

March 23, 2020

Email: [REDACTED]

Dear [REDACTED]

Re: Request for Access to Information under Part II of the Access to Information and Protection Privacy Act (the ATIPP Act, 2015)

On February 24, 2020, the City of St. John's received your request for access to the following information:

Provide re: City of St John's Non-Profit Housing:

1. *The number of units*
2. *The capital cost of the units*
3. *The number of employees - also provide salaries + benefits for the last fiscal year*
4. *The revenue and expenses - net loss for the last 3 fiscal years*
5. *To reduce the duplicate administration cost of public housing in St. John's has the City asked the NL Gov NLHC to take over the City of St. John's Non-Profit Housing?*

Enclosed is the information you requested. Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in Section 42 of the ATIPP Act. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner:

Office of the Information and Privacy Commissioner
2 Canada Drive; P. O. Box 13004, Stn. A, St. John's, NL. A1B 3V8
Telephone: (709) 729-6309; Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to Section 52 of the Act.

If you have any further questions, please feel free to contact me by telephone at 576-8429 or by e-mail at kcutler@stjohns.ca.

Yours truly,



Kenessa Cutler
ATIPP Coordinator

ST. JOHN'S

Provide re: City of St John's Non-Profit Housing:

1. The number of units.

We maintain 476 units that the City owns. In addition, we also perform all maintenance on additional 12 units at 77 Charter Ave that belong to NLHC.

2. The capital cost of the units.

Please see the Financial Statements dated December 31, 2018 and December 31, 2017, attached.

3. The number of employees - also provide salaries + benefits for the last fiscal year.

Please see the HR documentation attached.

4. The revenue and expenses - net loss for the last 3 fiscal years.

Please see the attached Financial Statements dated December 31, 2018 and December 31, 2017.

5. To reduce the duplicate administration cost of public housing in St. John's has the City asked the NL Gov NLHC to take over the City of St. John's Non-Profit Housing?

NLHC mainly serves people and families with an income of less than \$32,500. CJS Housing is not limited to that income and we cast our net wider. We believe it is important for people with lower incomes to have a choice of a housing providers, not that we are in competition, but we provide people/families with another option. If social housing was one entity these people/families would be limited and harder hit.



Financial Statements

City of St. John's
Urban Living Non-Profit Housing Fund

December 31, 2017

**CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
December 31, 2017**

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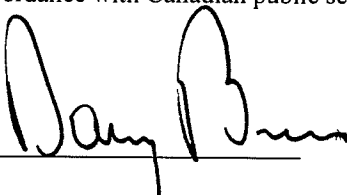
Statement of Responsibility

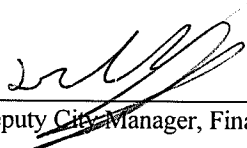
The accompanying financial statements are the responsibility of the management of the City of St. John's (the "City") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the City's Audit Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP, as the City's appointed external auditors, has audited the financial statements. The auditor's report is addressed to the Mayor and Councillors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian public sector accounting standards.



Mayor

Deputy City Manager, Financial Management



Independent auditors' report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4
T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

To His Worship the Mayor and Councillors,
City of St. John's

We have audited the accompanying financial statements of the City of St. John's Urban Living Non-Profit Housing Fund which comprise the statement of financial position as at December 31, 2017 and the statement of operations, accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies, attached schedules 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.

Auditor's 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 the auditor's 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, the auditor considers 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, these financial statements present fairly, in all material respects, the financial position of the City of St. John's Urban Living Non-Profit Housing Fund as at December 31, 2017 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

St. John's, Canada
October 9, 2018

Audit • Tax • Advisory
Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd

Grant Thornton LLP

Chartered Professional Accountants

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Operations and Accumulated Surplus
Year ended December 31, 2017

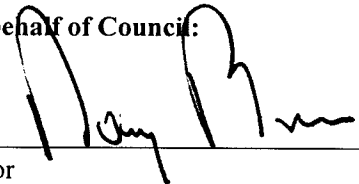
	2017	2016
	\$	\$
Revenues		
Apartment rentals	3,053,518	3,084,976
Newfoundland and Labrador Housing Corporation (Note 3)		
Capital contribution (Note 11)	66,457	341,829
Operating subsidy	872,168	950,416
Canada Mortgage and Housing Corporation mortgage subsidy (Note 10)	237,612	244,474
Heat & Hot Water surcharge - tenants	54,385	53,905
Interest earned on replacement reserves or sinking funds	39,852	29,680
City of St. John's subsidy	14,515	15,584
Miscellaneous Revenue	93,958	8,945
Laundry machine rentals	14,109	15,004
Interest earned on operations	11,333	10,548
	4,457,906	4,755,361
Expenditures		
Amortization	1,277,157	1,256,053
Mortgage interest	430,112	375,134
Municipal taxes	649,810	699,244
Light and power	460,299	464,468
Repairs and maintenance	925,333	1,053,991
Maintenance fees	330,060	333,360
Administration and management	236,880	236,880
Snow clearing and ice control	339,154	384,095
Fire insurance	74,457	68,291
Garbage collection	14,801	8,950
Provision for bad debts	21,150	20,796
Audit fees	5,225	5,193
Miscellaneous materials	2,416	2,667
	4,766,853	4,909,122
Excess of expenditures over revenues	(308,948)	(153,761)
Accumulated surplus, beginning of year	14,641,524	14,795,285
Accumulated surplus, end of year	14,332,576	14,641,524

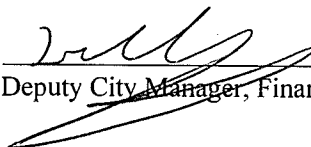
CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Financial Position

December 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents (Note 6)	2,418,934	2,281,825
Receivables		
Newfoundland and Labrador Housing Corporation (Note 3)	286,101	351,907
Other (Note 4)	71,452	48,290
Due from Canada Mortgage and Housing Corporation	175,183	181,009
Investment in City of St. John's sinking funds	479,312	390,643
	3,430,982	3,253,674
Financial liabilities		
Payables and accruals	146,720	289,867
Deposits and prepayments	112,521	113,572
Payable to the City of St. John's for operations	4,649,850	3,697,587
Payable to the City of St. John's for capital	7,407,963	7,410,963
Long-term debt (Note 7)	6,426,374	8,024,049
	18,743,428	19,536,038
Net debt	(15,312,446)	(16,282,364)
Non-financial assets		
Tangible capital assets (Note 5)	29,576,223	30,853,379
Inventory and supplies	10,569	10,750
Prepaid expenses	58,230	59,759
	29,645,022	30,923,888
Accumulated surplus (Note 9)	14,332,576	14,641,524

On behalf of Council:


 Mayor


 Deputy City Manager, Financial Management

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING
Statement of Change in Net Debt
Year ended December 31, 2017

	2017	2016
	\$	\$
Excess of expenditures over revenues	(308,948)	(153,761)
Changes in tangible capital assets		
Adjustment (acquisition) of tangible capital assets	-	4,212
Amortization of tangible capital assets	1,277,157	1,256,053
Increase in net book value of tangible capital assets	1,277,157	1,260,265
Changes in other non-financial assets		
Change in prepaid expenses	1,528	(6,084)
Purchase acquisition of inventory and supplies, net of usage	181	215
Decrease in other non-financial assets	1,709	(5,869)
Decrease in net debt	969,918	1,100,635
Net debt, beginning of year	(16,282,364)	(17,382,999)
Net debt, end of year	(15,312,446)	(16,282,364)

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
	\$	\$
Operating transactions		
Excess of expenditures over revenues	(308,948)	(153,761)
Non-cash charges to operations:		
Amortization of tangible capital assets	1,277,157	1,256,053
Change in other (Note 12)	(94,020)	161,585
	874,189	1,263,877
Financing transactions		
Increase in payable to City of St. John's	949,263	345,924
Repayment of long-term debt	(1,597,675)	(1,566,229)
Investment in City of St. John's sinking funds	(88,669)	(13,090)
	(737,080)	(1,233,395)
Capital transactions		
Adjustment (acquisition) of tangible capital assets	-	4,212
Net increase in cash and cash equivalents	137,109	34,694
Cash and cash equivalents, beginning of year	2,281,825	2,247,131
Cash and cash equivalents, end of year	2,418,934	2,281,825

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

1. DESCRIPTION OF BUSINESS

The City of St. John's ("City") through its Non-Profit Housing Division, provides housing to qualifying individuals at lower than market rates. Federal assistance is provided through the Canada Mortgage and Housing Corporation ("CMHC") under Section 56.1 of the National Housing Act to reduce the operating costs for certain City projects. Additional federal funding is provided through the Newfoundland and Labrador Housing Corporation ("NLHC") to reduce operating costs on other housing units.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

Revenue recognition

Apartment rental revenues are recognized in accordance with the terms of rental agreements and when collection is reasonably assured. Other revenues are recognized as earned and when collection is reasonably assured.

Government grants and transfers are recognized as revenue in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of overdrafts and maturity of three months or less. Bank borrowings are considered to be financing activities.

Tangible capital assets

Buildings and land are recorded at cost. Funds sourced/provided through cost sharing arrangements are recorded as revenue in the year it becomes receivable. Buildings are amortized on a straight-line basis over 45 years.

Short term investments

Short term investments are recorded at cost plus accumulated interest.

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

In preparing these financial statements in conformity with Canadian PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

3. DUE FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2017	2016
	\$	\$
Balance, beginning of year	351,907	367,898
Net operating subsidy for the year	872,168	950,416
Net capital grant for the year	66,457	341,829
Payments received during the year	(1,004,431)	(1,308,236)
Balance, end of year	286,101	351,907

4. RECEIVABLES - OTHER

	2017	2016
	\$	\$
Returned cheques	22,811	16,444
Social services receivable	35,575	31,805
Miscellaneous	126,602	92,704
Allowance for doubtful accounts	(113,536)	(92,663)
	71,452	48,290

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

5. TANGIBLE CAPITAL ASSETS

	2017		2016
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	5,656,855		5,656,855
Buildings	46,437,136	22,517,768	23,919,368
Work in process	-	-	-
	52,093,991	22,517,768	29,576,223
			30,853,379

6. CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash on hand	200,314	73,045
Restricted cash deposits:		
Replacement reserve (Note 8)	2,107,448	2,096,327
Tenants' security deposits	111,172	112,453
	2,218,620	2,208,780
	2,418,934	2,281,825

The City has agreements with CMHC and NLHC, which stipulate that cash be set aside for a replacement reserve fund. At December 31, 2017 the City held cash of \$2,107,448 (2016 - \$2,096,327).

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

7. LONG-TERM DEBT

				2017	2016
	Date of	Interest	Amount	Amount	Amount
	Maturity	Rate	Issued	Outstanding	Outstanding
			\$	\$	\$
Newfoundland and Labrador					
Housing Corporation					
Hamlyn Road	Aug. 1, 2022	2.04%	2,207,290	536,583	645,077
Infill 1987	Apr. 1, 2023	2.04%	2,070,285	568,809	668,754
Gear Street - Infill 1988	Sept. 1, 2025	2.04%	1,929,560	721,664	806,768
Brookfield Road	Dec. 1, 2025	2.04%	2,203,600	841,161	937,007
Infill 1990	Nov. 1, 2026	1.31%	1,628,008	644,892	712,645
Cochrane Street	June 1, 2027	1.84%	745,887	322,810	353,794
Campbell Avenue	Feb. 1, 2028	1.62%	968,952	440,949	480,556
Infill 1992	Dec. 1, 2028	2.04%	1,682,553	696,764	752,719
Canada Mortgage and					
Housing Corporation					
Forest Road	Jan. 1, 2018	1.62%	1,647,890	8,300	110,014
Cuckholds Cove Road	Apr. 1, 2018	1.67%	804,200	16,260	64,518
Infill 1982	July 1, 2018	2.35%	651,550	23,577	63,274
Rawlins Cross	Dec. 1, 2018	2.11%	1,249,485	75,661	149,790
Hamilton Avenue-					
Riverhead Towers	Feb. 1, 2019	1.92%	3,736,230	251,031	461,761
Fahey's Row - Infill 1983	May 1, 2019	1.82%	962,163	84,481	142,835
Alexander Street -					
Hamilton Avenue	Jun. 1, 2019	1.82%	1,920,998	177,423	293,077
Carnell Street -					
Larkin Square	Jan. 1, 2020	1.12%	1,910,065	236,077	352,220
Goodview Street -					
Carter's Hill	Jan. 1, 2020	1.39%	1,406,630	181,841	267,280
Infill 1985	Apr. 1, 2021	1.05%	880,530	171,338	221,579
Carter's Hill -					
Sebastian Court	Aug. 1, 2021	1.03%	2,031,175	426,753	540,381
			30,637,051	6,426,374	8,024,049
Current portion				(1,480,179)	(1,594,349)
				4,946,195	6,429,700

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

7. LONG-TERM DEBT (Continued)

Mortgages are secured by specific rental properties situated in St. John's and an assignment of rental income.

Principal repayments for the next five years and thereafter are as follows:

	\$
2018	1,480,179
2019	1,100,914
2020	794,298
2021	726,123
2022	601,763
Thereafter	1,723,097

8. REPLACEMENT RESERVE

	2017	2016
	\$	\$
Balance, beginning of year	2,096,327	2,055,109
Contributions from operations	285,599	288,851
Interest earned	19,093	16,590
Withdrawals	(293,571)	(264,223)
Balance, end of year	2,107,448	2,096,327

The required contributions from operations are determined by CMHC under certain rental assistance subsidy agreements. The purpose of the reserve is to provide for future replacement of capital items.

9. ACCUMULATED SURPLUS

	2017	2016
	\$	\$
Surplus, beginning of year	14,641,524	14,795,285
Excess of expenditures over revenues	(308,948)	(153,761)
Surplus, end of year	14,332,576	14,641,524
Appropriated surplus (Note 8)	2,107,448	2,096,327
Unappropriated surplus	12,225,128	12,545,197
	14,332,576	14,641,524

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Financial Statements
December 31, 2017

10. CMHC – FEDERAL ASSISTANCE

The Urban Living Non-Profit Housing Fund ("Fund") receives federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to reduce operating costs to break even, enabling the Fund to provide housing to low-income individuals. In accordance with Section 56.1, CMHC provides funding to NLHC which, in turn, distributes subsidies to the Fund. The amount of assistance received from NLHC during 2017 was \$237,612 (2016 – \$244,474).

11. PROVINCIAL & NLHC CAPITAL FUNDING

The City has an agreement with NLHC for 100% funding for its Urban Living Non-Profit Housing RGI (rent-geared-to-income) projects for capital improvements starting in 2009. This funding has been recorded as revenue when related costs are incurred. Funding received in 2017 was \$66,457 (2016 - \$341,829).

12. SUPPLEMENTAL CASH FLOW INFORMATION

	2017	2016
	\$	\$
Change in other		
Receivables	48,470	15,416
Inventory and supplies	181	215
Prepaid expenses	1,528	(6,084)
Payables and accruals	(143,148)	147,531
Deposits and prepayments	(1,051)	4,507
	<u>(94,020)</u>	<u>161,585</u>

Financial Statements of

**CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT
HOUSING FUND**

December 31, 2018

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
December 31, 2018

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Statement of Responsibility


The accompanying financial statements are the responsibility of the management of the City of St. John's (the "City") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the City's Audit Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

BDO Canada LLP, as the City's appointed external auditors, has audited the financial statements. The auditor's report is addressed to the Mayor and Councillors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian public sector accounting standards.



Mayor

Deputy City Manager, Finance & Administration



Tel: 709-579-2161
Fax: 709-579-2120
www.bdo.ca

BDO Canada LLP
300 Kenmount Road, Suite 100
St. John's, NL A1B 3R2 Canada

Independent Auditor's Report

To the Mayor and Councillors of the City of St. John's

Opinion

We have audited the accompanying financial statements of the City of St. John's Urban Living Non-Profit Housing Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its results of operations, its changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 9, 2018.

Responsibilities of Management and those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, the future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
St. John's, Newfoundland and Labrador
November 21, 2019

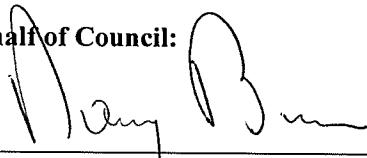
CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Operations and Accumulated Surplus
Year ended December 31, 2018


	2018	2017
	\$	\$
Revenues		
Apartment rentals	2,952,034	3,053,518
Newfoundland and Labrador Housing Corporation (Note 3)		
Capital contribution (Note 11)	71,022	66,457
Operating subsidy	983,787	872,168
Canada Mortgage and Housing Corporation mortgage subsidy (Note 10)	196,020	237,612
Heat & Hot Water surcharge - tenants	54,640	54,385
Interest earned on replacement reserves or sinking funds	64,155	39,852
City of St. John's subsidy	19,741	14,515
Miscellaneous Revenue	-	93,958
Laundry machine rentals	12,175	14,109
Interest earned on operations	23,112	11,333
	4,376,685	4,457,906
Expenditures		
Amortization	1,277,157	1,277,157
Mortgage interest	406,948	430,112
Municipal taxes	650,056	649,810
Light and power	537,908	460,299
Repairs and maintenance	811,384	925,333
Maintenance fees	326,880	330,060
Administration and management	236,880	236,880
Snow clearing and ice control	187,793	339,154
Fire insurance	70,793	74,457
Garbage collection	11,921	14,801
Provision for bad debts	30,801	21,150
Audit fees	4,693	5,225
Miscellaneous materials	1,406	2,416
	4,554,620	4,766,853
Excess of expenditures over revenues	(177,935)	(308,948)
Accumulated surplus, beginning of year	14,332,576	14,641,524
Accumulated surplus, end of year	14,154,641	14,332,576

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Financial Position
December 31, 2018

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (Note 6)	4,514,317	2,418,934
Receivables		
Newfoundland and Labrador Housing Corporation (Note 3)	277,797	286,101
Other (Note 4)	57,204	71,452
Due from Canada Mortgage and Housing Corporation	139,800	175,183
Investment in City of St. John's sinking funds	572,347	479,312
	5,561,465	3,430,982
Financial liabilities		
Payables and accruals	148,200	146,720
Deposits and prepayments	107,226	112,521
Payable to the City of St. John's for operations	7,167,683	4,649,850
Payable to the City of St. John's for capital	7,407,963	7,407,963
Long-term debt (Note 7)	4,947,441	6,426,374
	19,778,513	18,743,428
Net debt	(14,217,048)	(15,312,446)
Non-financial assets		
Tangible capital assets (Note 5)	28,299,066	29,576,223
Inventory and supplies	9,814	10,569
Prepaid expenses	62,807	58,230
	28,371,687	29,645,022
Accumulated surplus (Note 9)	14,154,641	14,332,576

On behalf of Council:


 Mayor


 Deputy City Manager, Finance & Administration

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING
Statement of Change in Net Debt
Year ended December 31, 2018

	2018	2017
	\$	\$
Excess of expenditures over revenues	(177,935)	(308,948)
Changes in tangible capital assets		
Amortization of tangible capital assets	1,277,157	1,277,157
Increase in net book value of tangible capital assets	1,277,157	1,277,157
Changes in other non-financial assets		
Change in prepaid expenses	(4,576)	1,528
Purchase acquisition of inventory and supplies, net of usage	755	181
Decrease in other non-financial assets	(3,821)	1,709
Decrease in net debt	1,095,401	969,918
Net debt, beginning of year	(15,312,446)	(16,282,364)
Net debt, end of year	(14,217,048)	(15,312,446)

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Statement of Cash Flows
Year ended December 31, 2018

	2018	2017
	\$	\$
Operating transactions		
Excess of expenditures over revenues	(177,935)	(308,948)
Non-cash charges to operations:		
Amortization of tangible capital assets	1,277,157	1,277,157
Change in other (Note 12)	50,300	(94,020)
	1,149,522	874,189
Financing transactions		
Increase in payable to City of St. John's	2,517,833	949,263
Repayment of long-term debt	(1,478,934)	(1,597,675)
Investment in City of St. John's sinking funds	(93,035)	(88,669)
	945,864	(737,081)
Net increase in cash and cash equivalents	2,095,386	137,109
Cash and cash equivalents, beginning of year	2,418,934	2,281,825
Cash and cash equivalents, end of year	4,514,317	2,418,934

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Consolidated Financial Statements
December 31, 2018

1. DESCRIPTION OF BUSINESS

The City of St. John's ("City") through its Non-Profit Housing Division, provides housing to qualifying individuals at lower than market rates. Federal assistance is provided through the Canada Mortgage and Housing Corporation ("CMHC") under Section 56.1 of the National Housing Act to reduce the operating costs for certain City projects. Additional federal funding is provided through the Newfoundland and Labrador Housing Corporation ("NLHC") to reduce operating costs on other housing units.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Revenue recognition

Apartment rental revenues are recognized in accordance with the terms of rental agreements and when collection is reasonably assured. Other revenues are recognized as earned and when collection is reasonably assured.

Government grants and transfers are recognized as revenue in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Tangible capital assets

Buildings and land are recorded at cost. Funds sourced/provided through cost sharing arrangements are recorded as revenue in the year it becomes receivable. Buildings are amortized on a straight-line basis over 45 years.

Short term investments

Short term investments are recorded at cost plus accumulated interest.

Use of estimates

In preparing these financial statements in conformity with Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND

Notes to the Consolidated Financial Statements

December 31, 2018

3. DUE FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2018	2017
	\$	\$
Balance, beginning of year	286,101	351,907
Net operating subsidy for the year	983,787	872,168
Net capital grant for the year	71,022	66,457
Payments received during the year	(1,063,113)	(1,004,431)
Balance, end of year	277,797	286,101

4. RECEIVABLES - OTHER

	2018	2017
	\$	\$
Returned cheques	14,408	22,811
Social services receivable	30,816	35,575
Miscellaneous	156,317	126,602
Allowance for doubtful accounts	(144,337)	(113,536)
	57,204	71,452

5. TANGIBLE CAPITAL ASSETS

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	5,656,855	-	5,656,855	5,656,855
Buildings	46,437,136	23,794,925	22,642,211	23,919,368
	52,093,991	23,794,925	28,299,066	29,576,223

6. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash on hand	2,011,427	200,314
Restricted cash deposits:		
Replacement reserve	2,397,012	2,107,448
Tenants' security deposits	105,878	111,172
	2,502,890	2,218,620
	4,514,317	2,418,934

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Consolidated Financial Statements
December 31, 2018

6. CASH AND CASH EQUIVALENTS (Continued)

The City has agreements with CMHC and NLHC, which stipulate that cash be set aside for a replacement reserve fund. At December 31, 2018 the City held cash in a separate replacement reserve account of \$2,397,012 (2017 - \$2,107,448).

7. LONG-TERM DEBT

	Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	Amount Outstanding
Newfoundland and Labrador Housing Corporation					
Hamlyn Road	Aug. 1, 2022	2.04%	2,207,290	425,862	536,583
Infill 1987	Apr. 1, 2023	2.04%	2,070,285	466,813	568,809
Gear Street - Infill 1988	Sept. 1, 2025	2.04%	1,929,560	634,814	721,664
Brookfield Road	Dec. 1, 2025	2.04%	2,203,600	743,349	841,161
Infill 1990	Nov. 1, 2026	1.31%	1,628,008	576,249	644,892
Cochrane Street	June 1, 2027	1.84%	745,887	291,413	322,810
Campbell Avenue	Feb. 1, 2028	1.62%	968,952	401,958	440,949
Infill 1992	Dec. 1, 2028	2.04%	1,682,553	639,663	696,763
Canada Mortgage and Housing Corporation					
Forest Road	Jan. 1, 2018	1.62%	1,647,890	-	8,300
Cuckholds Cove Road	Apr. 1, 2018	1.67%	804,200	-	16,260
Infill 1982	July 1, 2018	2.35%	651,550	-	23,577
Rawlins Cross	Dec. 1, 2018	2.11%	1,249,485	-	75,661
Hamilton Avenue- Riverhead Towers	Feb. 1, 2019	1.92%	3,736,230	36,239	251,031
Fahey's Row - Infill 1983	May 1, 2019	1.82%	962,163	25,062	84,481
Alexander Street - Hamilton Avenue	Jun. 1, 2019	1.82%	1,920,998	59,657	177,423
Carnell Street - Larkin Square	Jan. 1, 2020	1.12%	1,910,065	118,631	236,077
Goodview Street - Carter's Hill	Jan. 1, 2020	1.39%	1,406,630	95,211	181,841
Infill 1985	Apr. 1, 2021	1.05%	880,530	120,568	171,338
Carter's Hill - Sebastian Court	Aug. 1, 2021	1.03%	2,031,175	311,953	426,753
			30,637,051	4,947,441	6,426,374
Current portion				(1,062,147)	(1,480,179)
				3,885,294	4,946,195

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Consolidated Financial Statements
December 31, 2018

7. LONG-TERM DEBT (Continued)

Mortgages are secured by specific rental properties situated in St. John's and an assignment of rental income.

Principal repayments for the next five years and thereafter are as follows:

2019	1,062,147
2020	792,427
2021	724,904
2022	604,378
2023	456,422
Thereafter	1,307,163

8. REPLACEMENT RESERVE

	2018	2017
	\$	\$
Balance, beginning of year	2,017,448	2,096,327
Contributions from operations	399,217	285,599
Interest earned	39,029	19,093
Withdrawals	(148,682)	(293,571)
	<u>2,307,012</u>	<u>2,107,448</u>

The required contributions from operations are determined by CMHC under certain rental assistance subsidy agreements. The purpose of the reserve is to provide for future replacement of capital items.

9. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Accumulated surplus, beginning of year	14,332,576	14,641,524
Excess of revenue over expenditures	(177,935)	(308,948)
Accumulated surplus, end of year	<u>14,154,641</u>	<u>14,332,576</u>
Appropriated surplus	2,397,012	2,107,448
Unappropriated surplus	11,757,629	12,225,128
	<u>14,154,641</u>	<u>14,332,576</u>

CITY OF ST. JOHN'S
URBAN LIVING NON-PROFIT HOUSING FUND
Notes to the Consolidated Financial Statements
December 31, 2018

10. CMHC - FEDERAL ASSISTANCE

The Urban Living Non-Profit Housing Fund ("Fund") receives federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to reduce operating costs to break even, enabling the Fund to provide housing to low-income individuals. In accordance with Section 56.1, CMHC provides funding to NLHC which, in turn, distributes subsidies to the Fund. The amount of assistance received from NLHC during 2018 was \$196,020 (2017 – \$237,612).

11. PROVINCIAL & NLHC CAPITAL FUNDING

The City has an agreement with NLHC for 100% funding for its Urban Living Non-Profit Housing RGI (rent-geared-to-income) projects for capital improvements starting in 2009. This funding has been recorded as revenue when related costs are incurred. Funding received in 2018 was \$71,022 (2017 - \$66,457).

12. SUPPLEMENTARY CASH FLOW INFORMATION

	2018	2017
	\$	\$
Changes in other:		
Receivables	57,934	48,470
Inventory and supplies	755	181
Prepaid expenses	(4,576)	1,528
Payables and accruals	1,481	(143,148)
Deposits and prepayments	(5,294)	(1,051)
	50,300	(94,020)

BENEFIT COSTS = 25% per employee

# Positions	Position Title	Annual Salary
1	Affordable Housing & Development Facilitator	\$74,412.00
1	Housing Program Officer	\$95,106.00
5	Maintenance Repairperson II	\$60,902.40
1	Manager - Housing	\$119,158.00
1	Supervisor - Residential Buildings	\$115,127.00
1	Tenant Relations Officer	\$95,106.00
1	Tenant Relations Officer	\$102,614.00
1	Word Processor III	\$54,001.35