

# 2011 ANNUAL REPORT



  
Kingston & Frontenac  
**Housing**  
CORPORATION

## Message from the Chair

Following the municipal election in late 2010 our Board of Directors welcomed two new members, Councillor Liz Schell, Portsmouth District, who replaced Mark Gerretsen our newly elected Mayor, and tenant member, Beth Moore.



The Board ambitiously tackled the remaining items from the 2010 Work Plan and it was a whirlwind next few months as the Human Resources and Governance Committee approved the implementation of the Joint Occupational Health & Safety Manual and the new HR Policy Manual before their summer hiatus. A special thank you goes to Scott Vander Schoor, Manager of Technical Services and the Joint Health & Safety Committee for their dedication and hard work producing the Joint Occupational Health & Safety Manual. The negotiating team led by our new CEO, Mary Lynn Cousins Brame, was successful in bringing forward a new Collective Agreement for the next three years with CUPE Local 109.

In June we were pleased to formally break ground at the Queen Mary Road site of the Corporation's new affordable housing unit being constructed for seniors. The Honourable John Gerretsen, and Mayor Mark Gerretsen, both strong supporters of affordable housing, and Linda Wood, our Chair, were joined by other Board members at the official ground breaking ceremony on June 3rd. We are looking forward to opening the doors to new residents in late summer 2012.

In September, it was with sadness and regret that we said goodbye to our Chair and friend, Linda Wood. Linda's tenacity and ability to make tough decisions was invaluable to the Board and her dedication to the tenants and staff of KFHC was truly a gift. Without hesitation I can honestly say that Linda will be sorely missed by us all.

In October, under the leadership of consultant Suzanne Gibson and our CEO, the Board worked through the details of yet another project from their work plan and a Strategic Plan for 2012 through 2014 was set in place. The Board was excited to formally announce that the 'transition' phase for KFHC was over so that we can now focus on the growth and challenges of our strategic direction for the next three years.

With the new Board appointments in the fall, we unfortunately also had to say farewell to Dianna Teeple who had served as a tenant member for more than thirteen years, and Councillor Bill Glover a member since 2008. Both Dianna and Bill worked diligently on the Board sub-committees to facilitate improvements and change for tenants and staff. Undoubtedly, the experience and knowledge that these members held collectively cannot be measured or easily replaced.

In November, 2011 City Council appointed two new colleagues to the Kingston & Frontenac Housing Corporation Board of Directors - public member, Karen Pagratis, and elected delegate Councillor Jim Neill. I am confident their personal experiences and fresh initiatives will only enhance the success of our Board. Following re-appointment for a further three year term, Geoff Heminsley was unanimously elected Vice-Chair of the Board of Directors.

With the Board of Director's new strategic direction that incorporated staff input on our mission, vision and values, we look forward to leading the Corporation in the coming year as we focus on KFHC's vision to be an active leader in housing in the City of Kingston, working with our tenants and the greater community.

Dorothy Hector, Chair



**Linda Wood, Chair 2009 through September, 2011.**

## Message from the CEO

With my appointment as Kingston & Frontenac Housing Corporation's CEO in late 2010, it did not take me long to realize that being a social housing provider meant a lot more than providing affordable housing. The tremendous shortage of housing in our community soon made me appreciate that 2011 was going to be a very challenging year.

The first formal Board meeting in January had an agenda that was nothing short of impressive, with budgets to review, policies to approve, a Collective Agreement to negotiate, and preparing for construction of our new affordable housing facility on Queen Mary Road.

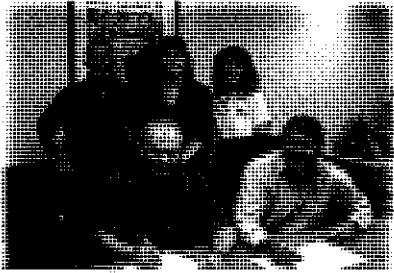
I was fortunate to inherit a document that, as a result of the combined efforts of tenants, staff and the Board, KFHC's **Mission, Vision and Values** document was formally adopted, and resulted in an instrument to strengthen the Corporation and *advocate for strong communities* as we move forward into 2011.

As a result of regular meetings with senior staff, it was decided to realign the working teams to be more efficient in the delivery of service to our tenant customers. Physically moving Property Management and Technical Services staff to facilitate more privacy and closer proximity to their colleagues created a more effective venue to assist in KFHC service delivery. This realignment also resulted in improvement to allow for earlier occupancy of our vacant units. Property Management staff were up to full complement as of May, thus resulting in a more focussed effort to turn around vacant units and work with the Registry to whittle down the wait list. As an integral part of that effort though, work with the Tenant Engagement Committee and Property Management staff will continue with a focus on helping our clients to help themselves.

Staff developed an initiative to have senior managers collectively visit and inspect every unit in the KFHC portfolio. This practice not only allowed for staff to be intimately informed of the needs of our aging properties, but provided an opportunity for inspection of smoke detectors and other health and safety concerns that our tenants may be encountering, and resulting in a more proactive approach to work orders for Maintenance staff. Summer students hired specifically to deal with the serious garbage abuse throughout our properties was tremendously successful and reinforced pride of ownership with tenants and helped to strengthen our relationship with our community partners.



Upon the expiration of the Collective Agreement between Kingston & Frontenac Housing Corporation and CUPE Local 109, negotiations between the teams of Scott VanderSchoor, Carol Mackillop and myself, and with input from staff members John Wyer, Mary Louise Heroux, the CUPE 109 President, John Hale, Bev Patchell, CUPE



National Office, and Loretta Turner, Secretary, CUPE 109 resulted in a successful agreement. On May 12<sup>th</sup>, a new Collective Agreement, for the years 2011 through 2013 was signed.

Following months of planning, meetings with lawyers, the City of Kingston and community partners, we were thrilled to formally break ground

on June 3, 2011 for The Royal Cataract, our 27 unit, smoke-free, seniors' unit at 233 Queen Mary Road. The Board had decided to follow the footprint design used to build the sister unit at 129 Van Order Drive, and Scott VanderSchoor, Manager Technical Services was appointed as the Team Leader for the project. Before construction and excavation started in August, we already had a wait list of 91 applicants for our anticipated occupancy in the summer of 2012. Some of those potential tenants are currently living in other KFHC units and their move will allow us to provide homes for other people on the growing wait list from the Registry. With this development KFHC is very excited to be one of the forerunners with the City of Kingston's 2012 Affordable Housing Strategy.

One of the most thrilling accomplishments for KFHC and their Board of Directors was the completion of the **2012 - 2014 Strategic Plan**. Under the mentorship of our Consultant, Suzanne Gibson, and input from KFHC senior staff, the Board dedicated their efforts to develop a strategic direction for the next three years. This will be an invaluable instrument to help create opportunities for our tenants and their communities to succeed, and by doing so we contribute to the sustainability of Kingston and the County of Frontenac.

It was apparent that with the continued depressed economy, KFHC's aging portfolio, and the tremendous shortage of affording housing in Kingston, 2011 would quickly surpass being a learning encounter for me. That has certainly proved to be more than an accurate observation! I look forward to 2012 and focusing or attention on the four priorities established in the Strategic Plan to provide quality homes, enhance tenants' well being, strengthen communities, and build an innovative and financially resilient organization.

Mary Lynn Cousins Brame,  
Chief Executive Officer

## Board of Directors 2011



Beth Moore, Mary Lynn Cousins Brame (CEO), Gerard Hunt, Liz Schell, Mayor Gerretsen, Bill Glover, Linda Wood, MPP John Gerretsen, Geoff Heminsley, Karen Humphries Blake

### 2010 – 2011 Board of Directors

Linda Wood, Chair  
(January – September)  
Community Board Member



Dorothy Hector, Chair.  
(October – December)  
Councillor Lakeside District

Liz Schell,  
Councillor Portsmouth District



Dianna Teeple  
Tenant Board Member

William Glover  
Councillor Sydenham District

Gerard Hunt  
CAO, City of Kingston

Karen Humphreys Blake  
Community Board Member

Geoff Heminsley  
Community Board Member

Vacant Position (Tenant Member)

# MISSION, VISION, VALUES



## VISION

Kingston & Frontenac Housing Corporation will be an active leader in housing by fostering informed, engaged tenants and communities.



## MISSION

We will provide quality, affordable housing, advocate for strong communities and demonstrate respect for all.



## VALUES

Building trust, demonstrating integrity and showing respect for everyone;

Transparency and accountability in all of our dealings;

Teamwork by working together as an organization with tenants, partners and the larger community;

Diversity within our community and our organization; innovation in solutions for housing

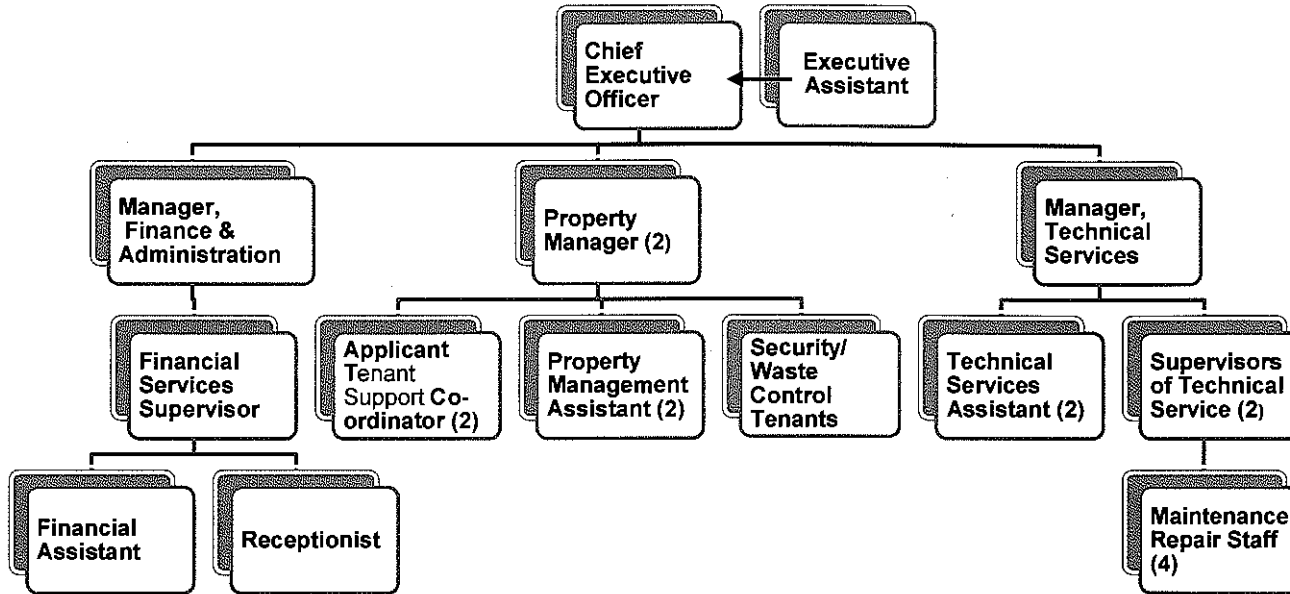


## Staff 2011

Mary Lynn Cousins Brame	Chief Executive Officer
Pamela Cook	Executive Assistant
Dan Song	Manager, Finance & Administration
Scott Vander Schoor	Manager, Technical Services
Patricia Price	Property Manager, Area A
Jody Riddle	Property Manager, Area B
Dave Sulpher	Supervisor, Tech. Services (Retired October)
Mike Hobbs	Supervisor, Technical Services
Catherine Purdy	Supervisor, Financial Services
Dawn Makpah	Technical Services Assistant
Mary Clair	Technical Services Assistant
Darrell Dixon	Maintenance Repair Person
John Corcoran	Maintenance Repair Person
Lorne Bourdage	Maintenance Repair Person
John Wyer	Maintenance Repair Person
Mary Louise Heroux	Applicant/Tenant Services Co-ordinator
Kasia Malecki	Applicant/Tenant Services Co-ordinator
Anabel Almeida	Property Management Assistant
Wendy Sproule	Property Management Assistant
Heather Maxwell	Financial Assistant
Kelley Sarris	Receptionist



# Organizational Chart 2011



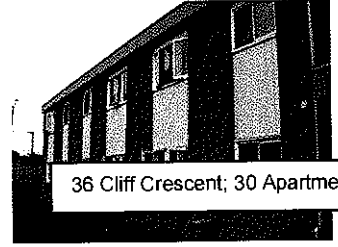
# KFHC Properties



129 Van Order Place – 49 Seniors Units



36 Cliff Crescent  
30 Row House Units

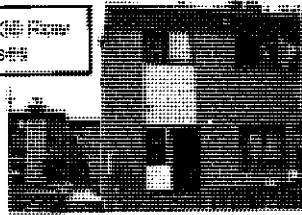


36 Cliff Crescent; 30 Apartments

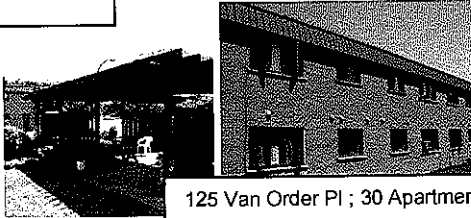


111 Van Order Place  
51 Apartments

80 Daly; 30 Row  
House Units



123 Van Order Place – 30 Apartments



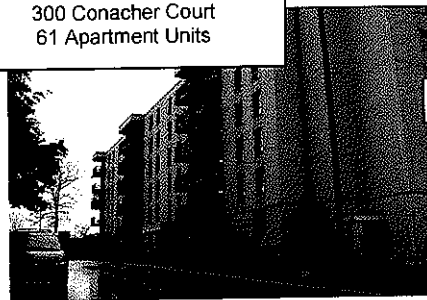
125 Van Order Pl ; 30 Apartments



176 Wilson Manor; 53 Apt. Units



205 Bagot St; 51 Apartment Units



300 Conacher Court  
61 Apartment Units

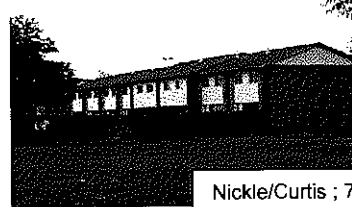
312 Conacher Court – 40 Row House Units



381 Bagot; 104 Apartments



1130 Montreal St.; 20 Apts; 51 Row Houses



Nickle/Curtis ; 72 Row House Units

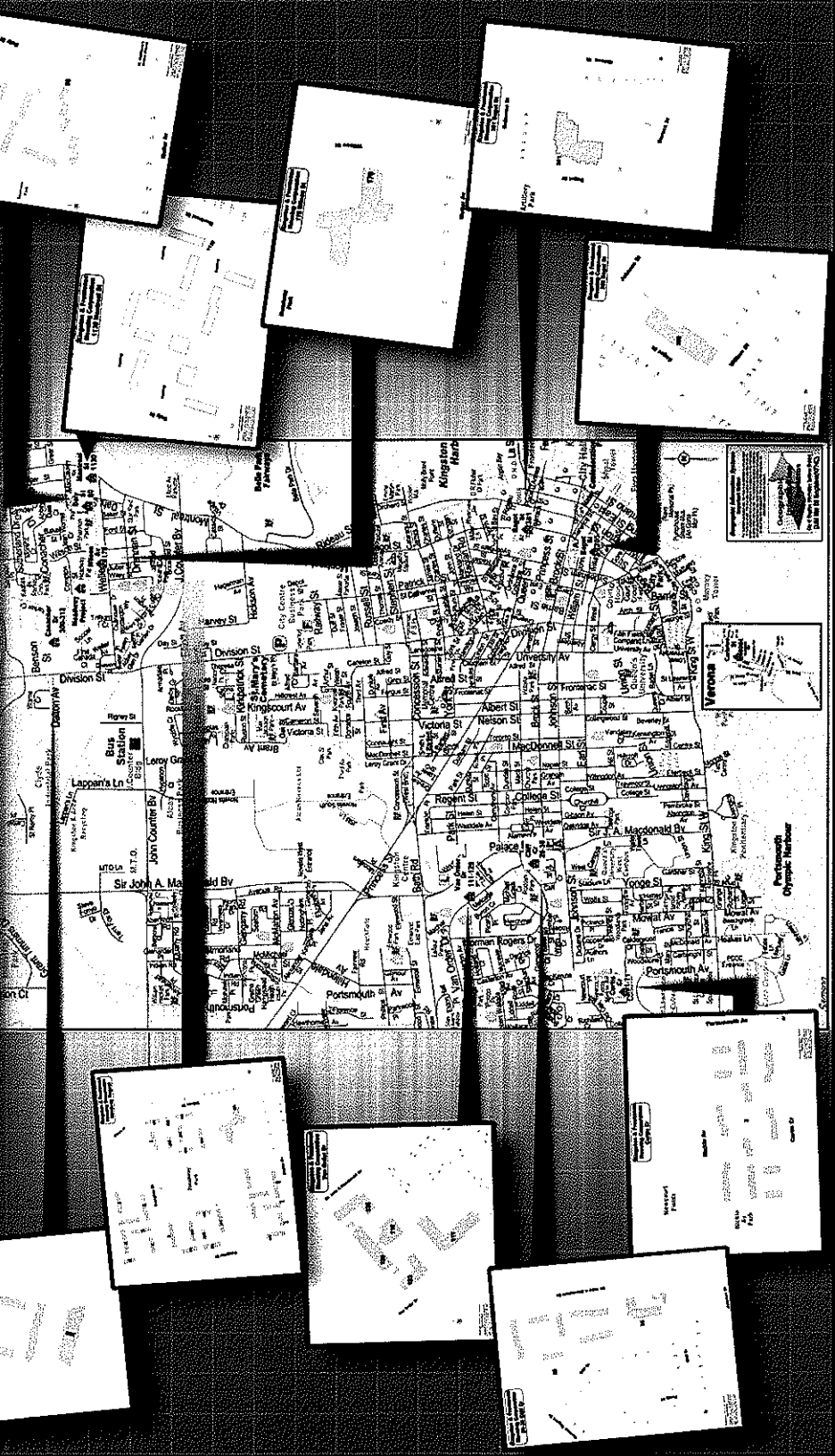
20 Scattered  
Semi-detached Units



6094 Carleton Dr. Verona; 28 Apartments



# KINGSTON & FRONTENAC HOUSING CORPORATION



## TECHNICAL SERVICES DEPARTMENT

2011 was a very challenging year for Technical Services staff, and as Manager I could not have been more pleased with, not only the efforts, but the results from the whole Department.

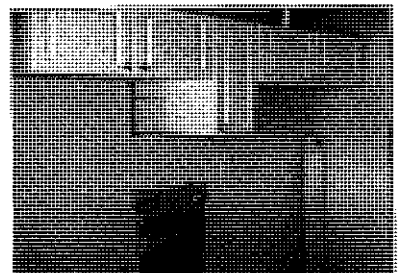
Early in the year, the Department was re-organized to increase efficiencies and productivity. Discontinuing the practice of two separate divisions allowed for any Maintenance person to more quickly attend any unit, with the added advantage of being able to benefit from their individual strengths or specializations. Technical Services Assistants were also re-aligned, with one responsible for the Capital projects and contracts, allowing the other Assistant to focus on day-to-day needs of the department. Supervisor duties focused on move outs and risk management, and the other on KFHC day-to-day needs.

However, in October we said good bye to long time employee, Dave Sulpher, one of our Supervisors who retired after more than 20 years of service. Mike Hobbs has been tirelessly working with our Department to fulfill the obligations of both positions until the Corporation determines how to best benefit KFHC with a replacement.

Renovations to our Administration building, one of our many projects for 2011, resulted in Technical Service Assistants being moved into a more private, esthetically pleasing work space. In 2011 more than 2,700 work orders were completed and our Maintenance Department helped to accommodate more than 160 tenant moves. We are hopeful that these changes will help us continue to meet the demands of our aging portfolios, special tenant needs, and the constant need for growth to conquer the housing shortage in Kingston.

Our Department continued on with the 2010 Social Housing Renovation & Retrofit Program (SHRRP) and REI (Renewable Energy Initiative) projects, as photovoltaic solar panels and solar hot water heating panels were installed on the rooftops of five more of our buildings to provide for solar domestic hot water and to reduce our utilities costs. In order to take full advantage of the funding and meet the deadlines set out by the province, the Board approved changes to the Capital Budget to allow for repairs and strengthening of two of our rooftops in 2011. This expenditure will increase KFHC revenues and is scheduled for repayment in 2012.

Other Capital projects completed in 2011 included the installation of high efficiency furnaces at 80 Daly and 312 Conacher, the replacement of kitchen cabinets at the Weller Block and 80 Daly and new, safer playgrounds at 41 and 61 Compton blocks. As part of the global focus on a 'Green' community, KFHC was able to benefit from



rebates of \$7,500 from *Save on Energy* from Ontario Power Authority for furnace installations and Utilities Kingston for some re-lamping projects.



New, Safe Playground Compton Block

A pilot project was instituted in the summer to help us deal with illegal dumping and garbage problems throughout the properties. The practice of providing large garbage bins at many of our row house units, offered a venue for illegal dumping and causing serious garbage and health concerns for our tenants and their surrounding communities. As a result, following the combined efforts of Property Management and Technical Services staff to deliver extensive tenant information sessions, the bins were removed. Staff worked closely with Kingston By-Law Department to help target those responsible for the illegal dumping, hold them accountable, and when possible, charges were laid.



During the summer months, we rented a pickup truck and, with the assistance of additional funding from KEYS (Kingston Employment for Youth Services), we hired four students to work exclusively on cleaning up our properties. These efforts were very successful and it was a pleasure to substitute complaints with positive feedback on the tremendous improvements from tenants, neighbouring communities and even the media. This Pilot Project generated such a positive response, it was decided to expand on it with more equipment and more manpower, and to offer it again in 2012.

Working closely with the Health Department, City engineers, Greenshield Pest Control, contractors and tenants, considerable efforts were made to alleviate the rodent infestation at one of our buildings. Aging sewer contacts were inspected and repaired, tenants worked with us to minimize food and garbage exposure, traps and pesticides were set out, and staff made inspections several times a day. The CEO and Property Management staff worked with Technical Services to keep tenants regularly informed until the problem was controlled.

One of the more costly projects encountered in 2011 was the premature failure of the septic system in Verona. We worked with the Ministry of the Environment to secure a safe and environmentally protective solution. Tenders were put in place for replacement and assistance for funding was acquired from the City of Kingston with a repayment program set in place for Frontenac County.



We are so pleased to finally get construction underway for our new 27 unit, smoke-free, seniors building on Queen Mary Road in 2011. The Board approved our proposed budget, tenders were sent out and contractors approved. The legal department at the City and our Service Manager reviewed the details, permits were approved, soil was tested and preliminary funding was set in place. An official groundbreaking took place on June 3rd and excavation started in August of 2011. Many of the design features and construction features from 129 Van Order have been emulated to provide us with an opportunity draw on our experiences over the past five years of operation. The building is scheduled for occupancy during the summer 2012.

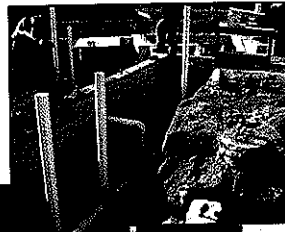
The Technical Services Department is dedicated to providing a safe and enjoyable environment for our current and future tenants. We will not only continue to work to improve our aging properties, but will also make a strong commitment to providing additional housing where and whenever possible. The development of the Queen Mary Road property will attest to this commitment, and searching for ways to grow our portfolio will be a focus for many years to come.

Scott Vander Schoor,  
Manager, Technical Services

### Queen Mary Road – Affordable Housing Unit



"Unofficial Ground Breaking"



Official Gound Breaking!!



## FINANCE DEPARTMENT

2011 was a sustainable and well balanced year for Kingston & Frontenac Housing Corporation and we were successful in delivering our Rent Geared to Income (RGI) program within our total budget. Our affordable housing program not only met all provincial mandates, it has been profitable since commencement and shares an annual \$75K administration cost from the RGI program. This module became a successful housing management story in terms using newly developed programs to support aged housing stocks.

As in the previous year, the Corporation implemented budget measures to alleviate cost pressures, and working closely with other departments to timely identify resources to help offset some of the pressures, the Finance Department was able to meet the majority of these targets. This focus is expected to continue in the year ahead.

Finance staff are identified as the front line of the Corporation, and in support of our belief to build strong tenant and landlord relationships through fostering a shared culture of respect and collaboration, we focused on arranging formal appointments with the appropriate personnel to address individual needs and properly refer tenants to other social service resources that could better serve their urgency. Working closely with the Social Housing Registry we were able to assist former tenants with their efforts to develop an affordable and achievable repayment plan that benefitted KFHC arrears recovery attempts and expedited their attempts to be reinstated on the Registry's wait list for housing.

KFHC audit service Request for Proposal was sent to five major accounting firms in Kingston and surrounding areas and, with its superior quality of service, KPMG was awarded the contract. This Firm will continue to reinforce confidence that the City's tax dollar funding the housing programs under our administration are accountable and reliable.

Late October KFHC received notice of a sizable premium increase from the previous benefit carriers. After a process of RFP for new benefit carrier in late December, we went through a smooth transition with the successful new carrier. This change prevented a substantial cost increase of \$10K in 2012 and insured that staff would enjoy the same level of benefit coverage.

Finance also played an important role in the new Queen Mary Road affordable senior's housing project. The construction and operating budgets developed in late 2010 received full approval in 2011 by the Board of Directors. Should they be required, we have investigated and developed an approved backup financing arrangement, fully ready to implement with short notice.

We happily welcomed Catherine Purdy, Supervisor of Finance and Administration back from maternity leave in June, 2011. Through my team members' diligence in promoting online rent payment and producing instant annual receipts, we were able to positively impact the lives of almost 1,000 families. Our focus for 2012 will be to continue to work with our colleagues to provide affordable housing and advocate for strong communities as we build on our achievements in the year ahead.

Dan Song,  
Manager, Finance & Administration

## Property Management Department

We were excited to have Property Management staff back to full complement with Kasia's return in May, but physically relocating the Property Management Assistants closer to the Managers reinforced the Teams even more. No longer being located in the excessively visible, high traffic area of the office, meant less interruptions for the Management Assistants and allowed for more focus on the mountains of documents and calculations they face daily.

Property Management staff joined Home Base Housing on an *Eviction Prevention Service Pilot Project*. This program was a proactive, rather than reactive, approach to improve the landlord / tenant relationship and preserve tenancy. Eviction Prevention Services, based at the Housing Help Centre, focused their efforts on reducing homelessness. It was recognized that finding ways for tenants to maintain long term, affordable housing was a 'win-win' outcome for tenants and landlords. Landlords benefit from less turnover and tenants do not have to go through the stress of moving and perhaps become homeless for a period of time. This activity was so successful, it was decided early to adopt the pilot as a more permanent strategy.

As well in 2011, *Resolve Kingston* partnered with KFHC to provide assistance with conflict resolution and mediation services for our tenants. This practice also improved relationships for tenants to other tenants, and tenants to other service providers and landlords.

At the later part of 2011, we experienced a higher than normal vacancy loss. Investigations suggested that with the changes in the Income Tax Act and other legal directions, tenants were no longer able to file tax returns early for refunds to support their Holiday shopping, and November and December rent payments were used instead.

The department is gearing up to deal with major legislative changes in January 2012, as the Social Housing Reform Act is replaced by the new Housing Services Act.



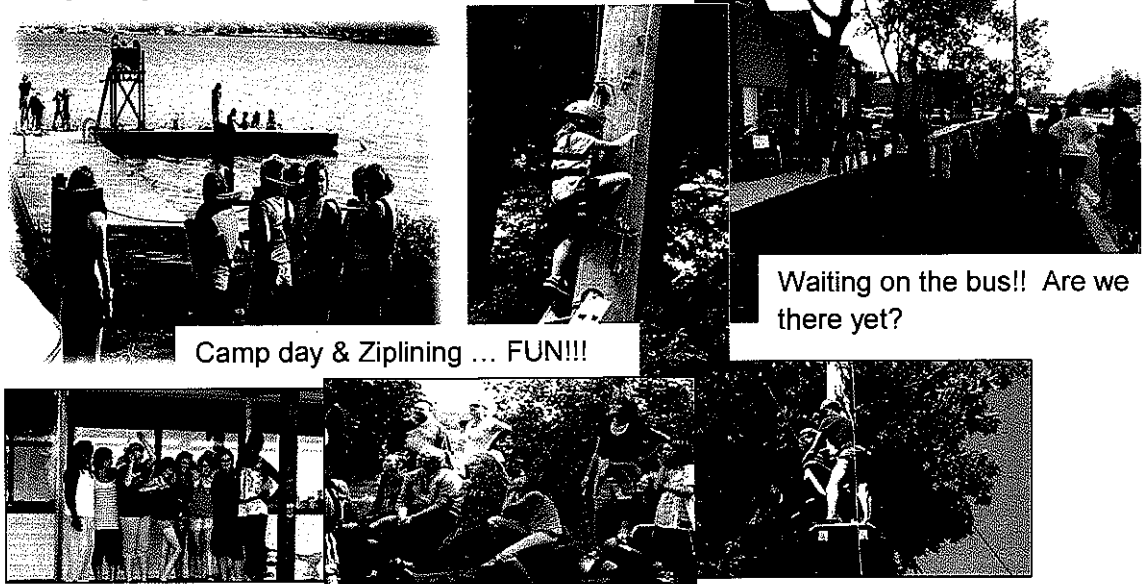
## TENANT ENGAGEMENT

Property Management staff continued to focus their efforts on Tenant Engagement activities for KFHC. The Committee meets monthly to review issues in a proactive manner and discuss activities for the year. Applicant Tenant Services Assistant staff, worked closely with the Committee and tenants, and 2011 was a whirlwind of diverse activities for everyone.

### Community Clean Up Days



### Camp Maple Leaf



A special thank you goes out again to the Kinsmen Club and Ryan Hanes for the opportunity for 35 of our children to spend a week at Camp Maple Leaf at Pigeon Lake making happy memories and new friends.

## TENANT ENGAGEMENT CONT'D

### Communities in Bloom



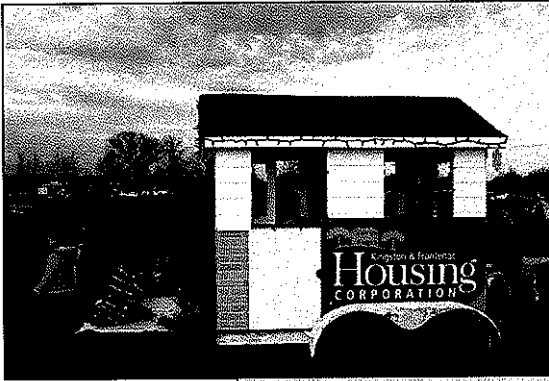
### Thousand Island Boat Cruise



## TENANT ENGAGEMENT CONT'D

### Santa Clause Parade – KFHC Float

Our First Ever Float .. built in collaboration with students and staff at LCVI High School.



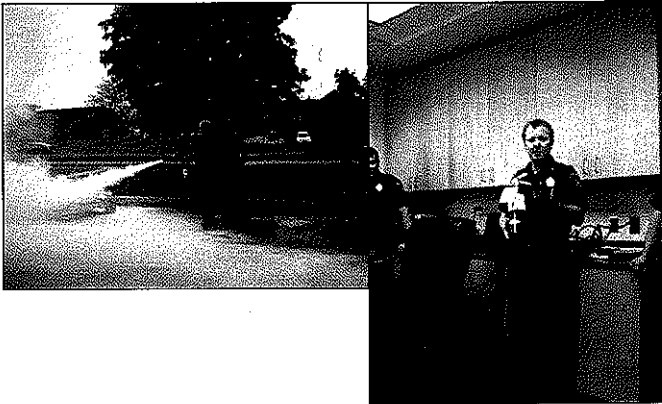
Our model for the parade house !!

We are pleased and encouraged by the continued initiatives and energy demonstrated by Property Management staff. The new legislation with changes to rent calculations and a significantly reduced budget for 2012 will be a serious contest for us, but we have confidence and will continue to be an active leader in housing, fostering informed, engaged tenants and communities.

Patricia Price & Jody Riddle,  
Property Managers,

## PROFESSIONAL DEVELOPMENT STAFF

KFHC has always prided itself in the opportunities it can and does offer staff at all levels, and 2011 was no exception. Legislation and safety for our staff and tenants, often consumes a large part of our overall budget. With the production of our Occupational Health & Safety Manual, we continued to focus on training for our maintenance staff and Health & Safety Committee. Maintenance staff and this Committee were updated on training from the Electrical Safety Authority (ESA) – two separate sessions. We also worked with Kingston Fire Department to train all staff, including Security Tenants, on the importance of smoke detectors and in the use of fire extinguishers.



Mike Hobbs, Dan Song and Mary Clair attended the Annual ONPHA Conference in Niagara Falls and were able to visit a project in Buffalo, New York where a whole community is being regenerated / revitalized for social housing. The CEO and two Property Managers also attended ONPHA to receive a full day training on how the new Housing Services Act will impact KFHC and other housing providers in the Province.



Three staff were trained in St. John Ambulance safety – Kelley Sarris, John Wyer, & Dawn Makpah -; all staff were provided sensitivity training as per the Collective Agreement; and Property Management staff attended a Housing Worker and Community Planning Day to prevent homelessness. Upgrades were implemented for Yardi and all users were provided with training on these improvements for service delivery.

The CEO attended the ONPHA Large Provider Study Visit in Edinburgh and Glasgow and was afforded a first-hand insight into approaches and practices for social housing. Key areas studied were community development and tenant engagement; social enterprise – a range of activities that enable tenants to reattach to the labour market, improve their earning capacity and income and concurrently provide services and labour back to the associations, addressing the increasing need for care and support among various tenant populations – including those with mental illness, the elderly, formerly homeless persons and youth; using planning tools to facilitate affordable supply and mixed tenure integration of social housing; measuring impacts and outcomes of affordable housing investment; and building techniques and energy efficient measures in new construction. The focus was “*Do More With Less*”.

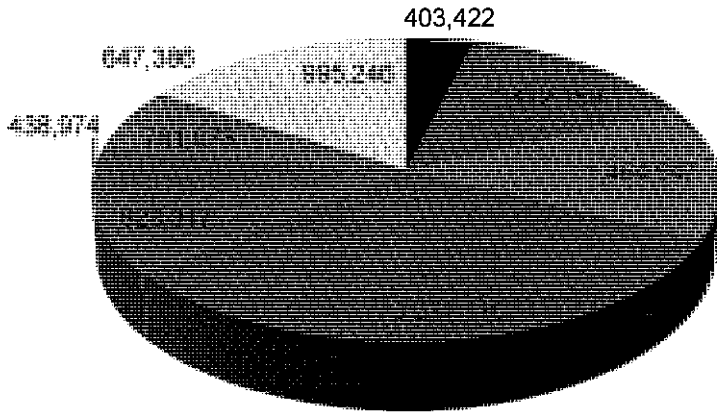


Scotland and Edinburgh

May, 2011 – More with Less!!



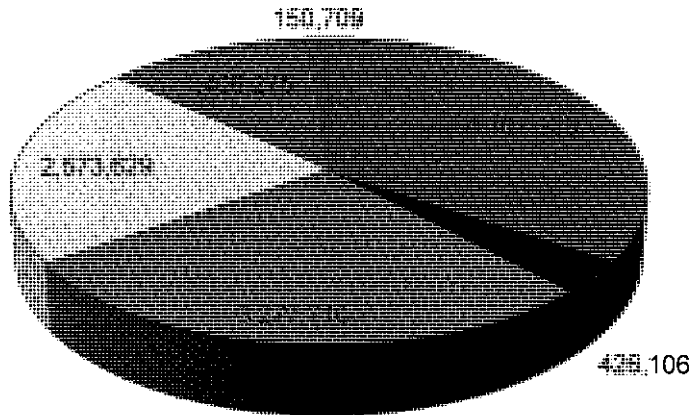
# Expenditures



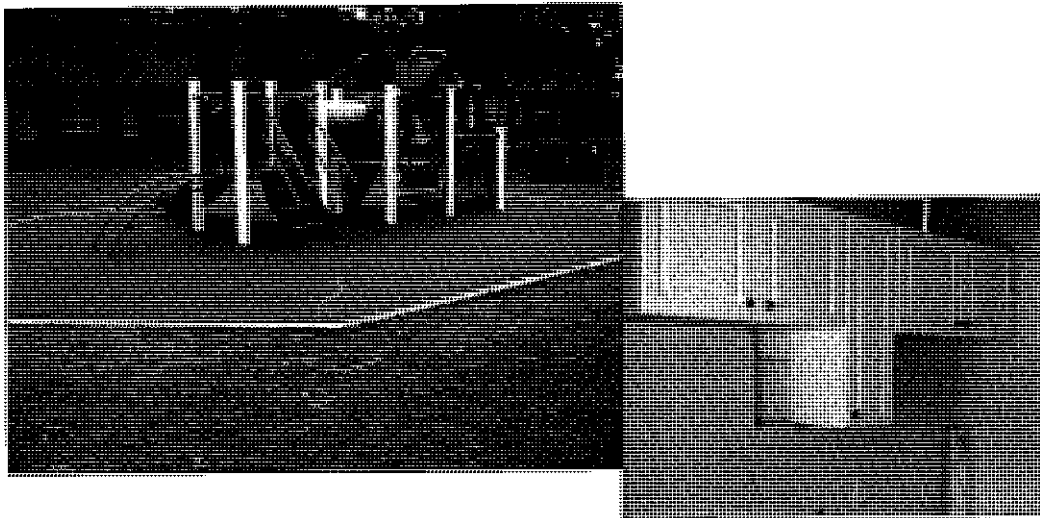
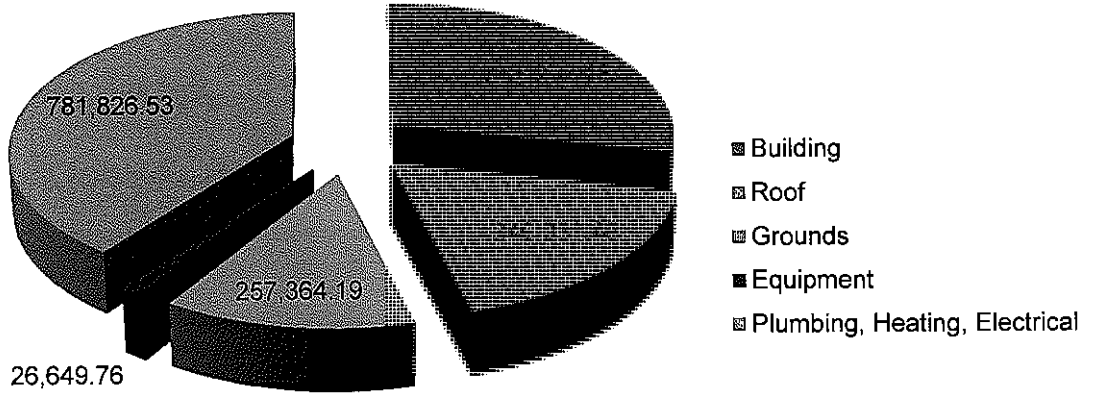
- Capital Exenditres-RGI
- Municipal Taxes RGI
- Salary & Benefit- RGI
- Rent Supplement Cost
- Material & Services RGI
- Affordable Housing Program - VOD
- Utilities RGI
- Administration RGI
- Amortization (RGI + AH)

# Revenue

- Local Housing Subsidy
- Government Grants
- Rent Supplement Subsidy
- RGI Rents
- Affordable Housing Revenue
- Other RGI Revenus



# RGI Capital Spending 2011



New Playground Compton Block - and Cupboards – Weller Block

Financial Statements of

**KINGSTON & FRONTENAC  
HOUSING CORPORATION**

Year ended December 31, 2011



# **KINGSTON & FRONTENAC HOUSING CORPORATION**

Financial Statements

Year ended December 31, 2011

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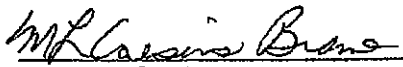
### **Management's Responsibility for the Consolidated Financial Statements**

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 public sector accounting standards 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.



Mary Lynn Cousins Brame  
Chief Executive Officer



Dan Song  
Finance & Administration Manager



**KPMG LLP**  
**Chartered Accountants**  
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PO Box 1600 Stn Main  
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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Board of Directors of Kingston and Frontenac Housing Corporation

We have audited the accompanying financial statements of Kingston and Frontenac Housing Corporation ("the Corporation"), which comprise the statement of financial position as at December 31, 2011, the statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kingston and Frontenac Housing Corporation as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with public sector accounting standards.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

March 26, 2012

Kingston, Canada

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Financial Position

December 31, 2011, with comparative figures for 2010

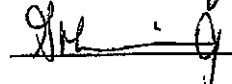
	2011	2010
<b>Financial assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents (notes 4 and 5)	\$ 1,678,049	\$ 1,197,754
Rents receivable	64,895	45,751
Other receivables	415,637	497,611
Receivable from the Corporation of the City of Kingston – subsidy paid (note 6)	62,135	80,579
	<u>2,220,716</u>	<u>1,821,695</u>
Long-term investments (notes 2 and 4)	1,908,274	1,811,323
	<u>4,128,990</u>	<u>3,633,018</u>
<b>Financial liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	868,547	711,856
Accrued payroll and employee benefits	90,227	107,287
Current portion of long-term debt (note 3)	100,067	94,855
Prepaid rents	111,708	104,447
Deferred grant revenue	846,336	248,187
Subsidy paid in advance	709,281	485,096
	<u>2,728,166</u>	<u>1,751,728</u>
Long-term debt (note 3)	4,624,174	4,724,240
	<u>7,350,340</u>	<u>6,475,968</u>
Net financial debt	<u>(3,223,350)</u>	<u>(2,842,950)</u>
<b>Non-financial assets:</b>		
Tangible capital assets (note 11)	40,532,193	38,568,548
Prepaid expenses	208,979	177,096
	<u>40,739,172</u>	<u>38,745,644</u>
Accumulated surplus (note 12)	<u>\$ 37,515,822</u>	<u>\$ 35,902,694</u>

Contingent liabilities (note 8 and note 9)

Commitment (note 14)

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, 2011, with comparative figures for 2010

	2011 Budget (Unaudited, note 7)	2011 Operating	2011 Affordable Housing Program	2011 Total	2010 Total
<b>Revenue:</b>					
Rents	\$ 3,098,246	\$ 2,573,629	\$ 358,535	\$ 2,932,164	\$ 3,023,358
Non-residential rents	114,326	—	114,326	114,326	111,104
Government grants	—	426,106	725,886	1,151,992	911,180
Local housing subsidy (note 13)	4,114,890	4,107,938	—	4,107,938	3,960,963
Rent supplement	2,746,044	2,810,911	—	2,810,911	2,718,462
Homelessness supplement	466,805	466,805	—	466,805	466,805
Subsidiary adjustment prior year	—	(6,362)	—	(6,362)	13,373
Non-rental revenue	77,480	89,682	12,752	102,434	97,912
Province of Ontario grant	167,945	—	167,945	167,945	167,945
Interest income	7,450	67,389	26,831	94,220	64,218
	10,793,186	10,536,098	1,406,275	11,942,373	11,535,320
<b>Expenses:</b>					
Salaries and benefits	1,725,589	1,464,947	46,304	1,511,251	1,666,037
Interest	256,033	—	255,956	255,956	260,753
Transportation and communication	118,908	117,089	107	117,196	72,801
Insurance	220,743	233,544	9,261	242,805	192,356
Rent	114,326	114,326	—	114,326	111,104
Legal	21,193	61,073	—	61,073	173,323
Professional services	44,528	32,710	1,481	34,191	74,901
Materials and services operating	1,009,812	928,317	33,710	962,027	1,006,007
Municipal taxes	1,549,263	1,472,159	32,390	1,504,549	1,495,184
Utilities	771,182	701,078	59,646	760,724	713,182
Bad debts	40,000	25,381	—	25,381	31,225
Bank charges	16,364	13,702	119	13,821	13,645
Sundry supplies	85,694	49,561	—	49,561	51,544
Rent supplement program costs	3,212,849	3,277,716	—	3,277,716	3,185,267
Capital expenses	1,400,000	403,422	—	403,422	403,854
	10,586,484	8,895,025	438,974	9,333,999	9,451,183
<b>Excess of revenue over expenses</b>	206,702	1,641,073	967,301	2,608,374	2,084,137
<b>Amortization expense</b>	193,410	801,836	193,410	995,246	923,067
<b>Annual surplus</b>	13,292	839,237	773,891	1,613,128	1,161,070
<b>Accumulated surplus, beginning of year</b>		32,201,511	3,701,183	35,902,694	34,741,624
<b>Accumulated surplus, end of year</b>		\$ 33,040,748	\$ 4,475,074	\$ 37,515,822	\$ 35,902,694

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Change in Net Financial Debt

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Annual surplus	\$ 1,613,128	\$ 1,161,070
Acquisition of tangible capital assets	(2,958,891)	(2,027,236)
Amortization of tangible capital assets	995,246	923,067
Change in prepaid expense	(29,883)	(29,759)
Net change in net financial assets	(380,400)	27,142
Net financial debt, beginning of year	(2,842,950)	(2,870,092)
Net financial debt, end of year	\$ (3,223,350)	\$ (2,842,950)

See accompanying notes to financial statements.

# KINGSTON & FRONTENAC HOUSING CORPORATION

## Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,613,128	\$ 1,161,070
Amortization, which does not involve cash	995,246	923,067
	<u>2,608,374</u>	<u>2,084,137</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in rents receivable	(19,144)	7,450
Decrease (increase) in other receivables	81,974	(184,768)
Increase in prepaid expenses	(29,883)	(29,759)
Decrease (increase) in receivable from the Corporation of the City of Kingston	18,444	(80,579)
Increase in accounts payable and accrued liabilities	156,691	160,615
Increase (decrease) in accrued payroll and employee benefits	(17,060)	10,706
Increase in prepaid rents	7,261	17,237
Increase in deferred grant revenue	598,149	248,187
Increase in subsidy paid in advance	224,185	30,449
Decrease in payable to the Corporation of the City of Kingston	-	(133,294)
	<u>1,020,617</u>	<u>46,244</u>
	3,628,991	2,130,381
Capital activities:		
Cash used to acquire tangible capital assets	(2,958,891)	(2,027,236)
Financing activities:		
Principal repayment	(94,854)	(89,915)
Investing activities:		
Decrease (increase) in investments	909,934	(795,366)
Net change in cash and cash equivalents	1,485,180	(782,136)
Cash and cash equivalents, beginning of year	1,197,754	1,979,890
Cash and cash equivalents, end of year	<u>\$ 2,682,934</u>	<u>\$ 1,197,754</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, 2011

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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, 2011.

### (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 expenses 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, 2011

## 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 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 and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. 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, is 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, 2011

**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. Long-term investments:**

The market value of long-term investments as at December 31, 2011 is \$1,906,274 (2010 - \$1,811,323), with a portion of this amount relating to the Affordable Housing Project of \$62,514 (2010 - \$701,181).

**3. Affordable housing program long-term debt:**

	2011	2010
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 1, 2028	\$ 4,724,241	\$ 4,819,095
Current portion of long-term debt	100,067	94,855
	<u>\$ 4,624,174</u>	<u>\$ 4,724,240</u>

The minimum scheduled principal repayments are as follows: 2012 - \$100,067; 2013 - \$105,565; 2014 - \$111,365; 2015 - \$117,484; 2016 - \$123,939; 2017 and thereafter \$4,165,821.

The mortgage is secured by the following:

- (i) a first charge on the lands and all real and immovable 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, 2011

#### 4. 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.

	2011	2010
Balance, beginning of year	\$ 990,230	\$ 1,059,876
Allocation from operations	1,400,000	1,400,000
Other grants	397,562	904,360
Expenses	(1,977,164)	(2,424,271)
	(179,602)	(119,911)
Investment income	39,433	35,617
Unrealized gain on investments	18,301	14,648
	57,734	50,265
Excess of revenue over expense	(121,868)	(69,646)
Balance, end of year	\$ 868,362	\$ 990,230

Cash and cash equivalents and long-term investments in the amount of \$838,875 (2010 - \$1,110,141) have been designated to support the rent geared to income capital reserve fund and have not been adjusted for year-end outstanding transfers of \$29,487 (2010 - \$119,911).

#### 5. 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.

	2011	2010
Balance, beginning of year	\$ 45,411	\$ 90,734
Net transfer to/from operations	17,013	(45,323)
Balance, end of year	\$ 62,424	\$ 45,411

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 6. 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 expenses 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 receivable from the Corporation of the City of Kingston of \$62,135 (2010 - \$80,579) has been reported on the statement of financial position with respect to an estimate of the balance of subsidy revenue to be paid by the CMSM as follows:

	Operating	Rent Supplement	2011	2010
Subsidy advances received	\$ 4,114,890	\$ 3,282,849	\$ 7,397,739	\$ 6,945,730
Allowable expenses	4,107,938	3,277,717	7,385,655	7,146,230
Payable to (receivable from) the Corporation of the City of Kingston	6,952	5,132	12,084	(66,695)
Prior year payment (repayment) of subsidy	6,360	—	6,360	(13,884)
Beginning balance of subsidy receivable	(108,161)	27,582	(80,579)	—
	\$ (94,849)	\$ 32,714	\$ (62,135)	\$ (80,579)

## 7. 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.