

AGENDA

LONDON & MIDDLESEX COMMUNITY HOUSING (LMCH)

Board of Directors Meeting

Corporate Boardroom

**1299 Oxford Street East, Unit 5C5
London, Ontario**

Thursday, May 20, 2021

5:30 PM – 6:15 PM

Board Members:

Aynsley Anderson

John Millson

Paul Yeoman

Rosanna Wilcox

Item	P.	Lead	Time
1. Call to Order		P. Yeoman	5:30
2. Recognition of Indigenous Peoples and Lands	3	P. Yeoman	
3. Completion and Acceptance of Agenda		P. Yeoman	
4. Disclosures of Interest		P. Yeoman	
5. Approval of the Minutes of Previous Meetings		P. Yeoman	5:33
a. April 15, 2021	4	P. Yeoman	
6. Communications		None	
a. Communication from City Clerk's Office regarding LMCH Delegation Request	6	P. Yeoman	
7. Delegation		None	
a. Staff Report 2021-26: 2020 Audit Report KPMG, 2020 Audit Findings Presentation	8 10	D. Taplashvily K. den Bok	5:35
8. Consent			5:50
a. CEO Update (April)	51	A. Mackenzie	
b. Staff Report 2021-19: Vacancy Management	53	O. Gryn	
c. Staff Report 2021-20: Reimagine Southdale Update	55	S. Robertson	
d. Staff Report 2021- 21: Facility Condition Index (FCI) Update	57	M. Banuelos	
e. Staff Report 2021-22: Capital Works Update	62	B. Leslie	
f. Staff Report 2021-23: CMHC Status Update	66	W. Groves	
g. Staff Report 2021-24: Key Performance Indicators (KPIs)	68	J. Bonasia	
h. Staff Report 2021-25: March 2021 Financial Results Summary (Operating)	73	D. Taplashvily	
9. Reports and Business		P. Yeoman	
10. New Business / Enquires		P. Yeoman	
11. In Camera Matters		P. Yeoman	6:00
a. In Camera Meeting Minutes of April 15, 2021		P. Yeoman	
b. A matter pertaining to employment-related matters, including advice or recommendations of officers and employees of the Corporation, including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.		K. Graham	
12. Meeting Adjourn		P. Yeoman	6:15

Recognition of Indigenous Peoples and Lands Statement

We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.



BOARD OF DIRECTORS MEETING

Thursday, April 15, 2021 at 5:30 PM
London & Middlesex Community Housing
Board Room, 1299 Oxford Street East, Unit 5C5, London, ON.

Board Members Present:

Paul Yeoman
Board Chair

Rosanna Wilcox
Board Vice-Chair

John Millson
Board Member

Aynsley Anderson
Board Member

Senior Staff Present:

A. Mackenzie	Interim CEO
O. Gryn	Interim Director, Tenant Services
D. Taplashvily	Director, Finance & Corporate Services
L. Palmer	Executive Assistant

Meeting to Order	P. Yeoman called the meeting to order at 5:45 p.m.
Recognition of Indigenous Peoples and Lands	P. Yeoman provided the following recognition address: <i>We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty known as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Leni-Lenape Nations.</i>
Completion and Acceptance of the Agenda	With regard to the completion and acceptance of the agenda, A. Anderson moved, seconded by J. Millson that the agenda BE ACCEPTED and APPROVED as presented. CARRIED.
Declaration of Conflict of Interest	P. Yeoman called for declaration of conflict of interest with respect to the agenda. There were no conflicts of interest declared.
Board Meeting Minutes of March 18, 2021	With regard to the Board Meeting Minutes of March 18, 2021, A. Anderson moved, seconded by R. Wilcox, that the Minutes BE APPROVED . CARRIED.

Consent	<p>With regard to consent items on the agenda, J. Millson moved, seconded by R. Wilcox that the following items BE RECEIVED FOR INFORMATION:</p> <ul style="list-style-type: none"> i. CEO Report (March 2021) ii. Staff Report 2021-15: Vacancy Report iii. Staff Report 2021-16: March 2021 Portfolio Regeneration Report iv. Staff Report 2021-17: Capital Works Update <p>CARRIED.</p>
Staff Report 2021-18: Re-costed 2021 Operating Budget	<p>With regard to Staff Report 2021-18: Re-costed 2021 Operating Budget, R. Wilcox moved, seconded by A. Anderson the Re-costed 2021 Operating Budget BE APPROVED.</p> <p>CARRIED.</p>
In Camera Matters	<p>Consistent with the provisions of Section 239 of the Municipal Act, J. Millson moved, seconded by R. Wilcox that the Board move In Camera to discuss a matter pertaining to employment-related matters, including advice or recommendations of officers and employees of the Corporation, including communications necessary for that purpose and for the purpose of providing instructions and directions to officers and employees of the Corporation.</p> <p>CARRIED.</p>
Return to Public Session	<p>R. Wilcox moved, seconded by A. Anderson that the Board return to public session.</p> <p>CARRIED.</p>
Date of Next Board Meeting	<p>The Board scheduled the next meeting for May 20, 2021 at 5:30 p.m.</p>
Adjournment	<p>J. Millson moved, seconded by R. Wilcox that the meeting BE ADJOURNED at 6:40 p.m.</p> <p>CARRIED.</p>

P. Yeoman, Board Chair

Andrea Mackenzie, Interim CEO

Laura Palmer

From: Woolsey, Heather <hwoolsey@London.ca>
Sent: Tuesday, April 27, 2021 11:27 AM
To: Laura Palmer
Subject: FW: LMCH Delegation Status Request- SPPC
Attachments: LMCH- SPPC Delegation Request April 2021.pdf

Good morning Laura,

Thank you for your communication. This will be placed on the Strategic Priorities and Policy Committee agenda for May 18. You will receive a letter from the City Clerk after it has gone to Council on May 25.

If you have any questions, please feel free to contact me.

Thanks,



Heather Woolsey

Administrative Assistant II, Administration & Legislation
City Clerk's Office
City of London

P.O. Box 5035, London, Ontario N6A 4L9
P: 519.661.CITY (2489) ext. 4599 | Fax: 519.661.4892
hwoolsey@london.ca | www.london.ca

As part of our ongoing efforts to stop the spread of COVID-19, the City of London has made changes to many City services. Visit our [website for the latest information about City services and COVID-19](#)

From: Laura Palmer <lpalmer@lmhc.ca>
Sent: Monday, April 26, 2021 3:06 PM
To: ppmclerks <ppmclerks@london.ca>
Cc: Board of Directors <board@lmhc.ca>; Andrea Mackenzie <amackenzie@lmhc.ca>; Purdy, Dave <dpurdy@London.ca>
Subject: [EXTERNAL] LMCH Delegation Status Request- SPPC

Good afternoon,

London & Middlesex Community Housing is formally requesting delegation status for the Strategic Planning & Priorities Committee meeting scheduled for June 23, 2021, as outlined in the attached document.

Please let me know if there are any questions or concerns.



Laura Palmer
Executive Assistant



1299 Oxford Street East
London, Ontario, N5Y 4W5
519.434.2765, *241
Fax: 519-679-7000
lpalmer@lmch.ca

**OUR HEAD OFFICE AT 1299 OXFORD STREET IS NOW OPEN
MONDAY - FRIDAY FROM 10:00 UNTIL 2:00**
You can also call us at 519-434-2765 or email care@lmch.ca

Coronavirus/Covid-19 Advisory: as a precaution and so that all of our employees can continue to serve you without the potential need for quarantine, if you feel sick or unwell and are planning to attend our locations, please contact us immediately to make alternative arrangements. If you have recently travelled internationally, we ask that you follow Government Public Health guidelines, found here: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>

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London & Middlesex Community Housing Inc.

Audit Findings Report
for the year ended
December 31, 2020

KPMG LLP

May 20, 2021



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KPMG contacts

The contacts at KPMG in connection with this report are:



Katie denBok
**Lead Audit Engagement
Partner**
Tel: 519-660-2115
kdenbok@kpmg.ca



Dania Nabhani
Audit Manager
Tel: 519-660-2120
dnabhani@kpmg.ca

Our refreshed Values

What we believe

 Integrity
We do what is right.

 Excellence
We never stop learning
and improving.

 Courage
We think and act boldly.

 Together
We respect each other
and draw strength from
our differences.

 For Better
We do what matters.



How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define ‘**audit quality**’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to the Board of Directors.

What's new in 2020

There have been significant changes in 2020 which impacted financial reporting and our audit:

- COVID-19 pandemic – See page 5-7
- New CAS auditing standards – See page 8

Changes from the audit plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Finalizing the audit

As of May 20, 2021, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with the Board of Directors
- Obtaining evidence of the Board's approval of the financial statements
- Obtaining a signed copy of the management representation letter

We will update the Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditors' report will be dated upon the completion of remaining procedures.

¹ This Audit Findings Report is intended solely for the information and use of Management, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Uncorrected differences

We did not identify differences that remain uncorrected.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

What's new in 2020

COVID-19 pandemic

In our Audit Planning Report, we communicated how the impacts of the COVID-19 pandemic were going to affect our audit. We adapted our audit to respond to COVID impacts on your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
Corporation's financial reporting impacts	<ul style="list-style-type: none"> — We considered impacts to financial reporting due to the COVID 19 pandemic and the increased disclosures needed in the financial statements as necessary. — In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty. — The areas of the financial statements most affected included: <ul style="list-style-type: none"> ○ Disclosures – Risk disclosures have been updated by management where necessary as a result of the COVID 19 pandemic.
Corporation's internal control over financial reporting	<ul style="list-style-type: none"> — As a result of the changes to the Corporation's work environment during certain times in F2020 we updated our understanding of internal control over financial reporting due to the COVID-19 pandemic as necessary. We noted that there were no significant changes to the Corporation's control environment as a result of the pandemic.
Materiality	<ul style="list-style-type: none"> — We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements. — Materiality has not changed from the amount communicated in our audit planning report.
Risk Assessment	<ul style="list-style-type: none"> — We performed a more thorough risk assessment specifically targeted at the impacts of the COVID 19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud). — We did not identify any additional risks of material misstatement as a result of impacts to financial reporting, which required an audit response compared to the prior year.

COVID-19 pandemic

In our Audit Planning Report, we communicated how the impacts of the COVID-19 pandemic were going to affect our audit. We adapted our audit to respond to COVID impacts on your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact

Key Observations

Working remotely

— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.

New auditing standards

The following new auditing standard is effective for the current year had an impact on our audit.

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	<ul style="list-style-type: none">— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.— The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.— We performed more granular risk assessments based on the elements making up <u>each</u> accounting estimate such as the method, the assumptions used, the data used and the application of the method.— We considered the potential for management bias.— We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.

Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified.

Significant financial reporting risk	New or changed?	Estimate?
Risk of material misstatement due to fraud resulting from fraudulent revenue recognition	No	No
Risk of material misstatement due to fraud resulting from management override of controls	No	No

Our response

Fraud risk from revenue recognition:

We have rebutted this fraud risk as it is not applicable to LMCH where performance is not measured based on earnings and revenue recognition does not involve significant judgment.

Findings:

- No issues noted.

Fraud risk from management override of controls:

We performed the following procedures as noted in our audit planning report:

- Testing of journal entries and other adjustments including procedures to gain assurance over completeness of the journal entry population.
- Performed a retrospective review of estimates and evaluated business rationale of significant unusual transactions.

Audit findings:

- No significant issues were noted as a result of our procedures

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Cash	No	No
Accounts payable and accrued liabilities	No	No

Our response and Significant findings

We performed the following procedures as noted in our audit planning report:

- Obtained confirmation from third parties to verify cash balances at year-end.
- Reviewed bank reconciliations and performed verification of significant reconciling items.
- Reviewed financial statement disclosure.

Audit findings:

No significant issues were noted as a result of our procedures.

We performed the following procedures as noted in our audit planning report:

- Updated our understanding of activities over the initiation, authorization, processing, recording and reporting of accounts payable and accrued liabilities.
- Performed a search for unrecorded liabilities.

Audit findings:

No significant issues were noted as a result of our procedures.



Audit risks and results (continued)

Area of focus	New or changed?	Estimate?
Tangible capital assets	No	Yes
Change in management	New	No

Our response

We performed the following procedures as noted in our audit planning report:

- Updated our understanding of activities over the initiation, authorization, processing, recording and reporting of tangible capital assets.
- Vouched a selection of additions and disposals throughout the year to supporting documentation.
- Performed a substantive analytical procedure over depreciation expense.
- Obtained details of repairs and maintenance expenses recorded during the year. Vouched a selection of expenses to supporting documentation. For the items selected for testing, obtained an understanding of the nature of the expense to gain assurance that it was not capital in nature.
- Obtained management's assessment of the impact of the Contaminated Sites standard (PS 3260) and reviewed the impact to the financial statements, if any.

Audit findings:

No significant issues were noted as a result of our procedures.

We have gained an understanding over any revised financial processes and controls as a result of this change as well as reviewed any related unrecorded liabilities

Audit findings:

No significant issues were noted as a result of our procedures.



Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to financial statement presentation and disclosure items are in the management representation letter.

We also highlight the following:

Form, arrangement, and content of the financial statements	Adequate
Significant qualitative aspects of financial statement presentation and disclosure	No concerns at this time regarding future implementation

Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the Board of Directors that all identified differences be corrected. We have already made this request of management.

Uncorrected differences

We did not identify differences that remain uncorrected.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Control deficiencies

In accordance with professional standards, we are required to communicate to the Board of Directors significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements.

Our audit included consideration of ICFR 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 ICFR.

The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the Board of Directors and to meet professional standards.

Significant deficiencies

Description	Potential effect
No significant deficiencies in ICFR identified.	

Appendices

Content

Appendix 1: Other Required communications

Appendix 2: Management Representation Letter

Appendix 3: Audit and Assurance Insights

Appendix 4: Current developments



Appendix 1: Other Required Communications

Report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.

Engagement terms

Engagement terms are outlined in our Engagement Letter, as provided in prior years. There have been no changes to the terms of our engagement in the current year.

Reports to the Board of Directors

We have provided our audit planning report to the Board of Directors.

Representations of management

A copy of the management representation letter is provided attached.

See Appendix 2

Appendix 2: Management Representation Letter

KPMG LLP
1400-140 Fullarton Street
London, ON N6A 5P2

March 20, 2021

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of London & Middlesex Community Housing Inc. (“the Entity”) as at and for the period ended December 31, 2020

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 15, 2016, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.

- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Diana Taplashvily, Director of Finance & Corporate Services

Andrea Mackenzie, Interim CEO

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix 3: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Audit & Assurance Insights	Curated thought leadership, research and insights from subject matter experts across KPMG in Canada.	<u>Learn more</u>
The business implications of coronavirus (COVID 19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	<u>Learn more</u>
	Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.	<u>Learn more</u>
Accelerate 2020	Perspective on the key issues driving the audit committee agenda.	<u>Learn more</u>
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	<u>Sign-up now</u>
Current Developments	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.	<u>Learn more</u>
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	<u>Learn more</u>

Appendix 4: Current developments

Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	<ul style="list-style-type: none"> – In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19.
Asset Retirement Obligations	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues
Revenue	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

-
- The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
-

Financial Instruments and Foreign Currency Translation

- The accounting standards, PS3450 Financial Instruments, PS2601 Foreign Currency Translation, PS1201 Financial Statement Presentation and PS3041 Portfolio Investments are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.
 - Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
 - Hedge accounting is not permitted.
 - A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.
 - In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 Financial Instruments which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450
 - Financial Instruments. The exposure drafts will be released in summer 2020 with a 90-day comment period.
-

Employee Future Benefit Obligations

- PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. In July 2020, PSAB approved a revised project plan.
 - PSAB intends to use principles from International Public Sector Accounting Standard 39 *Employee Benefits* as a starting point to develop the Canadian standard.
 - Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.
-

Standard	Summary and implications
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> – PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB in the process of reviewing feedback provided by stakeholders on the exposure draft. – The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. – The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> – PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – PSAB is in the process of developing exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. – PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – In addition, PSAB is proposing: <ul style="list-style-type: none"> • Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Restructuring the statement of financial position to present non-financial assets before liabilities. • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

Standard	Summary and implications
International Strategy	<ul style="list-style-type: none"> – PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021.
Purchased Intangibles	<ul style="list-style-type: none"> – In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles. – Based on stakeholder feedback, PSAB will develop a Public Sector Guideline to clarify the guidance in the exposure draft to PS1000 <i>Financial Statement Concepts</i>, PS1100 <i>Financial Statement Objectives</i> and PS1201 <i>Financial Statement Presentation</i>. The updates to the Handbook are expected to be released in fall 2020. The accounting for intangibles may be addressed through future PSAB projects.



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Financial Statements of

**LONDON & MIDDLESEX
COMMUNITY HOUSING
Inc.**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in net debt 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, 2020, and its results of operations, its change in net debt 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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.



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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.

Auditors' 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 auditors' 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.

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.



Page 3

- 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 auditors' 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 auditors' 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.
- 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

[DATE]

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

DRAFT Statement of Financial Position

As at December 31, 2020 with comparative information for 2019

	2020	2019
Financial Assets:		
Cash	\$ 1,755,302	\$ -
Accounts receivable (note 3)	1,286,192	1,532,963
Due from The Corporation of the City of London	693,761	2,906,199
	<u>3,735,255</u>	<u>4,439,162</u>
Financial Liabilities:		
Cheques issued in excess of funds on deposit	-	99,637
Accounts payable and accrued liabilities	3,551,271	4,059,641
Tenant advances	809,468	741,071
Unearned miscellaneous revenue	70,382	48,397
	<u>4,431,121</u>	<u>4,948,746</u>
Net debt	(695,866)	(509,584)
Non-Financial Assets:		
Tangible capital assets (note 7)	61,962,783	58,878,638
Prepaid expenses	695,866	509,584
	<u>62,658,649</u>	<u>59,388,222</u>
Commitments (note 5)		
Impact of COVID-19 pandemic (note 10)		
Contingencies (note 11)		
Accumulated surplus (note 9)	\$ 61,962,783	\$ 58,878,638

See accompanying notes to financial statements

On behalf of the Board:

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

DRAFT Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
Revenue:			
Rental revenue	\$ 11,870,303	\$ 12,364,052	\$ 11,870,011
The Corporation of the City of London:			
Rental subsidy	11,195,047	\$ 11,195,047	10,698,018
Funding adjustment	-	(629,910)	363,231
Business Case 19	1,194,000	1,194,000	-
Capital funding	-	5,514,382	6,664,904
Other	277,044	325,127	340,231
	24,536,394	29,962,698	29,936,395
Expenses:			
Salaries, wages and employee benefits	6,737,397	5,974,889	5,576,501
Maintenance, materials and services:			
Building, general	3,833,051	5,123,475	4,590,332
Grounds	1,087,445	1,070,619	978,474
Painting	225,040	335,828	280,483
Other	167,957	96,666	164,541
	5,313,493	6,626,588	6,013,830
Utilities:			
Electricity	1,987,311	1,696,433	1,951,090
Water	1,274,563	1,378,339	1,237,439
Natural gas	851,156	945,950	837,752
	4,113,030	4,020,722	4,026,281
Amortization	-	2,243,494	1,930,562
Property :			
Municipal taxes	5,016,000	5,022,251	5,023,084
Insurance	803,160	702,332	647,776
Mortgage payments	46,872	35,907	46,475
	5,866,032	5,760,490	5,717,335
Administration	2,506,442	2,252,370	2,075,120
Total expenses	24,536,394	26,878,553	25,339,629
Annual surplus	-	3,084,145	4,596,766
Accumulated surplus, beginning of year	58,878,638	58,878,638	54,281,872
Accumulated surplus, end of year	\$ 58,878,638	\$ 61,962,783	\$ 58,878,638

See accompanying notes to financial statements

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

DRAFT Statement of Changes in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
Annual surplus	\$ -	\$ 3,084,145	\$ 4,596,766
Acquisition of tangible capital assets	-	(5,327,640)	(6,527,328)
Amortization of tangible capital assets	-	2,243,494	1,930,562
	-	(3,084,146)	(4,596,766)
Acquisition of prepaid expenses	-	(6,700,076)	(6,606,627)
Use of prepaid expenses	-	6,513,795	6,600,844
Change in net debt	-	(186,282)	(5,783)
Net debt, beginning of year	(509,584)	(509,584)	(503,801)
Net debt, end of year	\$ (509,584)	\$ (695,866)	\$ (509,584)

See accompanying notes to financial statements

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

DRAFT Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 3,084,145	\$ 4,596,766
Items not involving cash:		
Amortization	2,243,494	1,930,562
Changes in non-cash items:		
Accounts receivable	246,771	(618,224)
Prepaid expenses	(186,282)	(5,783)
Due from The Corporation of the City of London	2,212,438	(2,166,137)
Accounts payable and accrued liabilities	(508,369)	1,097,036
Tenant advances	68,397	91,825
Unearned miscellaneous revenue	21,985	(19,275)
	<u>7,182,579</u>	<u>4,906,770</u>
Capital Activities		
Acquisition of tangible capital assets	(5,327,640)	(6,527,328)
Net increase (decrease) in cash	1,854,939	(1,620,558)
Cash (bank indebtedness), beginning of year	(99,637)	1,520,921
Cash (bank indebtedness), end of year	<u>\$ 1,755,302</u>	<u>\$ (99,637)</u>

See accompanying notes to financial statements

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible Capital Assets:

- i) 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:

Assets	Useful Life-Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

- ii) Contributions of Capital Assets:

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

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments 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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(c) Use of estimates:

The preparation of the financial statements 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 carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

(f) Contaminated sites:

Under PS 3260, 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 organisms that exceeds the 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.

3. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2020	2019
Rent	\$ 902,424	\$ 823,537
Allowance for doubtful accounts	(411,283)	(464,295)
Harmonized Sales Tax	429,554	566,076
Sundry	365,497	607,645
	\$ 1,286,192	\$ 1,532,963

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

4. Income Producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

5. Commitments:

(a) Debt service payment:

The Corporation is responsible for the debt service payments on one of its properties located on Bella Street in Strathroy, Ontario. These payments of both principal and interest are made directly to the mortgagee and are expensed when incurred. A total of \$35,907 was expensed and paid in 2020 (2019 - \$46,475). The Ontario government is considered to be the holder of this debt, thus no provision has been made in the Corporation's financial statements for the mortgage.

(b) Contractual Obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment:

2021	\$	587,387
2022	\$	596,259
2023	\$	596,259
2024	\$	596,259
2025	\$	586,108

6. Pension Agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2020 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates.

Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of \$385,370 was incurred as pension expense in 2020 (2019 - \$370,803).

The last available report for the OMERS plan was on December 31, 2020. At that time, the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion), based on actuarial liabilities for \$113.1 billion (2019 - \$107.7 billion) and actuarial assets for \$109.8 billion (2019 - \$104.3 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

7. Tangible capital assets:

Cost	Balance at December 31, 2019	2020 Additions	2020 Disposals	Balance at December 31, 2020
Land	\$ 24,605,751	\$ -	\$ -	\$ 24,605,751
Site improvements	3,433,364	144,063	-	3,577,427
Buildings and improvements	93,962,582	4,541,386	10,987	98,492,981
Technology and communications	1,184,341	447,372	44,800	1,586,913
Vehicles	48,297	-	-	48,297
Furniture and fixtures	230,017	39,649	-	269,666
Machinery and equipment	3,506,546	15,849	-	3,522,396
Appliances	2,130,567	139,321	-	2,269,889
TOTAL	\$ 129,101,466	\$ 5,327,640	\$ 55,787	\$ 134,373,318

Accumulated Amortization	Balance at December 31, 2019	2020 Disposals	2020 Amortization	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Site improvements	1,821,479	-	78,021	1,899,500
Buildings and improvements	64,155,125	10,987	1,659,500	65,803,638
Technology and communications	728,665	44,800	291,208	975,073
Vehicles	36,223	-	4,830	41,053
Furniture and fixtures	121,514	-	24,620	146,134
Machinery and equipment	1,680,062	-	109,548	1,789,610
Appliances	1,679,759	-	75,767	1,755,526
TOTAL	\$ 70,222,827	\$ 55,787	\$ 2,243,494	\$ 72,410,534

	Net Book Value At December 31, 2019	Net Book Value At December 31, 2020
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,611,884	1,677,926
Buildings and improvements	29,807,457	32,689,343
Technology and communications	455,676	611,840
Vehicles	12,074	7,244
Furniture and fixtures	108,503	123,531
Machinery and equipment	1,826,484	1,732,785
Appliances	450,809	514,363
TOTAL	\$ 58,878,638	\$ 61,962,783

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

8. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in the financial statements.

	2020	2019
Opening balance	\$ 2,110,656	\$ 2,979,582
Contributions during the year	8,919,500	2,708,000
Capital expenditures	(2,614,700)	(3,576,926)
	\$ 8,415,456	\$ 2,110,656

9. Accumulated Surplus:

Accumulated surplus consists of surplus funds as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 61,962,783	\$ 58,878,638

10. Impact of COVID-19 Pandemic:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Administration building and community facilities remained closed from March 17, 2020 to the date of the auditors' report based on provincial public health recommendations
- On-site programs have been shut down
- Reduced rotational staff schedule put in place

Management has assessed the financial impacts and has concluded that no further adjustments to the consolidated financial statements are required as a result. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Entity's operations and financial position is not known at this time. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the financial effect of the pandemic on the Entity is not practicable at this time.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2020

11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims could not be appraised at this point and as such no amount has been included in these financial statements.

<p>Update from the CEO</p> <p>Board Meeting of May 20, 2021</p>	
<p>a) Government Relations & Sector Engagement</p>	<p>AGM for Housing Partnership Canada was held on April 23, 2021.</p> <p>I attended the Local Housing Corporations CEO's meeting on May 13, 2021. The topics of discussion were the 2021 workplan review, business intelligence/KPI's, an update on a government relations strategy along with a presentation from the Housing Services Corporation on their gas program as well as a demonstration of their insurance dashboard. All LHC's provided organizational updates related to Covid-19.</p>
<p>b) Organizational Plans/Regeneration</p>	<p>Community Safety Unit All Community Safety Specialists have completed their required legislative training for the role. They have also trained with the Tenant Services staff on legislative requirements as related to the Residential Tenancies Act and with the Community Engagement team to gain a better understanding of the issues of poverty, inequality, discrimination, and racial bias experienced by residents in LMCH communities. Community Safety Specialists are now spending time at the sites getting to know tenants before they start their regular scheduled shifts.</p> <p>Staffing Updates Laura Fraser will be joining LMCH in the role of Tenant Services Coordinator as of May 25, 2021.</p> <p>Phil Renaud will be joining LMCH in the role of Director of Property Services & Asset Management as of May 31, 2021.</p>
<p>c) Labour Relations</p>	<p>Our most recent Union/Management meeting was held virtually on April 22, 2021. Topics of discussion included critical incident debriefs, benefits, use of security cameras. The next meeting is scheduled for Jun 11, 2021.</p>
<p>d) Community & Tenant Engagement</p>	<p>Mobile Vaccine Clinics In partnership with the MLHU, Mobile Vaccine Clinics to administer the 1st dose of vaccine will be offered at all LMCH senior sites from May 13th – May 25th starting with the first clinic at 125 Head St. in Strathroy on May 13th. Due to the small size of</p>

this site and age requirements being reduced to 40+, LMCH staff have also reached out to residents at Bella St. and Penny Lane and extended registration for those who are eligible.

Social Work students

BSW students from King's college started their placement with LMCH in April. There are 3 different plans in place to provide programs and services at various communities depending on COVID restrictions starting at the end of May. Plans include offering cooking lessons for adult communities, outdoor programs to support socializing at senior sites, or virtual programs for parents and children at family sites.

MSW students continue their placement until early June as well. They are providing counselling and one-on-one supports to residents who have expressed interest in this service.

Partnerships/Programming

Housing Always collaborative partnership work continues with CMHA at Dundas. The office space for the partnership has been completed. New staff hired by CMHA to support the program start next week. The first 2 tenants identified for the program are scheduled to move-in in June.

The one-year anniversary of the Housing Always program at Simcoe was on May 1st. Since the program launch, 20 individuals were permanently housed in this program and over 25 individuals were provided outreach crisis support and connected with community partners to improve the quality of life and maintain their tenancy.

For the partnership with ADSTV at Simcoe, we have received formal notification that CMHA and ADSTV amalgamated effective April 1, 2021. The legal name of this new entity is Canadian Mental Health Association, Thames Valley Addiction & Mental Health Services. The amalgamated corporation assumed all rights, liabilities, obligations, and responsibilities under the current agreement. Collaborative work will continue with CMHA keeping each of the programs distinct with the focus on the originally outlined partnership goals and targets for each program.

STAFF REPORT 2021 – 19

TO: LMCH Board of Directors

FROM: Olesya Gryn, Interim Director of Tenant Services

SUBJECT: **Vacancy Management Update**

DATE: May 6, 2021

RECOMMENDATION:

That the Vacancy Management Update report **BE RECEIVED** for information.

Purpose:

To update the Board, Shareholder and Service Manager regarding the status of LMCH's Vacancy Management progress with the objective of achieving a three percent (3%) total vacancy.

April 2021 Progress (Reported as of April 30th, 2021)

1. **Total Vacancy:** This includes all units within LMCH portfolio that are not occupied. It is inclusive of units that are Non-Rentable or in Active Restoration and Rent Ready Stock. (Target: 3%)

Total Vacancy: 4.0% or 130 units

Future Leased: 0.5% or 15 units

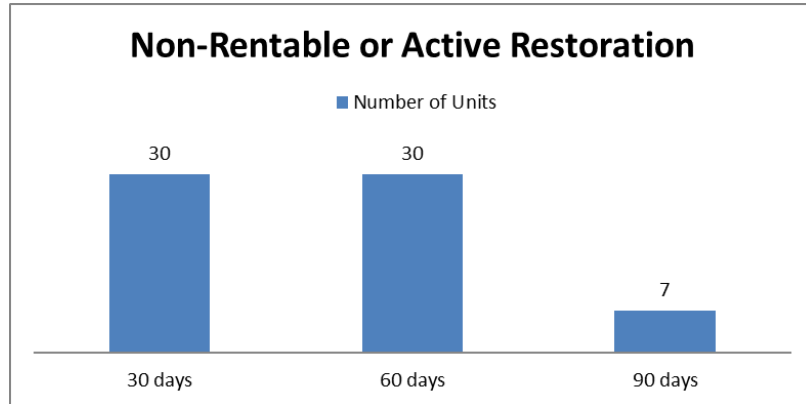
Final Vacancy: 3.5% or 115 units

2. **Active Rental Stock:** These are all units that are rent ready and available to offer. Units leave this category when they are future leased or leased (when the actual lease is signed and keys are handed to the new tenant). (Target: 1%)

Active Rental Stock: 1.5% or 48 units

3. **Non-Rentable or in Active Restoration:** This category includes all remaining units that have suffered catastrophic loss (e.g., fire, flood, or other insurable damage), units that are in pre-pest clearance as well as any units that are pest cleared and are now in active restoration. (Target: 2%)

Non-Rentable or in Active Restoration: 2.0% or 67 units



Conclusion:

LMCH had 16 units confirmed vacant in the month of April, which have been added to the active restoration stock.

LMCH restored 22 units in April and achieved the target of 2% of units in the Active Restoration category.

LMCH leased 25 units in the month of April, and future leased 15 units.

PREPARED and RECOMMENDED BY:	RECOMMENDED BY:
OLESYA GRYN, INTERIM DIRECTOR, TENANT SERVICES	ANDREA MACKENZIE, INTERIM CHIEF EXECUTIVE OFFICER

STAFF REPORT 2021 - 20

TO: LMCH Board of Directors

FROM: Scott Robertson, Project Manager REIMAGINE Southdale

SUBJECT: Portfolio Regeneration Report for "REIMAGINE Southdale"

DATE: May 20, 2021

RECOMMENDATION:

That the Portfolio Regeneration report on the Reimagine Southdale project, **BE RECEIVED** for information purposes.

PROGRESS:

1721 Architects are engaged in concept design drawings concentrating on preliminary Site Plans, Demolition Site Plan and construction Phasing drawings. These drawings will be utilized to engage internal and external stakeholders to progress the overall design and project goals.

A preliminary Site Plan Approval (SPA) consultation meeting was completed in late March 2021. The City of London has reviewed our preliminary Site plan and provided comments. A follow up meeting with the City was held in April to review updates and review our next steps in the SPA process.

MTE has completed the Legal Land Survey of the Southdale site. The Legal Survey will be the benchmark for our site plan and drawings as the design progresses.

LMCH is currently developing RFP documents to procure Architectural and Engineering Services to complete the Contract Documents. The completed design (contract documents) will then be Issued in RFP format to procure a General Contractor utilizing a Stipulated Lump Sum Contract. RFP for Architectural and Engineering Services to be posted to Bids and Tenders by the end of May 2021.

TENANT ENGAGEMENT:

The community engagement team continues to assess feedback. The next round of in-community engagement will be planned for when design concepts are ready to share. Until then, we will continue to engage tenants through the private Facebook page and through phone interviews.

Meetings are now underway between LMCH and current/potential community partners to garner project support and gauge interest in participation in the new community. These meetings include , but are not limited to Youth Opportunities Unlimited (YOU), London Community Chaplaincy, the HealthZone, and Canadian Mental Health Association (CMHA).

LMCH will form a small working group with the City of London to formalize the tenant relocation strategy. This group will explore options to relocate tenants both within and outside of the LMCH portfolio and identify all possible funding sources to facilitate the strategy within the stated project timelines and per the existing Tenant Relocation Policy.

LMCH Project Reimagine Southdale has been added to the Cities Rapid Housing SWOT Team meeting agenda moving forward. This will be LMCH’s opportunity to present the project to the team and start discussions about planning, permissions and approvals.

SCHEDULE:

(2) Month Lookahead Project Schedule (Milestones):

- May 28th, 2021 – Preliminary Project Schedule completed
- May 28th, 2021 – Preliminary Concept Designs completed (Site Plan) (Phasing Plan)
- May 28th, 2021 – RFP posted to Bids and Tenders for Architectural and Engineering Services
- June 30th, 2021 – Via our Tender Process (RFP) secure an Architect to complete Construction Documents

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
SCOTT ROBERTSON PROJECT MANAGER, REIMAGINE SOUTHDALE	ANDREA MACKENZIE INTERIM CHIEF EXECUTIVE OFFICER

STAFF REPORT 2021-21

TO: LMCH Board of Directors

FROM: Marisa Banuelos, Manager, Portfolio Strategy Development, and Andrea Mackenzie, Interim CEO

SUBJECT: Facility Condition Index (FCI) Update

RECOMMENDATION:

That, on the recommendation of the Manager of Portfolio Strategy Development, with concurrence of the Interim CEO, the Facility Condition Index (FCI) Update **BE RECEIVED** for information purposes.

BACKGROUND:

On October 15th, 2020, the LMCH Board of Directors (Board) formally approved the award of the Building Condition Assessment (BCA) phased over three years to Pretium Engineering Inc. Since that time BCA for 20% of the portfolio have been completed or are in final draft.

A key metric resulting from BCA is the FCI computed by dividing the total estimated cost of building components requiring replacement in previous years, the current year and the next two (2) calendar years by the asset's total replacement value.

A key objective of the BCA and selection of Pretium was to provide a robust, thorough, and tailored assessment to ensure accurate, useful, and informed data. This resulted in changes to the 2020 BCA process when compared to the previous (2015) BCA completed by Accruent. These BCA changes affected FCI scores.

DISCUSSION:

With the objective of improving the rigor of the BCA the following key changes to the BCA process occurred:

- **Representative Sample:** The sample size of units inspected by Accruent was 5%; this was increased to 25%. A representative sample, both in terms of unit condition and location on various floors and wings, was selected.
- Determination and application of appropriate **renewal rates** especially for component replaced on turnover (i.e., unit flooring).
- **Interviews with operational staff** to understand and as appropriate incorporate identified building issues or concerns.
- Assessment and application of **condition rating** to each building component based on observed condition and any supplementary information (i.e., specialized investigation).
- Review, consideration and as appropriate **incorporation of actual incurred project costs** and other relevant studies (i.e., electrical study, asbestos, elevator study).

This project approach and methodology has resulted in more representative, better substantiated, and reflective data. It has also resulted in generally lower 2021 FCI scores for the same properties (i.e., Accruent data has higher FCI score than Pretium). This shift is predominately due to the following:

- **Correction of quantity calculation errors:** A few quantity calculation errors were identified in Accruent's BCA and corrected (e.g., window area, exterior finish, door quantities). Quantity directly impacts cost of replacement and this influences the FCI score.
- **More Appropriate Renewal Rates:** Renewal rate is the percentage of a component recommended for replacement. In some cases (e.g., interior drywall) only a select percentage needs replacement, in other cases (i.e., furnace) the component generally requires full replacement. Many components (i.e., interior paint, flooring replacement etc.) are only replaced on unit turnover as completion during occupancy is not feasible. Accruent's BCA identified 100% renewal of many components that would require portfolio wide vacancy to complete. Since portfolio wide vacancy is grossly unrealistic, renewal rates for components replaced on turnover were adjusted as follows:

[% Replacement of system at renewal] X [% - Turnover rate per year] X [% Likelihood of renewal at turnover] X [5-year standard term]

- Replacement rate was based on the percentage of the component being replaced. In all cases this is 100% but interior doors it is 50%. For example, a kitchen sink would be replaced entirely but an interior door might only have the door hardware replaced etc.
 - Turnover rate is the number of units vacated per year divided by the total number of units at each site.
 - Likelihood of renewal at turnover is either 10%, 25%, 50%, or 100%. Interior paint for example occurs at every unit turnover so the likelihood of renewal is 100% but a full bathtub replacement is a lot less likely (10%).
- In some cases, other components replaced on an as needed basis and not triggered by unit turnover also had **unrealistic renewal rates**. For example, it is extremely unlikely that all the ductwork, or interior branch wiring, or interior drywall of a townhouse would be replaced. Therefore, in these cases renewal rates were adjusted to a more realistic rate.
 - **Costing:** there were some instances where opportunities for more fulsome costing were possible (i.e., asbestos abatement required but previously not accounted for) and were therefore applied.
 - **Recommended Replacement Date Changed:** The recommended replacement date for some building components was revised. In most cases these dates were pushed out due to the observed condition suggesting that replacement could occur later. Since FCI is based on the current year and the next two calendar years in some cases this contributed to reduced FCI scores.

These changes have contributed to general improvement in FCI scores for those inspected in 2020 and it is anticipated that the trend will continue for other properties scheduled for BCA update in 2021 and 2022. This shift is reflected by the 2020 FCI distribution outlined in Figure 1 and the 2021 FCI distribution in Figure 2.

Assessed Portfolio FCI Distribution

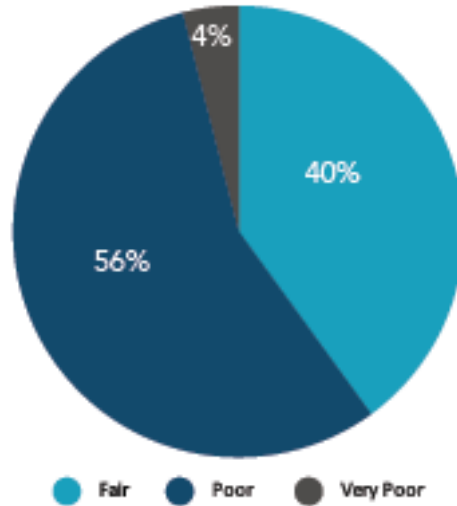


Figure 1: 2020 FCI Score Distribution

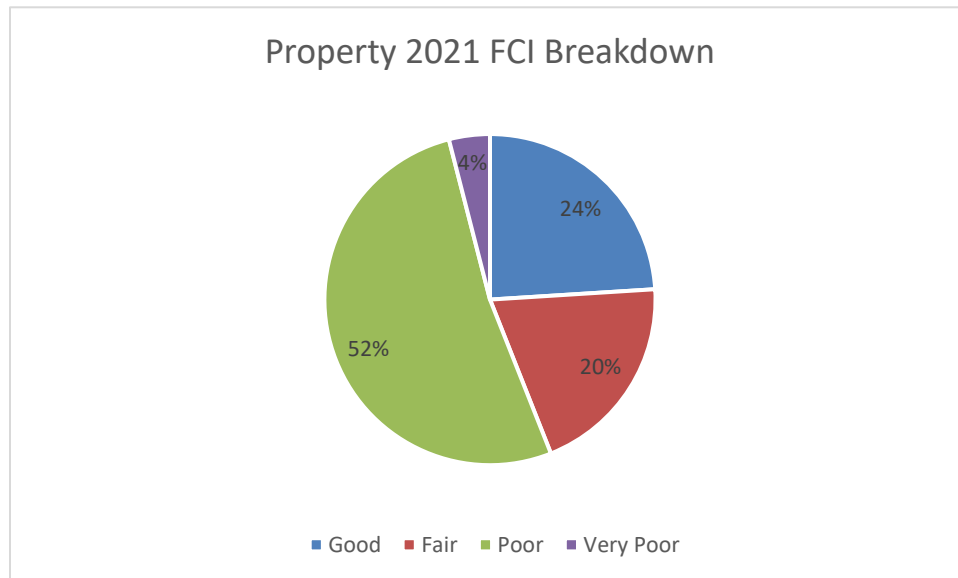


Figure 2: 2021 FCI Score Distribution

Implications to the Asset Management Plan

Despite the shift in FCI, the level of investment required in the portfolio has not substantially changed. For example, while unit flooring would not be replaced within a single building all in the same year it will still need to be replaced over a longer term

(i.e., ten years) so the total cost does not change much. The 2020-2029 AMP identified a total requirement cost of \$452 million, preliminary investigation suggest that due to the more robust BCA, this might be reduced between \$50-80 million.

This provides the benefit of a slightly more manageable infrastructure gap while also leveraging our assets more effectively (i.e., replacing components later than previously directed). It also highlights some key opportunities and operational changes required to support them. Chiefly these are:

Opportunities

- Continued use of vacant units to upgrade components as permitted by budget.
- Continue improvement in records and administration (including the IT system used) to identify what updates have occurred, where, and when.
- Project Tendering of the same project (i.e., door replacement) across multiple sites to generate savings through economies of scale and more efficient project management.
- Continued update of BCA to ensure condition is accurately reflected, particularly as buildings age and are exposed to wear and tear that could accelerate degradation.

Supporting Changes

- Completing updates within units is significantly more feasible while vacant. Completing more significant updates to a vacant unit (i.e., replacing flooring, kitchens etc.) will take more time than completing basic updates (i.e., clean, paint, and basic repairs). This could have impacts on unit turnover times and costs. These two conflicting demands— updating building components in units and turning units over quickly— will need to be carefully balanced and managed.
- Further development and adoption of standardized maintenance programs and plans specific to building types will need to be finalized to support a comprehensive asset management program that enables use of assets for the duration of their lifecycle.
- To ensure that investment is worthwhile and sustainable, changes to the 9 in 10 Rule so that tenant placement policies provide a framework of success is critical (AMP Recommendation 1). Without this shift, required investment to the portfolio will increase while property improvements will be short lived.

CONCLUSION:

To improve the management of our assets ongoing, organization-wide efforts are required. These efforts and actions must be united and cohesive across the organization and supported by the Board of Directors. At times, this may require shifts in methodology and/or approach to obtain improvements and in some instances, efficiencies may be lost before they are gained.

Reviewing the methodology for the BCA is an example of a commitment to more rigorous asset management that enables more effective and critical decisions. The information collected through the BCA must be supported and appropriately actioned at the operational

and strategic levels so that tangible improvements are realized and sustained. Without a comprehensive approach meaningful change will be difficult to obtain and investments will lack sustainability.

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
MARISA BANUELOS MANAGER, PORTFOLIO STRATEGY DEVELOPMENT	ANDREA MACKENZIE INTERIM CHIEF EXECUTIVE OFFICER

STAFF REPORT 2021 - 22

TO: LMCH Board of Directors

FROM: Bill Leslie, Manager, Capital Projects & Construction

SUBJECT: Capital Work Update Report for the month of April 2021

DATE: May 20, 2021

RECOMMENDATION:

That the April 2021 Capital Work Update Report BE RECEIVED for information purposes.

BACKGROUND:

In accordance with the LMCH Asset Management Plan (AMP) and City of London approved Multi-Year Budget (MYB), the LMCH capital work program addresses asset and infrastructure maintenance, renewal, and replacement in a way that mitigates risk while endeavoring to maintain reasonable and acceptable living conditions for all tenants.

Disclaimer: This Report does not include any update information surrounding the CMHC funded Repair & Renew Projects or the Reimagine Southdale Project.

CURRENT STATE:

- Work is continuing for most of the active projects with Covid-19 restrictions causing some delays and rescheduling where work is required inside of occupied units.
- Playground installation at three family sites is scheduled for end of May 2021.
- Project 2021-0005 (Comprehensive Fire Review) has been posted for Bids and Tenders.
- Window and door replacements require final check before putting project through closing process.
- Project closing and reallocation procedure is currently under review as part of the anticipated April financial closing process.

ACTIVE PROJECTS:

Project	Project Description	Site(s)
2020-0001	MUA Hookup	Baseline/McNay/Simcoe/Walnut
2020-0008	Generator Replacement	Walnut
2020-0009	Generator Replacement	Baseline
2020-0010	Main electrical service upgrade	Walnut
2020-0011	Main electrical service upgrade	Simcoe
2020-0012	Elevators: Capital Repairs	Albert
2020-0018	Plumber Riser Replacement	Baseline
2020-0032	Asbestos Reassessments	Various
2020-0035	Playground Equipment	Limberlost/Marconi/Southdale
2021-0002	Balcony Repair	Simcoe
2021-0005	Fire System: Comprehensive Review	Various
2021-0010	Family Site: Garbage Infrastructure	Boulee/Huron
2021-0011	Asphalt Restoration & Replacement	Various
2021-0012	Kitchen Cabinets & Counter: Replacement	Penny Lane
2021-0014	Lobby Upgrades	Various
2021-0015	General Contingency	Various
2021-0017	Major Horizontal Plumbing Line	Head
2021-0018	BCA 40% Portfolio	Various
2021-0019	Universal Access Upgrades	Various
2021-0022	Kitchen Cabinets & Counter: Replacement	Various
2021-0023	Flooring: Replacement	Various
2021-0024	Mold Abatement	Various
2021-0025	Corridor Painting	Various
2021-0026	Appliances: Capital Purchases	Various

WORK COMPLETED PROJECTS:

Project	Project Description	Site(s)
2020-0006	Fire System Replacement	Tecumseh
2020-0014	Penthouse Roof Replacement	McNay
2020-0017	Physical Security Upgrade	Dundas
2020-0022	Exterior Entrance Doors Replacements	Various
2020-0023	High Rise Lighting-Exit Signs	Simpson/Tecumseh
2020-0024	Kitchen Cabinets & Counter: Replacement	Various
2020-0025	Lobby Upgrades	Various
2020-0027	Windows/Doors County and Scattered Units	Various
2020-0028	Mold Abatement	Various
2020-0029	BCA 30% Portfolio	Various
2020-CMHC-01	Preliminary Engineering Review & Energy Modeling	Various
2021-0021	Bathroom Rebuilds	Various

CLOSED PROJECTS:

Project	Project Description	Site(s)
2020-0002	Balcony Study	Various
2020-0003	Balcony Fall Protection	Simcoe
2020-0005	Elevators: Capital Repairs	Various
2020-0007	Fire Alarm Annunciators	Albert
2020-0013	Fire Alarm Devices	Albert/Commissioners
2020-0015	Technical Contingency	Various
2020-0019	Asphalt Parking Lots/Walkways	Various
2020-0020	Bathroom Rebuilds	Various
2020-0021	Corridor Painting	Dundas/McNay/Hale/Wharncliffe/Simcoe
2020-0026	Flooring: Replacement	Various
2020-0030	CRW Office Security Upgrades	Various
2020-0031	Universal Access Upgrades	Various

STATUS OF WORK SITE SUMMARY:

Capital Project Status	Project Count
Planned	24
Active	28
Cancelled	2
Work Completed	12
Projects Closed	14
Total Projects	80

STATUS OF BUDGET SUMMARY:

As part of the March 2021 Financial closing, cancelled and closed projects with carry-over and non-committed funds have been identified. Funds from these projects have been calculated for the purposes of redistribution to closed, cancelled and active projects which are currently over budget. Priority is given to Closed and Cancelled Projects.

PROJECT FUND REALLOCATION SUMMARY

Project	Project Description	Reallocation Amount
2020-0002	Balcony Study	\$13,627
2020-0003	Balcony Fall Protection	\$25,000
2020-0005	Elevators: Capital Repairs	\$185,193
2020-0007	Fire Alarm Annunciators	\$50,000
2020-0013	Fire Alarm Devices	\$90,000
2020-0015	Technical Contingency	\$23,730
2020-0021	Corridor Painting	\$15,951
2020-0030	CRW Office Security Upgrades	\$14,735
TOTAL		\$418,236

OVER BUDGET PROJECT SUMMARY

Project	Project Description	Site(s)
2020-0019	Asphalt Parking Lots/Walkways	\$11,039
2020-0020	Bathroom Rebuilds	\$3,737
2020-0026	Flooring: Replacement	\$126,473
2020-0031	Universal Access Upgrades	\$20,940
2020-0001	MUA Hookup	\$176,967
2020-0012	Elevators: Capital Repairs	\$1820
2020-0035	Playground Equipment	\$49,187
TOTAL		(\$390,163)

Reallocation would result in a credit balance for further budget balancing through the 2021 year. The potential for additional funds for reallocation will be reviewed as part of the April financial closing for projects marked with a 'Work Completed' status.

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
BILL LESLIE MANAGER, CAPITAL PROJECTS AND CONSTRUCTION	ANDREA MACKENZIE INTERIM CHIEF EXECUTIVE OFFICER

STAFF REPORT 2021-23

TO: LMCH Board of Directors
FROM: Wendy Groves, Manager of Construction and Project Management
SUBJECT: CMHC Funding Status Report
DATE: May 20, 2021

RECOMMENDATION:

That, on the recommendation of the Project Manager of Construction of CMHC Capital Projects and Director of Finance with concurrence of the interim Chief Executive Officer, the CMHC Funding Status Report **BE RECEIVED** for information purposes.

LMCH continues to collaborate with CMHC to finalize term sheet with first draft anticipated end of May and to be finalized by late August 2021.

CURRENT WORKS:

- Energy Savings Feasibility Report - Efficiency Engineering to provide costs to incorporate project initiatives with implementation schedule to determine viability and ROI performance.
- Energy Management System – ongoing investigation of current systems available, development of RFP.
- Project initiation of lounge – develop scope, high level budgets and prepare RFP architect.
- High level schedule allocation for CMHC 2021 – 2027 planning.

CMHC Project Funds:

In accordance of the LOI the following Accessibility upgrades and energy enhancements have been selected for the following properties.

CMHC Project Funding Highrise	Simcoe	Baseline (seniors)	McNay (seniors)	Dundas	Walnut (senior)	Kent (senior)	Wharncliffe
Accessibility Upgrades: New Unit Conversions	x	x	x	x	x	x	x
Accessibility Upgrades: Common Areas	x	x	x	x	x	x	x
Energy Mgmt. System Upgrade/Replacement	x	x	x		x	x	x
Washroom Faucet Replacement	x	x	x	x	x	x	x
Downsized ERV (replaces MUA) ⁷							x

Continued:

CMHC Project Funding Townhomes	Marconi	Allan Rush	Pond Mills	Boulee	Huron
Furnace Replacement	x		x	x	x
DHW Tank Replacement	x		x	x	x
Attic Insulation	x		x		x
Bathroom Faucets	x		x	x	
Hard Surface Repair & Restoration	x			x	
Windows		x	x		
Doors		x			
EFIS		x	x		
Hard Surface Repair & Restoration		x	x		

Next Steps:

- Finalize schedule based on recommendations provided by Efficiency Engineering (EE).
- Execute RFP for common area (lounge renovations) architect.
- Review implementation costs for energy projects provided by EE to determine if any changes required.
- Provide cost comparison of lease vs. purchase for furnace and domestic hot water tanks.
- Develop project charter for lounge renovations (common areas).
- Update asbestos property reports.
- Prepare RFP interior suites architect for accessible units.

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
WENDY GROVES MANAGER, CONSTRUCTION and PROJECT MANAGEMENT	ANDREA MACKENZIE INTERIM CHIEF EXECUTIVE OFFICER

STAFF REPORT 2021 - 24

TO: LMCH Board of Directors
FROM: Joseph Bonasia, KPI & Business Analyst
SUBJECT: Key Performance Indicators (KPIs)
DATE: May 20, 2021

RECOMMENDATION:

That, on the recommendation of the KPI and Business Analyst, the following report **BE RECEIVED** for information purposes.

BACKGROUND:

A new reporting format and schedule has been approved by the LMCH Board of Directors. This report honors this new reporting structure.

CURRENT STATE

Review of finance and capital processes is underway, as part of a larger organizational process mapping exercise. Information from the process mapping will inform on gaps in reporting, best practices, operational accountability, data integrity and software functionality. Review for a potential Yardi system software upgrade is occurring simultaneously. Staff members have been engaged through module demonstrations and Q&A sessions for information gathering purposes. KPI targets have been adjusted to better reflect historical Q1 performance measures. KPIs for measuring tenant engagement and partnership feedback are still under review. **Appendix A** is the newly reformed LMCH BOD KPI summary, with unaudited, preliminary Q1 2021 data. **Appendix B** is the data dictionary for LMCH BOD reported KPIs. **Appendix C** is the list of Strategic Goals, outlined in the 2017-2020 LMCH Strategic Plan

NEXT STEPS:

Review of the financial and capital processes and corresponding performance metrics will continue into Q2 as part of our efforts to improve efficiency and drive value in the organization. Further review of community development KPIs will carry on into Q2 2021. Review for Implementation of potential software upgrades will also continue.


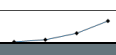
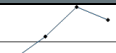
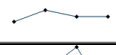
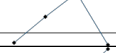
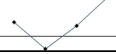



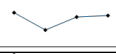

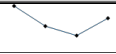
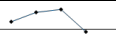
CONCLUSION:

The purpose of this report is to present progress for LMCH’s KPI program.

SIGNATURE:

Prepared and Submitted by:	Reviewed and Concurred by:
JOSEPH BONASIA KPI & BUSINESS ANALYST	DIANA TAPLASHVILY DIRECTOR. FINANCE AND CORPORATE SERVICES

Appendix A: LMCH Board of Directors KPI Summary

Category/Metrics	Q4 2020	Q1 2021	Q1 2020	Variance	Var. %	Target	Variance	Var. %	2020 Trend
	Previous Quarter	Current Quarter	Previous Year						
Human Resources KPI Metric Summary									
Staff Capacity Percentage	85.73%	91.85%	94.32%	-2.47%	-2.62%	90%	1.85%	2.06%	
Business Case 19 Related Hires	10	11	0	11	-	15	-4	-26.67%	
Finance, Information Technology and Data Science KPI Metric Summary									
Surplus/(Deficit)	\$611,630	(\$71,500.00)	(\$661,910)	\$590,410	-89.20%	(\$114,071)	\$42,571	-37.32%	
Rent Arrears	\$392,185	\$357,889	\$343,540	\$14,349	4.18%	\$152,474	\$205,415	134.72%	
Rent Collection Percentage	96.77%	88.26%	88.57%	-0.31%	-0.35%	90%	-1.74%	-1.93%	
Percentage of Tenants in Good Financial Standing	84.35%	85.53%	83.90%	1.63%	1.94%	83%	2.53%	3.05%	
Data Completion Percentage	98.49%	100.00%	100.00%	0.00%	0.00%	99%	1.00%	1.01%	
Tenant Services KPI Metric Summary									
Total Evictions	7	5	22	-17	-77.27%	12	-7	-58.33%	
Units Leased	94	90	114	-24	-21.05%	100	-10	-10.00%	
Property Services KPI Metric Summary									
Total Vacant Units	151	139	143	-4	-2.80%	100	39	39.00%	
Total Vacancy Rate	4.60%	4.24%	4.36%	-0.12%	-2.75%	3.00%	1.24%	41.33%	
Cost of Vacancy [†]	\$115,020	\$112,860	\$126,630	-\$13,770	-10.87%	\$81,000	\$31,860	39.33%	
Regeneration and Capital KPI Metric Summary									
Percentage Spent vs Approved Budget	56.07%	5.05%	24.29%	-19.24%	-79.21%	10%	-4.95%	-49.50%	
Average Length of Tenancy Included in Q4 Report, FCI Score Summary Included as part of Staff Report 2021-21, [†] Derived from KPMG Cost of Vacancy Metric. All variance analysis is with respect to current quarter values.									

Human Resources KPI Metric Summary

Staff Capacity Percentage – The Percentage of Staff working relative to workable days for a given period

Business Case 19 Related Hires – The number of new LMCH staff related to Business Case 19 for a given period.

Finance, Information Technology and Data Science KPI Metric Summary

Surplus/(Deficit) – The amount leftover /(excess of expenditure) compared to budget for a given period.

Rent Arrears – Total money owing by tenants for rent, for a given period.

Rent Collection Percentage – The percentage of tenant rent collected with respect to amount owing, year-to-date for a given period

Percentage of Tenants in Good Financial Standing – The number of tenants whom are current with rent charges for a given period

Data Completion Percentage – The percentage of data retrieved to total, complete data at period end for a given period

Tenant Services KPI Metric Summary

Total Evictions – The total number of evicted LMCH tenants for a given period.

Average Length of Tenancy for Current Tenants – The time duration as an LMCH tenant (Current) for a given period

Units Leased – The total number of units rented for a given period.

Property Services KPI Metric Summary

Total Vacant Units – The total number of vacant units for a given period.

Total Vacancy Rate – The percentage of the total vacant units with respect to our total LMCH portfolio count (3282) for a given period

Cost of Vacancy – The cost due to lost rent revenue on vacant units for a given period

Regeneration and Capital KPI Metric Summary

Percentage Spent vs Approved Budget – $(\text{Money Spent/Approved Budget}) \times 100\%$

FCI Score – The percentage within each FCI score status ("Excellent", "Very Good", "Good", "Fair", "Poor", "Deficient") for a given period.

Appendix C: Strategic Goals per LMCH 2017-2020 Strategic Plan

A Improve, renew and maintain the homes that we offer

- 1) Develop an asset strategy with the intent to have “a shovel in the ground”
- 2) Ensure capital improvements relate to the annual capital plan and long term capital replacement strategy
- 3) Improve building conditions to make them more functional

B Invest in people to build long-term organizational capacity

- 1) Strategically align HR processes to support organizational goals and clarity
- 2) Align people, systems and functions to fulfil our growth strategy
- 3) Identify and develop leadership capacity among our People
- 4) Enhance our culture to support emotional health, physical safety and well-being

C Stake out our critical role in supporting housing stability and preventing homelessness

- 1) Inform and influence London housing policy, intake, waitlist needs assessment and supports
- 2) Engage key community “stakeholders” to help them understand that LMHC is an integral part of the solution to prevent homelessness and support housing stability
- 3) Change the public narrative to better inform and gain support for LMHC services; positively influence perceptions and develop a broader narrative
- 4) Advocate for LMHC housing, supports and appropriate, sustainable funding
- 5) Advocate for housing system change, e.g., RGI, connecting supports to residents, legislation change

D Engage, Assist & Empower Tenants

- 1) Create a Tenant engagement strategy
- 2) Foster housing stability by providing tenant onboarding and education programs
- 3) Expand and improve tenant communication channels

E Organizational Effectiveness

- 1) Establish an Organizational Communication Strategy to address internal and external communication needs
- 2) Update and streamline organizational systems to offer better customer service and expand organizational capacity
- 3) Create a Governance Model to best support LMHC Operations
- 4) Develop an organizational evaluation framework

F Long-term financial growth and stability



1) Establish a comprehensive financial plan

2) Fund the implementation of the Strategic Plan and create new funding tools and revenue streams to ensure ongoing financial sustainability

G Maximize Information and Technology for informed decision making

1) Create an information technology strategy that forms a digital business model for the way we work and provide digital services for our tenants and our people

2) Utilize cloud-based services where it will improve efficiency and is cost effective that enables our tenants to self-serve to our services.

3) Invest in IT to deliver high performing systems that meet the changing needs of the organization and our tenants, to drive efficiency and effectiveness.

4) Adopt, where appropriate, industry recognized standards to manage and protect our information technology assets, and to ensure services are efficiently and effectively managed and developed.

Staff Report 2021 - 25

TO: LMCH Board of Directors

FROM: Diana Taplashvily, Director Finance and Corporate Services

SUBJECT: March 2021 Financial Results Summary - Operating

DATE: May 20, 2021

RECOMMENDATION:

That the March 2021 Financial Performance Results and its Operating Summary Report **BE RECEIVED** for information.

REASONS FOR RECOMMENDATIONS:

The following report offers a high-level and detailed analysis of LMCH's March 2021 Operating Financial Results.

The YTD operating results as of March 31, 2021 ended with an operating deficit of \$71,500 - a favourable variance of \$42,571 as compared to budget.

The deficit is comprised of a favourable trend of \$43,841 in rental revenue, \$17,114 in net Bad Debt write-offs and \$27,170 in Sundry & other revenues. The delay in planned hiring resulted in reducing spending in salaries and benefits at \$64,562.

In Q1 the maintenance team was focused on meeting immediate needs of tenants and reported (\$189,052) unfavourable variance in snow removal costs due to heavy snow and frequent salting. There has been increased demand for Plumbing and Heating & Ventilation repairs due to breakage and old infrastructure resulting in unfavourable variances of (\$83,149) and (\$38,717) respectively. Unfavorable variances were partially offset by favorable variance in Painting, Pest Control, Elevators, Electrical and Waste Removal services at \$41,326, \$28,603, \$14,208, \$13,959, and \$11,959 respectively. There has been an increased need for stoves and fridges replacements in several properties and resulting in unfavorable variance of (\$11,486) in Equipment. Security had unfavorable variance of (\$12,224) due to replacement costs related to vandalized security systems.

For Q1 Utilities and Administration costs resulted in savings of \$21,123 and \$85,952 respectively. \$24,609 favorable variance in Extraordinary loss is related to improved process and cost control over Insurance Claims.

Please see the attached report for high-level and detailed analysis.

LMCH will seek to mitigate costs; however, addressing safety and maintenance concerns for our tenants and community will continue to be a priority.

SIGNATURE:

PREPARED BY:	RECOMMENDED BY:
ROBERT NG	DIANA TAPLASHVILY DIRECTOR, FINANCE AND CORPORATE SERVICES

Appendix A – March 2021 Operating Results

Appendix A – March 2021 Operating Results

LONDON MIDDLESEX COMMUNITY HOUSING
Income Statement as at
(Unaudited)

	31-Mar-2021							
	2021	2021	2020	Variance from	Variance from	%	%	
	YTD	YTD	YTD	2020	Budget	Var	Var 2020	
	Actuals	Budget	Actuals	Better (Worse)	Better (Worse)			YTD Variance Explanations
OPERATIONS								
Revenue								
Rental Revenue	3,049,473	3,005,632	3,005,632	43,841	43,841	1%	1%	
Tenant Recoveries	45,157	46,287	90,534	(45,376)	(1,129)	-2%	-50%	
Net Bad Debt Writeoffs	(82,636)	(99,750)	(132,084)	49,448	17,114	-17%	-37%	
Antenna Licenses	35,925	37,672	34,349	1,577	(1,747)	-5%	5%	
Interest	5,830	4,335	3,680	2,151	1,495	34%	58%	
Sundry & other revenue	52,743	25,562	32,275	20,468	27,180	106%	63%	
Municipal Base Funding	3,296,110	3,296,110	2,798,762	497,348	(0)	0%	18%	
Total Revenue	6,402,603	6,315,849	5,833,146	569,456	86,753	1%	10%	
Expenditures								
Salaries, wages & benefits	1,454,995	1,519,557	1,605,656	150,661	64,562	4%	9%	Delay in hiring of new positions
Maintenance, materials and services								
Roofing	3,480	3,500	6,878	3,398	20	1%	49%	
Building, general	179,917	181,100	352,266	172,349	1,183	1%	49%	
Cleaning	214,990	224,000	161,148	(53,842)	9,010	4%	-33%	
Pest Control	146,597	175,200	109,707	(36,889)	28,603	16%	-34%	
Elevators	33,792	48,000	32,337	(1,455)	14,208	30%	-4%	
Electrical	51,641	65,600	41,584	(10,057)	13,959	21%	-24%	
Equipment	14,486	3,000	36,337	21,851	(11,486)	-383%	60%	Stoves and Fridges for Simcoe, Walnut, William & Wharncliffe
Landscaping & parking lot mtc	11,598	12,000	5,834	(5,764)	402	3%	-99%	
Mold	-	-	-	-	-			
Snow Removal	489,052	300,000	336,545	(152,507)	(189,052)	-63%	-45%	Due to heavy snow falls and frequent salting.
Life safety systems	58,502	48,750	39,362	(19,140)	(9,752)	-20%	-49%	
Heating & ventilation	82,817	44,100	117,131	34,313	(38,717)	-88%	29%	Failed furnace and heating systems replacements/repairs
Plumbing	185,149	102,000	116,789	(68,360)	(83,149)	-82%	-59%	Drain issues and leaks repairs.
Painting	51,674	93,000	154,797	103,123	41,326	44%	67%	
Vandalism	18,663	12,000	14,551	(4,112)	(6,663)	-56%	-28%	
Waste Removal	70,791	82,750	60,877	(9,915)	11,959	14%	-16%	
Security	165,834	153,610	106,284	(59,550)	(12,224)	-8%	-56%	replacement costs related to vandalized security systems
Social & recreational program:	10,607	7,203	7,789	(2,818)	(3,404)	-47%	-36%	
Sundry materials & services	23,646	21,300	21,855	(1,791)	(2,346)	-11%	-8%	
	1,813,235	1,577,113	1,722,069	(91,166)	(236,120)	-15%	-5%	

LONDON MIDDLESEX COMMUNITY HOUSING
Income Statement as at
(Unaudited)

	2021		2020	Variance from	Variance from	%	%	
	YTD	YTD	YTD	2020	Budget	Var	Var 2020	
	Actuals	Budget	Actuals	Better (Worse)	Better (Worse)			YTD Variance Explanations
Utilities								
Electricity	523,248	559,146	548,183	24,935	35,898	6%	5%	
Water Heater Rental	61,739	59,542	58,374	(3,365)	(2,198)	-4%	-6%	
Water	333,966	337,620	331,000	(2,966)	3,654	1%	-1%	
Natural Gas	382,568	366,336	359,153	(23,416)	(16,232)	-4%	-7%	
Energy Savings Rebate	-	-	-	-	-			
	1,301,522	1,322,644	1,296,710	-4,811	21,123	2%	0%	
Property								
Insurance	197,245	196,515	171,838	(25,407)	(731)	0%	-15%	
Municipal taxes	1,285,716	1,281,870	1,253,905	(31,811)	(3,846)	0%	-3%	
Mortgage payments (Bella St.)	13,643	13,913	7,812	(5,831)	270	2%	-75%	
	1,496,605	1,492,298	1,433,555	-63,050	-4,307	0%	-4%	
Administration								
Corporate and other costs	201,142	267,825	200,577	(564)	66,683	25%	0%	Delay in hiring of new positions
Transportation & Communicati	77,507	88,355	83,735	6,228	10,849	12%	7%	
Supplies & equipment	116,208	124,628	59,423	(56,785)	8,420	7%	-96%	
	394,856	480,808	343,734	(51,122)	85,952	18%	-15%	
Total Expenditures	6,461,212	6,392,420	6,401,724	-59,488	-68,791	-1%	-1%	
Net (deficit) surplus from Operations	(58,610)	(76,571)	(568,578)	509,968	17,961	-23%	-90%	
Extraordinary Losses - Fire, wind etc.	12,891	37,500	94,507	81,617	24,609	66%	86%	Improved control over Insurance Claims process
Net (deficit) surplus from Operations after Extraordinary Losses	(71,500)	(114,071)	(663,085)	591,585	42,571	-37%	-89%	