

PEEL HOUSING CORPORATION

BOARD OF DIRECTORS

AGENDA

PHC - 3/2017

DATE: Thursday, May 11, 2017

TIME: 8:30 AM – 9:30 AM

LOCATION: Regional Council Chamber, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

MEMBERS: F. Dale G. Miles
C. Fonseca E. Moore
M. Mahoney B. Shaughnessy

Vice-President Miles presiding.

1. **DECLARATIONS OF CONFLICTS OF INTEREST**

2. **ADMINISTRATIVE MATTERS**

3. **APPROVAL OF MINUTES**
- 3.1 Minutes of the Board of Directors Meeting (PHC-2/2017) meeting held on April 6, 2017

4. **APPROVAL OF AGENDA**

5. **DELEGATIONS**

6. **REPORTS**
- 6.1. 2016 Peel Housing Corporation Financial Statements (Unaudited)
- 6.2. Year End Financial Report – December 31, 2016

7. COMMUNICATIONS

8. GENERAL MANAGER'S UPDATE

9. IN CAMERA MATTERS

10. OTHER BUSINESS

11. NEXT MEETING

Thursday, June 1, 2017, 8:30 a.m. – 10:30 a.m.
Regional Administrative Headquarters
Regional Council Chambers, 5th Floor
10 Peel Centre Drive, Suite A
Brampton, Ontario

12. ADJOURNMENT

PEEL HOUSING CORPORATION

BOARD OF DIRECTORS

MINUTES

PHC-2/2017

The Board of Directors of Peel Housing Corporation met on April 6, 2017 at 8:34 AM, in the Council Chambers, Regional Administrative Headquarters, 5th Floor, 10 Peel Centre Drive, Suite A, Brampton.

Directors Present: F. Dale; C. Fonseca; M. Mahoney; G. Miles; E. Moore; B. Shaughnessy

Directors Absent: nil

Also Present: J. Sheehy, Acting Chief Administrative Officer, Region of Peel; D. Labrecque, General Manager; D. Bingham, Treasurer; J. Arcella, Deputy Treasurer, B. Colavecchia, Manager, Housing Operations and Tenancy Management; M. MacCrae, Manager, Housing Operations and Tenancy Management; P. O'Connor, Corporate Counsel; A. Macintyre, Corporate Secretary; C. Law, Deputy Corporate Secretary; M. Sodiya, Legislative Assistant

Chaired by Vice-President Miles.

1. DECLARATIONS OF CONFLICTS OF INTEREST – nil

2. ADMINISTRATIVE MATTERS

2.1. Motion to Appoint Deputy Secretary

Moved by: Director Shaughnessy,
Seconded by: Director Fonseca;

That Curtiss Law be appointed, in place of Christine Thomson, to the office of Deputy Secretary of Peel Housing Corporation effective April 6, 2017 to act at any time the office of Secretary is vacant, or if for any reason the Secretary is unable to act.

Carried 2017-13

3. APPROVAL OF MINUTES

3.1. Minutes of the Board of Directors Meeting (PHC-1/2017) meeting held on February 16, 2017

* See text for arrivals

◆ See text for departures

Moved by: Director Dale,
Seconded by: Director Fonseca;

That the minutes of the February 16, 2017 Peel Housing Corporation (PHC-1/2017) Board of Directors meeting be approved.

Carried 2017-14

4. APPROVAL OF AGENDA

Moved by: Director Mahoney
Seconded by: Director Shaughnessy

That the Agenda for the April 6, 2017 Peel Housing Corporation (PHC-2/2017) Board of Directors meeting be approved.

Carried 2017-15

5. DELEGATIONS – nil

6. REPORTS

6.1. Procurement Activity Semi Annual Report - July 1 to December 31, 2016

Received 2017-16

6.2. Peel Housing Corporation Financial Viability Analysis

Received 2017-17

6.3. Health and Wellness Engagement Pilot Project

Moved by: Director Mahoney,
Seconded by: Director Moore;

That staff be authorized to directly negotiate with Supportive Housing in Peel (SHIP) for the provision of services to support a Health and Wellness pilot project for one year in the amount of \$82,000, exclusive of applicable taxes;

And further, that the opportunity to extend the services for an additional year upon staff assessment and demonstration of positive results, be approved.

Carried 2017-18

Director Fonseca suggested that staff look at the City of Mississauga's "Let's Play in the Park" initiative as a potential model for groups like the Boys and Girls Club of Peel using facilities at various Peel Living locations.

Director Mahoney encouraged staff to consider further pilot projects with different community groups.

Vice-President Miles asked that staff prepare a report for a future Board meeting on the topic of tenant relations and how Peel Living works with community groups at their various sites.

7. COMMUNICATIONS – nil

8. GENERAL MANAGER'S UPDATE

Moved by: Director Moore,
Seconded by: Director Fonseca;

That a Board workshop be held in May 2017 to review the Twin Pines business case analysis and preliminary delivery models;

And further, that in accordance with section 4.12 of Peel Housing Corporation By-law 1 and Region of Peel By-law 100-2012, as amended, the rules of procedure with respect to closed meetings (Section IV-8 of By-law 100-2012, as amended) be suspended, in order to proceed with the workshop.

Carried 2017-19

Dan Labrecque, General Manager, Peel Living, provided the Board with an update on current projects such as reviewing front-line staff training; developing a formal client complaint process; reviewing the ten year asset management plan to develop a facility condition index; finalize a baseline service metric; and preparing a final draft of the Shareholder Direction for the Board's approval. He stated that staff are continuing to work on the Twin Pines file and are looking for direction from the Board to hold an information workshop where preliminary delivery models can be explored as part of the broader business case for the site.

Several Board members inquired about the need for a separate workshop to examine governance-related issues. Dan Labrecque stated that he would prepare a motion for a future meeting to hold such a workshop prior to the summer break.

9. IN CAMERA MATTERS – nil

10. OTHER BUSINESS – nil

11. NEXT MEETING

Thursday, May 11, 2017, 8:30 a.m. - 9:30 a.m.
Regional Council Chambers, 5th Floor
Regional Administrative Headquarters
10 Peel Centre Drive, Suite A
Brampton, Ontario

12. ADJOURNMENT

The meeting adjourned at 9:19 a.m.

President

Secretary



REPORT
Meeting Date: 2017-05-11
Peel Housing Corporation

DATE: April 3, 2017

REPORT TITLE: **2016 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS (UNAUDITED)**

FROM: Dan Labrecque, General Manager, Peel Living
David Bingham, Treasurer, Peel Living

RECOMMENDATION

That the 2016 Peel Housing Corporation (operating as Peel Living) unaudited financial statements, be approved.

REPORT HIGHLIGHTS

- Peel Living's 2016 financial statements have been audited by Deloitte.
- Deloitte will issue their Auditor's Report once the statements are approved by the Peel Housing Corporation Board of Directors.
- The financial statements are prepared in accordance with the Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.
- There are no unadjusted audit differences arising from the 2016 external audit.

DISCUSSION

The 2016 financial statements consisting of the Statement of Financial Position; Statement of Operations; Statement of Remeasurement Gains and Losses; Statement of Change in Net Debt; and Statement of Cash Flows, along with the notes are attached to this report as Appendix I.

These statements reflect the financial activities of Peel Housing Corporation and are the representation of management. The statements have been prepared by Regional staff in accordance with the Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. There are no unrecorded audit differences arising from the 2016 external audit.

Deloitte has completed their audit of the statements and their Audit Results report are being presented at the April 20, 2017 joint Region of Peel/Peel Housing Corporation Audit and Risk Committee. The Audit Results report notes that there are no audit differences. That report also contains the Management Letter and this has been attached as Appendix II to this report. As noted in the appendix, there are no comments or recommendations to management regarding internal controls for Peel Living.

6.1-2

2016 PEEL HOUSING CORPORATION FINANCIAL STATEMENTS (UNAUDITED)

As per auditing standards, the Board must formally approve the financial statements before Deloitte can release the Auditor's Report. No changes are anticipated to the attached unaudited financial statements before formal Board approval.

CONCLUSION

The 2016 financial statements for Peel Housing Corporation are presented for the Peel Housing Corporation Board's approval.



Dan Labrecque, General Manager, Peel Living



David Bingham, Treasurer, Peel Living

APPENDICES

1. Appendix I – 2016 Peel Housing Corporation Financial Statements (Unaudited) and accompanying Deloitte Management Letter

For further information regarding this report, please contact David Bingham at extension 4292 or via email at dave.bingham@peelregion.ca.

Authored By: Monique Hynes

Financial statements of

Peel Housing Corporation

December 31, 2016

Financial statements of

Peel Housing Corporation

December 31, 2016

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Independent Auditor's Report

To the Board of Directors of
Peel Housing Corporation

We have audited the accompanying financial statements of Peel Housing Corporation, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, remeasurement gains and losses, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Peel Housing Corporation as at December 31, 2016, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
_____, 2017

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Peel Housing Corporation

Statement of Financial Position

As at December 31, 2016

	2016	2015
Financial assets		
Investments, unrestricted (Note 3)	\$ 13,927,713	\$ 13,661,026
Accounts receivable (Note 4)	2,776,262	2,230,716
Investments, restricted (Note 3)	14,713,200	14,567,458
	31,417,175	30,459,200
Liabilities		
Accounts payable and accrued liabilities (Note 6)	8,695,488	7,217,190
Rental deposits	4,246,159	4,089,083
Post-employment liabilities (Note 7)	108,937	108,467
Mortgages payable on income producing properties (Note 8)	195,891,103	218,939,868
Long term debt (Note 9)	34,991,445	34,661,428
	243,933,132	265,016,036
Net debt	(212,515,957)	(234,556,836)
Non-financial assets		
Tangible capital assets (Note 5)	429,021,985	439,118,408
Prepaid expenses	1,166,354	1,220,960
	\$ 430,188,339	\$ 440,339,368
Accumulated surplus (Note 11)	\$ 217,672,382	\$ 205,782,532
Accumulated surplus comprising:		
Accumulated operating surplus	\$ 216,774,598	\$ 205,360,923
Accumulated remeasurement gains	897,784	421,609
	\$ 217,672,382	\$ 205,782,532

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Statement of Operations

As at December 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Rental income	\$ 57,976,064	\$ 58,807,711	\$ 65,890,221
Non-rental income	5,452,427	5,464,565	5,011,662
Interest income from operations	455,757	548,152	428,100
Government grants	34,153,066	33,176,322	33,636,723
Investment Income	322,817	322,817	342,934
Contributed capital (Note 10)	23,750	23,750	23,750
Total revenues	98,383,881	98,343,317	105,333,390
Expenses (Note 13)			
Social housing	92,293,820	86,929,642	91,215,065
Total expenses	92,293,820	86,929,642	91,215,065
Annual operating surplus	6,090,061	11,413,675	14,118,325
Accumulated operating surplus, beginning of year	205,360,923	205,360,923	191,242,598
Accumulated operating surplus, end of year	\$ 211,450,984	\$ 216,774,598	\$ 205,360,923

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Statement of Remeasurement Gains and Losses

As at December 31, 2016

	2016	2015
Accumulated remeasurement gain, beginning of year	\$ 421,609	\$ 414,512
Unrealized gain attributable to:		
Investments	476,175	7,097
Remeasurement gain for the year	476,175	7,097
Accumulated remeasurement gain, end of year	\$ 897,784	\$ 421,609

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Statement of Change in Net Debt

As at December 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Annual operating surplus	\$ 6,090,061	\$ 11,413,675	\$ 14,118,325
Acquisition of tangible capital assets	-	(816,804)	(78,600)
Amortization of tangible capital assets	10,913,227	10,913,227	10,920,465
	17,003,288	21,510,098	24,960,190
Acquisition of prepaid expenses	-	(1,338,077)	(1,470,145)
Use of prepaid expenses	-	1,392,683	1,456,092
	\$ -	\$ 54,606	\$ (14,053)
Net remeasurement gains	-	476,175	7,097
	17,003,288	22,040,879	24,953,234
Net debt, beginning of year	(234,556,836)	(234,556,836)	(259,510,070)
Net debt, end of year	\$ (217,553,548)	\$ (212,515,957)	\$ (234,556,836)

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Statement of Cash Flows

As at December 31, 2016

	2016	2015
Operating activities		
Annual operating surplus	\$ 11,413,675	\$ 14,118,325
Items not involving cash		
Amortization of tangible capital assets	10,913,227	10,920,465
Change in post-employment liabilities	470	653
Net remeasurement gains for the year	476,175	7,097
Change in non-cash assets and liabilities		
Accounts receivable	(545,546)	4,062,277
Accounts payable and accrued liabilities	1,478,298	(1,599,970)
Rental deposits	157,076	(150,991)
Prepaid expenses	54,606	(14,053)
Net change in cash from operating activities	23,947,981	27,343,803
Capital activity		
Acquisition of tangible capital assets	(816,804)	(78,600)
Net change in cash from capital activity	(816,804)	(78,600)
Investing activities		
(Increase) in unrestricted investments	(266,687)	(3,911,316)
(Increase) in restricted investments	(145,742)	(4,751,580)
Net change in cash from investing activities	(412,429)	(8,662,896)
Financing activities		
Proceeds from Peel Region loan	1,353,767	3,884,995
Repayment of long-term debt	(1,023,750)	(23,750)
Repayment of mortgages payable	(23,048,765)	(22,463,552)
Net change in cash from financing activities	(22,718,748)	(18,602,307)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
Cash paid for interest	\$ 8,107,678	\$ 9,245,785
Cash received from interest	787,027	659,819

The accompanying notes are an integral part of these financial statements.

Peel Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2016

1. Introduction

Peel Housing Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act in 2003. The Corporation has issued 100 common shares which are owned entirely by The Regional Municipality of Peel. The Corporation was formed as a result of the amalgamation effective January 1, 2003 of Peel Non Profit Housing Corporation with Peel Regional Housing Corporation. The Corporation is a not-for-profit organization that provides and operates housing accommodation for people with low and modest income in the Region of Peel.

Effective October 1, 2001, the Region of Peel assumed from the Province of Ontario responsibility as Service Manager for social housing located in the Region of Peel. Effective January 1, 2012, the Corporation manages and operates its social housing units under the provisions of *Housing Services Act* and related regulations.

As of October 6, 2016, the Board of Directors consist of six members of Council including the Regional Chair.

2. Accounting Policies

The financial statements of the Corporation are the representation of management and are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

The focus of PSAB financial statements is on the financial position of the Corporation and the changes thereto. The statement of financial position reports the financial assets and liabilities, and the non-financial assets of the Corporation. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Corporation's overall future revenue requirements and its ability to finance activities and meet its obligations.

a) Basis of Accounting

i. Accrual Method of Accounting

The Corporation follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

ii. Recognition of Rental Income

Rental income relates to rent revenue earned on the lease of the Corporation's social housing units. Revenue is recognized as earned over the term of the lease.

iii. Recognition of Government Grants

Government grants are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, reasonable estimates of the amounts can be made, and there are no stipulations which give rise to a liability.

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iv. *Recognition and Measurement of Financial Instruments*

The Corporation accounts for its accounts receivable, investments, accounts payable and accrued liabilities, and long term debt according to PSAB's standards for accounting and reporting financial instruments. Portfolio investments held in equity instruments that are quoted in an active market are reported at fair market value in the financial statements.

The fair value of investments is determined by the combination of the fair market value of investments with Encasa Financial Inc. ("Encasa") and a pro-rated portion of Region of Peel's investments to reflect the fact that the balance of Peel Housing Corporation's investments is pooled with Region of Peel. Only the Encasa investment is reported at market value in the financial statements. Transaction costs are expensed as incurred.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate respective fair values due to their relatively short term maturity. The carrying value of long term debt and vendor mortgage approximate fair value due to the terms and conditions of the borrowing arrangements compared to current market conditions of similar items.

v. *Tangible Capital Assets*

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful life – years
Buildings	20 – 100
Building improvements	8 – 100
Equipment and furnishings	3 – 80
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

vi. *Contributions of Tangible Capital Assets*

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

vii. *Accounts Receivable*

The rent receivable portion of accounts receivable includes backdated rent receivables as determined in accordance with the *Housing Services Act*. These are established at the point of discovery.

viii. *Capitalization of Costs*

The Corporation capitalizes all development or construction related direct costs to income-producing property under construction. These costs include realty tax, project management fees, interest on construction loans and/or the interest relating to short-term bridge financing. During the year, the Corporation capitalized \$82,663 (2015 – \$78,600) of interest relating to various projects.

6.1-14

ix. *Reserves*

The reserve for the replacement of capital property is established for each operating project according to the terms of the agreements. The annual reserve contribution is not to exceed the amounts prescribed by the Agreements or such amount as amended by either Canada Mortgage and Housing Corporation or the Ontario Ministry of Municipal Affairs and Housing.

The energy conservation reserve was established by the Board of Directors with a view to reduce utility costs. Interest is to be paid calculated on 100 basis points above the Canada Bond Yield's rate having a term to maturity equivalent to the term the reserve is being asked to invest.

The working fund reserve was established by the Board of Directors with a view to provide for unforeseen contingencies for which alternative financing cannot be arranged.

x. *Mortgages Payable on Income Producing Property*

On the interest adjustment date, construction loans payable are transferred to mortgages payable on income-producing property. The interest adjustment date represents the effective date for commencement of mortgage payments and receipt of government grants based on the original mortgage commitment obtained to finance the project. To the extent that final mortgage requirements may differ from the original mortgage commitment when final construction costs are known, mortgages payable on income-producing property are adjusted accordingly.

xi. *Liability for Contaminated Sites*

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Corporation is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Corporation's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

xii. *Use of Estimates*

The preparation of financial statements in conformity with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities and amortization. Actual amounts could differ from those estimates.

3. Investments

The Corporation's investments of \$2,896,596 (2015 – \$2,896,596) with Encasa Financial Inc. had a fair market value of \$3,794,380 as at December 31, 2016 (2015 – \$3,318,205). The net accumulated unrealized gain of \$897,784 (2015 – \$421,609) for restricted investments is reported in the statement of re-measurement gains and losses and in the statement of financial position as an increase to restricted investments.

The balance of Corporation funds are with the Region of Peel for investment purposes which earn interest based on the Region of Peel's investment yield.

As at December 31, 2016, the Corporation's unrestricted investments had a fair market value of \$14,266,401 (2015 – \$14,290,841).

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At December 31, 2016, the Corporation's restricted investments had a fair market value of \$14,978,720 (2015 – \$15,086,083). Rental deposits and reserve funds established by legislation or by the Board are disclosed as a restricted investment.

4. Accounts Receivable

Accounts receivable consists of the following:

	2016	2015
Rents	\$ 928,752	\$ 823,512
HST receivable	579,236	733,843
Other	938,917	527,078
Region of Peel	329,357	146,283
Total	\$ 2,776,262	\$ 2,230,716

5. Tangible Capital Assets

December 31, 2016	Cost	Accumulated Amortization	Net Book Value
Land	\$ 142,017,280	\$ -	\$ 142,017,280
Buildings	542,351,805	257,129,044	285,222,761
Building improvements	988,557	401,332	587,225
Equipment and furnishings	676,811	226,777	450,034
Vehicles	21,961	15,482	6,479
Construction work in progress	738,206	-	738,206
Total	\$ 686,794,620	\$ 257,772,635	\$ 429,021,985

December 31, 2015	Cost	Accumulated Amortization	Net Book Value
Land	\$ 141,938,682	\$ -	\$ 141,938,682
Buildings	542,351,805	246,281,929	296,069,876
Building improvements	988,557	363,799	624,758
Equipment and furnishings	676,811	200,174	476,637
Vehicles	21,961	13,506	8,455
Total	\$ 685,977,816	\$ 246,859,408	\$ 439,118,408

6.1-16

6. Accounts Payable and Accrued Liabilities

The amount due to the Region of Peel at December 31, 2016 of \$239,935 (2015 – \$Nil) is included in accounts payable and accrued liabilities, and does not bear interest and has no specific terms of payment.

Long term debt payable to the Region of Peel is disclosed in note 9.

7. Post-Employment Liabilities

The liability for retirement benefits on the statement of financial position is the result of a full actuarial valuation as at December 31, 2014 for the Corporation's share of costs associated with extending the coverage for health, dental and life insurance benefits to qualifying employees, with estimates to December 31, 2016. Benefit coverage, except for life insurance coverage, ceases at the age of 65.

The following significant actuarial assumptions adopted in the valuation were based on management's best estimates.

- Future discount rates 4.75 per cent per year
- Future inflation rate 2.0 per cent per year
- Future salaries Escalate at 3.0 per cent per year
- Future dental premium rates Escalate at 4.0 per cent per annum
- Future health care premium rates Escalate at 4.0 per cent per annum

The following are the actuarial results for the accrued benefit liability reported on the statement of financial position:

Retirement Benefits Liability	2016	2015
Accrued benefit obligation at January 1	\$ 108,467	\$ 107,814
Add: benefit service cost	2,671	2,548
Add: interest accrued	5,228	5,201
Deduct: benefit payments	(7,429)	(7,096)
Accrued benefit obligation at December 31	108,937	108,467
Liability at December 31	\$ 108,937	\$ 108,467

Retirement Benefits Expense	2016	2015
Current period benefit cost	\$ 2,671	\$ 2,548
Interest on accrued benefit obligation	5,228	5,201
Total	\$ 7,899	\$ 7,749

6.1-17

8. Mortgages Payable on Income Producing Properties

Mortgages are secured by a first charge on specific assets of the Corporation with amortization periods that ranged from 5 to 50 years and interest ranging from 1.04 per cent to 8.0 per cent. Generally, interest rates are fixed for either 5 or 10 years.

Estimated principal repayments in respect to these mortgages for the years 2017-2021 and thereafter are as follows:

	Principal Reduction
2017	\$ 22,169,515
2018	21,102,046
2019	19,139,770
2020	18,380,929
2021	18,573,980
Subsequent to 2021	96,524,863
Total	\$ 195,891,103

9. Long Term Debt

Long term debt consists primarily of four loans from the Region of Peel and forgivable loans with the provincial government associated with some of the properties developed with the Region of Peel. The first Regional loan is for Summerville and the current term is 2.9 per cent for ten years from March 6, 2016 to March 5, 2026, amortized over 35 years; payments made are based on the operating surplus of the project. The second Regional loan is payable over 15 years commencing with the various property locations' respective Operating Agreement end dates. The third Regional loan is for the purchase of land adjacent to Twin Pines, with an interest rate of 3.2 per cent, with an open term to repay. The fourth Regional loan is to fund the development of the Twin Pines site, with an interest rate of 2.95 per cent, with an open term to repay. The provincial loans will be forgiven after 20 years once program requirements have been met. The majority will be forgiven in the year 2025.

The long term debt of \$1,000,000 due to the Twin Pines tenants association (member contributions) was repaid in 2016.

Long Term Debt	2016	2015
Region of Peel loan 2005 Summerville Pines	\$ 11,480,646	\$ 11,480,646
Region of Peel loan Service Manager capital reinvestment	18,042,481	17,505,519
Region of Peel loan 2013 land acquisition	2,763,362	2,684,763
Region of Peel loan Twin Pines Site Development	738,206	-
Provincial loans (forgivable)	1,966,750	1,990,500
Twin Pines tenants association	-	1,000,000
Total	\$ 34,991,445	\$ 34,661,428

6.1-18

10. Contributed Capital

The following summarizes changes to the balance for contributed capital.

Contributed Capital	2016	2015
Balance at the beginning of the year	\$ 18,807,504	\$ 18,783,754
Assisted Housing in Peel forgivable loan	23,750	23,750
Total Contributed Capital	\$ 18,831,254	\$ 18,807,504

11. Accumulated Surplus

The accumulated surplus consists of the following:

Accumulated Surplus	2016	2015
Accumulated operating surplus:		
Investment in tangible capital assets	\$ 206,284,516	\$ 187,868,401
Reserves	9,085,886	15,574,647
Contributed capital	18,831,254	18,807,504
Capital fund	(18,042,481)	(17,505,519)
Accumulated surplus from operations	724,260	724,260
Unfunded liability – retiree benefits	(108,937)	(108,467)
Common shares	100	100
	216,774,598	205,360,923
Unrealized gain on restricted investments	897,784	421,609
Total Accumulated Surplus	\$ 217,672,382	\$ 205,782,532

6.1-19

12. Surplus / (Deficit) from Housing Program Administration

Overhead costs are related to administrative functions performed by the Region of Peel and are allocated based on the buildings' weighted unit count.

	2016	2015
Total revenue	\$ 895,855	\$ 823,697
Less: expenses	10,135,265	10,014,307
Deficit before the under noted items	(9,239,410)	(9,190,610)
Transfer of investment income to reserve funds	(322,817)	(342,934)
Transfer of investment revenue to last month's rent	(81,586)	(63,567)
Transfer of investment income to operations	(382,623)	(253,318)
Administrative expense recovered from operations	9,069,742	8,599,227
Administrative allocation to Region of Peel buildings	956,694	1,251,202
Surplus/ (deficit) from housing program administration	\$ -	\$ -

13. Expenses by Object

The statement of operations reports expenses for the Corporation by function. The following is a summary of expenses by object.

	2016	2015
Salary and wages	\$ 4,940,343	\$ 5,040,616
Municipal taxes	12,306,861	12,510,090
Amortization	10,913,227	10,920,465
Debt interest charges	9,232,966	10,904,588
Other operating expenses	49,536,245	51,839,306
Total	\$ 86,929,642	\$ 91,215,065

14. Contingent Liabilities

As at December 31, 2016, the Corporation has certain legal disputes outstanding that have arisen in the ordinary course of operations. No provision has been made in 2016 for costs or losses, as all claims are expected to be covered by insurance or the consequences are undeterminable at this time.

15. Risks

a) Credit Risk

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

6.1-20

b) Interest Rate Risk

The Corporation is subject to interest rate fluctuations on its mortgages and long term debt. The Corporation currently does not use any hedging strategies to mitigate this interest rate exposure.

c) Market Risk

Market risk arises as a result of trading in fixed income securities and equities. Fluctuations in the market expose the Corporation to a risk of loss. The Corporation mitigates this risk through cash management processes and compliance to the approved investment policy.

16. Commitments

The Corporation has obligations under non-cancellable operating leases with the Region of Peel for various service agreements.

The payments to the expiry of leases and agreements are as follows:

	Principal Reduction
2017	\$ 2,051,497
2018	2,051,497
2019	2,051,497
2020	2,051,497
2021	2,051,497
Subsequent to 2021	53,448,818
Total	\$ 63,706,303



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March 21, 2017

Private and confidential

Mr. Dan Labrecque
General Manager
Peel Housing Corporation
10 Peel Centre Drive
Brampton ON L6P 4B9

Dear Mr. Labrecque:

We have audited the financial statements (hereinafter referred to as "annual financial statements") of Peel Housing Corporation ("PHC") as at and for the year ended December 31, 2016 and will issue our Independent Auditor's Report thereon upon approval of the Board of Directors. In planning and performing our audit of PHC's annual financial statements, we considered PHC's internal control over financial reporting in order to determine the nature, extent and timing of our auditing procedures for the purpose of expressing our opinion on the annual financial statements. A financial statement audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

The maintenance of adequate controls designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time, may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in PHC.

Our consideration of internal control over financial reporting in our audit of the annual financial statements would not necessarily disclose all internal control matters that might be weaknesses under Canadian Auditing Standards. A weakness in internal control is a deficiency in the design or effective operation of internal control. A weakness in internal control is significant if the deficiency is such that a material misstatement is not likely to be prevented or detected in the financial statements being audited.

This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. We shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

Definitions

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Canadian Auditing Standards

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that a material misstatement of PHC's annual financial statements is not likely to be prevented or detected.

Professional standards

Professional standards require us to communicate significant deficiencies identified during the audit to management and those charged with governance.

Peel Housing Corporation
March 21, 2017
Page 2

Material weaknesses

During the audit, we did not identify any control deficiencies that, individually or in the aggregate, we consider to be material weaknesses as defined above.

Yours very truly,

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, and "LLP" is written in a simpler, blocky font.

Chartered Professional Accountants
Licensed Public Accountants

c: Members of the Audit and Risk Committee



REPORT
Meeting Date: 2017-05-11
Peel Housing Corporation

DATE: April 28, 2017

REPORT TITLE: **YEAR END FINANCIAL REPORT - DECEMBER 31, 2016**

FROM: Dan Labrecque, General Manager, Peel Living
 David Bingham, Treasurer, Peel Living

RECOMMENDATION

That the Treasurer be authorized to transfer \$3.53 million from capital reserves and \$83,000 from working fund reserves, plus accrued interest to date, from all reserves associated with Regionally-owned buildings, to the Region of Peel's capital and working fund reserves;

And further, that the Treasurer be authorized to close reserves RPL200, RPL204, RPL208, RPL209, RPL210, RPL212, RPL254, RPL258, RPL259, RPL260, RPL262, RPL32, once all funds have been transferred to the Region of Peel.

REPORT HIGHLIGHTS

- 2016 operations of Peel Living owned sites resulted in a surplus of \$136,000 higher than budget (before discretionary reserve transfers).
- The favourable variance resulted in an increased contribution of \$126,000 to the working fund reserves and a \$10,000 increase to capital replacement reserves.
- 2016 operations of Regionally-owned sites resulted in a surplus of \$154,000 lower than budget resulting in a decrease in the transfer to the Region.
- Gross capital spending for the 12 months that ended December 31, 2016 was \$9.1 million of the \$21.3 million in approved capital.
- \$12.2 million in approved capital will be carried forward to 2017.
- Net reserve balance for all programs, including Regionally-owned sites is \$2.5 million.
- Long-term Debt obligations increase from \$34.7 million in 2015 to \$35 million in 2016, mainly due to the Twin Pines Site Redevelopment project.
- Approval requested to transfer all Regionally-owned reserve balances to the Region of Peel.

DISCUSSION

This report summarizes the financial status of Peel Housing Corporation (PHC), including Regionally-owned managed sites, for the 12 months ended on December 31, 2016 for current operations, capital operations and reserves.

1. Current Operations

Peel Housing Corporation's Statement of Operations (Appendix I) for the twelve months ended on December 31, 2016, shows a net favourable budget surplus of \$3.8 million before discretionary reserve transfers for all Peel Housing Corporation owned sites. This is \$136,000 higher than budgeted resulting in a higher discretionary contribution to reserves.

Regionally-owned site operations for the twelve months ended on December 31, 2016, shows a net favourable budget surplus of \$183,000 which is \$154,000 lower than budgeted, resulting in a decreased transfer to the Region than budgeted.

The following summarizes the net variances of both PHC and Regionally-owned sites:

Increase in revenue of \$30,000, or 0.03 percent, due to:

- higher rental revenue of \$914,000 due to higher level of market units, backdated rent collections and lower vacancy loss expense. Staff are working with the Service Manager to re-balance the rent supplements and RGI targets
- higher non-rental revenue of \$104,000 due to higher parking, interest, energy rebates and damages recoveries; offset in part by lower laundry, rooftop and recoveries from the Region of Peel for shelters
- offset in part by decreased municipal subsidy of \$988,000 due to higher revenue and lower allowable expenditures

Expenditure increase of \$48,000, or 0.05 percent, due to:

- higher building systems and services of \$648,000 due to unbudgeted items such as mold remediation and accessibility, plus overages for plumbing and electrical
- higher utilities of \$459,000 due to increased costs for hydro and water (higher rates but lower consumption) offset by lower actuals for gas
- offset in part by:
 - lower salaries of \$343,000 for superintendents and cleaners as a result of vacancies
 - lower property taxes of \$333,000 due to budget being built on higher tax rate increases
 - lower insurance of \$229,000 due to lower than expected premiums and 3rd party costs
 - lower administration costs of \$104,000 primarily due to lower chargeback from the Region of Peel's Housing Operating and Management Services
 - mortgages costs and internal loan payments for PHC Buildings is \$190,000 lower than budget due to lower interest rates for mortgage renewals at three properties and the revised and reduced interest from the Region for the internal loan at Summerville Pines
 - offset by an additional \$140,000 principal payment applied towards the Regional loan for Millbrook as a result of a surplus

The mortgage payments for the original loan for Twin Pines ended in 2016, as a result, an adjusting accounting entry of \$5.7 million was made to reflect the value of the mortgage and land. This is reflected in the Appendix I statement.

6.2-3

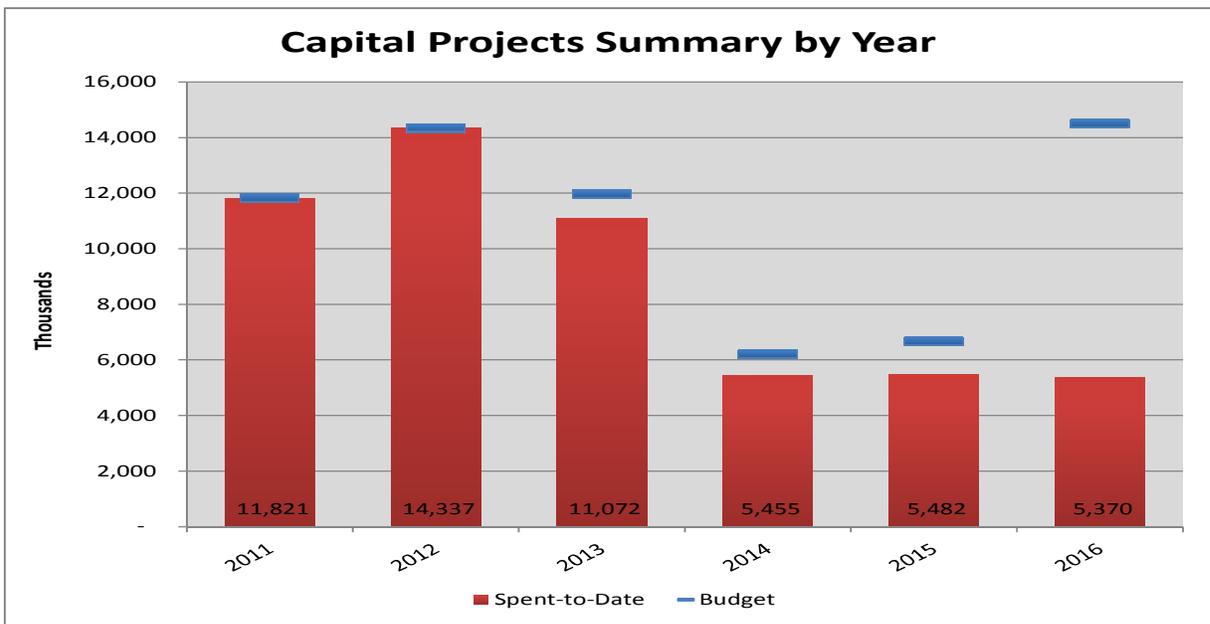
YEAR END FINANCIAL REPORT - DECEMBER 31, 2016

2. Capital Operations

Major capital projects for Peel Living are approved and setup each budget year on a building-by-building and program basis. The table below is a summary of major capital operations from January 1, 2016 to December 31, 2016. Total approved capital for 2016 (including 2015 carry forward) was \$21.3 million, of which \$9.1 million was spent in 2016. The capital spending carry forward for 2017 is \$12.2 million. A summary of capital project expenditures status is presented in Appendix II.

Description	2016 Capital Activity
	(\$ million)
Carry Forward Balance, December 31, 2015	\$6.8
Approved Budget Changes	-
Approved 2016 Capital Budget	<u>14.5</u>
Total Approved Capital	21.3
Year to Date Spending	<u>(9.1)</u>
Carry Forward Balance to 2016	\$12.2

The following chart provides an overview of capital projects that were active in 2016 and their respective budgets versus their spent-to-dates as at December 31, 2016.



All capital expenditures in projects from 2011-2016 have been for state of good repair purposes. 2011 Capital Projects are now completed and closed. PHC anticipates that during the 2017 calendar year, the projects in 2012, 2013, and 2014 will be completed, pending any holdbacks remaining to be released.

YEAR END FINANCIAL REPORT - DECEMBER 31, 2016

3. Reserves and Reserve Funds

The following chart provides a combined overview of PHC's reserves and Regionally-owned site reserves as at December 31, 2016. Appendix III and IV provide a more detailed breakdown of fund balances by program and type.

\$ Millions	Capital Replacement Reserves	Working Fund Reserves	Energy Reserves	Total (\$ million)
Balance before commitments	\$5.65	\$2.35	\$1.08	\$9.08
Less: Commitments	(\$5.80)	(\$0.75)	-	(\$6.55)
Balance after commitments	(\$0.15)	\$1.60	\$1.08	\$2.53

Note: These figures do not include unrealized gains or losses on investments held for trading.

Due to PHC's aging building infrastructure, capital spending over the last 3 years (2014 onwards) has been adjusted to not exceed replacement reserve contributions (including interest earned) and approved Service Manager capital loans.

The Board has been aware that the prescribed reserve contribution rate has not been adequate to meet future capital replacement needs. Over the last 5 years, the Service Manager has provided PHC with two capital replacement loans; the first loan of \$6.9 million was issued and finalized in 2012. The second loan of \$12.3 million was approved for 2013 and 2014 capital spending. As of December 31, 2016, \$11.1 million has been claimed and PHC anticipates that the full \$12.3 million will not be necessary; it is anticipated that the loan will be finalized by 2017 year-end.

PHC managed the operations for six Regionally-owned sites (currently managing four sites) and still maintains working fund and capital replacement reserves for those sites. As reflected in Appendix I, the net surpluses (or deficits) for these sites are now transferred directly to/from the Region of Peel. Capital budgets and reserve activity for these sites are now managed within the Region of Peel budget; therefore, it is recommended that the balance of \$3.5 million, plus any accrued interest to date, be transferred to the Region's capital and working fund reserves.

4. Debt Obligations**a) Mortgages**

In 2016, three mortgages were discharged for sites Arcadia Glen, Springmill Terrace, and Twin Pines. The annualized savings from these is approximately \$1.09 million as shown in Appendix V. Furthermore, three mortgage renewals also occurred in 2016 as shown in Appendix VI. Decreases in the mortgage interest rates will result in an annualized decrease in payments of \$30,000. The average of the three mortgage renewal rates was decreased from 4.22 per cent to 1.63 per cent. The lower mortgage costs will result in lower subsidy from the Service Manager (Region of Peel).

YEAR END FINANCIAL REPORT - DECEMBER 31, 2016

b) Long-Term Debt

The table below summarizes PHC's long-term debt obligations. Debt increases for 2016 are due to increased Service Manager capital loans (approved in 2014) and the capitalization of interest cost for the Dundas Street Land purchase (adjacent to Twin Pines).

The Service Manager capital loans are payable over 15 years commencing with the respective property's mortgage end dates. The first payments will commence in 2017 (one year after the mortgage expires). For 2016, two Service Manager loans became repayable for the properties at Arcadia Glen and Springmill Terrace, for which the mortgages expired in January 2016, and in July 2016 respectively. In 2017, PHC will see three more properties where mortgages will expire as follows: Middleton Way, Mason's Landing, and South Common Court.

The provincial loans will be forgiven over 20 years (by 2029) once program requirements are met. In 2016, PHC repaid the \$1 million owing to the Cedar Grove Members' Association at Twin Pines.

Long-term Debt (excluding mortgages)	2015	2016
Region of Peel loan - Summerville Pines (2005)	\$ 11,480,646	\$ 11,480,646
Region of Peel loan Service Manager capital reinvestment (amounts represent actual loan amounts received to date)	17,505,519	18,042,481
Region of Peel loan 2013 land acquisition (adjacent to Twin Pines)	2,684,763	2,763,362
Region of Peel loan Twin Pines Site Redevelopment		738,206
Federal & Provincial loans (forgivable)	1,990,500	1,966,750
Cedar Grove Members' Association (Twin Pines)	1,000,000	-
Total	\$ 34,661,428	\$ 34,991,445

5. Financial Control By-law Report Requirements**a) Authorization to Increase Project Commitments beyond Originally Approved Budget**

PHC is not seeking any authorization to increase project commitments.

b) Reserve Management

PHC recommends that the Treasurer be authorized to transfer \$3.53 million from capital reserves and \$83,000 from working fund reserves, plus accrued interest to date, from all reserves associated with Regionally-owned buildings, to the Region of Peel's capital and working fund reserves;

6.2-6

YEAR END FINANCIAL REPORT - DECEMBER 31, 2016

The Treasurer is requesting authorization to close reserves RPL200, RPL204, RPL208, RPL209, RPL210, RPL212, RPL254, RPL258, RPL259, RPL260, RPL262, RPL32, once all funds have been transferred to the Region of Peel.

c) Closed Capital Projects

One capital project was closed during the 2016 year. Project 11-0501 (PHC Major Capital) was closed, as the project was completed.

d) Redeployments

Redeployments are processed to facilitate effective management of various programs and projects. All redeployments are processed in accordance with the Financial Control By-law. There was no redeployment activity as of December 31, 2016.

CONCLUSION

Peel Housing Corporation continues to uphold its commitment to provide quality housing and will continue on a path of continuous improvement. The operations continue to generate surpluses annually which have resulted in additional contributions to reserves beyond its mandatory requirements. However, capital expenditure needs continue to outpace our reserves and are insufficient to meet the growing capital deficit.

With the help of our Board, steps have already been taken to enhance long-term sustainability and to maintain financial accountability to the residents of Peel. The introduction of the balance scorecard previously presented to the Board will help direct work plans that will positively improve both our long-term financial viability and the level of satisfaction from our tenants.



Dan Labrecque, General Manager, Peel Living



David Bingham, Treasurer, Peel Living

APPENDICES

1. Appendix I – Management Statement of Operations
2. Appendix II – Status of Capital Projects
3. Appendix III – Reserve Balances by Program
4. Appendix IV – Continuity Schedule of Reserves
5. Appendix V – Statement of Mortgage Discharges
6. Appendix VI – Statement of Mortgage Renewals

For further information regarding this report, please contact Dan Labrecque, General Manager, Peel Housing Corporation (Peel Living), extension 3549, dan.labrecque@peelregion.ca

Authored By: John Arcella, Deputy Treasurer, Peel Housing Corporation (Peel Living), extension 4971, john.arcella@peelregion.ca

Peel Housing Corporation
Management Statement of Operations (in thousands)
As At December 31, 2016

Figures do not include current year unrealized gains or losses on investment held for trading.

	Peel Housing Corporation Sites			Region-Owned Sites			Total Peel Living Managed Sites			Restated Total 2015 Actual**
	2016 Budget	2016 Actual	2016 Variance	2016 Budget	2016 Actual	2016 Variance	2016 Budget	2016 December Actual	Total 2016 Variance	
Revenue:										
Rental Revenue	\$ 58,401	\$ 59,255	\$ 854	\$ 5,453	\$ 5,513	\$ 60	\$ 63,854	\$ 64,768	\$ 914	\$ 65,890
Other Revenue	5,671	5,749	78	237	263	26	5,908	6,012	104	5,440
Municipal Subsidy	33,965	32,981	(984)	188	184	(4)	34,153	33,165	(988)	33,521
Total Revenue	98,037	97,985	(52)	5,878	5,960	82	103,915	103,945	30	104,851
Expenditures:										
Salaries & Benefits	5,283	4,940	343	-	-	-	5,283	4,940	343	5,040
Building Systems & Services	13,403	14,023	(620)	964	992	(28)	14,367	15,015	(648)	13,755
Utilities	14,664	15,086	(422)	741	778	(37)	15,405	15,864	(459)	14,673
Administration	9,266	9,070	196	970	1,062	(92)	10,236	10,132	104	9,850
Mortgage, Loans & Depreciation	32,495	32,305	190	2,019	2,159	(140)	34,514	34,464	50	35,651
Municipal Taxes	11,919	11,605	314	721	702	19	12,640	12,307	333	12,510
Other	2,108	1,921	187	126	84	42	2,234	2,005	229	2,227
Total Expenditures	89,138	88,950	188	5,541	5,777	(236)	94,679	94,727	(48)	93,706
Operating Surplus/(Deficit) Before Reserve Transfers	8,899	9,035	136	337	183	(154)	9,236	9,218	(18)	11,145
Minor Capital:										
Minor Capital Expense	(1,334)	(1,576)	242	-	-	-	(1,334)	(1,576)	242	(1,429)
Transfer from Replacement Reserve for Minor Capital	1,334	1,576	(242)	-	-	-	1,334	1,576	(242)	1,429
Legislated Replacement Reserve Contribution	(5,251)	(5,251)	-	-	-	-	(5,251)	(5,251)	-	(6,088)
Transfer to Region	-	-	-	(337)	(183)	154	(337)	(183)	154	(240)
Operating Surplus/(Deficit) Before Discretionary Reserve Transfers	3,648	3,784	136	-	-	-	3,648	3,784	136	4,817
Reserve Allocation Based on Program Rules:										
Discretionary Transfer of Surplus to Replacement Reserve*	(2,577)	(2,587)	(10)	-	-	-	(2,577)	(2,587)	(10)	(3,223)
Transfer (to)/from Working Fund Reserves	(1,071)	(1,197)	(126)	-	-	-	(1,071)	(1,197)	(126)	(1,594)
Prior Years Non-Operating Accounting Adjustment for Twin Pines:										
Mortgage Amortization	-	(5,707)	(5,707)	-	-	-	-	(5,707)	(5,707)	-
Transfer from Working Fund Reserves	-	5,707	5,707	-	-	-	-	5,707	5,707	-
Net Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Permitted by the Service Manager or Board Directed (includes FP/Uni Service Manager surplus retention)

** 2015 Actuals restated to reflect new methodology of treatment of ROP-owned sites

6.2-8

APPENDIX II - STATUS OF CAPITAL PROJECTS

FINANCIAL REPORT - DECEMBER 2016 (UNAUDITED)

Peel Housing Corporation
Status of Capital Projects (in thousands)
As At December 31, 2016

Active Capital Projects:

Capital Project Description	Number of Projects	Total Funding Approved	Spent prior to 2016	Approved Budget Changes 2016	Available Capital Work as of January 1, 2016	Total Spent YTD as of December 31, 2016	Available Capital Work as of December 31, 2016	% Spent as of December 31, 2016
2011 Major Capital Project (C)*	1	11,817	11,817	-	0	-	-	100.0%
2012 Major Capital Project**	1	14,337	14,337	-	0	-	-	100.0%
2013 Major Capital Project***	1	11,959	10,541	-	1,418	531	887	92.6%
2014 Major Capital Project****	3	6,264	5,068	-	1,196	387	809	87.1%
2015 Major Capital Projects*****	4	6,846	2,667	-	4,178	2,814	1,365	80.1%
2016 Major Capital Projects*****	5	-	-	14,500	14,500	5,370	9,131	37.0%
TOTAL	15	\$ 51,223	\$ 44,430	\$ 14,500	\$ 21,292	\$ 9,102	\$ 12,192	81.5%

* 2011 Project closed as of December 31, 2016

** 2012 Project has been fully spent, but remains open in order to track all applicable charges before being re-allocated into 2013 available capital

*** 2013 Project does not include budget and costs for the Twin Pines Land Consulting Project

**** 2014 Project includes 1 project for CCC Ridgeway and 1 Project for CCC Cooksville

***** 2015 Project includes 1 project for CCC Ridgeway, 1 Project for CCC Cooksville and 1 Project for Millbook (ROP Building)

***** 2016 Projects does not include budget and costs for the Twin Pines Site Development Project

6.2-9

APPENDIX III - CURRENT STATUS OF RESERVES

FINANCIAL REPORT - DECEMBER 2016 (UNAUDITED)

**Peel Housing Corporation
Reserve Balances by Program
As At December 31, 2016**

Figures do not include cumulative unrealized gains or losses on investment held for trading.

Reserve Description	Replacement Reserve	Working Fund Reserve	Energy Conservation Reserve	Total Reserves	Less: Committed Balances	Available Balance*
Program 15.1 (Section 26/27)	\$ 3,288	\$ -	\$ -	\$ 3,288	\$ (176)	\$ 3,112
Program 56.1 (Section 95)	(2,382)	2,621	-	239	(1,355)	\$ (1,116)
Federal/Provincial and Unilateral	(4,894)	5,497	-	603	(4,068)	\$ (3,465)
Peel Regional Housing Corp.	5,717	-	-	5,717	(719)	\$ 4,998
Non-Program - PHC owned	391	(5,849)	-	(5,458)	(139)	\$ (5,597)
Non-Program - ROP owned	3,530	83	-	3,613	(100)	\$ 3,513
Corporate (Energy)	-	-	1,084	1,084	-	\$ 1,084
Total	\$ 5,650	\$ 2,352	\$ 1,084	\$ 9,086	\$ (6,557)	\$ 2,529

FINANCIAL REPORT - DECEMBER 2016 (UNAUDITED)

Peel Housing Corporation
Continuity Schedule of Reserves (in thousands)

As At December 31, 2016

Figures do not include cumulative unrealized gains or losses on investment held for trading.

Balances	Replacement Reserve	Working Fund Reserve	Energy Conservation Reserve	Total
Balance January 1, 2016	\$ 6,160	\$ 8,361	\$ 1,053	\$ 15,574
Allowable Contributions	7,839	3,830	-	11,669
Transfer to current operations	(1,576)	(8,339)	-	(9,915)
Capital Expenditures*	(6,955)	(1,610)	-	(8,565)
Interest Earned	182	110	31	323
Balance December 31, 2016	5,650	2,352	1,084	9,086
Less: Committed Balances	(5,801)	(756)	-	(6,557)
Balance Available December 31, 2016	\$ (151)	\$ 1,596	\$ 1,084	\$ 2,529

6.2-11

APPENDIX V - MORTGAGE DISCHARGES
FINANCIAL REPORT - DECEMBER 2016 (UNAUDITED)

Peel Housing Corporation
As At December 31, 2016

Statement of Mortgage Discharges

	New Terms	Previous Terms
1) Arcadia Glen: Ward M09		
Financial Institution:		CMHC
Principal Renewed Amount:		\$1,819,743
Term:	Discharged	60 Months
Maturity Date:		January 1, 2016
Mortgage Rate:		4.32%
Monthly Payment (P&I):	\$0	\$18,794
Ongoing Annualized Increase / (Decrease)	(\$225,532)	
2) Springmill Terrace: Ward M08		
Financial Institution:		Scotia
Principal Renewed Amount:		\$927,022
Term:	Discharged	25 Months
Maturity Date:		July 1, 2016
Mortgage Rate:		2.08%
Monthly Payment (P&I):	\$0	\$38,675
Ongoing Annualized Increase / (Decrease)	(\$464,100)	
3) Twin Pines: Ward M03		
Financial Institution:		MCAP
Principal Renewed Amount:		\$3,130,837
Term:	Discharged	120 Months
Maturity Date:		December 1, 2016
Mortgage Rate:		4.88%
Monthly Payment (P&I):	\$0	\$32,952
Ongoing Annualized Increase / (Decrease)	(\$395,424)	
Total Ongoing Annualized Increase / (Decrease) resulting from discharges:	(\$1,085,056)	

6.2-12

APPENDIX VI - MORTGAGE RENEWALS
FINANCIAL REPORT - DECEMBER 2016 (UNAUDITED)

Peel Housing Corporation As At December 31, 2016

Statement of Mortgage Renewals

	New Terms	Previous Terms
1) Parkholme Place: Ward B01		
Financial Institution:	CMHC	CMHC
Principal Renewed Amount:	\$659,599	\$1,608,845
Term:	60 Months	120 Months
Maturity Date:	March 1, 2021	March 1, 2016
Mortgage Rate:	1.04%	4.51%
Monthly Payment (P&I):	\$11,286	\$12,281
Annualized Increase / (Decrease):	(\$11,948)	
Remaining Amortization after new term:	To be Discharged	
2) Wedgewood Court: Ward B03		
Financial Institution:	Scotia	RBC
Principal Renewed Amount:	\$2,398,727	\$3,808,626
Term:	60 Months	60 Months
Maturity Date:	March 1, 2021	March 1, 2016
Mortgage Rate:	2.01%	3.26%
Monthly Payment (P&I):	\$30,627	\$31,951
Annualized Increase / (Decrease):	(\$15,884)	
Remaining Amortization after new term:	2 Years	
3) Hammond Road: Ward M08		
Financial Institution:	MCAP	Scotia Bank
Principal Renewed Amount:	\$145,932	\$284,771
Term:	60 Months	120 Months
Maturity Date:	May 1, 2021	May 1, 2016
Mortgage Rate:	1.85%	4.89%
Monthly Payment (P&I):	\$1,853	\$2,051
Annualized Increase / (Decrease):	(\$2,381)	
Remaining Amortization after new term:	2 Years	
Average Interest Rate	1.63%	4.22%
Total Ongoing Annualized Increase / (Decrease) resulting from renewals:	(\$30,213)	