

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2019**

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**TABLE OF CONTENTS**  
**AS AT DECEMBER 31, 2019**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of The Prince Edward County Affordable Housing Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2019 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 these financial statements, management is responsible for assessing the Corporation'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 Corporation, or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.
- 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

We 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.

*Wilkinson & Company LLP*

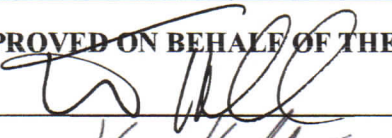
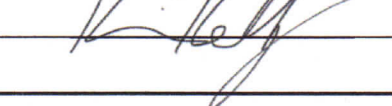
BELLEVILLE, Canada  
March 9, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS**



**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	2019 \$	2018 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	368,911	
HST recoverable	1,089	
Prepaid expenses and deposits	1,931	
	371,931	NIL
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	1,500	NIL
<b>FUND BALANCES</b>		
<b>OPERATING FUND</b>	<b>370,431</b>	<b>NIL</b>
<b>APPROVED ON BEHALF OF THE BOARD</b>		
	Director	
	Director	
	371,931	NIL

The accompanying notes form an integral part of these financial statements

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
	\$	\$
<b>REVENUES</b>		
Funding revenue	384,852	
Interest income	422	
	<u>385,274</u>	NIL
<b>EXPENDITURES</b>		
Bank and interest charges	7	
Insurance	769	
Office expenses	280	
Professional fees	13,707	
Rent	80	
	<u>14,843</u>	NIL
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>370,431</b>	NIL
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>NIL</b>	NIL
<b>FUND BALANCE - END OF YEAR</b>	<b>370,431</b>	NIL

The accompanying notes form an integral part of these financial statements

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures for year	370,431	
Net change in non-cash working capital balances related to operations - Note 4	(1,520)	
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>368,911</b>	NIL
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>368,911</b>	
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>NIL</b>	
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>368,911</b>	NIL
<b>REPRESENTED BY:</b>		
Cash	368,911	NIL

The accompanying notes form an integral part of these financial statements

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. NATURE OF BUSINESS**

The Prince Edward County Affordable Housing Corporation is a corporation incorporated without share capital under the laws of Ontario.

The mandate of the Corporation is to increase the supply of affordable housing in Prince Edward County.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Corporation that are considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**(b) Accounting Estimates**

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations 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 reporting period. No significant items subject to such estimates and assumptions.

**(c) Fund Accounting**

The financial statements have been prepared using fund accounting. The Corporation has established the following fund for legal, contractual or voluntary actions:

Operating fund	reflecting the activities associated with the Corporation's day-to-day operation.
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**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. ACCOUNTING POLICIES (Cont'd)**

**(d) Revenue Recognition**

The Corporation follows the deferral method of accounting for funding revenue.

Revenue from interest income is recognized as earned.

**(e) Cash and Equivalents**

Cash and equivalents consist of cash on deposit.

**(f) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Corporation initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**(g) Contributed Services**

Directors, committee members and owners volunteer their time to assist in the Corporation's activities. While these services benefit the Corporation considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements.

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**3. ECONOMIC DEPENDENCE**

The Corporation is controlled by the Corporation of the County of Prince Edward ("the County"). To date, the Corporation has received all its funding revenue from the County and is economically dependent on the County for the continuation of its operations on funding from these sources.

**4. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS**

Cash provided from (used in) non-cash working capital is compiled as follows:

	2019 \$	2018 \$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
HST recoverable	(1,089)	
Prepaid expenses and deposits	(1,931)	
	(3,020)	NIL
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,500	NIL
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>(1,520)</b>	<b>NIL</b>

**5. FINANCIAL RISKS AND CONCENTRATIONS OF RISK**

In the normal course of business, the Corporation is exposed to a number of risks that can affect its operational performance. The risk is as follows:

**Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet all cash outflow obligations as they come due. The Corporation mitigate this risks as there is excess cash available to cover all short-term obligations.