

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION  
FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2021**

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
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**AS AT DECEMBER 31, 2021**

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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, 2021, 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, 2021, 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*

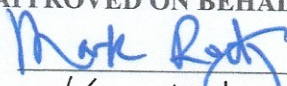
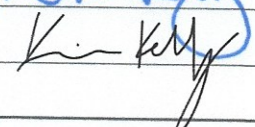
BELLEVILLE, Canada  
March 21, 2022

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, 2021**

	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	374,807	346,424
Short-term investments - Note 3	100,548	101,109
Accounts receivable	2,590	
HST recoverable	6,704	174
Prepaid expenses and deposits	2,447	1,870
	487,096	449,577
<b>TANGIBLE CAPITAL ASSETS - at cost</b> less accumulated amortization - Note 4	628,571	
	1,115,667	449,577
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	8,488	6,379
<b>FUND BALANCES</b>		
<b>OPERATING FUND</b>	451,373	443,198
<b>CAPITAL FUND</b>	655,806	
<b>STRATEGIC INITIATIVE FUND</b>	NIL	
	1,107,179	443,198
<b>APPROVED ON BEHALF OF THE BOARD</b>		
	_____ Director	
	_____ Director	
	1,115,667	449,577
	1,115,667	449,577

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, 2021**

	2021			Total \$	2020 Total \$
	Operating Fund \$	Capital Fund \$	Strategic Initiative Fund \$		
<b>REVENUES</b>					
Funding revenue	139,451	153,806		293,257	135,000
Contribution in-kind from the Corporation of the County of Prince Edward		502,000		502,000	
Interest and miscellaneous	2,285			2,285	2,043
	<b>141,736</b>	<b>655,806</b>	<b>NIL</b>	<b>797,542</b>	<b>137,043</b>
<b>EXPENDITURES</b>					
Advertising and promotion					1,202
Bank and interest charges	817			817	147
Capital funding expenditures					5,976
Insurance	2,756			2,756	2,964
Membership fees	2,261			2,261	
Office expenses	3,342			3,342	1,232
Professional fees	7,258			7,258	7,484
Strategic initiative funding expenditure			8,513	8,513	
Training expenses	365			365	451
Travel expenses	1,318			1,318	1,257
Wages and benefits - Administrative	106,931			106,931	43,563
	<b>125,048</b>	<b>NIL</b>	<b>8,513</b>	<b>133,561</b>	<b>64,276</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>16,688</b>	<b>655,806</b>	<b>(8,513)</b>	<b>663,981</b>	<b>72,767</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>443,198</b>			<b>443,198</b>	<b>370,431</b>
<b>TRANSFERS</b>	<b>(8,513)</b>		<b>8,513</b>		
<b>FUND BALANCE - END OF YEAR</b>	<b>451,373</b>	<b>655,806</b>	<b>NIL</b>	<b>1,107,179</b>	<b>443,198</b>

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, 2021**

	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures for year	663,981	72,767
Net change in non-cash working capital balances related to operations - Note 6	(7,027)	(95,254)
<b>CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>656,954</b>	<b>(22,487)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(628,571)	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR</b>	<b>28,383</b>	<b>(22,487)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>346,424</b>	<b>368,911</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>374,807</b>	<b>346,424</b>
<b>REPRESENTED BY:</b>		
Cash	374,807	346,424

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, 2021**

**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 current projects in development where the Corporation owns the property and is undertaking the predevelopment component of the project.
Strategic initiative fund	reflecting the activities associated primarily with the Corporation's potential projects in consideration where the Corporation does not own the property but rather is in the negotiation stage.



**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**(d) Tangible Capital Assets**

Tangible capital assets are stated at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal.

**(e) Government Assistance**

The Corporation has received funding and gifts in kind from various levels of government including operating subsidies, summer jobs grants and forgivable loans. Substantially all of the funding on the statement of operations is from government agencies.

In addition, government assistance in the form a forgivable loan has been accounted for using the income approach. The Corporation received a total of \$53,806 of seed funding from Canada Mortgage and Housing Corporation during the year and certain building deadlines must be met in order for the loan to be forgiven. The funding is to be used to construct affordable housing in the Prince Edward County area. Management is of the opinion that all requirements for the loan to be forgiven will be met.

**(f) Revenue Recognition**

The Corporation follows the restricted fund method of accounting for contributions, which includes funding revenue and contributions in-kind from the Corporation of the County of Prince Edward.

**(g) Cash and Equivalents**

Cash and equivalents consist of cash on deposit.

**(h) 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, accounts receivable and short-term investment.

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

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**(h) Financial Instruments (Cont'd)**

**(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.

**(i) 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.

**3. SHORT-TERM INVESTMENT**

Investment held at year end are comprised of the following:

	2021	2020
	\$	\$
Guaranteed investment certificate - at cost	100,000	100,000
Accrued interest	548	1,109
	<b>100,548</b>	<b>101,109</b>

The investment consist of one guaranteed investment certificate earning interest at 0.80% to maturity in May 2022. The investment's cost plus accrued interest approximates its fair value.

**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**4. TANGIBLE CAPITAL ASSETS**

	2021		2020	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	502,000			
Building	126,571			
	<b>628,571</b>	NIL	NIL	NIL
Cost less accumulated amortization	<b>\$ 628,571</b>		\$	NIL

During the year, tangible capital assets was acquired at an aggregate cost of \$628,571 of which \$555,806 was financed by funding revenue and contribution in-kind and \$72,765 was financed by cash.

**5. 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.

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

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

	2021	2020
	\$	\$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Short-term investments	561	(101,109)
Accounts receivable	(2,590)	
HST recoverable	(6,530)	915
Prepaid expenses and deposits	(577)	61
	<b>(9,136)</b>	<b>(100,133)</b>
<b>INCREASE IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	2,109	4,879
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>(7,027)</b>	<b>(95,254)</b>



**THE PRINCE EDWARD COUNTY AFFORDABLE HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**7. 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 \$100,548 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. There have been no significant changes to this risk exposure from the prior year.

**(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 mitigates this risk 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.

**8. 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.