

**Don Mount Court
Development Corporation**

Financial Statements
December 31, 2013

DRAFT

**FOR DISCUSSION WITH MANAGEMENT ONLY – SUBJECT TO AMENDMENT
NOT TO BE FURTHER COMMUNICATED**

@@@, 2014

Independent Auditor's Report

To the Directors of Don Mount Court Development Corporation

We have audited the accompanying financial statements of Don Mount Court Development Corporation, which comprise statements of financial position as at December 31, 2013 and the statements of operations and deficit and cash flows for the year then ended, and the related notes, which comprise 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 standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Don Mount Court Development Corporation as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

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Don Mount Court Development Corporation

Statement of Financial Position

As at December 31, 2013

	2013 \$	2012 \$
Liabilities		
Current liabilities		
Accrued liabilities	2,748	2,671
Due to Toronto Community Housing Corporation (note 3)	61,320	49,316
	<u>64,068</u>	<u>51,987</u>
Share capital		
Authorized unlimited number of common shares		
Issued and outstanding 1 common share	1	1
Deficit	<u>(64,069)</u>	<u>(51,988)</u>
	<u>(64,068)</u>	<u>(51,987)</u>
	<u>-</u>	<u>-</u>

Approved by the Board of Directors

_____ Director _____ Director

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

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Don Mount Court Development Corporation

Statement of Operations and Deficit

For the year ended December 31, 2013

	2013 \$	2012 \$
Revenue		
Interest	-	104
Expenses		
Board of directors (note 4)	9,153	16,699
Other expenses	2,928	5,392
	<u>12,081</u>	<u>22,091</u>
Excess of expenses over revenue for the year	(12,081)	(21,987)
Deficit - Beginning of year	<u>(51,988)</u>	<u>(30,001)</u>
Deficit - End of year	<u>(64,069)</u>	<u>(51,988)</u>

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Don Mount Court Development Corporation

Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(12,081)	(21,987)
Changes in non-cash balances related to operations		
Accrued liabilities	77	2,671
	(12,004)	(19,316)
Financing activities		
Increase in due to Toronto Community Housing Corporation	12,004	9,383
(Decrease) increase in cash during the year	-	(9,933)
Cash - Beginning of year	-	9,933
Cash - End of year	-	-

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Don Mount Court Development Corporation

Notes to Financial Statements

December 31, 2013

1 The organization

Don Mount Court Development Corporation (DMCDC) was incorporated under the provisions of the Ontario Business Corporations Act on August 28, 2001. DMCDC is wholly owned by the Toronto Community Housing Corporation (TCHC). According to shareholder direction as of December 13, 2002, DMCDC was created to oversee the redevelopment of TCHC's residential complex located on Don Mount Court. DMCDC is responsible for establishment and implementation of project budget and financial plan and management of the redevelopment project.

As TCHC is a not-for-profit organization (NPO), DMCDC is an extension of TCHC and is viewed as providing services to aid TCHC in achieving its NPO mandate. As such, DMCDC is an extension of an NPO.

Pursuant to section 149, paragraph (1)(d.6) of the Income Tax Act (Canada) (the ITA), DMCDC is exempt from federal Part I tax, as it is a subsidiary of a municipal corporation. DMCDC qualifies as a subsidiary of TCHC having met the following conditions:

- TCHC, a municipal corporation, directly controls DMCDC;
- no rights have been issued to acquire shares or capital in DMCDC, either immediately or in the future, either absolutely or contingently; and
- no more than 10% of income for the taxation year is earned outside of the geographical boundaries of DMCDC, or those of TCHC.

Per subsection 27(2) of the Taxation Act (Ontario), DMCDC is exempt from Ontario income taxes because it is exempt from federal Part I tax pursuant to section 149 of the ITA.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards apply to government not-for-profit organizations.

The significant accounting policies are summarized below:

Revenue recognition

Interest revenue is recorded when earned and collection is reasonably assured.

Financial instruments

DMCDC has adopted the requirements of PS3450 - Financial Instruments (PS3450). This standard was adopted effective January 1, 2012.

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Don Mount Court Development Corporation

Notes to Financial Statements

December 31, 2013

At initial recognition, DMDC classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

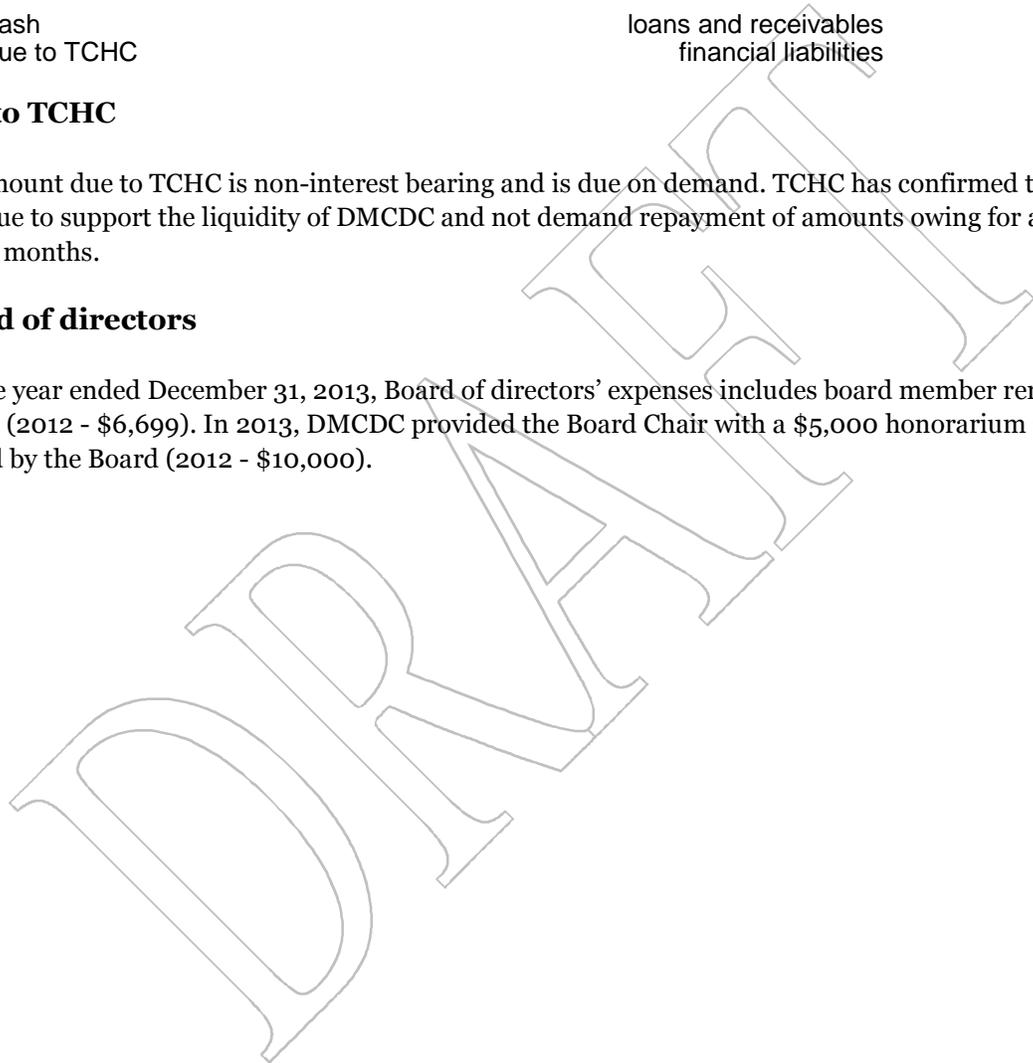
Assets/liabilities	Category	Measurement
Cash	loans and receivables	amortized cost
Due to TCHC	financial liabilities	amortized cost

3 Due to TCHC

The amount due to TCHC is non-interest bearing and is due on demand. TCHC has confirmed that it will continue to support the liquidity of DMDC and not demand repayment of amounts owing for a period of fifteen months.

4 Board of directors

For the year ended December 31, 2013, Board of directors' expenses includes board member remuneration of \$4,153 (2012 - \$6,699). In 2013, DMDC provided the Board Chair with a \$5,000 honorarium and \$5,000 waived by the Board (2012 - \$10,000).



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