

SIMCOE COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

SIMCOE COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Simcoe County Housing Corporation and Members of Council of the Corporation of the County of Simcoe

Opinion

We have audited the financial statements of Simcoe County Housing Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net debt 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Public Sector Accounting Standards, 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 the 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 24, 2024

SIMCOE COUNTY HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	5,877,029	4,328,438
Accounts receivable	4,384,656	3,101,318
Loans receivable (note 3)	22,120,300	15,501,661
TOTAL FINANCIAL ASSETS	32,381,985	22,931,417
LIABILITIES		
Accounts payable and accrued liabilities	15,470,622	8,403,765
Due to County (note 15)	58,693,661	39,128,136
Long term debt (note 5)	3,331,285	4,600,536
Deferred revenue (note 13)	1,379,835	290,225
Asset retirement obligation (note 6)	25,675,111	-
TOTAL LIABILITIES	104,550,514	52,422,662
NET DEBT	(72,168,529)	(29,491,245)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	217,584,118	152,454,376
Prepaid expenses	729,312	734,849
TOTAL NON-FINANCIAL ASSETS	218,313,430	153,189,225
ACCUMULATED SURPLUS (note 7)	146,144,901	123,697,980

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Rent	9,430,200	9,832,649	9,393,683
Province of Ontario	1,900,000	1,757,900	651,524
Government of Canada	2,116,718	5,874,086	2,313,820
Contribution from County reserve & reserve funds	7,597,882	7,820,007	6,923,874
Contribution from the County of Simcoe	6,805,201	7,530,853	7,147,743
Contribution from the City of Barrie	11,984,305	11,151,000	8,348,084
Contribution from the City of Orillia	2,475,065	2,330,605	1,724,322
Recoveries	386,903	672,128	604,513
Contribution from County development charges	-	277,043	8,607,995
Contributed tangible capital assets	-	-	2,384,141
Gain on disposal of tangible capital assets	-	3,057,788	1,084,420
Other	-	4,710,821	-
TOTAL REVENUES	42,696,274	55,014,880	49,184,119
EXPENSES			
Salaries, wages, and benefits	5,361,996	5,175,978	4,390,276
Interest on long term debt	173,029	191,946	225,375
Building operations	5,040,868	6,575,770	6,161,115
Utilities	2,699,426	2,619,631	2,500,066
Property taxes	2,553,949	2,466,198	2,426,961
Insurance	877,409	995,610	561,521
Rent supplement subsidies	1,266,966	1,255,059	1,177,825
Bad debts	170,000	331,307	183,171
Staff travel and development	127,266	179,916	136,093
Office and communications	47,342	96,755	36,824
Services	60,169	55,132	72,713
Accretion	-	1,084,447	-
Allocated administration	1,351,106	1,333,018	1,242,713
Amortization	3,000,026	3,940,154	3,118,909
Contribution to County reserve & reserve funds	1,505,646	6,267,038	3,892,733
TOTAL EXPENSES	24,235,198	32,567,959	26,126,295
ANNUAL SURPLUS	<u>18,461,076</u>	22,446,921	23,057,824
ACCUMULATED SURPLUS - beginning of year		123,697,980	100,640,156
ACCUMULATED SURPLUS - end of year		146,144,901	123,697,980

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION

STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	18,461,076	22,446,921	23,057,824
Amortization of tangible capital assets	3,000,026	3,940,154	3,118,909
Purchase of tangible capital assets	(40,849,000)	(44,635,997)	(24,970,639)
Gain on disposal of tangible capital assets	-	(3,057,788)	(1,084,420)
Proceeds on sale of tangible capital assets	-	3,214,553	1,126,608
Contributed capital assets	-	-	(2,384,141)
Change in prepaid expenses	-	5,537	(318,290)
CHANGE IN NET DEBT	(19,387,898)	(18,086,620)	(1,454,149)
NET DEBT - beginning of year	(29,491,245)	(29,491,245)	(28,037,096)
NET DEBT - end of year	(48,879,143)	(72,168,529)	(29,491,245)

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	22,446,921	23,057,824
Items not involving cash		
Amortization of tangible capital assets	3,940,154	3,118,909
Gain on disposal of tangible capital assets	(3,057,788)	(1,084,420)
Contributed capital assets	-	(2,384,141)
Accretion expense	1,084,447	-
Change in non-cash assets and liabilities		
Accounts receivable	(1,283,338)	(483,532)
Prepaid expenses	5,537	(318,290)
Accounts payable and accrued liabilities	7,066,857	6,326,378
Due to County	19,565,525	1,826,118
Deferred revenue	1,089,610	30,200
Net change in cash from operating activities	50,857,925	30,089,046
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(44,635,997)	(24,970,639)
Proceeds on disposal of tangible capital assets	3,214,553	1,126,608
Net change in cash from capital activities	(41,421,444)	(23,844,031)
INVESTING ACTIVITIES		
Loans receivable issued	(10,420,665)	(7,148,562)
Loans receivable repayments	3,802,026	3,740,258
Net change in cash from investing activities	(6,618,639)	(3,408,304)
FINANCING ACTIVITIES		
Debt principal repayments	(1,269,251)	(1,261,832)
NET CHANGE IN CASH	1,548,591	1,574,879
CASH - beginning of year	4,328,438	2,753,559
CASH - end of year	5,877,029	4,328,438

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. NATURE OF ORGANIZATION

The Corporation was incorporated on December 18, 2000 under Part III of the Ontario Business Corporations Act as a corporation to provide subsidized housing.

The Corporation is exempt from income tax under section 149(1)(d.5) of the Income Tax Act as a corporation operating exclusively for social welfare. No portion of the Corporation's income is available for the personal benefit of any tenant.

In accordance with its operating agreement with the County of Simcoe, the Corporation receives funding from the County and the Cities of Barrie and Orillia and provides subsidized housing to its tenants and their families. The Corporation is dependent on this funding for its continued operation.

The Corporation operates under the Social Housing Reform Act, 2000 and under the rules and procedures as set out by the County.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Chartered Professional Accountants Canada Handbook for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Simcoe County Housing Corporation.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	40 years
Machinery and equipment	5 - 25 years
Computers	3 - 10 years
Vehicles	5 - 20 years

Revisions to expected useful lives are made when the Corporation becomes aware of significant events or changes affecting the period of time over which the tangible capital assets can be used.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government Funding

Government funding, including contributions from the County of Simcoe, the City of Barrie, and the City of Orillia, is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Rent and recoveries and other revenue are recognized as revenue in the year the services are provided.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Corporation because they can be used to provide Corporation services in future periods. These assets do not normally provide resources to discharge the liabilities of the Corporation unless they are sold.

(e) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation's significant estimates are:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

In addition, the Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Inter-Entity Transactions

The Corporation is a Board of the County of Simcoe and is consolidated with the County's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Corporation.

(g) Deferred Revenue

Deferred revenue represents rentals, user charges, and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Corporation has been recognized based on estimated future expenses on closure of the sites.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (b).

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Due to County	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. LOANS RECEIVABLE

Loans receivable consist of major capital receivables from service partners for various major capital projects. The loans are to be repaid at 10% per year plus interest at Infrastructure Ontario's 10 year rate. The loans receivable are due from:

	2023	2022
	\$	\$
City of Barrie	18,332,304	12,864,012
City of Orillia	3,787,996	2,637,649
	22,120,300	15,501,661

The continuity of loans receivable is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	15,501,661	12,093,357
Add:		
Share of capital projects - City of Barrie	8,046,852	5,599,828
Share of capital projects - City of Orillia	1,681,824	1,156,662
Interest payments to County of Simcoe	691,989	392,072
	10,420,665	7,148,562
Less: Payments received	3,802,026	3,740,258
Balance - end of year	22,120,300	15,501,661

4. PENSION AGREEMENTS

Certain employees of the Corporation are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

The Corporation's required contributions to OMERS in 2023 were \$361,464 (2022 - \$299,239).

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. LONG TERM DEBT

- (a) The balance of long term debt reported on the Statement of Financial Position is made up of the following:

	2023	2022
	\$	\$
Canada Mortgage and Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturity dates ranging from 2024 to 2027 and interest rates ranging from 6.09% to 6.34%.	967,586	1,513,808
Ontario Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturing dates ranging from 2024 to 2027 and interest rates ranging from 6.09% to 6.34%.	111,433	175,615
Mortgages payable, repayable in blended monthly payments including principal and interest, secured by land and buildings. The mortgages have due dates ranging from 2024 to 2026 and interest rates ranging from 0.64% to 1.43%.	703,651	999,587
Mortgage payable, 4.44%, due October 2027, repayable in blended monthly payments of \$36,646 including principal and interest, secured by land and buildings.	1,548,615	1,911,526
	3,331,285	4,600,536

- (b) Interest paid during the year on long term debt amounted to \$191,946 (2022 - \$225,375).

- (c) The estimated repayments for the next four years of the long term debt reported in (a) of this note are:

	Principal	Interest	Total
	\$	\$	\$
2024	1,099,077	135,570	1,234,647
2025	989,736	87,032	1,076,768
2026	761,732	43,921	805,653
2027	480,740	14,830	495,570
	3,331,285	281,353	3,612,638

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. ASSET RETIREMENT OBLIGATION

The Corporation's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Corporation owns and operates buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Corporation recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023. Estimated costs have been discounted to the present value using a discount rate of 4.41% per annum.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Asbestos removal \$
Opening balance - January 1, 2023	-
Adjustment on adoption of the asset retirement obligation standard	24,590,664
Opening balance, as restated	24,590,664
Accretion expense	1,084,447
Closing balance	25,675,111

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus		
100 common shares issued, authorized for an unlimited number of common shares	100	100
Invested In Capital Assets		
Net book value of capital assets	217,584,118	152,454,376
Long term debt	(3,331,285)	(4,600,536)
Unfunded capital	(42,432,921)	(24,155,960)
Asset retirement obligations	(25,675,111)	-
	146,144,801	123,697,880
	146,144,901	123,697,980

Unfunded capital is expected to be funded from future contributions from County of Simcoe development charges and future debt.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. TANGIBLE CAPITAL ASSETS

The net book value of the Corporation's tangible capital assets are:

	2023	2022
	\$	\$
General		
Land	21,006,396	19,875,161
Land improvements	3,929,321	3,806,267
Buildings	121,275,091	97,210,054
Machinery & equipment	92,997	100,025
Computers	162,642	185,876
Vehicles	47,387	54,156
	146,513,834	121,231,539
Assets under construction	71,070,284	31,222,837
	217,584,118	152,454,376

For additional information, see the Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

9. INCORPORATION AND TRANSFER AGREEMENT

On December 18, 2000 the Simcoe County Housing Corporation was established under the provisions of the Ontario Business Corporations Act. Upon incorporation 100 shares were issued to the County of Simcoe for nominal consideration.

As part of its local services realignment program, transfers of social housing units owned by the Ontario Housing Corporation (OHC) were made in accordance with transfer orders prepared under authority of the Social Housing Reform Act, 2000. Under the provisions of such a transfer order, this Corporation was the recipient on January 1, 2001 of all the assets, liabilities, rights and obligations previously owned by the OHC and located in the County of Simcoe. Effective on the date of transfer, the Corporation is responsible for the management and operations of the housing projects transferred and is bound by the requirements set out in the legislation.

On January 1, 2001 the Ontario Housing Corporation transferred 1,169 units and certain head office assets to the Corporation. The properties transferred carried the following restriction:

"The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing."

In 2005 the Corporation assumed the operations of Georgian Bay Native Friendship Centre and Midland Penetanguishene Urban Native Homes Corporation.

In 2012, the Corporation assumed the operations of Matthew Co-Operative Housing Inc.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. COMPARATIVE FIGURES

Certain comparative figures for 2022 were restated, where required, to conform with the current year presentation. There was no impact on the prior year's annual surplus.

11. BUDGET FIGURES

The budget, approved by the Corporation, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Liabilities. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

12. COMMITMENTS

Simcoe County Housing Corporation has entered into commitments for construction of a residential and non-residential building in Orillia totalling \$72,565,540. The remaining commitment at December 31, 2023 is \$31,462,602.

Simcoe County Housing Corporation has entered into commitments for construction of a residential and non-residential building in Bradford totalling \$31,865,193. The remaining commitment at December 31, 2023 is \$23,760,842.

13. DEFERRED REVENUE

	2023	2022
	\$	\$
Rent	262,395	290,225
Government agencies	1,117,440	-
	1,379,835	290,225

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Corporation assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The Corporation has no significant currency, market, or other risks.

The Corporation is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation cannot repay its obligations when they become due to its creditors.

The Corporation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.

15. INTER-ENTITY TRANSACTIONS

During the year, the Corporation entered into transactions with the County of Simcoe.

As part of the budgeting process, the County approves a contribution to the Corporation which is identified on the Statement of Operations and Accumulated Surplus. Other contributions approved by the County to the Corporation as identified on the Statement of Operations and Accumulated Surplus include contributions from County reserve and reserve funds and contributions from County development charges.

Details of the inter-entity expense transactions are as follows:

	2023	2022
	\$	\$
Allocated costs:		
Administration	1,333,018	1,242,713
Unallocated costs:		
Contribution to County reserve & reserve funds	6,267,038	3,892,733
	<u>7,600,056</u>	<u>5,135,446</u>

All balances with the County of Simcoe have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

SIMCOE COUNTY HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. CHANGES IN ACCOUNTING POLICIES

The Corporation has implemented the following PSA sections which are now effective under the PSA Handbook: 1201 Financial Statement Presentation, 3450 Financial Instruments, 2601 Foreign Currency Translation and 3280 Asset Retirement Obligations.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

Section 2601 provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Corporation's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Corporation's financial statements.

Under Section 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Organization's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Corporation's financial statements but did result in additional note disclosure.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2023:

Asbestos Obligation

- An increase of \$24,590,664 to the buildings tangible capital asset account, representing the original estimate of the obligation and an asset retirement obligation in the amount of \$24,590,664, representing the obligation discounted to the present value amount using a rate of 4.41%.

SIMCOE COUNTY HOUSING CORPORATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	General						Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery & Equipment	Computers	Vehicles		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	19,875,161	6,994,483	122,734,292	140,564	291,365	67,694	31,222,837	181,326,396
Add: additions during the year	1,288,000	362,394	3,138,156	-	-	-	39,847,447	44,635,997
Less: disposals during the year	156,765	-	30,317	-	-	-	-	187,082
Asset retirement obligation	-	-	24,590,664	-	-	-	-	24,590,664
Balance, end of year	21,006,396	7,356,877	150,432,795	140,564	291,365	67,694	71,070,284	250,365,975
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	3,188,216	25,524,238	40,539	105,489	13,538	-	28,872,020
Add: additions during the year	-	239,340	3,663,783	7,028	23,234	6,769	-	3,940,154
Less: disposals during the year	-	-	30,317	-	-	-	-	30,317
Balance, end of year	-	3,427,556	29,157,704	47,567	128,723	20,307	-	32,781,857
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	21,006,396	3,929,321	121,275,091	92,997	162,642	47,387	71,070,284	217,584,118