

Financial Statements of

**KINGSTON & FRONTENAC
HOUSING CORPORATION**

Year ended December 31, 2014

KINGSTON & FRONTENAC HOUSING CORPORATION

Financial Statements

Year ended December 31, 2014

	Page
Management's Responsibility for the Financial Statements	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Financial Debt	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule 1: Rent Geared to Income Program Statement of Operations and Accumulated Surplus	16
Schedule 2: Affordable Housing Program Schedule of Operations and Accumulated Surplus	17


Management's Responsibility for the Financial Statements

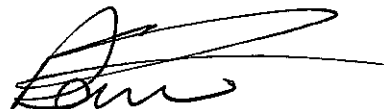
The accompanying financial statements of Kingston and Frontenac Housing Corporation (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the 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 financial statements. These systems are monitored and evaluated by management.

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

The 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 financial statements.


Mary Lynn Cousins Brame
Chief Executive Officer


Dan Song
Finance & Administration Manager



KPMG LLP
Suite 400
863 Princess Street
Kingston ON K7L 5N4
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

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, 2014, 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 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.

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, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 30, 2015

Kingston, Canada

KINGSTON & FRONTENAC HOUSING CORPORATION

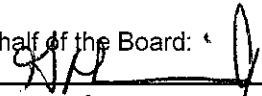
Statement of Financial Position


December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Current assets:		
Cash and cash equivalents (note 4)	\$ 2,801,657	\$ 2,474,925
Rents receivable	37,926	48,542
Other receivables	146,571	157,712
Receivable from the Corporation of the City of Kingston - subsidy paid (note 6)	66,522	12,375
	<u>3,052,676</u>	<u>2,693,554</u>
Long-term investments (notes 2, 4 and 5)	1,259,963	1,191,288
	<u>4,312,639</u>	<u>3,884,842</u>
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	597,553	590,003
Accrued payroll and employee benefits	124,839	115,811
Current portion of long-term debt (note 3)	139,311	132,424
Prepaid rents	134,547	140,168
Deferred revenue	47,371	37,014
Subsidy paid in advance	706,833	691,985
	<u>1,750,454</u>	<u>1,707,405</u>
Long-term debt (note 3)	4,803,241	4,942,552
	<u>6,553,695</u>	<u>6,649,957</u>
Net financial debt	(2,241,056)	(2,765,115)
Non-financial assets:		
Tangible capital assets (note 11)	43,117,270	43,360,195
Prepaid expenses	203,951	167,350
	<u>43,321,221</u>	<u>43,527,545</u>
Accumulated surplus	\$ 41,080,165	\$ 40,762,430

Contingent liabilities (note 6 and note 9)

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, 2014, with comparative information for 2013

	2014 Budget (note 7)	2014 Total	2013 Total
Revenue:			
Local housing subsidy (note 12)	\$ 4,302,639	\$ 4,319,595	\$ 4,266,264
Rents	3,200,948	3,183,999	3,182,350
Rent supplement	2,980,896	3,083,492	2,936,707
Homelessness supplement	466,805	466,805	466,805
Province of Ontario grant	168,000	167,945	167,945
Non-rental revenue	123,400	173,970	157,466
Non-residential rents	118,764	118,764	118,185
Interest income	21,000	113,136	25,505
	11,382,452	11,627,706	11,321,227
Expenses:			
Rent supplement program costs	3,447,701	3,550,297	3,403,512
Salaries and benefits	1,824,118	1,759,862	1,693,863
Municipal taxes	1,607,697	1,625,214	1,583,138
Maintenance expense	963,728	1,000,834	999,042
Utilities	860,200	858,129	835,928
Capital expenses	1,400,000	1,374,306	1,398,405
Amounts recognized as tangible capital assets	(1,000,000)	(1,042,203)	(927,812)
Professional services	212,300	241,693	246,041
Interest	259,990	267,902	274,491
Insurance	218,589	205,086	264,591
Administration services and expenses	152,755	152,165	155,522
Bad debts	30,877	31,558	49,988
	9,977,955	10,024,843	9,976,709
Excess of revenue over expenses	1,404,497	1,602,863	1,344,518
Amortization expense	1,312,671	1,285,128	1,230,979
Annual surplus	91,826	317,735	113,539
Accumulated surplus, beginning of year		40,762,430	40,648,891
Accumulated surplus, end of year (schedules 1 and 2)		\$ 41,080,165	\$ 40,762,430

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Change in Net Financial Debt

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Annual surplus	\$ 317,735	\$ 113,539
Acquisition of tangible capital assets	(1,042,203)	(927,812)
Amortization of tangible capital assets	1,285,128	1,230,979
Change in prepaid expense	(36,601)	21,876
Net change in net financial assets	524,059	438,582
Net financial debt, beginning of year	(2,765,115)	(3,203,697)
Net financial debt, end of year	\$ (2,241,056)	\$ (2,765,115)

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 317,735	\$ 113,539
Amortization, which does not involve cash	1,285,128	1,230,979
	1,602,863	1,344,518
Change in non-cash assets and liabilities:		
Decrease in rents receivable	10,616	7,682
Decrease in other receivables	11,141	191,261
Decrease (increase) in prepaid expenses	(36,601)	21,876
Increase in receivable from the Corporation of the City of Kingston	(54,147)	(12,375)
Increase in accounts payable and accrued liabilities	7,550	63,507
Increase in accrued payroll and employee benefits	9,028	11,929
Increase (decrease) in prepaid rents	(5,621)	21,328
Increase in deferred revenue	10,357	118
Increase in subsidy paid in advance	14,848	504,485
Decrease in payable to the Corporation of the City of Kingston	-	(167,628)
	(32,829)	642,183
	1,570,034	1,986,701
Capital activities:		
Cash used to acquire tangible capital assets	(1,042,203)	(927,812)
Financing activities:		
Principal repayment of long-term debt	(132,424)	(125,882)
Investing activities:		
Increase in long-term investments	(68,675)	(218,398)
Increase in cash and cash equivalents	326,732	714,609
Cash and cash equivalents, beginning of year	2,474,925	1,760,316
Cash and cash equivalents, end of year	\$ 2,801,657	\$ 2,474,925

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2014

Kingston & Frontenac Housing Corporation (the "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 public sector accounting standards. 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 (the "Service Manager"), 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, 2014.

(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, 2014

1. Significant accounting policies (continued):

(d) Long-term investments:

Long-term investments 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 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.

(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.

(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.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(g) Cash and cash equivalents:

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

2. Long-term investments:

The fair value of long-term investments as at December 31, 2014 is \$1,259,963 (2013 - \$1,191,288), with a portion of this amount relating to the Affordable Housing Project of \$122,414 (2013 - \$101,114).

3. Affordable housing program long-term debt:

	2014	2013
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 15, 2028	\$ 4,407,244	\$ 4,518,609
3.59% Mortgage payable in monthly blended instalments of \$3,390, due October 15, 2032	535,309	556,367
	4,942,552	5,074,976
Current portion of long-term debt	(139,311)	(132,424)
	<u>\$ 4,803,241</u>	<u>\$ 4,942,552</u>

The minimum scheduled principal repayments are as follows: 2015 - \$139,311; 2016 - \$146,563; 2017 - \$154,199; 2018 - \$162,238; 2019 - \$170,704; and thereafter, \$4,169,537.

The mortgages are 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, 2014

4. Rent geared to income capital reserve fund:

In compliance with the Housing Services Act ("HSA"), sections 27(3) and 124(b), 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 interest on reserve fund investments are returned to the capital reserve fund.

	2014	2013
Balance, beginning of year	\$ 1,063,226	\$ 1,072,733
Allocation from operations	1,400,000	1,400,000
Expenses	(1,345,691)	(1,398,405)
	54,309	1,595
Investment income	113,136	26,405
Unrealized loss on investments	(38,813)	(37,507)
	74,323	(11,102)
Excess of revenue over expense (expense over revenue)	128,632	(9,507)
Balance, end of year	\$ 1,191,858	\$ 1,063,226

Cash and cash equivalents and long-term investments in the amount of \$1,137,550 (2013 - \$1,090,174) have been designated to support the rent geared to income capital reserve fund and have not been adjusted for year-end outstanding transfers in of \$54,308 (2013 - transfers out of \$26,948).

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.

	2014	2013
Balance, beginning of year	\$ 101,114	\$ 81,714
Net transfer from operations	21,300	19,400
Balance, end of year	\$ 122,414	\$ 101,114

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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.

Revenue, 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 \$88,499 (2013 - \$12,375) has been reported on the statement of financial position with respect to an estimate of the balance of subsidy revenue to be paid to the Service Manager as follows:

	Operating	Rent Supplement	2014	2013
Subsidy advances received	\$ 4,299,669	\$ 3,503,701	\$ 7,803,370	\$ 7,657,402
Allowable expenses	4,319,595	3,550,297	7,869,892	7,669,777
Receivable from the Corporation of the City of Kingston	(19,926)	(46,596)	(66,522)	(12,375)
Prior year payment (repayment) of subsidy	(19,472)	31,847	12,375	(167,628)
Beginning balance of subsidy payable (receivable)	19,472	(31,847)	(12,375)	167,628
Ending balance of subsidy receivable	\$ (19,926)	\$ (46,596)	\$ (66,522)	\$ (12,375)

7. Budget figures:

The Corporation reviews the operating and capital budgets annually. The budget figures are reflected in the statement of operations and accumulated surplus.

Approved budget figures have been reclassified and adjusted for the purposes of these financial statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

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 2014 was \$114,728 (2013 - \$107,910) for current service and is included as an expense on the statement of operations and accumulated surplus.

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, 2014, 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 is their fair value.

The fair value of amounts 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.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

11. Tangible capital assets:

(a) Assets under construction:

The balance of assets under construction in 2014 is \$28,615 (2013 - \$ Nil).

(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, 2013	Additions	Dispositions	Balance December 31, 2014
Land - Rent Geared to Income	\$ 10,263,290	\$ -	\$ -	\$ 10,263,290
Land - Queen Mary Road	180,000	-	-	180,000
Land - Van Order Drive	342,000	-	-	342,000
Land improvement - Rent Geared to Income	2,204,355	52,006	-	2,256,361
Land improvement - Queen Mary Road	114,950	-	-	114,950
Land improvement - Van Order Drive	120,630	-	-	120,630
Building - Rent Geared to Income	28,880,064	961,582	-	29,841,646
Building - Queen Mary Road	4,496,149	-	-	4,496,149
Building - Van Order Drive	7,400,877	-	-	7,400,877
Assets under construction	-	28,615	-	28,615
	\$ 54,002,315	\$ 1,042,203	\$ -	\$ 55,044,518

Accumulated amortization	Balance December 31, 2013	Disposals	Amortization	Balance December 31, 2014
Land improvement - Rent Geared to Income	\$ 641,196	\$ -	\$ 75,212	\$ 716,408
Land improvement - Queen Mary Road	5,429	-	3,832	9,261
Land improvement - Van Order Drive	24,126	-	4,021	28,147
Building - Rent Geared to Income	8,670,516	-	900,270	9,570,786
Building - Queen Mary Road	160,499	-	112,404	272,903
Building - Van Order Drive	1,140,354	-	189,389	1,329,743
	\$ 10,642,120	\$ -	\$ 1,285,128	\$ 11,927,248

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

11. Tangible capital assets (continued):

(b) Tangible capital assets disclosed at nominal values:

	Net book value December 31, 2013	Net book value December 31, 2014
Land - Rent Geared to Income	\$ 10,263,290	\$ 10,263,290
Land - Queen Mary Road	180,000	180,000
Land - Van Order Drive	342,000	342,000
Land improvement - Rent Geared to Income	1,563,159	1,539,953
Land improvement - Queen Mary Road	109,521	105,689
Land improvement - Van Order Drive	96,504	92,483
Building - Rent Geared to Income	20,209,548	20,270,860
Building - Queen Mary Road	4,335,650	4,223,246
Building - Van Order Drive	6,260,523	6,071,134
Assets under construction	-	28,615
	\$ 43,360,195	\$ 43,117,270

12. Local housing subsidy:

Rent supplement administration subsidy of \$162,093 (2013 - \$161,303) received from the Corporation of the City of Kingston was included with the 2014 local housing subsidy.

KINGSTON & FRONTENAC HOUSING CORPORATION

Schedule 1 - Rent Geared to Income Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 7)	2014 Total	2013 Total
Revenue:			
Rents	\$ 2,613,264	\$ 2,584,046	\$ 2,599,871
Local housing subsidy (note 12)	4,302,639	4,319,595	4,266,264
Rent supplement	2,980,896	3,083,492	2,936,707
Homelessness supplement	466,805	466,805	466,805
Non-rental revenue	103,000	156,988	136,358
Interest income	12,000	90,854	5,552
	10,478,604	10,701,780	10,411,557
Expenses:			
Rent supplement program costs	3,447,701	3,550,297	3,403,512
Salaries and benefits	1,801,501	1,728,943	1,668,095
Municipal taxes	1,541,697	1,551,798	1,513,385
Capital expenses	1,400,000	1,374,306	1,398,405
Maintenance expense	919,229	929,432	933,016
Utilities	773,000	755,740	726,286
Professional services	210,300	237,906	244,021
Insurance	203,536	194,540	239,785
Administration services and expenses	150,763	150,659	154,012
Bad debts	30,877	31,558	49,941
Amounts recognized as tangible capital assets	(1,000,000)	(1,042,203)	(927,812)
	9,478,604	9,462,976	9,402,646
Excess of revenue over expenses	1,000,000	1,238,804	1,008,911
Amortization expense	1,000,000	975,482	921,333
Annual surplus	—	263,322	87,578
Accumulated surplus, beginning of year		33,474,933	33,387,355
Accumulated surplus, end of year		\$ 33,738,255	\$ 33,474,933
Analyzed as follows:			
Operating surplus (including 100 common shares for \$10)		\$ 472,294	\$ 375,710
Invested in tangible capital assets		32,074,103	32,035,997
Reserve Fund (note 4)		1,191,858	1,063,226
Accumulated surplus, end of year		\$ 33,738,255	\$ 33,474,933

KINGSTON & FRONTENAC HOUSING CORPORATION

Schedule 2 - Affordable Housing Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 7)	2014 Total	2013 Total
Revenue:			
Rents	\$ 587,684	\$ 599,953	\$ 582,479
Province of Ontario grant	168,000	167,945	167,945
Non-residential rents	118,764	118,764	118,185
Interest income	9,000	22,282	19,953
Non-rental revenue	20,400	16,982	21,108
Government grants	—	—	—
	903,848	925,926	909,670
Expenses:			
Interest costs	259,990	267,902	274,491
Utilities	87,200	102,389	109,642
Municipal taxes	66,000	73,416	69,753
Maintenance expense	44,499	71,402	66,026
Salaries and benefits	22,617	30,920	25,768
Insurance	15,053	10,546	24,806
Professional services	2,000	3,787	2,020
Administration services and expenses	1,992	1,505	1,510
Bad debts	—	—	47
	499,351	561,867	574,063
Excess of revenue over expenses	404,497	364,059	335,607
Amortization expense	312,671	309,646	309,646
Annual surplus	91,826	54,413	25,961
Accumulated surplus, beginning of year		7,287,497	7,261,536
Accumulated surplus, end of year		\$ 7,341,910	\$ 7,287,497
Analyzed as follows:			
Operating surplus		\$ 656,578	\$ 510,379
Invested in tangible capital assets:			
Tangible capital assets		11,043,167	11,324,198
Long-term debt		(4,942,552)	(5,074,976)
Capital financing		462,303	426,782
		7,219,496	7,186,383
Reserve Fund (note 5)		122,414	101,114
		\$ 7,341,910	\$ 7,287,497

