

Financial Statements

Ottawa Community Housing Corporation
December 31, 2009

AUDITORS' REPORT

To the Board of Directors of
Ottawa Community Housing Corporation

We have audited the balance sheet of **Ottawa Community Housing Corporation** [the "Corporation"] as at December 31, 2009 and the statements of operations and surplus, reserves, and cash flows for the year then ended. These financial statements have been prepared to comply with the requirements of the Directors, Shareholder and Service Manager of the Corporation and the Social Housing Reform Act. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles are solely for the information and use of the Directors, Shareholder and Service Manager of the Corporation. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

As required by the Ontario Business Corporations Act, we report that, in our opinion, these principles have been applied, on a basis consistent with that of the preceding year.

Ottawa, Canada,
March 26, 2010.

Chartered Accountants
Licensed Public Accountants

Ottawa Community Housing Corporation

Incorporated under the laws of Ontario

BALANCE SHEET

As at December 31

	2009	2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	6,720,280	11,163,119
Marketable securities <i>[note 3]</i>	18,597,158	—
Subsidies receivable, net		
City of Ottawa ["Service Manager"] <i>[note 15]</i>	—	1,416,110
Rents receivable	1,215,843	1,104,533
Other accounts receivable	141,765	134,931
GST receivable	1,063,654	841,142
Prepaid expenses	1,856,911	1,697,779
Total current assets	29,595,611	16,357,614
Marketable securities <i>[note 3]</i>	—	35,087,748
Capital assets, net <i>[notes 4 and 5]</i>	298,097,907	312,648,585
	327,693,518	364,093,947
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Subsidies payable, net		
City of Ottawa ["Service Manager"] <i>[note 15]</i>	2,019,036	—
Accounts payable and accrued liabilities <i>[note 15]</i>	14,391,794	11,336,298
Accrued interest on long-term debt	928,441	982,615
Prepaid rents and subsidies	1,135,040	995,450
WSIB future benefit costs - current <i>[note 12]</i>	192,231	207,247
Current portion of long-term debt <i>[note 6]</i>	15,090,834	14,276,438
Total current liabilities	33,757,376	27,798,048
Vested employee benefits <i>[notes 10 and 11]</i>	2,565,091	2,109,512
WSIB future benefit costs <i>[note 12]</i>	1,594,546	1,254,471
Deferred capital contributions <i>[note 5]</i>	2,034,001	2,067,601
Long-term debt <i>[note 6]</i>	270,046,813	285,084,989
Total liabilities	309,997,827	318,314,621
Commitments and contingencies <i>[notes 13 and 14]</i>		
SHAREHOLDERS' EQUITY		
Share capital	100	100
Contributed surplus	1,650,135	1,650,135
Reserves <i>[note 8]</i>	16,045,456	44,129,091
Total shareholders' equity	17,695,691	45,779,326
	327,693,518	364,093,947

See accompanying notes

On behalf of the Board:

Director

Director

Ottawa Community Housing Corporation

STATEMENT OF RESERVES

As at December 31

	Capital Reserves Non-profit	Public	Vehicle	Investment in Capital Assets	Federal Operating Surplus	Community Reinvestment Fund	Public Housing Operating Reserve Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	
	[note 8(a)]	[note 8(a)]	[note 8(b)]	[note 8(g)]	[note 8(f)]	[note 8(d)]	[note 8(c)]	2009	
								2008	
Balance, beginning of year	14,811,845	3,785,100	35,223	9,422,469	13,542,800	—	2,531,654	44,129,091	54,803,515
Subsidy repayable to the Service Manager waived for repayment	—	48,152	—	—	—	—	101,898	150,050	—
Contributions from operations	3,755,548	8,480,208	—	—	1,437,755	860,239	(206,539)	14,327,211	15,804,572
Other contributions	200,000	1,561,585	58,661	(285,978)	—	(58,114)	—	1,476,154	2,310,394
Realized losses, net of income earned [note 3]	(1,858,757)	—	(17,758)	—	(96,183)	—	(459,072)	(2,431,770)	(1,342,308)
Unrealized gains (losses) from financial instruments designated as available-for-sale	4,776,939	—	45,638	—	247,188	—	1,179,800	6,249,565	(3,850,548)
Capital reserve expenses	(21,538,533)	(26,283,826)	—	—	—	(32,486)	—	(47,854,845)	(23,596,534)
Interfund transfers [note 8(h)]	15,241,693	—	—	—	(14,472,054)	(769,639)	—	—	—
Balance, end of year	15,388,735	(12,408,781)	121,764	9,136,491	659,506	—	3,147,741	16,045,456	44,129,091

See accompanying notes

Ottawa Community Housing Corporation

STATEMENT OF OPERATIONS AND SURPLUS

Year ended December 31

	2009	2008
	\$	\$
REVENUE		
Rents	62,237,015	62,031,452
Subsidies		
Service Manager <i>[note 15]</i>	64,768,550	63,324,333
Service Manager - Safer Communities	2,148,876	2,148,881
Other	2,647,405	2,358,794
Total revenue	131,801,846	129,863,460
OPERATING COSTS		
Utilities	23,770,822	22,405,988
Maintenance material and services	15,704,023	16,366,223
Administration	13,071,472	11,534,998
Maintenance salaries, wages and benefits	9,849,221	9,460,707
Safer Communities	2,137,435	1,988,627
Other	2,042,317	2,080,761
Total operating costs	66,575,290	63,837,304
FIXED COSTS		
Municipal taxes	20,229,872	19,644,978
Interest on long-term debt	16,453,286	17,380,859
Depreciation	14,422,931	13,599,886
Less recoveries	(356,794)	(404,139)
Total fixed costs	50,749,295	50,221,584
Total expenses	117,324,585	114,058,888
Net revenue before reserve contributions	14,477,261	15,804,572
Reserve contributions - Public Housing Operating Reserve	(104,641)	1,198,137
Transfer to capital reserve fund <i>[note 8]</i>	13,681,663	13,603,293
Transfer to capital reserve fund - Safer Communities <i>[note 8]</i>	40,000	40,000
Transfer to reserves <i>[note 8]</i>	860,239	963,142
Net surplus for the year	—	—

See accompanying notes

Ottawa Community Housing Corporation

STATEMENT OF CASH FLOWS

Year ended December 31

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Net revenue before reserve contributions for the year	14,477,261	15,804,572
Add (deduct) item not affecting cash		
Debenture subsidy	(5,018,822)	(4,686,042)
Depreciation	14,422,931	13,599,886
Vested employee benefits	455,579	(285,106)
WSIB future benefit costs	325,059	(290,197)
Changes in non-cash working capital balances related to operations		
Subsidies receivable from /payable to the Service Manager	3,435,146	(1,217,895)
Rents receivable, other accounts receivable, GST receivable and prepaid expenses	(499,788)	(176,631)
Accounts payable and accrued liabilities	3,055,496	1,633,663
Accrued interest on long-term debt	(54,174)	(33,365)
Prepaid rents and subsidies	139,590	105,425
Cash provided by operating activities	30,738,278	24,454,310
INVESTING ACTIVITIES		
Purchase of marketable securities, net	20,308,387	678,299
Disposal of land	—	26,723
Capital expenses charged to reserves	(46,284,546)	(21,191,995)
Cash used in investing activities	(25,976,159)	(20,486,973)
FINANCING ACTIVITIES		
Mortgage, debenture and loan repayments	(9,204,958)	(8,700,731)
Cash used in financing activities	(9,204,958)	(8,700,731)
Net decrease in cash and cash equivalents during the year	(4,442,839)	(4,733,394)
Cash and cash equivalents, beginning of year	11,163,119	15,896,513
Cash and cash equivalents, end of year	6,720,280	11,163,119
Supplemental cash flow disclosure		
Cash paid for interest	16,507,460	17,414,224

See accompanying notes

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. ORGANIZATION

Ottawa Community Housing Corporation [the "Corporation"] provides and manages quality, safe and affordable housing for low and moderate income households in Ottawa.

Most of the mortgaged properties of the Corporation are governed by operating agreements with the Province of Ontario and/or Canada Mortgage and Housing Corporation ["CMHC"]. These agreements include provision for approval of rental rates, depreciation charges and contributions to the capital reserve. The operating agreements are administered by the Service Manager ["City of Ottawa"] under the Social Housing Reform Act, which has replaced operating agreements for some programs.

The Corporation is a non-profit organization under paragraph 149(1)(d) of the Income Tax Act (Canada) and, as such, is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Equity Program is not governed by the Social Housing Reform Act and is accounted for in accordance with Canadian generally accepted accounting principles for non-profit organizations. For all other programs, these financial statements have been prepared in accordance with the significant accounting policies set out below, to comply with the requirements of the Social Housing Reform Act, which differs from Canadian generally accepted accounting principles because:

- [a] Due to the requirements of the operating directives as administered by the Service Manager, purchases of office furniture and equipment are charged directly to the capital reserve fund rather than being capitalized on the balance sheet and amortized over their useful lives and transfers to reserves are reported as operating costs.
- [b] Capital assets are recorded at cost, less any external grants and funding from the reserves.
- [c] Amortization of capital assets governed by the Social Housing Reform Act is provided for on a sinking fund basis, which matches the same basis as principal repayments on mortgages, debentures and loans during the year.
- [d] Realized and unrealized gains and losses and any impairment related to marketable securities are recorded directly to the statement of reserves rather than being recorded in the statement of operations and surplus.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Except as noted, these financial statements are expressed in Canadian dollars and the following is a summary of the significant accounting policies used in the preparation of the Corporation's financial statements:

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less.

Revenue recognition

The Corporation recognizes subsidies as revenue when received or receivable if all conditions required for the subsidy are met, the amount to be received can be reasonably estimated and collection is reasonably assured. The Corporation uses the accrual method of accounting to recognize rent revenue.

Financial instruments

Marketable securities have been classified as available-for-sale and are carried at fair value. Fair value is based on bid price for financial assets and offer price for financial liabilities. When the bid price is unavailable, the fair value is based on closing market price. The investment portfolio consists of bonds and equity instruments. Realized and unrealized gains and losses and any impairment related to marketable securities are recorded directly to the statement of reserves. Settlement date accounting continues to be used for all marketable securities and transaction costs are expensed as incurred.

Long-term liabilities for sites where operating agreements are governed by the Social Housing Reform Act are recorded at cost. Long-term liabilities under the Equity Program are classified as other liabilities and are initially recognized at fair value and subsequently recorded at amortized cost. Where loans contain forgiveness clauses, they are recorded net of the forgiveness.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

The Corporation's other financial assets and liabilities are initially recognized at fair value and subsequently recorded at amortized cost. As at December 31, 2009, there are no significant differences between the carrying values of these items and their estimated fair values, because of the short term nature of these instruments, all of which are due within one year.

Capital assets

Housing developments under the Social Housing Reform Act are recorded at cost, net of any government and reserves funding, less accumulated depreciation. Cost includes the original cost of the land and buildings, and other related costs. The cost of major improvements necessary to renovate and refurbish buildings which are financed by mortgages is included in housing development costs. Capital assets under the Equity Program are recorded at cost less accumulated depreciation.

The capital assets in the Public program were recorded at carrying cost at the time of incorporation. The building value is equal to the outstanding debt obligation at the time of incorporation. Land was nominally valued at the time of incorporation. The buildings are amortized at an amount equivalent to the retirement of the respective long-term debt which approximates the remaining useful life of the asset.

Depreciation

For sites where operating agreements are governed by the Social Housing Reform Act, the depreciation of capital assets is provided on the same basis as the principal repayments on mortgages, debentures and loans during the year. The depreciation of capital assets acquired by the Corporation under the Equity Program is calculated using the straight-line method based on the estimated useful lives of the assets, which range from 30 to 40 years.

Accrual accounting

The Corporation uses the accrual basis of accounting. Under this basis, expenses are recognized in the year incurred as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Interest on long-term debt

Interest on long-term debt includes interest accrued from the dates of the latest interest payments to the end of the financial year.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

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Deferred capital contributions

Deferred capital contributions for the purpose of acquiring depreciable capital assets or for major improvements to depreciable capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

Reserves and investment in capital assets

Transfers to/from capital reserves and reserve contributions from operations are recorded in the statement of operations and surplus. Expenditures made from reserve funds are recorded in these funds and are not on the statement of operations and surplus. Realized and unrealized gains and losses and any impairment related to marketable securities of the reserve funds are recorded directly to the statement of reserves.

Special grant contributions for capital repairs are recorded directly to the statement of reserves and are not recorded in the statement of operations and surplus.

Employee-related costs

The Corporation has adopted the following policies with respect to employee benefit plans:

- [i] The Corporation's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- [ii] The costs of termination benefits and compensated absences are recognized when an event that obligates the Corporation occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- [iii] The costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;
- [iv] Employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- [v] The costs of the workplace safety and insurance obligations are actuarially determined by the Workplace Safety and Insurance Board ["WSIB"] and expensed when incurred.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Changes in accounting policies

Effective January 1, 2009, the Corporation adopted the recommendations of CICA 1535 *Capital Disclosures* which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the Corporation's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures, which are provided in note 16.

3. MARKETABLE SECURITIES

The Corporation is subject to market risk, foreign currency risk and interest rate risk with respect to its investment portfolio. To manage these risks, the Corporation has adopted an investment policy, with a target mix of investment types designed to achieve optimal return within reasonable risk tolerances.

The Corporation adopted an investment policy to establish principles and guidelines appropriate for the management of assets accumulated by the Corporation for the purpose of maintaining and preserving its residential properties. The objectives of the policy are:

- [a] to maintain the safety of capital;
- [b] to effectively utilize the assets that have accumulated; and
- [c] to maximize return at an acceptable level of risk.

	2009		2008	
	Amortized cost \$	Fair value \$	Amortized cost \$	Fair value \$
Liquid assets	241,442	241,442	2,067,690	2,080,262
Government of Canada fixed Income	—	—	986,528	1,028,247
Provincial fixed income	1,825,465	1,842,427	1,661,623	1,732,770
Municipal fixed income	129,598	134,790	64,754	66,538
Corporate fixed income	614,422	647,159	2,882,624	2,929,386
Canadian common equities	1,130,650	1,301,785	2,522,628	2,584,920
Foreign common equities	11,348,066	8,435,032	16,455,320	11,886,647
Mutual funds	6,365,688	5,994,523	15,551,865	12,778,978
	21,655,331	18,597,158	42,193,032	35,087,748

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

As at December 31, 2009 the realized loss, net of income earned of \$2,431,770 included in the statement of reserves [2008 - \$1,342,308] contains \$2,234,816 [2008 - \$2,996,806] recognized by the Corporation as other than temporary impairment. Factors reviewed to determine whether an impairment is other than temporary include significant or prolonged declines in fair value, financial reorganization, corporate restructuring, bankruptcies and other indications of liquidity problems, or the disappearance of an active market for the asset because of financial difficulties.

4. CAPITAL ASSETS

Capital assets as at December 31 consist of the following:

	2009 \$	2008 \$
Land	71,760,182	71,760,182
Prepaid land leases	1,103,996	1,103,996
Buildings and equipment	378,297,387	378,297,387
Leasehold improvements	684,000	717,600
	<u>451,845,565</u>	<u>451,879,165</u>
Less accumulated depreciation	<u>(153,747,658)</u>	<u>(139,230,580)</u>
Net book value	<u>298,097,907</u>	<u>312,648,585</u>

Capital assets in the Equity Program are capitalized at their full cost, and depreciated. Capital assets in the Equity Program, net of accumulated depreciation decreased by \$236,179 [2008 - \$249,225]. The depreciation of the Corporation's head office by \$49,799 [2008 - \$51,905] reduced the Investment in Capital Assets Reserves [2008 - further reduced by \$26,723 for the disposal of land]. At December 31, 2009, this reserve decreased by \$285,978 to \$9,136,491 [2008 - \$9,422,469].

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

5. DEFERRED CAPITAL CONTRIBUTIONS AND FORGIVABLE LOANS

As at December 31, deferred capital contributions consist of the following:

	2009 \$	2008 \$
Forgivable loan - Canada-Ontario Affordable Housing Program	1,740,000	1,740,000
Forgivable loans - Residential Rehabilitation Assistance Program ["RRAP"]	294,001	327,601
Deferred capital contributions	2,034,001	2,067,601

Ministry of Municipal Affairs and Housing

In 2005 the Corporation received a capital contribution totalling \$1,740,000 from the Ministry of Municipal Affairs and Housing ["MMAH"] under the Canada-Ontario Affordable Housing Program for the 60 units of housing developed at 380 Somerset Street. The capital contribution and interest have a term of 20 years. The loan is not repayable as long as the project is operated within the terms and conditions of the agreement entered into with the MMAH. As at December 31, 2009, the Corporation is in compliance with the terms and conditions of this agreement.

Canada Mortgage and Housing Corporation

In prior years, the Corporation has received capital contributions totalling \$1,564,700 from CMHC for Community Sponsored family housing funded through mortgage agreements with CMHC. The Corporation received loans totalling \$748,366 under the Federal Government's RRAP which are forgivable. These amounts have been recorded as leasehold improvements which are depreciated at the same rate that the loans are forgiven. As at December 31, 2009, a principal balance of \$294,001 [2008 - \$327,601] remains as forgivable.

The capital contributions of \$1,564,700 and the unforgiving portion of the RRAP loans are not repayable as long as the projects are managed and operated within the terms and conditions of the mortgage and operating agreements entered into with CMHC. As at December 31, 2009, the Corporation is in compliance with the terms and conditions of this agreement.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Ontario Mortgage Corporation

In prior years, the Corporation received a forgivable interest-free first mortgage loan totalling \$378,146 from the Ontario Mortgage Corporation for the Bruyere Street Rooming House. This amount has been netted against the capital cost of the rooming house. The mortgage has a term of 25 years from December 1, 1988 and is forgivable at the rate of 1/15 of the loan amount on each anniversary date after the first 10 years as long as the project is managed and operated within the terms and conditions of the Permanent Housing for the Homeless Program. As at December 31, 2009, the Corporation is in compliance with the terms and conditions of this agreement.

6. LONG-TERM DEBT

As at December 31, long-term debt, which is described in detail in the accompanying Schedule A of these financial statements, consists of the following:

	2009 \$	2008 \$
Mortgages	210,243,182	219,448,137
Debentures	74,894,465	79,913,290
	<u>285,137,647</u>	<u>299,361,427</u>
Less current portion of long-term debt	(15,090,834)	(14,276,438)
Long-term debt	<u>270,046,813</u>	<u>285,084,989</u>

Mortgages payable include all mortgages for which agreements have been signed.

The capital assets are pledged as collateral for the mortgages payable. Under the terms of the operating agreements and the Social Housing Reform Act, the Corporation may not further mortgage the capital assets of subject properties without the prior written approval of the MMAH for the Province of Ontario and/or CMHC.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Principal repayments required for the years 2010 to 2014 and thereafter for the Corporation's debt outstanding as at December 31, 2009 are expected to be approximately as follows:

	\$
2010	15,090,834
2011	16,029,308
2012	16,966,208
2013	17,770,475
2014	18,609,925
Thereafter	<u>200,670,897</u>
	<u>285,137,647</u>

7. CREDIT FACILITY

The Corporation has credit facilities totalling \$2,000,000 with a chartered bank in the form of an operating credit line, standby letters of credit and letters of guarantee. These instruments bear interest at the bank's prime rate plus 2.25% per annum and are repayable on demand. As at December 31, 2009 and 2008, no amount has been drawn against these instruments.

8. RESERVES

The Corporation has the following reserves:

[a] Capital Reserves

Capital reserves for the renovation or improvement of the contributing property, for work which meets the definition of capital repairs and maintenance. In addition, acquisitions of new capital assets required to maintain and manage the portfolio are expensed against the capital reserves. Contributions are made on an annual basis in accordance with program requirements or operating agreements.

Non-profit Program: For the year ended December 31, 2009, the contributions from operations for the Non-profit Program amounted to \$3,755,548 [2008 - \$3,690,115]. In addition, in 2009 the Service Manager approved a special one-time contribution of \$200,000 [2008 - \$675,000] to fund emergency capital repairs for the Municipal Non-profit Program [the "MNP Program"].

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Safer Communities Program: During the year, the Corporation has identified a capital reserve contribution for the Safer Communities Program of \$40,000 [2008 - \$40,000] to cover the replacement costs for security vehicles and hardware purchases for the program. The Non-profit Program was allocated \$11,992 [2008 - \$11,992] of the contribution and the Public Program received \$28,008 [2008 - \$28,008]. In addition to this contribution, \$208,786 [2008 - \$152,579] was spent on capital work related to safer communities for digital video equipment, cameras and access systems.

Public Program: The annual approved capital spending for the Public Program is contributed to the capital reserves for the program. Capital spending is funded from the reserve. The remaining balance is carried forward into the next year. For the year ended December 31, 2009, the Service Manager approved \$8,452,200 [2008 - \$8,587,200] in capital spending for the Public Program. In addition, the Service Manager approved a special one-time contribution of \$1,561,585 [2008 - \$1,592,299] to fund emergency capital repairs for the Public Program.

For 2009, \$26,283,826 [2008 - \$11,930,539] was spent on capital repairs and capital maintenance. The deficit balance in the capital reserves for the Public Program as at December 31, 2009 is \$12,408,781 [2008 - surplus balance of \$3,785,100].

[b] Vehicle Reserve

The Vehicle Reserve is used to equalize vehicle operating costs from one operating budget year to another. Contributions are made at year end in amounts set down in the operating budget.

In 2009, \$58,661 was contributed to the Vehicle Reserve [2008 - \$84,170]. This contribution is shown in the statement of reserves as other contributions, and is included as a net cost of administration in the statement of operations and surplus.

[c] Public Housing Operating Reserve Fund

In 2008, the Service Manager and the Corporation agreed on a new operating agreement that took effect January 1, 2009 which includes a revision to the calculation of subsidy funding for the Public Housing Program. The new subsidy funding follows a formula for the Provincial Reformed Program and allows for both operating and capital reserves for the Public Housing Program. As a result, in 2009 the Utility and the Rent Revenue Stabilization Funds that were established for the Public Housing Program were consolidated and re-named the Public Housing Operating Reserve Fund.

Ottawa Community Housing Corporation

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December 31, 2009

Contributions are made at year end in amounts set down in the subsidy calculations. There is no longer a reconciliation of budgeted operating expenses to actual costs for the Public Program.

As part of the 2008 subsidy settlement for the Public Housing Program occurred in 2009, the Service Manager waived \$150,050 that was included in the subsidy repayable. As a result, the Corporation recognized in the current year \$48,152 to the Public Housing Capital Reserves and \$101,898 to the Public Housing Operating Reserve Fund.

For the 2009 fiscal year, \$206,539 was drawn from [2008 - \$1,198,137 contributed to] the Public Housing Operating Reserve Fund. The 2009 draw on the Public Housing Operating Reserve, net of the 2008 subsidy settlement was \$104,641.

[d] Community Reinvestment Fund

The Community Reinvestment Fund is a discretionary fund that exists to maintain or develop housing or services. The fund consists of retained earnings from housing programs not subject to operating agreements. Contributions from operations to the Community Reinvestment Fund are included in the determination of excess revenue or expenses for the year.

[i] The Corporation contributed to (received from) the Community Reinvestment Fund an amount equal to the excess revenue of all projects in certain programs.

The contributions by program were:

	2009 \$	2008 \$
Equity Program	1,630,484	1,610,406
Municipal Non-Profit	(85,178)	(312,879)
Provincial Reformed	(685,067)	(334,385)
	<u>860,239</u>	<u>963,142</u>

[ii] The balance in the Community Reinvestment Fund was contributed to the capital reserves in the Equity Program.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

[e] Internal Borrowings

- [i] In 1999, the Corporation refinanced a mortgage for the Somerset Rooming House in the amount of \$251,577 from the Community Reinvestment Fund. This liability is being repaid at an interest rate set annually in May at the prime rate plus 1% for a term of 15 years, calculated semi-annually and amortized over a period of 15 years. The payments are charged to the Somerset Rooming House operations. Interest and principal repayment is credited back to the Community Reinvestment Fund. As at December 31, 2009, a principal balance of \$87,476 [2008 - \$108,670] is outstanding and committed to the Community Reinvestment Fund.
- [ii] In 1996, the Corporation refinanced a mortgage for the Bronson Rooming House in the amount of \$118,700 from the Community Reinvestment Fund. This liability is being repaid at an interest rate set annually in May at the prime rate plus 1% for a term of 15 years, calculated semi-annually and amortized over a period of 15 years. As at December 31, 2009, a principal balance of \$11,424 [2008 - \$22,706] was outstanding and is committed to the Community Reinvestment Fund.

[f] Federal Operating Surplus

The Federal Operating Surplus consists of the cumulative operating surpluses generated in the community sponsored and the limited dividend apartment programs, for sites where operating agreements still exist.

Operating surpluses in the Federal program are contributed either to the capital reserves for the sites in the program, or to the Federal Operating Surplus.

As part of the 2008 Service Manager reconciliation for the program, the Corporation agreed to retain an amount equal to \$508,500 plus any interest earned in the accumulated Federal Operating Surplus and transfer the remaining funds to the Capital Reserves for the sites in the program. It was agreed with the Service Manager that this adjustment would be identified in the 2009 financial statements. The Federal Operating Surplus was identified in 2004 and consists of the cumulative operating surpluses generated in the community sponsored and the limited dividend apartment programs, for sites where operating agreements still exist. For 2009, the operating surplus of \$1,437,755 [2008 - \$1,337,969] generated by these sites, was contributed to the capital reserves for the sites in this program.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

[g] Investment in Capital Assets

Investment in Capital Assets consists of housing acquisitions within the Equity Program. The account relates to contributions that were made toward the purchase of new rental units from retained earnings of housing programs not subject to operating agreements. The fund balance reflects the depreciation of the assets.

[h] Interfund Transfers

The Interfund Transfer identified in the statement of reserves includes the transfer of \$14,472,054 [2008 - \$1,337,969] from the Federal Operating Surplus to the site capital reserves in the federal program. The operating surplus in the Equity Program, net of the deficits in the MNP and Provincial Reformed Program and the internal loan, was transferred to the capital reserves in the Equity Program.

9. PENSION AGREEMENTS

The Corporation makes matching contributions to the Ontario Municipal Employees Retirement Fund ["O.M.E.R.S."] which is a multi-employer plan on behalf of 280 [2008 - 261] 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 length of service and rates of pay.

The amount contributed to O.M.E.R.S. for 2009 was \$1,198,248 [2008 - \$1,090,627] for current year service and is included as an expense in the statement of operations and surplus.

10. LIABILITY FOR ANNUAL LEAVE BENEFITS

The Corporation recognizes sick leave and annual leave expenses as they accrue to employees. This results in the creation of a liability for vested employee benefits. As at December 31, 2009, the Corporation reported a liability of \$897,026 [2008 - \$817,310]. Banked sick leave has no cash value and is not payable upon termination.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**11. LIABILITY FOR FUTURE EMPLOYEE BENEFIT COSTS -
MEDICAL COVERAGE**

The Corporation provides medical coverage to bargaining unit employees who retire between the ages of 55 and 65 with an unreduced pension. The cost of the benefit is expensed over the life of the employee's service with the Corporation. As at December 31, 2007 the Corporation performed an actuarial valuation of this benefit which was extrapolated annually thereafter and estimated the liability at \$1,668,065 [2008 - \$1,292,202] as at December 31, 2009. The net periodic benefit cost was \$391,458 [2008 - \$309,364].

The discount rate used to determine the accrued benefit obligation was 6.25% [2008 - 7.75%]. The amount of the employee future benefits and related accrued benefit obligation are affected by escalation of health care costs. The assumed health care cost trend rate for 2009 used to measure the expected cost of benefits covered by the plan is 10% [2008 - 10%], grading linearly to 5% in 2018. A 1% increase in the assumed health care cost trend rate would result in a \$216,848 increase of the estimated liability and the net periodic benefit cost while a 1% decrease in the assumed health care cost trend rate would result in a \$183,487 decrease of the estimated liability and net period benefit cost.

**12. LIABILITY FOR FUTURE BENEFIT COSTS - WORKPLACE
SAFETY AND INSURANCE BOARD**

As at December 31, 2009, the Corporation reported a liability of \$1,786,777 [2008 - \$1,461,718] as actuarially determined by the WSIB for the valuation of the benefits liabilities, of which \$192,231 is current [2008 - \$207,247].

13. CONTINGENCIES

In the normal course of operations, the Corporation becomes involved in claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2009 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

14. COMMITMENTS

The Corporation has commitments on capital projects at December 31, 2009 in the amount of \$13.2 million.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

15. RELATED PARTY TRANSACTIONS

The Corporation transacts with its sole shareholder the City of Ottawa and its subsidiaries [the "City"], who also acts as the Service Manager for the subsidized programs. The transactions include receipt of subsidy payments from the City and payments of property taxes, purchase of electricity and water and sewage charges to the City. These transactions are all in the normal course of business for the Corporation. Total subsidy revenue amounted to \$66,917,426 [2008 - \$65,473,214], with a balance of \$2,019,036 payable as at December 31, 2009 [2008 - \$1,416,110 receivable]. Included in the December 31, 2009 payable, the Corporation recorded from the City a capital grant of \$1,761,585 [2008 - \$2,722,299]. Property taxes of \$20,229,872 [2008 - \$19,644,978], electricity charges of \$7,380,596 [2008 - \$6,598,775] and water and sewage charges of \$9,966,803 [2008 - \$8,971,743] were expensed in 2009, with a balance of \$2,427,228 payable as at December 31, 2009 [2008 - \$2,342,222].

Public program

In 2008, the Service Manager and the Corporation agreed on a new operating agreement that took effect January 1, 2009 which includes a revision to the calculation of subsidy funding for the Public Housing Program. During 2009, \$34,017,941 [2008 - \$34,144,936] was recorded as subsidy revenue, of which \$8,452,200 [2008 - \$8,587,200] was allocated to fund capital maintenance expenditures. An additional \$48,152 was allocated to the capital reserves for the Public Program to reflect the additional contribution resulting from the 2008 year end settlement for the program.

16. CAPITAL MANAGEMENT

In managing capital, the Corporation focuses on liquid resources available for operations and capital expenditures. The Corporation's objective is to have sufficient liquidity to manage both operating and capital expenditures. The need for sufficient liquidity is considered in the preparation of an annual budget and in the monitoring of cash flows and actual results compared to budget. As at December 31, 2009 and 2008, the Corporation has met its objective of having sufficient liquidity to meet its current obligations.

Ottawa Community Housing Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

17. FINANCIAL INSTRUMENTS

Credit risk

The Corporation is exposed to credit risk on the rents receivable from tenants and on other receivables from other parties. In order to reduce its credit risk, the Corporation has adopted credit policies which include the regular review of outstanding receivables. The Corporation does not have a significant exposure to any individual tenant or other parties.

Interest rate risk

The investments with flexible interest rates will expose the Corporation to interest rate risk. There is risk of market value adjustments on investments which may result in cash flow risk.

The short-term bank credit facilities bear interest at fluctuating rates. Due to the positive cash flow of the Corporation, there has been no need to use the credit facility in the last few years, thus the exposure to interest rate risk on this facility is nominal. All other financial assets and liabilities, in the form of receivables and payables, are non-interest bearing. There is an interest rate risk in the Equity Program with regard to refinancing of mortgages at renewal. However, no mortgages in the Equity Program are due to mature in 2010.

Market risk

Investment in financial instruments does expose the Corporation to market risk. These include the risk arising from changes in interest rates, in rates of exchange and in the equity markets both domestic and foreign. They also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

Concentration of risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The Corporation has adopted an investment policy, with a target mix of investment types designed to achieve optimal return within reasonable risk tolerance.

18. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal Total Dec 31/2009 \$
					Interest \$	Principal \$	
Program & Property							
BANK OF MONTREAL							
Equity General							
Ron Kolbus Place	2013-12-01	5.750%	2,915,394	—	163,276	81,135	244,411
Provincial Reformed							2,834,259
Hintonburg Place	2028-03-01	6.011%	6,548,470	—	380,851	187,605	568,456
Head Office	2016-05-01	4.910%	1,755,334	—	83,806	44,348	128,154
Total Bank of Montreal			11,219,198	—	627,933	313,088	941,021

CANADA MORTGAGE AND HOUSING CORPORATION

Limited Dividend - Apartments

	2015-08-01 &	5.125% &					
MacDonald Manor	2017-10-01	5.875%	615,661	—	32,514	63,896	96,410
Pere Charlebois	2017-10-01	5.875%	159,564	—	8,887	14,246	23,133
Queen Mary Court	2013-07-01	5.125%	100,003	—	3,613	19,884	23,497
	2017-01-01 &	5.375% &					
Donald Court	2017-10-01	6.125%	328,987	—	17,554	31,883	49,437
Blair House	2017-10-01	6.125%	223,946	—	13,002	19,785	32,787
							297,104
							204,161

Ottawa Community Housing Corporation

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal	
					Interest \$	Principal \$	Total \$	Dec 31/2009 \$
Community Sponsored								
Beausjour 1 & 2	2014-07-01 & 2029-02-01	8.000%	3,640,566	—	268,048	98,883	366,931	3,541,683
Curson/Paul	2027-09-01	8.000%	2,165,280	—	163,078	42,426	205,504	2,122,854
Donald, 68	2013-05-01	8.000%	21,210	—	992	4,062	5,054	17,148
Marguerite, 965	2013-04-01	8.000%	20,886	—	995	4,104	5,099	16,782
Tweedsmuir	2028-02-01	8.000%	511,159	—	38,603	9,544	48,147	501,615
Riddell	2027-10-01	8.000%	180,602	—	13,609	3,505	17,114	177,097
Edgeworth, 460	2027-10-01	8.000%	299,373	—	22,560	5,809	28,369	293,564
Breezehill, 170	2013-04-01	8.000%	38,048	—	1,814	7,472	9,286	30,576
Flora, 331	2013-02-01	8.000%	21,601	—	995	4,450	5,445	17,151
Frank	2013-02-01	8.000%	93,842	—	4,322	19,329	23,651	74,513
McLeod, 571	2013-04-01	8.000%	19,173	—	914	3,768	4,682	15,405
Spruce, 51	2013-05-01	8.000%	16,409	—	768	3,142	3,910	13,267
Kilborn, 1670	2013-02-01	8.000%	332,953	—	15,332	68,585	83,917	264,368
Ashgrove	2029-02-01	8.000%	3,536,990	—	269,826	62,552	332,378	3,474,438

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal	
					Interest \$	Principal \$	Total \$	Dec 31/2009 \$
Municipal Non-Profit								
Beausejour 4	2011-06-01	6.330%	199,830	—	12,134	12,265	24,399	187,565
Haley Court	2011-06-01	6.330%	596,556	—	36,323	33,161	69,484	563,395
Bruyère & Bélanger Manor	2013-12-01	5.140%	1,891,706	—	92,625	153,861	246,486	1,737,845
Bathgate Court	2011-06-01	6.330%	1,663,580	—	100,070	135,570	235,640	1,528,010
Cairne Court	2016-04-01	4.480%	1,787,344	—	76,468	140,864	217,332	1,646,480
Dubau Court	2016-04-01	4.480%	769,951	—	32,941	60,681	93,622	709,270
Spadina Place	2015-10-01	4.170%	743,305	—	29,733	52,522	82,255	690,783
Eva Taylor	2013-12-01	5.140%	1,599,036	—	78,262	131,478	209,740	1,467,558
Loretta/Young	2017-06-01	4.720%	899,292	—	40,147	88,264	128,411	811,028
Lebreton 1	2012-06-01	4.550%	832,377	—	35,089	117,965	153,054	714,412
Christie Place	2011-06-01	6.330%	2,447,493	—	149,096	133,452	282,548	2,314,041
Lebreton 3	2017-08-01	4.720%	811,712	—	36,276	77,813	114,089	733,899
Nepcan, Place	2015-10-01	4.170%	2,544,857	—	101,888	174,962	276,850	2,369,895
Woodland Place	2011-06-01	6.330%	2,769,958	—	168,740	151,035	319,775	2,618,923
Cahill Place	2016-02-01	4.320%	3,400,845	—	141,173	225,717	366,890	3,175,128
Tapiola Court	2019-08-01	3.440%	3,394,449	—	133,664	259,549	393,213	3,134,900
Shearwater Court	2017-06-01	4.720%	1,661,733	—	74,184	163,097	237,281	1,498,636

Ottawa Community Housing Corporation

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal	
					Interest \$	Principal \$	Total \$	Dec 31/2009 \$
Provincial Reformed								
Strathcona: Wiggins, 301-427	2016-02-01	4.320%	3,592,542	—	150,893	148,000	298,893	3,444,542
Strathcona: Renovations 1	2013-06-01	3.160%	1,414,859	—	43,632	54,085	97,717	1,360,774
Strathcona: Goulburn, 300	2016-04-01	4.480%	3,944,529	—	172,571	122,263	294,834	3,822,266
Strathcona: Sentier	2012-12-01	5.340%	3,247,091	—	168,999	102,099	271,098	3,144,992
Strathcona: Nancy Smith	2013-12-01	5.140%	1,613,516	—	80,912	48,730	129,642	1,564,786
Strathcona: Renovations 2	2018-03-01	4.370%	225,908	—	9,629	7,689	17,318	218,219
Gilmour	2013-06-01	3.160%	3,780,031	—	116,570	144,497	261,067	3,635,534
May Nickson Place	2013-06-01	3.160%	5,587,388	—	172,306	213,586	385,892	5,373,802
Orchard Grove	2013-12-01	5.140%	1,999,060	—	100,254	59,972	160,226	1,939,088
Cameron Court	2011-06-01	6.330%	3,650,790	—	223,510	159,859	383,369	3,490,931
Fairlen Court	2012-03-01	4.310%	3,940,139	—	163,911	224,145	388,056	3,715,994
Lavigne Court	2019-09-01	3.440%	3,371,301	—	134,514	158,308	292,822	3,212,993
Revell Court	2013-12-01	5.140%	2,602,398	—	129,571	118,781	248,352	2,483,617
Esson Place	2011-06-01	6.330%	3,451,946	—	211,337	151,152	362,489	3,300,794
Total CMHC			82,761,775	—	4,094,848	4,312,747	8,407,595	78,449,028

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal Total Dec 31/2009 \$
					Interest \$	Principal \$	
Program & Property							
NATIONAL LIFE							
Equity General							
Cumberland 312	2011-04-01	4.448%	3,178,312	—	137,574	124,982	262,556
Total National Life			3,178,312	—	137,574	124,982	262,556
CO-OPERATORS							
Equity General							
Cumberland 312	2011-04-01	4.448%	1,867,315	—	80,817	73,937	154,754
Total Co-operators			1,867,315	—	80,817	73,937	154,754
SCOTIA MORTGAGE							
Equity General							
King Edward, 303	2012-08-01	5.990%	276,423	—	15,680	25,165	40,845
Municipal Non-Profit							
MacKay, 375	2016-08-01	5.033%	95,966	—	4,542	10,543	15,085
Woodland Place	2018-09-01	4.443%	1,777,004	—	76,086	107,191	183,277
							1,669,813

Ottawa Community Housing Corporation

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal		
					Interest \$	Principal \$	Total \$	Dec 31/2009 \$	
Provincial Reformed									
Rockingham, 1126	2012-07-01	5.844%	3,116,268	—	177,420	96,421	273,841	3,019,847	
Hasenaek Place	2012-07-01	5.844%	3,287,649	—	187,177	101,723	288,900	3,185,926	
Allard Place	2012-12-01	5.418%	3,807,126	—	201,093	118,695	319,788	3,688,431	
St. Laurent Place	2016-08-01	5.033%	8,041,698	—	394,013	289,339	683,352	7,752,359	
Marion Dewar Place	2024-05-01	5.830%	8,738,028	—	498,339	191,682	690,021	8,546,346	
Cumberland/George	2017-01-01	4.366%	3,145,807	—	133,138	151,191	284,329	2,994,616	
Winthrop Court	2018-09-01	4.443%	3,149,645	—	135,507	157,545	293,052	2,992,100	
Bronson Terrace	2016-05-01	4.894%	1,194,449	—	56,745	51,003	107,808	1,143,386	
Mayview, 1433	2016-05-01	4.894%	2,084,953	—	99,051	89,134	188,185	1,995,819	
Lexington	2016-05-01	4.894%	3,194,323	—	151,754	136,546	288,300	3,057,777	
St. Peter's Court	2017-09-01	4.946%	2,961,386	—	141,526	154,827	296,353	2,806,559	
Lebreton, 55-65	2012-03-01	4.368%	922,740	—	38,901	52,731	91,632	870,009	
Karsh Court	2017-06-01	4.713%	3,098,138	—	141,022	168,746	309,768	2,929,392	
McCartin Place	2017-06-01	4.713%	4,165,389	—	191,333	145,255	336,588	4,020,134	
Total Scotia Mortgage			53,056,992	—	2,643,327	2,047,797	4,691,124	51,009,195	

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal Total Dec 31/2009 \$
					Interest \$	Principal \$	
Program & Property			\$	\$	\$	\$	\$
TORONTO-DOMINION BANK							
Equity General							
380 Somerset St	2015-12-01	4.800%	3,264,548	—	153,285	86,229	239,514
Arlington	2018-12-01	6.040%	1,349,444	—	79,517	36,174	115,691
Provincial Reformed							
Silver Heights	2014-11-01	5.035%	3,805,762	—	185,990	160,843	346,833
Strathcona: Wiggins, 300	2011-03-01	6.123%	2,439,222	—	145,189	83,421	228,610
Strathcona: Wiggins 310, 320 & 430	2017-03-01	4.547%	10,293,611	—	456,036	372,108	828,144
Lady Stanley Place	2023-08-01	6.005%	4,975,614	—	289,195	219,479	508,674
Brian Bouras, Place	2009-08-01	6.014%	1,894,416	(1,854,557)	74,228	39,859	114,087
McAuley Place	2024-06-01	6.100%	10,256,319	—	609,957	287,131	897,088
Strathcona: Wiggins, 206-296	2009-08-01	6.014%	3,302,119	(3,246,182)	129,618	55,937	185,555
Scotthill	2024-12-01	6.752%	8,370,063	—	550,373	230,627	781,000
Vachon Place	2023-11-01	5.967%	3,816,764	—	221,926	113,316	335,242
Total Toronto-Dominion Bank			53,767,882	(5,100,739)	2,895,314	1,685,124	4,580,438
GREAT WEST LIFE							
Provincial Reformed							
Thorncliffe Court	2015-08-01	4.360%	4,303,592	—	182,941	153,347	336,288
Total Great West Life			4,303,592	—	182,941	153,347	336,288

Ottawa Community Housing Corporation

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

INSTITUTION

Program & Property

Program & Property	Maturity date	Interest rate %	Principal Dec 31/2008 \$	Mortgage renewal issued in 2009 \$	Repayments 2009		Principal	
					Interest \$	Principal \$	Total Dec 31/2009 \$	Principal \$
Royal Bank								
Municipal Non-Profit								
Blohm Court	2012-07-01	5.072%	2,986,882		146,328	157,486	303,814	2,829,396
Brian Bourns, Place	2019-08-01	4.204%	—	1,854,557	25,637	24,343	49,980	1,830,214
Strathcona, Wiggins, 206-296	2014-08-01	3.288%	—	3,246,182	35,179	38,792	73,971	3,207,390
Beausejour 3	2016-06-01	4.821%	187,216		8,475	21,271	29,746	165,945
Lebreton 2	2016-06-01	4.821%	629,451		28,494	71,514	100,008	557,937
2-50 Jessien	2017-11-01	4.963%	5,489,522		265,640	180,527	446,167	5,308,995
Total Royal Bank			9,293,071	5,100,739	509,753	493,933	1,003,686	13,899,877
GRAND TOTAL ALL MORTGAGES			219,448,137	—	11,172,507	9,204,955	20,377,462	210,243,182

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

Forgivable Loan	Interest rate	Maturity date	Forgivable loan	Principal Dec 31/08	Forgivable portion 2009	Principal Dec 31/09
			\$	\$	\$	\$
Sites						
17 Willow	8.250%	2018-10-01	504,000	327,601	33,600	294,001
Total Residential Rehabilitation Assistance Program Loans			504,000	327,601	33,600	294,001

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

	Interest rate	Maturity date	Principal		Repayments 2009		Principal Dec 31/2009
			Dec 31/08	Dec 31/08	Principal	Interest	
			\$	\$	\$	\$	\$
Debentures Payable – Public Program							
		2014-01-01 to					
	various	2026-01-01	79,913,290	5,018,825	5,415,956	5,415,956	74,894,465
			<u>79,913,290</u>	<u>5,018,825</u>	<u>5,415,956</u>	<u>5,415,956</u>	<u>74,894,465</u>
Total Debentures – Public Program							

SCHEDULE OF MORTGAGES, DEBENTURES AND LOANS

As at December 31

SCHEDULE OF FORGIVABLE LOAN CANADA-ONTARIO AFFORDABLE HOUSING PROGRAM

Forgivable Loan	Interest rate	Maturity date	Forgivable loan	Principal Dec 31/08	Forgivable portion 2009	Principal Dec 31/2009
			\$	\$	\$	\$
Sites						
380 Somerset Street	—	2025-12-01	1,740,000	1,740,000	—	1,740,000
Total Forgivable Loan Canada-Ontario Affordable Housing Program			<u>1,740,000</u>	<u>1,740,000</u>	<u>—</u>	<u>1,740,000</u>

ACCOUNTANTS' REPORT

Our audit of the financial statements of **Ottawa Community Housing Corporation** [the "Corporation"] as at December 31, 2009 and for the year then ended was made for the purpose of forming an opinion on the financial statements referred to in our Auditors' Report to the Board of Directors dated March 26, 2010.

The following Schedule of Program Summaries comprising Schedule B, is provided for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on the fair presentation of the information in the Schedule of Program Summaries.

Ottawa, Canada,
March 26, 2010.

Chartered Accountants
«Licensed Public Accountants
Ontario purposes only»

PROGRAM SUMMARIES

[unaudited - see Accountants' Report]

As at December 31, 2009

	2009	2009	Equity	Municipal	Provincial	Public
	Budget	Actual	\$	Non-profit	Reformed	\$
	\$	\$	\$	\$	\$	\$
OPERATING COSTS						
Maintenance salaries, wages and benefits	9,838,700	9,849,221	878,153	592,411	1,743,888	5,974,062
Maintenance material and services	15,613,000	15,704,023	1,684,608	1,166,844	3,553,026	8,172,034
Administration	13,405,800	13,071,473	1,259,354	965,252	2,365,845	7,574,686
Safer Communities	2,404,700	2,137,434	208,457	153,699	369,855	1,256,109
Insurance	1,331,400	1,300,488	139,732	90,143	232,351	750,364
Bad debts	701,200	741,829	106,681	67,569	95,096	421,385
Total manageable costs	43,294,800	42,804,468	4,276,985	3,035,918	8,360,061	24,148,640
Utilities						
Electricity	6,705,200	7,380,596	389,103	104,283	835,977	5,523,447
Fuel	6,888,700	6,423,425	263,614	150,059	582,104	5,169,925
Water and sewage	9,895,100	9,966,801	946,494	716,134	1,878,450	5,664,429
Total	23,489,000	23,770,822	1,599,211	970,476	3,296,531	16,357,801
Total operating costs	66,783,800	66,575,290	5,876,196	4,006,394	11,656,592	40,506,441
FIXED COSTS						
Municipal taxes	20,530,900	20,229,870	2,048,455	1,538,855	4,005,449	11,344,001
Interest - mortgages	11,077,900	11,037,330	875,031	1,444,819	8,087,367	—
Interest - debentures	5,416,100	5,415,956	—	—	—	5,415,956
Principal - mortgages	9,419,900	9,404,108	487,325	2,322,775	5,922,887	—
Principal - debentures	5,019,400	5,018,822	—	—	—	5,018,822
Capital reserve contribution	12,154,800	12,243,908	743,199	631,900	1,694,900	8,500,352
Capital reserve contribution - Safer Communities	40,000	40,000	2,156	2,024	5,431	28,008
Reserve contribution to USF & RRSF	(507,200)	(104,641)	—	—	—	(104,641)
Transfer to capital reserve fund	2,459,900	2,297,997	1,437,756	860,241	—	—
Total shelter expenses	132,395,500	132,158,640	10,761,839	9,946,767	31,372,626	70,708,939
Less: Recoveries	(412,200)	(356,794)	(356,794)	—	—	—
Total expenses	131,983,300	131,801,846	10,405,045	9,946,767	31,372,626	70,708,939
REVENUES						
Rents	(62,110,500)	(62,237,015)	(8,497,800)	(5,758,552)	(8,737,349)	(34,964,028)
Subsidies						
Service Manager - CMHC	(1,074,400)	—	—	—	—	—
Service Manager	(64,268,800)	(64,768,550)	(4,843,956)	(3,905,523)	(21,114,383)	(32,750,667)
Service Manager - Safer Communities	(2,149,100)	(2,148,876)	(149,706)	(153,681)	(370,365)	(1,267,273)
Other revenue	(2,380,500)	(2,647,405)	(95,521)	(43,833)	(465,462)	(1,726,971)
Total revenues	(131,983,300)	(131,801,846)	(9,368,469)	(9,861,589)	(30,687,559)	(70,708,939)
Grand total - (surplus)/deficit	—	—	(770,245)	85,178	685,067	—

SCHEDULE OF PROGRAM SUMMARIES

[unaudited - see Accountants' Report]

As at December 31, 2009

	2009 Actual \$	Federal \$	Equity \$	Municipal Non-profit \$	Provincial Non-profit \$	Public \$
CAPITAL RESERVES						
Balance, beginning of year	(18,596,945)	(485,269)	(942,339)	(968,266)	(12,415,971)	(3,785,100)
Contributions from operations	(12,235,756)	(745,580)	(675,713)	(633,924)	(1,700,331)	(8,480,208)
Other contributions	(1,761,585)	—	—	(200,000)	—	(1,561,585)
Interfund transfers	(15,241,693)	(14,472,054)	(769,639)	—	—	—
Capital reserve expenses	47,822,359	3,063,979	4,710,059	4,356,385	9,408,110	26,283,826
Realized losses, net of income earned	1,858,757	167,013	1,627,866	—	63,878	—
Unrealized (gains) losses from financial instruments designated as available-for-sale	(4,776,939)	(428,645)	(4,184,349)	—	(163,945)	—
Subsidy repayable to the Service Manager waived for repayment	(48,152)	—	—	—	—	(48,152)
Balance, end of year	(2,979,954)	(12,900,556)	(234,115)	2,554,195	(4,808,259)	12,408,781