

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2011

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## 8. Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 22 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 amount contributed to OMERS for 2011 was \$92,579 (2010 - \$71,888) for current service and is included as an expense on the statement of revenue, expense and surplus (deficit).

## 9. Contingent liabilities:

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, 2011, management believes that the Corporation has valid defences 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.

## 10. Fair value of financial instruments:

The carrying values of cash and cash equivalents, rents receivable, other receivables, accounts payable and accrued liabilities and accrued payroll and employee benefits 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 (receivable from) 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.

## 11. Tangible capital assets:

### (a) Assets under construction:

Assets under construction reported at \$1,425,886 (2010 - \$40,737) that have not been amortized. Amortization of these assets will commence when the assets are put into service.

# KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2011

## 11. Tangible capital assets (continued):

(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, 2010	Additions	Dispositions	Balance December 31, 2011
Land - Rent Geared to Income	\$ 10,263,290	\$ -	\$ -	\$ 10,263,290
Land - Affordable Housing	342,000	-	-	342,000
Land improvement - Rent Geared to Income	1,818,574	236,681	-	2,055,255
Land improvement - Affordable Housing	120,630	-	-	120,630
Building - Rent Geared to Income	25,890,384	1,337,061	-	27,227,445
Building - Affordable Housing	7,400,877	-	-	7,400,877
Assets under construction - Affordable Housing	40,737	1,385,149	-	1,425,886
	<b>\$ 45,876,492</b>	<b>\$ 2,958,891</b>	<b>\$ -</b>	<b>\$ 48,835,383</b>

  

Accumulated amortization	Balance December 31, 2010	Disposals	Amortization	Balance December 31, 2011
Land improvement - Rent Geared to Income	\$ 425,732	\$ -	\$ 68,508	\$ 494,240
Land improvement - Affordable Housing	12,063	-	4,021	16,084
Building - Rent Geared to Income	6,301,983	-	733,328	7,035,311
Building - Affordable Housing	568,166	-	189,389	757,555
	<b>\$ 7,307,944</b>	<b>\$ -</b>	<b>\$ 995,246</b>	<b>\$ 8,303,190</b>

  

	Net book value December 31, 2010	Net book value December 31, 2011
Land - Rent Geared to Income	\$ 10,263,290	\$ 10,263,290
Land - Affordable Housing	342,000	342,000
Land improvement - Rent Geared to Income	1,392,842	1,561,015
Land improvement - Affordable Housing	108,567	104,546
Building - Rent Geared to Income	19,588,401	20,192,134
Building - Affordable Housing	6,832,711	6,643,322
Assets under construction - Affordable Housing	40,737	1,425,886
	<b>\$ 38,568,548</b>	<b>\$ 40,532,193</b>

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Notes to Financial Statements (continued)

Year ended December 31, 2011

## 12. Accumulated surplus:

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

	2011	2010
Surplus:		
Operating surplus (deficit) - Rent Geared to Income	\$ 127,394	\$ (33,264)
Operating surplus - Affordable Housing	358,976	328,074
<b>Total surplus</b>	<b>486,370</b>	<b>294,810</b>
 Invested in tangible capital assets - Rent Geared to Income	 32,016,439	 31,244,533
Invested in tangible capital assets - Affordable Housing:		
Tangible capital assets	8,515,754	7,324,015
Long-term debt	(4,724,241)	(4,819,095)
Capital financing	290,624	822,790
<b>Total invested in tangible capital assets - Affordable Housing</b>	<b>4,082,137</b>	<b>3,327,710</b>
Reserve fund:		
Rent geared to income capital reserve fund	868,362	990,230
Affordable housing reserve fund	62,514	45,411
	930,876	1,035,641
	<b>\$ 37,515,822</b>	<b>\$ 35,902,694</b>

## 13. Local housing subsidy:

Rent supplement administration subsidy of \$153,141 received from the City of Kingston was included with the 2011 local housing subsidy.

## 14. Commitment:

The Corporation has contracted for engineering and construction work with respect to the affordable housing project at 233 Queen Mary Road in the Board-approved amount of \$5,182,264, of which approximately \$1,425,886 cost has been incurred to date. This project is to be financed by long-term debt and the Municipal Delivering Opportunities for Ontario Renters (DOOR) funding from City of Kingston.