

City of Kingston
Community and Family Services
A Department of Community Development Services Group

Housing Programs
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GUIDELINE

- Legislation/Regulation**
- Operational (External)**
- Operational (Internal)**

DATE: 2007-12-12
NUMBER: 07-01

The policies and procedures in this Directive are to be implemented under the following programs:

- | | |
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| <input checked="" type="checkbox"/> Local Housing Corporation | <input checked="" type="checkbox"/> Urban Native Program |
| <input checked="" type="checkbox"/> Non-Profit Program | <input type="checkbox"/> Social Housing Registry Program |
| <input checked="" type="checkbox"/> Co-Op Program | <input checked="" type="checkbox"/> Federal Program |
| <input type="checkbox"/> Rent Supplement Programs (Municipal and Provincial) | |

*Please note: If your program is not checked, this Directive doesn't apply to your project.

SUBJECT: Damages on Move Out – Non-Rental Revenue

BACKGROUND: CICA Handbook section 3400.16 "Effect of uncertainties" states:

3400.16. Recognition of revenue requires that the revenue is measurable and that ultimate collection is reasonably assured. When there is reasonable assurance of ultimate collection, revenue is recognized even though cash receipts are deferred. When there is uncertainty as to ultimate collection, it may be appropriate to recognize revenue only as cash is received.

3400.17. When the uncertainty relates to collectability and arises subsequent to the time revenue was recognized, a separate provision to reflect the uncertainty would be made. The amount of revenue originally recorded would not be adjusted.

Historically Housing Providers have recorded damages on move-out as revenue and set up a receivable from the tenant. This practice should discontinue if the Housing Provider believes collection is uncertain. The former tenant continues to be responsible for repayment of the cost of repairing the damage, however accounting guidelines require that revenue only be recognized when ultimate collection of that revenue is reasonably assured. Where there is not reasonable assurance that damages on move-out will be recovered from the former tenant, the revenue should not be recorded until the time that the cash is actually received.

This change is only for damages discovered after a tenant has vacated the unit. Current tenant recoveries for damages are to continue to be recorded as non-rental revenue. This change is affective from 1st day of your current fiscal period.

ACTION TO BE TAKEN: Housing Providers should only recognize revenue for damages discovered after a tenant has vacated a unit when the cash is received from the former tenant.

This revenue should be recorded as non-rental revenue in the year the cash is received. No retroactive adjustments are permitted to revenue when a tenant terminates their tenancy.

If you have any questions, please contact Lawrence Cleary, Supervisor of Finance, Community and Family Services Extension 4857.

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