

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020**

THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Prince Edward County Affordable Housing Corporation

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, 2020 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, 2020, 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 18, 2021

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, 2020**

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	346,424	368,911
Short-term investments	101,109	
HST recoverable	174	1,089
Prepaid expenses and deposits	1,870	1,931
	449,577	371,931
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	6,379	1,500
FUND BALANCES		
OPERATING FUND	443,198	370,431
CAPITAL FUND	NIL	NIL
	443,198	370,431
APPROVED ON BEHALF OF THE BOARD		
	Director	
	Director	
	449,577	371,931

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, 2020

	Operating Fund \$	2020 Capital Fund \$	Total \$	2019 Total \$
REVENUES				
Funding revenue	135,000		135,000	384,852
Interest income	2,043		2,043	422
	137,043	NIL	137,043	385,274
EXPENDITURES				
Advertising and promotion	1,202		1,202	
Bank and interest charges	147		147	7
Capital funding expenditures		5,976	5,976	
Insurance	2,964		2,964	769
Office expenses	1,232		1,232	280
Professional fees	7,484		7,484	13,707
Rent				80
Training expenses	451		451	
Travel expenses	1,257		1,257	
Wages and benefits - Administrative	43,563		43,563	
	58,300	5,976	64,276	14,843
EXCESS OF REVENUE OVER EXPENDITURES	78,743	(5,976)	72,767	370,431
FUND BALANCE - BEGINNING OF YEAR	370,431		370,431	NIL
TRANSFERS	(5,976)	5,976		
FUND BALANCE - END OF YEAR	443,198	NIL	443,198	370,431

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, 2020

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures for year	72,767	370,431
Net change in non-cash working capital balances related to operations - Note 5	(95,254)	(1,520)
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(22,487)	368,911
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	(22,487)	368,911
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	368,911	
CASH AND CASH EQUIVALENTS - END OF YEAR	346,424	368,911
REPRESENTED BY:		
Cash	346,424	368,911

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, 2020**

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. Significant items subject to such estimates and assumptions include valuation of accounts payable and accrued liabilities. Actual results could differ from those estimates.

(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.
Capital fund	reflecting the activities associated primarily with the Corporation's short and long-term capital requirements.

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 and short-term investment.

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, 2020

3. SHORT-TERM INVESTMENT

Investment held at year end are comprised of the following:

	2020	2019
	\$	\$
Guaranteed investment certificate - at cost	100,000	
Accrued interest	1,109	
	101,109	NIL

The investment consist of one guaranteed investment certificate earning interest at 1.75% to maturity in May 2021 The investment's cost plus accrued interest approximates its fair value.

4. 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.

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

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

	2020	2019
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	(101,109)	
HST recoverable	915	(1,089)
Prepaid expenses and deposits	61	(1,931)
	(100,133)	(3,020)
INCREASE IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,879	1,500
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(95,254)	(1,520)

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. 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 risks are as follows:

(a) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to interest rate risk as it holds fixed income securities with a carrying value of \$101,109 as disclosed in Note 3 to these financial statements. As prevailing interest rates increase or decrease, the market value of these investments also change. The Corporation manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

(b) 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. There have been no significant changes to this risk exposure from the prior year.

7. COVID-19

Since the beginning of calendar year 2020, a virus known as Coronavirus ("COVID-19") has caused a world-wide pandemic, including being present in Canada. The pandemic has had a considerable impact both globally and locally, which has the potential to create financial stress on the Corporation.

Both federal and provincial governments have introduced legislative measures to combat the financial impact of the pandemic as well as combating the spread of the virus, including forced closures of several businesses.

At the time that these financial statements were finalized, the amount of the financial impact on the Corporation could not be determined.