

Financial Statements of

**KINGSTON & FRONTENAC  
HOUSING CORPORATION**

Year ended December 31, 2009

# **KINGSTON & FRONTENAC HOUSING CORPORATION**

Financial Statements

Year ended December 31, 2009

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### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of Kingston and Frontenac Housing Corporation (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.



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Scott Vanderschoor  
Acting General Manager



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Dan Song  
Finance & Administration Manager



**KPMG LLP**  
**Chartered Accountants**  
863 Princess Street Suite 400  
PO Box 1600 Stn Main  
Kingston ON K7L 5C8  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Members of Council,  
Inhabitants and Ratepayers of  
Kingston and Frontenac Housing Corporation

We have audited the consolidated statement of financial position of Kingston and Frontenac Housing Corporation (the "Corporation") as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and changes in net assets and changes in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

Kingston, Canada  
March 5, 2010

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
<b>Financial assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents (notes 5 and 6)	\$ 1,979,890	\$ 1,858,572
Rents receivable	53,201	56,977
Other receivables	312,843	134,320
	<u>2,345,934</u>	<u>2,049,869</u>
Long-term investments (notes 3 and 5)	1,015,957	796,615
	<u>3,361,891</u>	<u>2,846,484</u>
<b>Financial liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	551,241	287,813
Accrued payroll and employee benefits	96,581	78,036
Current portion of long-term debt (note 4)	89,915	85,231
Prepaid rents	87,210	83,423
Subsidy paid in advance	454,647	451,466
Payable to the Corporation of the City of Kingston - subsidy recovered (note 7)	133,294	117,332
	<u>1,412,888</u>	<u>1,103,301</u>
Long-term debt (note 4)	4,819,095	4,909,010
	<u>6,231,983</u>	<u>6,012,311</u>
<b>Net financial debt</b>	<b>(2,870,092)</b>	<b>(3,165,827)</b>
<b>Non-financial assets:</b>		
Tangible capital assets	37,464,379	36,745,707
Prepaid expenses	147,337	161,101
	<u>37,611,716</u>	<u>36,906,808</u>
<b>Accumulated surplus (note 13)</b>	<b>\$ 34,741,624</b>	<b>\$ 33,740,981</b>

Contingent liabilities (note 7 and note 10)

See accompanying notes to financial statements.

(On behalf of the Board)

 Director

 Director

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	2009 Budget (Unaudited, note 8)	2009 Operating	2009 Affordable Housing Program	2009 Total	2008 Total (Restated, note 2)
<b>Revenue:</b>					
Rents	\$ 3,114,992	\$ 2,765,547	\$ 341,670	\$ 3,107,217	\$ 3,126,175
Non-residential rents	110,004	–	110,004	110,004	111,192
Government grants - operating	–	626,130	33,917	660,047	–
Government grants - capital	–	–	–	–	260,680
Local housing subsidy	3,652,996	3,705,892	–	3,705,892	3,494,607
Rent supplement	2,746,044	2,677,186	–	2,677,186	2,627,255
Homelessness supplement	468,000	468,000	–	468,000	468,000
Non-rental revenue	89,410	76,214	17,854	94,068	86,935
Province of Ontario grant	167,945	–	167,945	167,945	153,949
Interest income	33,600	67,734	7,401	75,135	84,728
	10,382,991	10,386,703	678,791	11,065,494	10,413,521
<b>Expenditure:</b>					
Salaries and benefits	1,518,908	1,470,445	45,000	1,515,445	1,418,484
Interest	265,656	–	265,447	265,447	247,932
Transportation and communication	78,923	66,057	180	66,237	71,122
Insurance	173,548	174,522	9,000	183,522	197,760
Rent	110,004	110,004	–	110,004	115,430
Professional services	66,180	109,809	1,475	111,284	65,352
Materials and services operating	1,047,423	904,149	45,824	949,973	1,100,733
Municipal taxes	1,518,200	1,502,998	65,196	1,568,194	1,440,746
Utilities	703,247	713,453	53,722	767,175	723,217
Bad debts	51,692	23,794	(2)	23,792	8,451
Bank charges	14,820	11,607	554	12,161	14,948
Sundry supplies	41,665	38,578	–	38,578	55,328
Rent supplement program costs	3,214,044	3,145,186	–	3,145,186	3,095,255
Capital expenditures	1,445,364	290,930	10,425	301,355	229,576
	10,249,674	8,561,532	496,821	9,058,353	8,784,334
<b>Excess of revenue over expenditure</b>	133,317	1,825,171	181,970	2,007,141	1,629,187
<b>Amortization expense</b>	106,597	813,088	193,410	1,006,498	929,342
<b>Annual surplus (deficit)</b>	26,720	1,012,083	(11,440)	1,000,643	699,845
<b>Accumulated surplus, beginning of year</b>		29,154,064	4,586,917	33,740,981	33,041,136
<b>Accumulated surplus, end of year</b>		\$ 30,166,147	\$ 4,575,477	\$ 34,741,624	\$ 33,740,981

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Annual surplus	\$ 1,000,643	\$ 699,845
Acquisition of tangible capital assets	(1,725,170)	(1,164,353)
Amortization of tangible capital assets	1,006,498	929,342
Change in prepaid expense	13,764	(138,605)
Net change in net financial assets	295,735	326,229
Net financial assets (net debt), beginning of year	(3,165,827)	(3,492,056)
Net financial assets (net debt), end of year	\$ (2,870,092)	\$ (3,165,827)

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,000,643	\$ 699,845
Amortization, which does not involve cash	1,006,498	929,342
	<u>2,007,141</u>	<u>1,629,187</u>
Change in non-cash assets and liabilities:		
Decrease in rents receivable	3,776	6,437
Decrease (increase) in other receivables	(178,522)	242,477
Decrease (increase) in prepaid expenses	13,764	(138,605)
Decrease in receivable from the Corporation of the City of Kingston	-	28,089
Increase (decrease) in accounts payable and accrued liabilities	263,428	(948,257)
Increase (decrease) in accrued payroll and employee benefits	18,545	(20,927)
Increase in prepaid rents	3,787	6,034
Increase in subsidy paid in advance	3,181	17,046
Increase in payable to the Corporation of the City of Kingston	15,962	117,332
Decrease in SEED fund payable	-	(10,000)
	<u>143,921</u>	<u>(700,374)</u>
	<u>2,151,062</u>	<u>928,813</u>
Capital activities:		
Cash used to acquire tangible capital assets	(1,725,170)	(1,241,151)
Financing activities:		
New long-term debt	-	797,483
Principal repayment	(85,232)	(67,626)
	<u>(85,232)</u>	<u>729,857</u>
Investing activities:		
Increase in investments	(219,342)	(30,810)
Net change in cash and cash equivalents	121,318	386,709
Cash and cash equivalents, beginning of year	1,858,572	1,471,863
Cash and cash equivalents, end of year	<u>\$ 1,979,890</u>	<u>\$ 1,858,572</u>

The Housing Corporation considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

See accompanying notes to financial statements.



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2009

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Kingston & Frontenac Housing Corporation was incorporated under the Corporations Act of Ontario on December 14, 2000. Its principal activity is the provision of socially-assisted housing.

These financial statements present the financial position and results of operation of Kingston & Frontenac Housing Corporation, which is a non-profit organization under the Income Tax Act and exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by Kingston & Frontenac Housing Corporation are as follows:

### (a) Basis of accounting:

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

### (b) Funding arrangements:

Kingston & Frontenac Housing Corporation rent geared to income program is funded primarily by the Corporation of the City of Kingston as Consolidated Municipal Service Manager ("CMSM"), in accordance with budget arrangements formerly established by Ministry of Municipal Affairs and Housing and the Corporation of the City of Kingston. These financial statements reflect agreed arrangements approved by the Corporation of the City of Kingston with respect to the year ended December 31, 2009.

### (c) Municipal rent geared to income program subsidy revenue:

The rent geared to income program operating subsidy is recognized based on the approved fiscal allocation by the Service Manager, and adjusted for estimated recoveries based on actual expenditures incurred during the year. Subsidies may be adjusted by the Service Manager based on an annual reconciliation performed subsequent to year end. Any further adjustments will be recorded in the year of Service Manager approval.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

### (d) Long-term investments:

Long-term investments are designated as held-for-trading and are recorded at their fair value. Realized investment income and unrealized gains or losses from the change in fair value are recorded in the capital reserve fund. Fair value is determined at quoted market prices. Transaction costs related to the acquisition of marketable securities are recorded as a reduction of investment income.

### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the period. Significant estimates include the amount of Municipal rent geared to income program subsidiary revenue earned. In addition, the Corporation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements, in the period in which they become known.

### (f) Non-financial assets:

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

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
Land improvements	30
Buildings and building improvements	40

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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

## 2. Change in accounting policies:

Kingston & Frontenac Housing Corporation has implemented Public Sector Accounting Board ("PSAB") Sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

### Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Corporation applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Non-Residential Building Consumer Price Index ("NRBCPI") was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

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Accumulated surplus at January 1, 2008:	
Shares	\$ 10
Operating	100,108
Affordable Housing Project	46,844
RGI capital reserve fund	908,027
Affordable Housing reserve fund	-
Accumulated surplus, as previously reported	1,054,989
Net book value of tangible capital assets recorded	36,433,898
Less net of tangible capital assets previously reported	(4,447,751)
Accumulated surplus as of January 1, 2008, as restated	\$ 33,041,136

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# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 2. Change in accounting policies (continued):

Annual surplus for 2008:		
Net revenues, as previously reported	\$	6,680
Assets capitalized but previously expensed		1,164,353
Amortization expense not previously recorded		(822,746)
Government grants of tangible capital assets		260,680
Interest revenue not previously reported		35,689
Transfers to reserves previously expensed		55,189
<b>Annual surplus, as restated</b>	<b>\$</b>	<b>699,845</b>

## 3. Long-term investments:

The cost of long-term investments as at December 31, 2009 is \$1,015,957 (2008 - \$807,417).

## 4. Affordable housing program long-term debt:

	2009	2008
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 1, 2028	\$ 4,909,010	\$ 4,994,241
Current portion of long-term debt	89,915	85,231
	<b>\$ 4,819,095</b>	<b>\$ 4,909,010</b>

The minimum scheduled principal repayments are as follows: 2010 - \$89,915; 2011 - \$94,855; 2012 - \$100,067; 2013 - \$105,565; 2014 - \$111,365; 2015 and thereafter - \$4,407,243.

The mortgage is secured by the following:

- (i) a first charge on the lands and all real and immoveable property located thereon;
- (ii) a first general assignment of leases and rents; and
- (iii) a first general security agreement.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 5. Rent geared to income capital reserve fund:

In compliance with the Social Housing Reform Act, 2000 ("SHRA") section 93(1), a capital reserve fund is maintained for the purpose of funding major asset repairs and replacement and amounts are allocated to it as provided for in the Corporation's budget. The capital reserve fund cash balances are designated from cash balances available for current operations and interest earned on these funds and on reserve fund investments are returned to the capital reserve fund.

	2009	2008
Balance, beginning of year	\$ 953,538	\$ 908,027
Allocation from operation	1,400,000	1,400,000
Expenditures	(1,356,082)	(1,393,929)
Interest income	-	3,751
	43,918	9,822
Investment income	31,150	34,405
Unrealized gain on investments	31,270	1,284
	62,420	35,689
Excess of revenue over expenditure	106,338	45,511
Balance, end of year	\$ 1,059,876	\$ 953,538

Cash and cash equivalents and long-term investments in the amount of \$1,059,846 (2008 - \$953,538) have been designated to support the rent geared to income capital reserve fund.

## 6. Affordable housing program reserve fund:

Under the terms of the National Housing Act ("NHA") insured mortgage loan to the Corporation, a capital replacement reserve fund was established to ensure funds are available to carry out capital replacements for the affordable housing project. An amount of at least 2.65% of the actual effective annual gross income of the affordable housing component is to be deposited in a segregated bank account identified for its intended purpose. Other transfers from the affordable housing program will be completed upon approval of the Board of Directors.

	2009	2008
Balance, beginning of year	\$ 45,367	\$ -
Net transfer to/from operating	45,367	45,367
Excess of revenue over expenditure	45,367	45,367
Balance, end of year	\$ 90,734	\$ 45,367

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 7. Municipal subsidy payable/receivable:

Municipal subsidy revenue is subject to review by the Service Manager after the financial statements and annual reporting requirements have been submitted for the year, however, an estimate of subsidy to be recovered/paid is reported as a payable to/receivable from the Service Manager at year end based on actual expenditures incurred during the year.

Revenues, municipal subsidy receivable/payable and operating surplus may change depending upon final review and approval by the Service Manager. Any additional year end adjustment resulting from this review will be reflected in the year of Service Manager approval.

An amount payable to the Corporation of the City of Kingston of \$133,296 (2008 – amount receivable of \$117,332) has been reported on the statement of financial position with respect to an estimate of the subsidy revenue to be paid by the CMSM as follows:

	Operating	Rent Supplement	2009	2008
Subsidy advances received	\$ 3,652,996	\$ 3,214,044	\$ 6,867,040	\$ 6,707,194
Allowable expenditures	3,705,892	3,145,186	6,851,078	6,589,862
Payable to the Corporation of the City of Kingston	(52,896)	68,858	15,962	117,332
Carryforward payable from prior year	52,385	64,947	117,332	–
	\$ (511)	\$ 133,805	\$ 133,294	\$ 117,332

## 8. Budget figures:

The Corporation reviews the operating and capital budgets annually. The budget figures are reflected in the statement of operations and have not been audited and are provided for information purposes only.

Amortization, based on the implementation of tangible capital assets, was not contemplated on development of the budget and, as such, has not been included.

## 9. Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 19 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.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

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## 9. Pension agreements (continued):

The amount contributed to OMERS for 2009 was \$66,405 (2008 - \$69,000) for current service and is included as an expenditure on the statement of revenue, expenditure and surplus (deficit).

## 10. Contingent liabilities:

- (a) The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2009, management believes that the Corporation has valid defenses and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Corporation's financial position.
- (b) The Corporation was legislated to undertake a pay equity review in 2006. This review was settled during 2008. During 2008, the settlement amounts have been provided for in the Statements of Revenue, Expenditure and Surplus and Financial Position.

## 11. Fair value of financial instruments:

The carrying values of cash and cash equivalents, rents receivable, other receivables, accounts payable and accrued liabilities, accrued payroll and employee benefits and payable to the Corporation of the City of Kingston approximate their fair values due to the expected short term maturity of these instruments.

The carrying value of long-term investments approximates their fair value.

The fair value of amounts payable to the Corporation of the City of Kingston cannot be determined in the absence of current market comparables due to the non-arms' length nature of the arrangement.

The fair value of the long-term debt cannot be determined due to the special nature of the underlying security and the absence of market comparables.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 12. Tangible capital assets:

### (a) Assets under construction:

Assets under construction having a value of \$210,830 (2008 - \$Nil) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

Cost	Balance December 31, 2008	Additions	Dispositions	Balance December 31, 2009
Land	\$ 10,605,290	\$ —	\$ —	\$ 10,605,290
Land improvement	1,706,761	103,326	—	1,810,087
Building	29,812,035	1,411,014	—	31,223,049
Assets under construction	—	210,830	—	210,830
	\$ 42,124,086	\$ 1,725,170	\$ —	\$ 43,849,256

Accumulated amortization	Balance December 31, 2008	Disposals	Amortization	Balance December 31, 2009
Land	\$ —	\$ —	\$ —	\$ —
Land improvement	312,819	—	60,336	373,155
Building	5,065,560	—	946,162	6,011,722
	\$ 5,378,379	\$ —	\$ 1,006,498	\$ 6,384,877

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 10,605,290	\$ 10,605,290
Land improvement	1,393,942	1,436,932
Building	24,746,475	25,211,327
Assets under construction	—	210,830
	\$ 36,745,707	\$ 37,464,379



# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 12. Tangible capital assets:

Cost	Balance December 31, 2007	Additions	Dispositions	Balance December 31, 2008
Land	\$ 10,605,290	\$ —	\$ —	\$ 10,605,290
Land improvement	1,376,753	330,008	—	1,706,761
Building	21,456,183	8,355,852	—	29,812,035
Assets under construction	7,444,709	(7,444,709)	—	—
	\$ 40,882,935	\$ 1,241,151	\$ —	\$ 42,124,086

Accumulated amortization	Balance December 31, 2007	Disposals	Amortization	Balance December 31, 2008
Land	\$ —	\$ —	\$ —	\$ —
Land improvement	255,927	—	56,892	312,819
Building	4,193,110	—	872,450	5,065,560
	\$ 4,449,037	\$ —	\$ 929,342	\$ 5,378,379

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 10,605,290	\$ 10,605,290
Land improvement	1,120,826	1,393,942
Building	17,263,073	24,746,475
Assets under construction	7,444,709	—
	\$ 36,433,898	\$ 36,745,707

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 13. Accumulated surplus:

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

	2009	2008
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 32,555,369	\$ 31,751,466
Operating surplus	54,424	14,466
Affordable Housing Program surplus	473,099	291,129
Unexpended capital	508,122	685,015
<b>Total surplus</b>	<b>33,591,014</b>	<b>32,742,076</b>
<b>Reserve fund:</b>		
Rent geared to income capital reserve fund	1,059,876	953,538
Affordable housing reserve fund	90,734	45,367
	<b>1,150,610</b>	<b>998,905</b>
	<b>\$ 34,741,624</b>	<b>\$ 33,740,981</b>