

Financial Statements of

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

And Independent Auditors' Report thereon

December 31, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Housing Development Corporation, London

Opinion

We have audited the financial statements of Housing Development Corporation, London (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.



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We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 3, 2024

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Due from the Corporation of the City of London (note 4)	\$ -	\$ 1,740,869
Trade and other receivables (note 4)	6,354,849	3,636,448
Loans receivable	289,260	240,120
Total financial assets	6,644,109	5,617,437
Financial liabilities		
Due to the Corporation of the City of London (note 4)	2,812,851	-
Accounts payable and accrued liabilities (note 4)	315,559	2,135,156
Deferred revenue	-	382
Total financial liabilities	3,128,410	2,135,538
Net financial assets	3,515,699	3,481,899
Non-financial assets		
Tangible capital assets (note 5)	33,542,115	34,365,939
Prepaid expenses	-	4,834
Total non-financial assets	33,542,115	34,370,773
Commitments (note 10)		
Other matters (note 12)		
Accumulated surplus (note 6)	\$37,057,814	\$37,852,672

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

HOUSING DEVELOPMENT CORPORATION, LONDON**Statement of Operations****Year ended December 31, 2023, with comparative information for 2022**

	Budget	2023	2022
	(note 9)		
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London (note 4)	\$ 4,830,640	\$ 5,479,722	\$ 13,953,415
Federal	-	-	13,105
Property rental income	-	446,463	370,625
Interest income	217,000	139,845	63,867
Other	-	865,824	-
Total revenues	5,047,640	6,931,854	14,401,012
Expenses			
External transfers	-	4,801,097	3,734,232
Materials and supplies	69,037	1,185,226	237,230
Contracted services	31,500	1,043,640	199,235
Amortization of tangible capital assets (note 5)	689,000	689,000	286,446
Office rental expense	4,834	7,749	29,024
Salaries, wages and fringe benefits	-	-	82,032
Total expenses	794,371	7,726,712	4,568,199
Annual surplus (deficit)	4,253,269	(794,858)	9,832,813
Accumulated surplus, beginning of year (note 6)	37,852,672	37,852,672	28,019,859
Accumulated surplus, end of year (note 6)	\$ 42,105,941	\$ 37,057,814	\$ 37,852,672

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

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Change in Net Financial Assets
Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
Annual surplus (deficit)	\$ 4,253,269	\$ (794,858)	\$ 9,832,813
Acquisition of tangible capital assets	(1,350,393)	(1,350,393)	(13,376,934)
Amortization of tangible capital assets	689,000	689,000	286,446
Loss on disposal of tangible capital assets	1,485,217	1,485,217	-
	5,077,093	28,966	(3,257,675)
Change in prepaid expenses	-	4,834	3,487
Change in net financial assets	5,077,093	33,800	(3,254,188)
Net financial assets, beginning of year	3,481,899	3,481,899	6,736,087
Net financial assets, end of year	\$ 8,558,992	\$ 3,515,699	\$ 3,481,899

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

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (794,858)	\$ 9,832,813
Items not involving cash		
Amortization of tangible capital assets	689,000	286,446
Loss on disposal of tangible capital assets	1,485,217	-
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	4,553,720	4,727,343
Prepaid expenses	4,834	3,487
Trade and other receivables	(2,718,401)	(1,772,835)
Accounts payable and accrued liabilities	(1,819,597)	338,007
Deferred revenue	(382)	(5,289)
Net change in cash from operating activities	1,399,533	13,409,972
Capital activities		
Purchase of tangible capital assets	(1,350,393)	(13,376,934)
Net change in cash from capital activities	(1,350,393)	(13,376,934)
Investing activities		
Issuance of loans receivable	(49,140)	(15,278)
Net change in cash from investing activities	(49,140)	(15,278)
Financing activities		
Long-term debt issued (repayments)	-	(17,760)
Net change in cash from financing activities	-	(17,760)
Net change in cash flows and cash, end of year	\$ -	\$ -

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

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements
Year ended December 31, 2023

1. Nature of Reporting Entity

Housing Development Corporation, London (the “Corporation”) is a municipal services corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990, c.B.16 on October 26, 2015.

The Corporation is a wholly owned subsidiary company of The Corporation of the City of London (the “City”) and is managed by a Board of Directors appointed by the City, as the sole shareholder.

2. Significant Accounting Policies

The financial statements of the Corporation are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants (CPA) of Canada Public Sector Handbook – Accounting.

Significant accounting policies are as follows:

(a) Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Asset Retirement Obligation

An asset retirement obligation is recognized when, as the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

(c) 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 the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

2. Significant Accounting Policies (continued)

(c) Tangible Capital Assets (continued)

Asset	Useful Life - Years
Leasehold improvements	Lease term
Building	40
Equipment and furniture	5-10

Annual amortization is charged in the year of acquisition and in the year of disposal using the following rules:

- Leasehold improvements - prorated by month, based on in-service date.
- Building, equipment and furniture - half year rule.

Assets under construction are not amortized until the asset is available for productive use.

(d) Government Transfers

Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(e) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Corporation determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including due to and from the Corporation of the City of London, trade accounts receivable, loans receivable, accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

The following table provides the carrying amount information of the Corporation's financial instruments by category.

Financial Instruments	Measurement Method
Due to and from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Other loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reverses from the Statement of Remeasurement Gains and Losses. A statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

2. Significant Accounting Policies (continued)

(f) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivables are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Corporation will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

(g) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

(i) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

2. Significant Accounting Policies (continued)

(j) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(k) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements.

(l) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

2. Significant Accounting Policies (continued)

(m) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

(ii) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

(iii) Public Private Partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

3. Change in Accounting Policies - Adoption of New Accounting Standards

The Corporation adopted the following standards concurrently, beginning January 1, 2023:

(a) PS 1201, Financial Statement Presentation

PS 1201, Financial Statement Presentation replaces PS 1200, Financial Statement presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601, Foreign Currency Translation, PS 3450, Financial Instruments, and PS 3041, Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 3041, Portfolio Investments

PS 3041, Portfolio Investments replaces PS 3040, Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450, Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments no longer applies.

(c) PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation

The Corporation adopted PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation standards prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position, and are measured at either fair value or amortized cost based on characteristics of the instrument and the Corporation's accounting policy choices. (see note 2, Significant accounting policies). Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

These above standards were adopted prospectively. There was no impact to the Corporation as a result of the adoption of the above standards.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations

The Corporation adopted PS 3280, Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

There was no impact to the Corporation as a result of the adoption of PS 3280, Asset Retirement Obligations.

4. Related Party Transactions

The City maintains a separate general ledger on behalf of the Corporation. All funds are paid and received through the City's bank account and are held for use by the Corporation.

In accordance with the City of London Council's direction of September 2, 2014, the Corporation has been extended shared services support from the City. The City's support services include information technology, risk management, facility, finance, payroll, purchasing, legal and other administrative services to ensure operational efficiency. The Corporation incurred charges of **\$51,198** (2022 - \$37,967) for these services and this expense has been included in the Statement of Operations.

In 2023, the Corporation transferred land to the City with a carrying value of **\$404,581**, for nominal consideration. This loss on disposal has been recorded in the Statement of Operations in external transfers.

During the year, the Corporation received municipal revenues from the shareholder, as follows:

- Operating appropriation revenue of **\$57,371** (2022 - \$174,169)
- Annual contribution to the affordable housing reserve fund of **\$3,300,000** (2022 - \$3,080,000)
- Municipal funding contribution of **\$2,122,351** (2022 - \$10,699,246) towards building construction and rental property operations.
- Municipal revenue for insurance claims of **\$199,000**.

As at December 31, 2023, the Corporation owed the City **\$2,834,835** (2022 - \$26,800), along with **\$28,998** (2022 - \$27,357), owing to other Boards of the City. Included in trades and other receivables is **\$274,985** (2022 - \$117,458) due from other Boards of the City.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

5. Tangible Capital Assets

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 3,626,930	\$ 95,040	\$ 1,485,217	\$ 2,236,753
Building	18,593,199	12,880,832	-	31,474,031
Leasehold improvements	218,431	-	-	218,431
Equipment and furniture	279,592	480,662	-	760,254
Assets under construction	12,106,141	1,255,351	13,361,492	-
Total	\$ 34,824,293	\$ 14,711,885	\$ 14,846,709	\$ 34,689,469

Accumulated Amortization	Balance at December 31, 2022	Amortization Expense	Amortization Disposals	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Building	228,336	629,918	-	858,254
Leasehold improvements	211,149	7,282	-	218,431
Equipment and furniture	18,869	51,800	-	70,669
Assets under construction	-	-	-	-
Total	\$ 458,354	\$ 689,000	\$ -	\$ 1,147,354

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
Land	\$ 3,626,930	\$ 2,236,753
Building	18,364,863	30,615,777
Leasehold improvements	7,282	-
Equipment and furniture	260,723	689,585
Assets under construction	12,106,141	-
Total	\$ 34,365,939	\$ 33,542,115

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

6. Accumulated Surplus

Accumulated surplus consists of the following:

	2023	2022
Surplus		
Invested in tangible capital assets	\$ 33,542,115	\$ 34,365,939
Reserve funds set aside for specific purpose by the Board		
Future affordable housing (note 7)	3,515,599	3,486,633
Share capital		
100 Class A common shares (note 8)	100	100
	\$ 37,057,814	\$ 37,852,672

7. Analysis of Reserve Fund

	2023	2022
Reserve fund for future affordable housing:		
Balance, beginning of year	\$ 3,486,633	\$ 6,744,308
Interest earned	139,845	63,867
Contributions from current operations:		
Annual	3,300,000	3,080,000
Transfers from capital operations	210,577	-
Transfers to current operations	(3,533,754)	(3,733,960)
Transfers to capital operations:		
Development of land for future use	(87,702)	(2,667,582)
Balance, end of year	\$ 3,515,599	\$ 3,486,633
	2023	2022
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 3,438,579	\$ 3,191,739
Accumulated operating surpluses held for future administration expenses	77,020	294,894
Balance, end of year	\$ 3,515,599	\$ 3,486,633

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

8. Share Capital

	2023	2022
Authorized:		
An unlimited number of Class A common shares		
An unlimited number of Class B common shares		
An unlimited number of Class C common shares		
An unlimited number of non-cumulative, redeemable, voting Class A Special shares		
An unlimited number of non-cumulative, redeemable, voting Class B Special shares		
An unlimited number of non-cumulative, redeemable, voting Class C Special shares		
An unlimited number of non-cumulative, redeemable, voting Class D Special shares		
An unlimited number of non-cumulative, redeemable, voting Class E Special shares		
Issued:		
100 Class A common shares	\$ 100	\$ 100

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

9. Budget Data

Budget data presented in these financial statements are based upon the 2023 operating budget approved by the Board. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. These adjustments include revenues and expenses which were budgeted in the capital budget and amortization. Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments was used. These full accrual budget estimates are for financial statement presentation only.

The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
Municipal revenue – The Corporation of the City of London	\$ 4,176,797
Municipal revenue – Transfers from capital and reserve fund	48,000
Government grants	2,000
Total Revenues	4,226,797
Expenses	
Personnel costs	556,390
Administrative expenses	47,500
Financial expenses - Transfers to reserve fund	3,300,000
Purchased services	110,197
Materials and supplies	12,080
Furniture and equipment	15,000
Recovered expenses	185,630
Total expenses	4,226,797
Net surplus as per approved budget	-
PSAB reporting requirements and Budget adjustments:	
Capital program funding earned in year	1,473,269
Decrease in transfers to (from) capital and reserve fund	3,252,000
Increase in amortization	(689,000)
Increase in interest income - reserve fund	217,000
Net PSAB budget surplus as per financial statements	\$ 4,253,269

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

10. Commitments

- (a) The City is responsible for the delivery and administration of affordable housing programs in the City of London and the County of Middlesex. The City has delegated responsibilities for the administration and development activities for capital development within the Rental Housing Component to the Corporation. Under this delegated authority, the Corporation has entered into various Municipal Contribution Agreements related to Affordable Housing Programs. The agreements are between the Corporation, the City and the successful proponent, who is selected through a procurement process. The agreements establish the proponent's obligations with respect to the program and the Corporation's and City's obligation to provide funding to the proponent.

As at December 31, 2023, the Corporation has outstanding commitments remaining on these agreements of **\$557,745** (2022 - \$618,625).

- (b) The Corporation also has outstanding commitments remaining on construction contracts as at December 31, 2023, of **\$141,513** (2022 - \$nil).

11. Financial Instruments and Risk Management

The Corporation's activities expose it to credit risk and liquidity risk.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to the Financial Statements (continued)
Year ended December 31, 2023

11. Financial Instruments and Risk Management (continued)

(a) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Corporation is also subject to credit risk with respect to loans and trade accounts receivables. The Corporation manages credit risk by engaging with recognized, credit worthy third parties. The Corporation has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the table below.

	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Other account receivables	\$941,809	\$ -	\$ -	\$ -	\$ -	\$941,809
Net receivable	\$941,809	\$ -	\$ -	\$ -	\$ -	\$941,809

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	\$ -	\$ -	\$ -	\$289,260	\$289,260
Total	\$ -	\$ -	\$ -	\$289,260	\$289,260

(b) Liquidity Risk

The Corporation is also exposed to liquidity risk with respect to accounts payable and accrued liabilities. Most accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$315,559	\$ -	\$ -	\$ -	\$315,559
Total	\$315,559	\$ -	\$ -	\$ -	\$315,559

12. Other matters

The Corporation of the City of London (City), the sole shareholder of the Corporation, has undertaken resolutions to direct the transition of the affordable housing portfolio of the Housing Development Corporation, London into the City's corporate structure, including the Corporation's staff and business operations. At its Municipal Council meeting on March 23, 2021, the City resolved to have Civic Administration undertake all actions required to support the dissolution of the Corporation and report back when it has been confirmed that all commitments and functions of the Corporation have been assumed by the City.