

Appendix B

Don Mount Court Development Corporation Draft Unaudited Financial Statements

DMCDC Board Meeting – May 25, 2015

DMCDC: 2015-01

**Don Mount Court
Development Corporation**

Financial Statements

(Unaudited - See Notice to Reader)Error!

AutoText entry not defined.**December 31,
2014**

DRAFT

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

May @@, 2015

Notice to Reader

On the basis of information provided by management, we have compiled the statement of financial position of Don Mount Court Development Corporation as at December 31, 2014 and the statements of operations and deficit and cash flows the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.

Chartered Professional Accountants, Licensed Public Accountants

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Don Mount Court Development Corporation

Statement of Financial Position

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.As at December 31, 2014

	2014 \$	2013 \$
Liabilities		
Current liabilities		
Accrued liabilities	2,748	2,748
Due to Toronto Community Housing Corporation (note 3)	64,205	61,320
	<u>66,953</u>	<u>64,068</u>
Share capital		
Authorized		
Unlimited number of common shares		
Issued and outstanding		
1 common share	1	1
Deficit	<u>(66,954)</u>	<u>(64,069)</u>
	<u>(66,953)</u>	<u>(64,068)</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

(Unaudited - See Notice to Reader) Error! AutoText entry not defined. **For the year ended December 31, 2014**

	2014 \$	2013 \$
Expenses		
Board of directors (note 4)	-	9,153
Other expenses	2,885	2,928
	<u>2,885</u>	<u>12,081</u>
Excess of expenses over revenue for the year	(2,885)	(12,081)
Deficit - Beginning of year	<u>(64,069)</u>	<u>(51,988)</u>
Deficit - End of year	<u>(66,954)</u>	<u>(64,069)</u>

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Don Mount Court Development Corporation

Statement of Cash Flows

(Unaudited - See Notice to Reader)Error! AutoText entry not defined.For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(2,885)	(12,081)
Changes in non-cash balances related to operations		
Accrued liabilities	-	77
	<u>(2,885)</u>	<u>(12,004)</u>
Financing activities		
Increase in due to Toronto Community Housing Corporation	<u>2,885</u>	<u>12,004</u>
Increase in cash during the year	-	-
Cash - Beginning of year	<u>-</u>	<u>-</u>
Cash - End of year	<u>-</u>	<u>-</u>

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Don Mount Court Development Corporation

Notes to Financial Statements

(Unaudited - See Notice to Reader)

December 31, 2014

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 that 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.

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Don Mount Court Development Corporation

Notes to Financial Statements

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December 31, 2014

Financial instruments

At initial recognition, DMCCDC 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
Accrued Liabilities	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 DMCCDC and not demand repayment of amounts owing for a period of twelve months.

4 Board of directors

For the year ended December 31, 2014, board of directors' expenses includes board member net remuneration of \$nil (2013 - \$9,153).

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