
Prepaid expenses	1,777,055	1,530,583
Tangible capital assets (note 15)	346,643,406	316,632,567
	<u>348,420,461</u>	<u>318,163,150</u>
Contingencies (note 17)		
Accumulated surplus (note 13)	\$ 87,256,111	\$ 69,085,210

See accompanying notes to financial statements.

On behalf of the Board:

Director Director

CITYHOUSING HAMILTON CORPORATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 14)	2023 Total	2022 Total (restated – see note 2)
Revenue:			
Residential rental	\$ 40,001,169	\$ 40,427,630	\$ 39,430,430
Commercial rental	923,574	1,127,669	852,824
Tenant recoveries	558,399	638,515	583,325
Government subsidies	21,881,899	20,848,817	17,701,396
Amortization of deferred revenue	–	1,218,512	860,211
Government subsidies - capital	–	13,680,385	6,037,460
Other income	1,278,183	2,896,698	2,694,102
Gain on sale of units	–	2,757,397	8,316,960
	<u>64,643,224</u>	<u>83,595,623</u>	<u>76,476,708</u>
Expenditures:			
Administration	16,428,355	16,333,043	16,190,223
Bad debts	410,906	755,105	330,224
Insurance	1,922,774	2,288,926	1,658,605
Maintenance	14,563,099	17,648,297	14,189,074
Depreciation	11,574,099	13,035,118	12,229,988
Accretion	–	1,100,918	1,100,918
Interest on long-term debt	1,254,449	1,254,449	1,440,377
OHC repayment (note 9)	734,663	734,663	1,778,806
Municipal property tax	792,668	898,059	807,120
Utilities	11,269,710	11,376,144	10,199,143
	<u>58,950,723</u>	<u>65,424,722</u>	<u>59,924,478</u>
Annual surplus before service manager reconciliation	5,692,501	18,170,901	16,552,230
Service manager reconciliation	–	–	(55,752)
Annual surplus	5,692,501	18,170,901	16,496,478
Transition adjustment for asset retirement obligation (note 16)	–	–	(115,056,260)
Accumulated surplus, beginning of year	69,085,209	69,085,210	167,644,992
Accumulated surplus, end of year	<u>\$ 74,777,710</u>	<u>\$ 87,256,111</u>	<u>\$69,085,210</u>

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Changes in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(restated – see note 2)
Annual surplus	\$ 18,170,901	\$ 16,496,478
Purchase of tangible capital assets	(43,240,327)	(32,156,252)
Gain on sale of tangible capital assets	(2,757,397)	(8,316,960)
Proceeds on disposal of tangible capital assets	2,951,767	8,803,569
Depreciation of tangible capital assets	13,035,118	12,229,988
	(11,839,938)	(2,943,177)
Net increase in prepaid expenses	(246,472)	(220,272)
Increase in net debt	(12,086,410)	(3,163,449)
Transition adjustment for asset retirement obligation (note 2)	–	(210,614,082)
Net debt, beginning of year	(249,077,940)	(35,300,409)
Net debt, end of year	\$ (261,164,350)	\$(249,077,940)

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(restated – see note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,170,901	\$ 16,496,478
Items not involving cash:		
Depreciation	13,035,118	12,229,988
Accretion expense for asset retirement obligation	1,100,918	1,100,918
Gain on disposal of tangible capital assets	(2,757,397)	(8,316,960)
Amortization of deferred revenue	(1,218,512)	(860,211)
Post-employment benefits	(463,109)	194,100
Change in non-cash assets and other liabilities:		
Accounts receivable	1,398,103	(2,669,005)
Prepaid expenses	(246,472)	(220,272)
Accounts payable and accrued liabilities	6,268,133	2,604,812
Rent deposits	152,959	87,887
Accrued mortgage interest	(5,108)	5,889
	35,435,534	20,653,624
Capital activities:		
Purchase of tangible capital assets	(43,240,327)	(32,156,252)
Proceeds on disposal of tangible capital assets	2,951,767	8,803,569
	(40,288,560)	(23,352,683)
Financing activities:		
Repayment to City of Hamilton	(9,713,376)	(2,767,806)
Deferred capital contributions	18,410,926	1,773,249
Proceeds from loans and mortgages	–	3,909,872
Repayment of loans and mortgages	(3,232,645)	(6,060,300)
	5,464,905	(3,144,985)
Investing activities:		
Change in investments (net)	(3,128,965)	(2,314,840)
Net change in cash	(2,517,086)	(8,158,884)
Cash, beginning of year	23,354,086	31,512,970
Cash, end of year	\$ 20,837,000	\$ 23,354,086

See accompanying notes to financial statements.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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 subsidies:

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 (continued)

Year ended December 31, 2023

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) Depreciation:

Depreciation 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. Depreciation 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 depreciation 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 (continued)

Year ended December 31, 2023

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 subsidies 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 subsidies 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 (continued)

Year ended December 31, 2023

1. Significant account policies (continued):

(i) Use of estimates:

The following is a list of all instruments and their related measure.

Financial Asset	Measurement Basis
Cash and cash equivalents	Cost/amortized cost
Accounts receivable	Cost/amortized cost
Investments	Cost/amortized cost

Financial Liability	Measurement Basis
Accounts payable and accrued liabilities	Cost/amortized cost
Post employment benefits	Cost/amortized cost

2. Change in accounting policies:

PS 3280 Asset Retirement Obligations:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis that requires restatement of 2022 comparative figures.

The buildings had an expected useful life of 40 years, and the estimate has not changed since purchase. As of the date of adoption of the standard, the relevant discount rate is 10% per annum.

On January 1, 2023, the Corporation recognized an additional asset retirement obligation relating to several buildings owned by the Corporation that contain asbestos. The buildings have an average age of 43 years, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2022:

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies:

	December 31, 2022		
	As previously reported	Adjustments	As restated
Statement of financial position:			
Financial assets	\$ 46,899,158	\$ –	\$ 46,899,158
Liabilities	84,262,098	211,715,000	295,977,098
Net debt	(37,362,940)	(211,715,000)	(249,077,940)
Non-financial assets	226,630,607	91,532,543	318,163,150
Accumulated surplus	\$ 189,267,667	\$ 120,182,457	\$ 69,085,210
Statement of operations and accumulated surplus:			
Revenues	\$ 76,476,708	\$ –	\$ 76,476,708
Expenses	54,798,281	5,126,197	(59,924,478)
Annual surplus before service manager	21,678,427	(5,126,197)	16,552,230
Service manager reconciliation	(55,752)	–	(55,752)
Annual surplus	21,622,675	(5,126,197)	16,496,478
Accumulated surplus – beginning of year	167,644,992	–	167,644,992
Transition adjustment for asset retirement obligations	–	(115,056,260)	(115,056,260)
Accumulated surplus – end of year	\$ 189,267,667	\$ (120,182,457)	\$ 69,085,210
Statement of change in net debt:			
Annual surplus	\$ 21,622,675	\$ (5,126,197)	\$ 16,496,478
Purchase of tangible capital assets	(32,156,252)	–	(32,156,252)
Gain on sale of tangible capital assets	(8,316,960)	–	(8,316,960)
Proceeds on disposal of tangible capital assets	8,803,569	–	8,803,569
Depreciation of tangible capital assets	8,204,709	4,025,279	12,229,988
	(1,842,259)	(1,100,918)	(2,943,177)
Net increase in prepaid expenses	(220,272)	–	(220,272)
increase in net debt	(2,062,531)	(1,100,918)	(3,163,449)
Transition adjustment for asset retirement obligations	–	(210,614,082)	(210,614,082)
Net debt – beginning of year	(35,300,409)	–	(35,300,409)
Net debt – end of year	\$ (37,362,940)	\$ (211,715,000)	\$ (249,077,940)

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

	December 31, 2022		
	As previously reported	Adjustments	As restated
Statement of cash flows:			
Annual surplus	\$ 21,622,675	\$ 5,126,197	\$ 16,496,478
Items not involving cash:			
Depreciation of tangible capital assets	8,204,709	4,025,279	12,229,988
Accretion of asset retirement obligation	–	1,100,918	1,100,918
Gain on disposal of tangible capital assets	(8,316,960)	–	(8,316,960)
Amortization of deferred revenue	(860,211)	–	(860,211)
Post employment benefits	194,100	–	194,100
Change in non-cash assets and other liabilities:			
Accounts receivable	(2,669,005)	–	(2,669,005)
Prepaid expenses	(220,272)	–	(220,272)
Accounts payable and accrued liabilities	2,604,812	–	2,604,812
Rent deposits	87,887	–	87,887
Accrued mortgage interest	5,889	–	5,889
	20,653,624	–	20,653,624
Capital activities:			
Purchase of tangible capital assets	(32,156,252)	–	(32,156,252)
Proceeds on disposal of tangible capital assets	8,803,569	–	8,803,569
	(23,352,683)	–	(23,352,683)
Financing activities:			
Repayment to City of Hamilton	(2,767,806)	–	(2,767,806)
Deferred capital contributions	1,773,249	–	1,773,249
Proceeds from loans and mortgages	3,909,872	–	3,909,872
Repayment of loans and mortgages	(6,060,300)	–	(6,060,300)
	(3,144,985)	–	(3,144,985)
Investing activities:			
Change in investments (net)	(2,314,840)	–	(2,314,840)
Net change in cash	(8,158,884)	–	(8,158,884)
Cash, beginning of year	31,512,970	–	31,512,970
Cash, end of year	\$ 23,354,086	\$ –	\$ 23,354,086

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3450 – Financial instruments

Effective January 1, 2023, the Corporation adopted PS 3450 – Financial Instruments. In accordance with transitional provisions, this standard was adopted prospectively from the date of adoption and comparative figures were not restated. This new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices.

3. Future accounting pronouncements.

The Corporation continues to assess the impact on its Statements of the following upcoming change to PSAS.

PS 3400: Revenue establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. Taxation revenue is excluded from the scope of this standard.

PS 3160: Public Private Partnerships (P3s) identifies requirements on how to account for and disclose transactions in which public sector entities procure the design or construction, financing, and ongoing operation or maintenance of a major infrastructure asset from a private sector entity. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the P3 term. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

4. Accounts receivable:

	2023	2022
Tenant receivable	\$ 3,595,528	\$ 3,757,147
Subsidy receivable	1,014,440	1,111,238
Other	27,447	29,075
HST receivable	1,711,359	2,849,417
Allowance for doubtful accounts	(450,858)	(450,858)
	<u>\$ 5,897,916</u>	<u>\$ 7,296,019</u>

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Investments:

	2023	2022
Cost	\$ 19,378,018	\$ 16,249,053
Market value	19,444,425	15,916,869

6. 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.

	2023	2022
557 Queenston St.	\$ 238,599	\$ 357,898
Bridgewater	2,211,380	2,527,292
500 MacNab	5,400,000	6,450,000
CMHC Repair & Renewal Forgivable Loan	4,112,162	1,912,114
257 King William	8,413,608	-
106 Bay	1,256,250	-
8 Roxanne	6,807,719	-
	\$ 28,439,718	\$ 11,247,304

Continuity	2023	2022
Balance, beginning of year	\$ 11,247,304	\$ 10,334,266
Add: grants received	18,410,926	1,773,249
Less: amounts recognized in revenue	(1,218,512)	(860,211)
Balance, end of year	\$ 28,439,718	\$ 11,247,304

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Due to/from 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 \$689,859 (2022 - \$718,122).

Principal charges in each of the next six years and thereafter are as follows:

2024	\$	29,622
2025		31,046
2026		32,538
2027		34,102
2028		35,741
2029 and thereafter		526,810
	\$	689,859

- (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 \$326,326 (2022 - \$429,839)

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

2024	\$	106,101
2025		108,753
2026		111,472
	\$	326,326

- (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 \$6,460,650 (2022 - \$7,383,600). Principal will be repaid in equal installments of \$922,950 over the 10-year period.
- (d) 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. At December 31, 2023 the Corporation had an amount owing from the City of Hamilton \$8,396,230 (2022 - \$262,420) related to payroll costs. These amounts are recognized at the carrying amount.

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Loans and mortgage payable:

	2023	2022
Scotia Mortgage Corporation, 2.590% mortgage for 470 Stone Church Road East, repaid in January 2023	\$ —	\$ 23,156
Canada Mortgage and Housing Corporation, 4.08% (2022 - 2.22%) mortgage for 75 Wentworth Street North and Ashley/ Century, renewing January 1, 2027, payable in equal monthly instalments of principal and interest of \$16,942 (2022 - \$16,479)	588,817	772,808
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	297,014	569,560
Scotia Mortgage Corporation, 2.248% mortgage for 1781 King Street East, renewing January 1, 2027, payable in equal monthly instalments of principal and interest of \$6,728	240,316	314,765
Scotia Mortgage Corporation, 2.248% mortgage for 67 Ossington Drive, renewing January 1, 2027, payable in equal monthly instalments of principal and interest of \$10,812	386,209	505,857
Balance carryforward	1,512,356	2,186,146

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Loans and mortgage payable (continued):

	2023	2022
Balance carryforward	\$ 1,512,356	\$ 2,186,146
Scotia Mortgage Corporation, 3.740% mortgage for 1081 Rymal Road East, renewing June 1, 2027, payable in equal monthly instalments of principal and interest of \$11,978	471,098	594,851
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	402,581	464,150
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	1,940,972	2,277,866
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	384,332	449,076
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	4,491,504	5,186,406
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	981,471	1,139,577
Scotia Mortgage Corporation, 2.32% mortgage for 1100 Limeridge Road East, renewing February 1, 2027, payable in equal monthly instalments of principal and interest of \$20,940	1,658,296	1,868,652
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	2,109,528	2,932,494
Balance carryforward	13,952,138	17,099,218

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Loans and mortgage payable (continued):

	2023	2022
Balance carryforward	\$ 13,952,138	\$ 17,099,218
Canada Mortgage and Housing Corporation, 0.74% mortgage for 122 Hatt Street, renewing December 1, 2025, payable in equal monthly instalments of principal and interest of \$15,333	365,150	546,067
Scotia Mortgage Corporation, 4.98% mortgage for 680 Stonechurch Road West, repaid	–	73,060
Canada Mortgage and Housing Corporation, 0.83% mortgage for 7-23 Gurnett Drive, renewing December 1, 2024, payable in equal monthly instalments of principal and interest of \$1,769	21,134	42,123
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	1,582,370	1,987,996
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	1,082,153	1,164,632
People's Trust Company, 4.03% mortgage for 170 East Avenue South, renewing September 1, 2027, payable in equal monthly instalments of principal and interest of \$21,755	907,739	1,127,728
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	3,257,320	4,108,967
Balance carryforward	21,168,004	26,149,791

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Loans and mortgage payable (continued):

	2023	2022
Balance carryforward	\$ 21,168,004	\$ 26,149,791
MCAP Financial Corporation 4.09% mortgage for 4 Bridgewater Court, renewing September 1, 2032, payable in equal monthly instalments of principal and interest of \$18,904	2,483,729	2,607,117
Scotia Mortgage Corporation, 4.98% mortgage for 405 York Boulevard, renewing December 1, 2024, payable in equal monthly instalments of principal and interest of \$19,933	232,929	454,677
Federation of Canadian Municipalities, 3.63% debenture for 500 MacNab St N, renewing September 1, 2040, payable in semi annual instalments of principal and interest of \$144,028	4,731,255	4,844,482
Canada Mortgage and Housing Corporation, 0.00% mortgage for 500 MacNab St N, renewing August 11, 2028, payable at maturity, only interest payment starting on August 11, 2024 \$53,442 annually	2,650,000	2,658,814
Canada Mortgage and Housing Corporation, 1.73% mortgage for Repair and Renewal 2021, renewing January 1, 2032, payable in equal monthly instalments of principal and interest of \$661	199,842	204,286
Canada Mortgage and Housing Corporation, 1.92% mortgage for 500 MacNab St N, renewing November 1, 2031, payable in equal monthly instalments of principal and interest of \$23,855	7,001,236	7,152,045
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2022, renewing June 1, 2032, payable at maturity, only interest payment paid semi-annually	415,008	415,008
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2022, renewing September 1, 2032, payable at maturity, only interest payments paid semi-annually	1,343,342	1,343,342
Balance carryforward	40,225,345	45,829,562

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Loans and mortgage payable (continued):

	2023	2022
Balance carryforward	\$ 40,225,345	\$ 45,829,562
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2022, renewing December 1, 2032, payable at maturity, only interest payments paid semi-annually	901,522	901,522
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2023, renewing December 1, 2033, payable at maturity, only interest payments paid semi-annually	598,716	-
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2023, renewing December 1, 2033, payable at maturity, only interest payments paid semi-annually	441,973	-
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2023, renewing December 1, 2033, payable at maturity, only interest payments paid semi-annually	634,307	-
Canada Mortgage and Housing Corporation, 3.45% mortgage for Repair and Renewal 2023, renewing December 1, 2033, payable at maturity, only interest payments paid semi-annually	696,576	-
	\$ 43,498,439	\$ 46,731,084

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

2024	\$ 5,596,791
2025	5,230,549
2026	4,746,107
2027	3,400,956
2028 and thereafter	24,524,036
	\$ 43,498,439

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Provincial debentures:

The value of the provincial debentures not recognized at the end of the year is \$846,699 (2022 - \$1,804,476). The Corporation made payments in the amount of \$734,663 during the year (2022 - \$1,778,806).

10. Pension agreements:

The Corporation makes contributions to OMERS, which is a multi-employer plan, on behalf of 153 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, 2023, reported a funding deficit of \$4.2 billion (2022 - \$6.7 billion). Contributions were made in the 2023 calendar year at rates ranging from 9% to 14.6% depending on the level of earnings. As a result, \$1,111,944 was contributed to OMERS (2022 - \$961,791) for current service. The OMERS board has confirmed that contribution rates will remain at the current levels until 2027.

11. 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.

	2023	2022
Retiree benefits	\$ 698,610	\$ 1,112,500
Vested sick leave	19,481	46,800
WSIB obligations	67,200	85,100
LTD plan	2,125,300	2,129,300
Balance, end of year	\$ 2,910,591	\$ 3,373,700

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. 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, 2023 year-end.

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,361,700	\$ 3,179,600
Current benefit cost	219,714	444,100
Interest	145,955	110,100
Benefits paid	(366,312)	(372,100)
Balance, end of year	3,361,057	3,361,700
Net actuarial loss	(450,466)	12,000
Liability for benefits	\$ 2,910,591	\$ 3,373,700

(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:

	2023	2022
Interest (discount rate)	4.50%	3.25%
Salary increases	3.00%	3.00%
Inflation	2.00%	2.00%

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. 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 retiree benefits is as follows:

	2023	2022
Interest (discount rate)	4.5%	3.50%
Health care trend rate*	6%	5.96%
Dental care trend rate	4%	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, 2023 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, 2023 year-end.

12. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable	\$ 8,928,181	\$ 4,608,579
Contractor holdbacks	4,215,418	3,451,796
Accrued liabilities including payroll	5,036,075	2,771,589
Service manager payable	320,993	1,400,570
	<u>\$ 18,500,667</u>	<u>\$ 12,232,534</u>

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Accumulated surplus:

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

	2023	2022
Reserves and reserve funds	\$ 6,624,629	\$ 22,085,866
Unfunded loans and mortgages	(50,285,415)	(54,544,523)
Unfunded post-employment benefit	(2,910,591)	(3,373,700)
Tangible capital assets	346,643,406	316,632,567
Asset retirement obligation (Note 16)	(212,815,918)	(211,715,000)
Balance, end of year	\$ 87,256,111	\$ 69,085,210

14. Budget data:

The budget data presented in these financial statements are based upon the 2023 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		\$ 64,643,224
Capital budget		9,741,566
Less: capital		(9,741,566)
Total revenue		64,643,224
Expenses:		
Operating budget		64,643,224
Capital budget		9,741,566
Add:		
OHC repayment		734,663
Less:		
Amortization – repayments including ARO		(3,314,402)
Transfers to replacement reserve		(3,112,762)
Capital expenses		(9,741,566)
Total expenses		58,950,723
Annual surplus		\$ 5,692,501

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

15. Tangible capital assets:

(a) Assets under construction:

Assets under construction having a value of \$137,583,647 (2022 - \$99,431,140) have not been depreciated. Depreciation 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 2023 or 2022.

(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 2023 or 2022.

(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.

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CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

15. Tangible capital assets (continued):

2023	Cost					Accumulated depreciation				Net book value	
	Balance, beginning of year	Additions	Disposals	Transfers	Balance, end of year	Balance, beginning of year	Depreciation	Disposals	Balance, end of year		
	(as restated - see note 2)										
Land	\$ 27,160,856	\$ -	\$ -	\$ (100,414)	\$ -	\$ 27,060,442	\$ -	\$ -	\$ -	\$ -	\$ 27,060,442
Building and structures	515,997,131	4,578,493	(362,244)	-	520,213,380	352,571,628	10,843,079	(357,761)	363,056,946	157,156,434	
Furniture and equipment	31,817,215	456,629	-	-	32,273,844	11,459,587	1,681,852	-	13,141,439	19,132,405	
Leasehold improvement	2,704,643	-	-	-	2,704,643	1,555,169	135,232	-	1,690,401	1,014,242	
Land improvement	5,926,082	-	-	-	5,926,082	2,185,542	316,092	-	2,501,634	3,424,448	
IT equipment	1,853,310	-	(40,862)	-	1,812,448	485,884	58,863	(4,086)	540,661	1,271,787	
Assets under construction	99,431,140	40,718,580	(52,697)	(2,513,375)	137,583,648	-	-	-	-	137,583,648	
	\$ 684,890,377	\$ -	\$ 45,753,702	\$ (556,217)	\$ (2,513,375)	\$ 727,574,487	\$ 368,257,810	\$ 13,035,118	\$ (361,847)	\$ 380,931,081	\$ 346,643,406

2022	Cost					Accumulated depreciation				Net book value		
	Balance, beginning of year	Transition adjustment relating to PS 3280	Additions	Disposals	Transfers	Balance, end of year	Balance, beginning of year	Depreciation	Transition adjustment relating to PS 3280		Disposals	Balance, end of year
	(as restated - see note 2)											
Land	\$ 27,586,560	\$ -	\$ -	\$ (425,704)	\$ -	\$ 27,160,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,160,856
Building and structures	334,415,858	184,375,154	3,352,284	(6,146,165)	-	515,997,131	259,737,448	10,102,108	88,817,332	(6,085,260)	352,571,628	163,425,503
Furniture and equipment	30,999,279	-	817,936	-	-	31,817,215	9,829,085	1,630,502	-	-	11,459,587	20,357,628
Leasehold improvement	2,704,643	-	-	-	-	2,704,643	1,419,937	135,232	-	-	1,555,169	1,149,474
Land improvement	5,822,939	-	103,143	-	-	5,926,082	1,874,607	310,935	-	-	2,185,542	3,740,540
IT equipment	1,659,419	-	193,891	-	-	1,853,310	434,673	51,211	-	-	485,884	1,367,426
Assets under construction	71,742,142	-	30,137,521	-	(2,448,523)	99,431,140	-	-	-	-	-	99,431,140
	\$ 474,930,840	\$ 184,375,154	\$ 34,604,775	\$ (6,571,869)	\$ (2,448,523)	\$ 684,890,377	\$ 273,295,750	\$ 12,229,988	\$ 88,817,332	\$ (6,085,260)	\$ 368,257,810	\$ 316,632,567

CITYHOUSING HAMILTON CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

16. Asset retirement obligation:

The Corporation owns and operates buildings and other structures that are known to contain asbestos. Asbestos is a designated substance declared as a human carcinogen for which the removal and disposal are regulated through legislation. Therefore, the Corporation has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings and other structures. The estimated liability associated with the removal and post-removal care of asbestos in owned buildings and other structures is based on the undiscounted expected cost of the activities required to settle the legal obligation. Site assessment reports that include the type and quantity of contamination are used with experience and expert advice to determine the cost of retiring asbestos. The estimated cost for retirement activities as at December 31, 2023 was \$212,815,918 (2022 – \$211,715,000).


Changes to the asset retirement obligation in the year are as follows:

2023	Asbestos
Asset Retirement Obligation, beginning of year	\$ 211,715,000
Increase in liabilities due to accretion	1,100,918
Asset retirement obligation, end of year	\$ 212,815,918

2022	Asbestos
Asset Retirement obligation, transition adjustment for asset retirement obligation (note 1 and 2) – beginning of year	\$ 210,614,082
Increase in liabilities due to accretion	1,100,918
Asset retirement obligation, end of year	\$ 211,715,000

17. Contingencies:

As of December 31, 2023, the Corporation is contingently liable for letters of credit relating to the development of property with the City of Hamilton in the amount of \$813,197. As at December 31, 2023 the Corporation has not recorded a liability with respect to these letters of credit.

Date:	February 18, 2025
Report to:	Board of Directors CityHousing Hamilton Corporation
Prepared by:	Rochelle Desouza Chief Financial Officer
CEO/Secretary	Adam Sweedland
Signature	
Subject:	Appointment of Auditor for 2024 Audit Year (Report #25002)
Report Type:	Recommendation

Recommendation(s):

That Report #25002 be received for information and the following recommendation be **approved**:

- (i) That the Board of Directors appoint KPMG LLP for the 2024 fiscal year audit for CityHousing Hamilton Corporation.

Executive Summary:

Once a year, at its Annual General Meeting, the Board is required to appoint its auditors for the ensuing fiscal year. The City of Hamilton selected KPMG as its auditors for the year 2024; staff recommend that this auditor also be confirmed as the auditor for CityHousing Hamilton Corporation.

Background and Additional Information:

The audit fees for CityHousing Hamilton are based on the RFP procured by the City of Hamilton. For 2024 the cost will be \$19,570 (extra is charged if it crosses the number of audit hours as per the RFP).



Audit fees are included in CityHousing Hamilton's operating budget.

Strategic Alignment:

This report supports the following 2023-2027 CityHousing Hamilton Strategic Priorities:

- PRIDE IN HOME: Preserve and upgrade CHH's current housing stock.
- NEIGHBOURHOOD REVITALIZATION: Develop new and inclusive affordable mixed housing that builds strong and successful multi-generational communities.
- A WHOLE TEAM APPROACH: Strengthen our people and performance.

Supporting Presentations and Appendices:

None:

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