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***C-I CREDIT CORP.***  
***LIMITED***



**ANNUAL REPORT**  
**TO THE SHAREHOLDERS**

MANAGEMENT  
LIBRARY

AUG 12 1971

McGILL UNIVERSITY

For the Year Ending  
December 31, 1967

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# C - I CREDIT CORP. LIMITED

## OFFICERS

Ralph E. Ades	-	-	-	-	-	-	-	Chairman
David S. Ades, B.Sc., A.M.C.T.	-	-	-	-	-	-	-	President
Pierre Genest	-	-	-	-	-	-	-	Secretary
Philip F. Rudson, C.A.	-	-	-	-	-	-	-	Treasurer
Gordon G. Dickson	-	-	-	-	-	-	-	Asst. Secretary
Gerald Rose, S.R.A.	-	-	-	-	-	-	-	General Manager and Asst. Treasurer

## DIRECTORS

David S. Ades, B.Sc., A.M.C.T.*	Gordon G. Dickson
Jeanne Ades	William G. Durst, F.R.I.*
Ralph E. Ades	Pierre Genest
Stephen E. Berger, M.E.I.C.	William C. Lawrence*

## MANAGEMENT

General Manager	-	-	-	-	Gerald Rose, S.R.A.*
Regional Manager	-	-	-	-	A. Gary Wallington, S.R.A.*
Comptroller	-	-	-	-	(Mrs.) Lois Murphy

\*Members of Mortgage Investment Committee

## AUDITORS

Clarkson, Gordon & Company, Toronto  
Chartered Accountants

## TRUSTEES AND TRANSFER AGENTS

Class "A" Shares and Subordinated Debentures

Guaranty Trust Company of Canada — Toronto

Common Shares and Secured Certificates

Montreal Trust Company, Toronto

## COMPANY BANKERS

Royal Bank of Canada — Toronto

Canadian Imperial Bank of Commerce — Toronto

## LEGAL COUNSEL

Cassels, Brock, Des Brisay, Guthrie, Griffiths & Genest  
Toronto



## President's Report

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The year 1967, our ~~tenth~~<sup>fifth</sup> year since incorporation, has brought about many changes to your Company. Your management has during the year, due to lack of available funds for mortgage investments, put a much greater emphasis on diversification into associated fields, so that the income produced from other than Mortgage interest constituted, in 1967, about 30% of total income. This change of emphasis has been very gratifying indeed and has helped to maintain the necessary assistance from the Company's Bankers.

I am pleased to report that once again the earnings this year showed a marked improvement. The gross income as at December 31, 1967, was \$383,833 as against \$354,613 for 1966 and net after tax earnings were \$71,886 (70.4¢ a share) as against \$61,949 (60.6¢ a share) for the same periods, a gain of 16%. This net increase was affected after the taking of reasonable reserves. The assets, at \$3,256,419 remained approximately the same, as no new funds were acquired during the year.

Your Company's investment in County Savings and Loan Corporation remained the same. However, that corporation's performance during 1967 showed marked improvement and for the first time since its incorporation in 1965 showed a net operating profit.

Your management continued to give particular attention to security and selectivity in all of its endeavours.

Plans are now under way to continue to change the nature of your Company into that of a holding Corporation, by the acquisition of other companies in similar fields, yet continuing in its present forms of activity, such that income in the coming year should continue to grow. I believe that 1968 will be a very interesting year for your Company, a year during which changes started in 1967 should be completed.

The Management takes this opportunity in thanking the staff of the Corporation for its efforts in the past year. These are sincerely appreciated.

On behalf of the directors, management and staff, I also express my sincere appreciation for the confidence and co-operation that you, the Shareholders, have shown during the last year.

DAVID S. ADES,

President.

May 16, 1968.

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### FINANCIAL HIGHLIGHTS

	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
Current and Working Assets	\$3,053,535	\$3,180,670	\$3,070,560	\$1,881,640
Gross Income .....	383,833	354,610	276,040	150,110
Profits before Taxes .....	128,642	108,650	84,860	40,870
Net Profits After Taxes .....	71,886	61,949	50,570	30,260
Earnings Per Share .....	70.4¢	60.6¢	50¢	28.8¢

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**C-I CREDIT CORP.**

(Incorporated under the laws of Ontario and its wholly-owned subsidiary)

**CONSOLIDATED BALANCE SHEET**

(with comparative figures for 1966)

**A S S E T S**

	1967	1966
Current and working assets:		
Cash .....	\$ 13,364	\$ 155,992
Mortgages receivable (note 1) .....	2,461,550	2,916,840
Mortgages and real estate acquired for sale (note 1) .....	461,210	61,881
Accrued mortgage interest receivable .....	16,184	20,991
Account receivable from affiliated company County Savings and Loan Corporation (paid subsequently) .....	63,000	
Sundry accounts receivable and prepaid expenses .....	38,227	24,975
	<u>3,053,535</u>	<u>3,180,679</u>
Investment in shares of County Savings and Loan Corporation, at cost (note 2) .....	113,775	114,075
Equipment and leasehold improvements, at cost less accumulated depreciation and amorti- zation of 1967—\$6,366, 1966—\$6,048 ..	10,797	9,629
Unamortized financing expenses .....	78,311	88,895

On behalf of the Board:

DAVID S. ADES, Director

PIERRE GENEST, Director

<u>\$ 3,256,418</u>	<u>\$ 3,393,278</u>
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(See accompanying notes to consolidated financial statements)

TO THE SHAREHOLDERS OF  
C-I CREDIT CORP. LIMITED:**AUDITORS**

We have examined the consolidated balance sheet of C-I Credit Corp. Limited and its wholly-owned subsidiary for the year then ended. Our examination included a general review of the accounting procedures and internal controls.

In our opinion, these consolidated financial statements present fairly the consolidated financial position of the company at the year end, in accordance with generally accepted accounting principles applied on a basis consistent with that of the company.

Toronto, Canada,  
April 11, 1968.



# ORP. LIMITED

the laws of Ontario)  
owned subsidiaries

STATEMENT AT DECEMBER 31, 1967  
(at December 31, 1966)

## LIABILITIES

Current liabilities:	1967	1966
Bank loan—secured (note 5) .....	\$ 475,000	\$ 680,000
Accounts payable and accrued charges ....	44,005	41,262
Income taxes payable .....	44,222	7,042
Current portion of long term debt .....	176,816	9,120
	<u>740,043</u>	<u>737,424</u>
Unamortized discounts on mortgages receivable (note 1) .....	203,610	223,230
Deferred income taxes (note 8) .....	<u>85,026</u>	<u>77,733</u>
Long term debt:		
Secured —		
Loans payable less current portion (note 3) .....	44,555	192,277
7% Secured Certificates, Series 1 (note 4) .....	2,105	48,921
6¾% Secured Certificates, Series 2, maturing September 23, 1974 (note 5) .....	500,000	500,000
7% Secured Certificates, Series 5, maturing January 31, 1981 (note 5) .....	537,194	537,194
6¾% Subordinated Convertible Debentures Series A maturing December 1, 1974 (note 6) ....	500,000	500,000
	<u>1,583,854</u>	<u>1,778,392</u>
Shareholders' equity:		
Capital (note 7) —		
Authorized:		
200,000 non-cumulative (30¢), non- voting, participating, convertible Class A shares, without par value		
180,000 common shares, without par value		
Issued:		
15,000 Class A shares .....	90,000	90,000
87,200 common shares .....	333,600	333,600
Contributed surplus .....	250	250
Retained earnings .....	220,035	152,649
	<u>643,885</u>	<u>576,499</u>
	<u>\$ 3,256,418</u>	<u>\$ 3,393,278</u>

(Consolidated financial statements)

## ' REPORT

owned subsidiaries as at December 31, 1967 and the consolidated statements of earnings and retained  
such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.  
position of the companies as at December 31, 1967 and the results of their operations for the year then  
the preceding year.

# C-I CREDIT CORP. LIMITED

and its wholly-owned subsidiaries

## STATEMENTS OF CONSOLIDATED EARNINGS AND CONSOLIDATED RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1967 (with comparative figures for 1966)

### CONSOLIDATED EARNINGS

	1967	1966
Income from mortgages (note 10) .....	\$ 383,833	\$ 354,613
Expenses:		
Interest on —		
Bank loans .....	32,220	45,160
Long term debt .....	122,924	121,628
	155,144	166,788
Administrative and general expenses (note 11) .....	85,902	66,154
Amortization of financing expenses .....	10,585	10,392
Depreciation and amortization .....	3,560	2,627
	255,191	245,961
Earnings before income taxes .....	128,642	108,652
Income taxes .....	56,756	46,703
Net earnings for the year .....	\$ 71,886	\$ 61,949

### CONSOLIDATED RETAINED EARNINGS

Balance, beginning of year .....	\$ 152,649	\$ 95,200
Net earnings for the year .....	71,886	61,949
	224,535	157,149
Dividends paid on Class A shares .....	4,500	4,500
Balance, end of year .....	\$ 220,035	\$ 152,649

(See accompanying notes to consolidated financial statements)



# C-I CREDIT CORP. LIMITED

and its wholly-owned subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1967

1. The mortgages receivable are carried on the consolidated balance sheet at their face values, less principal repayments to date. Any purchase discounts are carried as deferred income and are amortized over the periods of the mortgages.  
The mortgages and real estate acquired for sale are valued at the lower of cost and estimated realizable value.
2. The investment in County Savings and Loan Corporation represents approximately 20% of the issued shares of that company; no quoted market value was available for these shares at December 31, 1967.
3. The loans payable bear interest at rates ranging from  $6\frac{1}{2}\%$  to 9% and are secured by mortgages. Certain of these loans, with principal balances outstanding at December 31, 1967 of \$130,000, mature prior to December 31, 1968. It is expected that these loans will be renewed at current interest rates and on terms comparable to the original loans. If these loans are renewed the instalments on principal due in 1968 will be approximately \$9,400.
4. The 7% Secured Certificates, Series 1, mature as follows: \$2,000 in 1973, \$105 in 1969, and \$46,816 in 1968. Among other things the trust indenture securing these certificates requires that the company maintain with the trustee mortgages in an amount at least 20% in excess of the certificates outstanding. Under the terms of the trust indenture dated September 1, 1964, referred to in note 5 below, no further Series 1 Certificates may be issued.
5. Secured Certificates have been issued under trust indentures dated September 1, 1964 and January 15, 1966 as follows:
  - (a)  $6\frac{3}{4}\%$  Secured Certificates, Series 2 — \$500,000 principal amount issued on September 23, 1964. These certificates are accompanied by warrants to purchase 15,000 Class A shares at \$8 per share up to October 31, 1969 and at \$10 per share thereafter up to October 31, 1974.
  - (b) Secured Certificates, Series 3 — may be issued in unlimited principal amounts at varying interest rates and maturity dates to secure bank loans. The principal amount outstanding at December 31, 1967 was \$600,000.
  - (c) 7% Secured Certificates, Series 5 — \$500,000 (U.S.) principal amount issued on February 1, 1966. These certificates are accompanied by warrants to purchase 20,000 Class A shares at \$8 per share up to February 1, 1970 and at \$10 per share thereafter up to February 1, 1976. The company is required to make annual redemptions of \$38,333 (U.S.) commencing February 1, 1969 through to February 1, 1980.

The trust indentures require, among other things, that the company will maintain on deposit with the trustee acceptable collateral (as defined) of a total value of at least 125% of the aggregate principal amount of all outstanding Secured Certificates issued thereunder. The indentures also contain restrictions as to the total amount of secured and subordinated debt that the company may issue from time to time.

6. The 6¾ % Subordinated Debentures, Series A are convertible into Class A shares at the rate of 1 Class A share for every \$8 in principal amount of debenture up to December 1, 1969, and 1 Class A share for every \$10 in principal amount thereafter up to November 27, 1974.
7. (a) At December 31, 1967 there were Series B warrants outstanding for the purchase of 5,000 Class A shares at \$8 per share up to February 1, 1970 and at \$10 per share thereafter up to February 1, 1976.
- (b) On September 9, 1964 the company granted options to employees to purchase 10,000 common shares at \$6 per share on or before September 9, 1971.
- (c) At December 31, 1967 the company's authorized but unissued share capital was reserved to the following extent:

Class A shares —

For issue under share purchase warrants accompanying the 6¾ % Secured Certificates, Series 2, and the 7% Secured Certificates, Series 5 .....	35,000 shares
For issue under conversion privileges attached to the 6¾ % Subordinated Debentures .....	62,500 shares
For issue under Series B share purchase warrants .....	5,000 shares
	<u>102,500 shares</u>

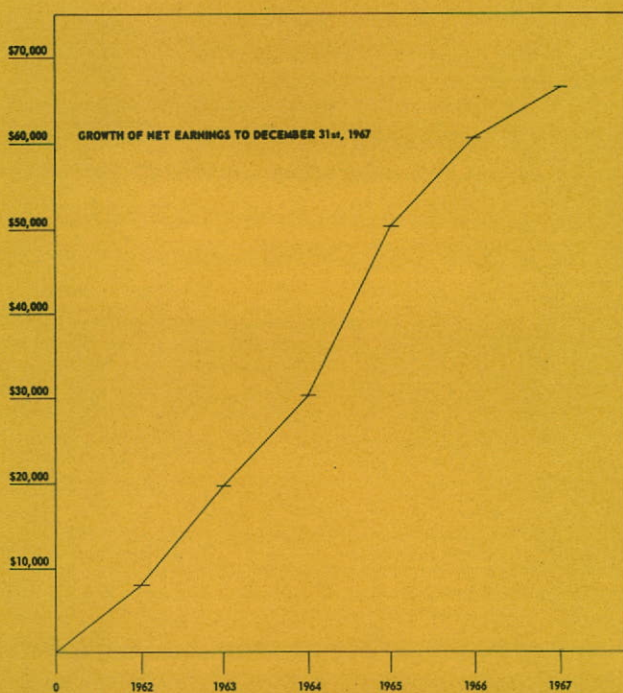
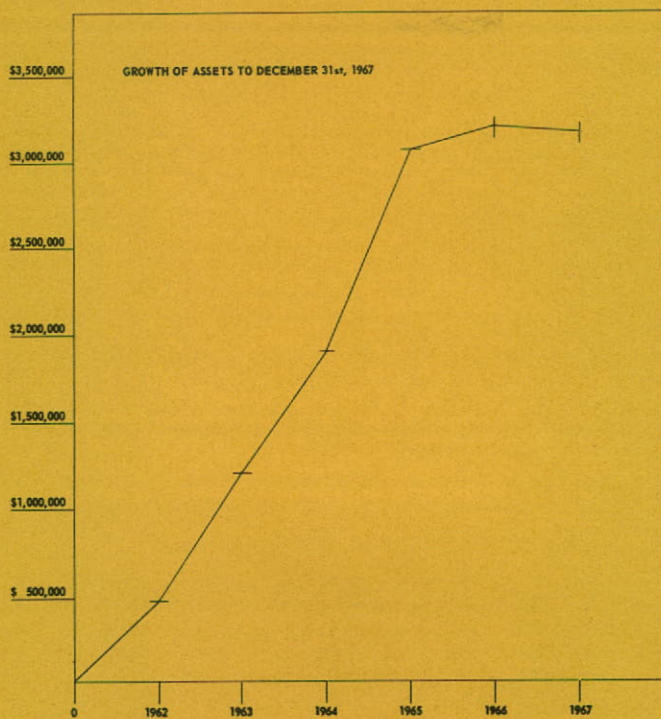
Common shares —

For issue under options held by employees .....	<u>10,000 shares</u>
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In addition, as indicated above, each Class A share is convertible at the option of the holder into one fully paid common share at any time on or after November 1, 1971.

8. Deferred income taxes represent the reductions in income taxes payable resulting from reporting bonus income, amortization of financing expenses and allowances for doubtful mortgages for tax purposes on a basis different from that used to record such items in the accounts. The tax reduction is applicable to those future years in which the net amounts from these sources reported for tax purposes will be more than the net amounts recorded in the accounts.
9. A statement of source and application of funds has not been included as it is not practicable to apportion certain assets and liabilities into current and non-current categories.
10. Income from mortgages includes net gains realized on mortgage and real estate sales. The gross value of mortgage and real estate sales amounted to \$667,157 in 1967.
11. The aggregate remuneration paid or accrued by the company and its subsidiaries to directors and senior officers (as defined by the Corporations Act of Ontario) amounted to \$61,687 in 1967. This includes remuneration of three employees not considered to be part of management of the company.









C-I CREDIT CORP. LIMITED

Suite 309

133 Richmond St. West

Toronto 1, Canada