

Haldimand-Norfolk Housing Corporation
Financial Statements
December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Haldimand-Norfolk Housing Corporation:

Opinion

We have audited the accompanying financial statements of Haldimand-Norfolk Housing Corporation (the Corporation) which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022 and its results of operations and its cash flows for the year then ended in accordance with the financial provisions of the agreement between the Corporation and the Consolidated Municipal Service Manager (CMSM).

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to comply with the financial reporting provisions of the agreement. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Directors of the Corporation and CMSM and should not be used by parties other than the Directors of the Corporation or CMSM.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial provisions of the agreement, 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 relating 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.

April 19, 2023

Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

Haldimand-Norfolk Housing Corporation
Statement of Financial Position
As at December 31, 2022

	Operating Fund \$	Capital Asset Fund \$	Capital Reserve Fund \$	Haldimand County Portfolio Reserve Fund \$	Insurance Claim Reserve Fund \$	Total 2022 \$	Total 2021 \$
Current assets							
Cash	138,023	-	-	-	-	138,023	184,019
Investments (Note 4)	795,265	-	-	1,693,529	-	2,488,794	743,707
Accounts receivable (Note 5)	13,961	-	-	137,249	-	151,210	42,972
HST receivable	40,093	-	-	-	-	40,093	39,771
Current portion of employee advances (Note 7)	10,007	-	-	-	-	10,007	10,007
Prepaid expenses	158,009	-	-	-	-	158,009	115,892
Due from (to) own funds (Note 6)	(112,445)	35,775	146,806	(80,136)	10,000	-	-
	1,042,913	35,775	146,806	1,750,642	10,000	2,986,136	1,136,368
Employee advances (Note 7)	30,020	-	-	-	-	30,020	40,027
Property and equipment (Note 8)	-	14,484,243	-	-	-	14,484,243	14,950,243
	1,072,933	14,520,018	146,806	1,750,642	10,000	17,500,399	16,126,638
Current liabilities							
Accounts payable	335,345	-	-	-	-	335,345	317,279
Government remittances payable	39,743	-	-	-	-	39,743	32,035
Capital committed liabilities (Note 9)	-	-	48,500	-	-	48,500	-
Deferred revenue (Note 10)	15,111	-	112,000	30,717	-	157,828	116,499
	390,199	-	160,500	30,717	-	581,416	465,813
Share capital (Note 12)	100	-	-	-	-	100	100
Fund balances							
Unrestricted	682,634	35,775	(13,694)	1,719,925	10,000	2,434,640	710,482
Externally restricted (Note 13)	-	14,484,243	-	-	-	14,484,243	14,950,243
	682,634	14,520,018	(13,694)	1,719,925	10,000	16,918,883	15,660,725
	1,072,933	14,520,018	146,806	1,750,642	10,000	17,500,399	16,126,638

Approved by the Board of Directors:




The accompanying notes are an integral part of these financial statements

Haldimand-Norfolk Housing Corporation
Statement of Changes in Fund Balances
Year ended December 31, 2022

	Operating Fund \$	Capital Asset Fund \$	Capital Reserve Fund \$	Haldimand County Portfolio Reserve Fund \$	Insurance Claim Reserve Fund \$	Deferred Staff Entitlement Reserve Fund \$	Total 2022 \$	Total 2021 \$
Fund balance - beginning of the year	675,039	14,986,018	(13,694)	-	10,000	3,362	15,660,725	15,627,653
Excess of revenue over expenditures for the year	4,233	1,213,219	-	40,706	-	-	1,258,158	33,072
Interfund transfers (Note 6)	3,362	(1,679,219)	-	1,679,219	-	(3,362)	-	-
FUND BALANCE - END OF THE YEAR	<u>682,634</u>	<u>14,520,018</u>	<u>(13,694)</u>	<u>1,719,925</u>	<u>10,000</u>	<u>-</u>	<u>16,918,883</u>	<u>15,660,725</u>

The accompanying notes are an integral part of these financial statements

Haldimand-Norfolk Housing Corporation
Statement of Operations
Year ended December 31, 2022

	Operating Fund \$	Capital Asset Fund \$	Capital Reserve Fund \$	Haldimand County Portfolio Reserve Fund \$	Insurance Claim Reserve Fund \$	Total 2022 \$	Total 2021 \$
REVENUE							
Rent	1,736,068	-	-	-	-	1,736,068	1,717,250
Government subsidy	1,114,000	-	625,000	-	-	1,739,000	1,714,948
Municipal funding - COCHI	16,211	-	34,288	19,283	-	69,782	-
Municipal funding - OPHI	68,552	-	-	-	-	68,552	2,604
Municipal funding - Pandemic & Community	81,669	-	-	-	-	81,669	173,533
Other income (Note 14)	193,503	1,213,219	-	174,089	-	1,580,811	213,846
	3,210,003	1,213,219	659,288	193,372	-	5,275,882	3,824,181
Expenditures							
Capital costs							
Salaries, wages, and benefits	1,105,977	-	-	-	-	1,105,977	1,085,767
Administrative expenses	170,867	-	-	-	-	170,867	147,407
Supplies and equipment	34,326	-	-	-	-	34,326	52,573
Amortization	-	-	-	-	-	-	1,167
	1,311,170	-	-	-	-	1,311,170	1,286,914
Total capital costs	1,311,170	-	-	-	-	1,311,170	1,286,914
Capital costs	-	-	659,288	-	-	659,288	663,572
Materials and services							
Life safety systems	44,105	-	-	-	-	44,105	51,021
Roofing	5,367	-	-	-	-	5,367	9,814
Building repairs	252,153	-	-	-	-	252,153	367,067
Telephone communications	21,996	-	-	-	-	21,996	21,503
Elevators operating	8,216	-	-	-	-	8,216	16,834
Electrical repairs	27,911	-	-	-	-	27,911	32,192
Appliance repairs	2,692	-	-	-	-	2,692	3,016
Grounds maintenance	160,603	-	-	-	-	160,603	161,527
Heating and ventilation repairs	52,626	-	-	-	-	52,626	55,553
Plumbing repairs and maintenance	69,648	-	-	-	-	69,648	57,386
Painting operating	26,249	-	-	-	-	26,249	43,042
OPHI expenses	68,552	-	-	-	-	68,552	-
COCHI expenses	16,211	-	-	-	-	16,211	-
Sundry materials and services	21,437	-	-	-	-	21,437	19,898
	777,766	-	-	-	-	777,766	838,853
Total materials and services	777,766	-	-	-	-	777,766	838,853
Utilities	521,245	-	-	-	-	521,245	464,493
Municipal taxes and other costs	595,589	-	-	152,666	-	748,255	537,277
	3,205,770	-	659,288	152,666	-	4,017,724	3,791,109
Total expenditures	4,233	1,213,219	-	40,706	-	1,258,158	33,072
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR							

The accompanying notes are an integral part of these financial statements

Haldimand-Norfolk Housing Corporation
Statement of Cash Flow
Year ended December 31, 2022

	2022 \$	2021 \$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	1,258,158	33,072
Items not requiring an outlay of cash:		
Decrease (increase) in market value of investments	22,326	(24,164)
Gain on disposal of assets	(1,213,219)	-
Amortization	-	1,167
	<u>67,265</u>	<u>10,075</u>
Changes in non-cash working capital components:		
Increase in accounts receivable and HST receivable	(108,560)	(4,260)
Increase in prepaid expenses	(42,117)	(20,178)
Decrease in due from CMSM	-	35,116
Increase (decrease) in accounts payable	25,774	(1,727)
Increase in capital committed liabilities	48,500	-
Increase (decrease) in deferred revenue	41,329	(9,699)
	<u>(35,074)</u>	<u>(748)</u>
CASH FLOW FROM OPERATING ACTIVITIES	<u>32,191</u>	<u>9,327</u>
CASH PROVIDED BY (USED IN) FINANCING AND INVESTING ACTIVITIES		
Sale (purchase) of investments	(1,767,413)	73,812
Proceeds from disposal of assets	1,679,219	-
Repayment of employee advances (OMERS)	10,007	10,844
CASH FLOW FROM (USED BY) FINANCING AND INVESTING ACTIVITIES	<u>(78,187)</u>	<u>84,656</u>
NET INCREASE (DECREASE) IN CASH	(45,996)	93,983
Cash - beginning of the year	<u>184,019</u>	<u>90,036</u>
CASH - END OF THE YEAR	<u><u>138,023</u></u>	<u><u>184,019</u></u>

The accompanying notes are an integral part of these financial statements

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Haldimand-Norfolk Housing Corporation commenced operations on January 1, 2001 with the purpose of providing affordable housing to those in need. The Haldimand-Norfolk Housing Corporation incorporated on December 14, 2000 under the Corporations Act for the Province of Ontario as a corporation with share capital and is registered as a not-for-profit organization for the purposes of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the agreement with the Consolidated Municipal Service Manager (CMSM). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because:

- (i) Amortization is not provided on building, furniture, and equipment pursuant to the Transfer Order described under Note 3;
- (ii) Any prior year subsidy adjustments made by the CMSM to prior years' financial statements are recorded as an adjustment to opening fund balances, of the appropriate fund, in the year the adjustment is made;
- (iii) Any capital costs approved before the year-end that have not been received, completed, or started until the subsequent year, are recognized as capital committed liabilities in the Capital Reserve Fund;
- (iv) Any debt associated with the properties transferred to the Corporation from the Province of Ontario are not recorded on the Statement of Financial Position of the Corporation. For properties debentured by the Province of Ontario, neither the notional grant revenue or mortgage cost expenditure is recognized in the Corporation's Statement of Operations. For properties mortgaged with lending institutions, the Province of Ontario cash flows to the Corporation the annual principal and interest requirements. The Corporation records both the grant revenue and mortgage cost expenditure on the Statement of Operations. The Corporation is contingently liable for the total amount of this debt as disclosed in Note 9;
- (v) The allocation of the technical service costs are treated as expense of the Capital Reserve Fund and not as an interfund transfer from the Operating Fund to the Capital Reserve Fund;
- (vi) The payments for any retirement gratuities are recorded as an expense in the year such payments are made to the respective employee. No provision for any post-retirement benefits is recorded in these financial statements.

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

2 SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions, which are recorded at the carrying or exchange amount depending on the circumstances. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets recorded at amortized cost are cash, guaranteed investment certificates, accounts receivable, due from (to) own funds, and due from CMSM.

Financial assets recorded at fair value include mutual fund investments.

Financial liabilities recorded at amortized cost include accounts payable.

(c) Fund accounting

The Operating Fund reports the assets, liabilities, revenues, and expenditures related to operating and administrative activities of the Corporation. This fund reports unrestricted operational resources.

The Capital Asset Fund records assets, liabilities, revenues, and expenditures related to the Corporation's property and equipment. This fund reports any unrestricted transfers of leasehold improvements and equipment purchases made throughout the year and the fund reports the externally restricted transfer of land, buildings, furniture, and fixtures received from the government.

The Capital Reserve Fund records the restricted government subsidy and allowable expenditures considered to be regular on-going capital in nature.

The Haldimand County Portfolio Reserve Fund records the assets, liabilities, revenues and expenditures with respect to the future development of the Haldimand County housing portfolio with respect to the Master Regeneration Plan.

The Deferred Staff Entitlement Reserve Fund records the assets, liabilities, revenues, and expenditures with respect to future staff retirement obligations.

The Insurance Claim Reserve Fund records amounts provided for the deductible portion of possible future insurance claims.

(d) Leasehold improvements and computer equipment

Leasehold improvements and computer equipment are recognized at cost and amortized on a straight-line basis as follows:

Leasehold improvements	5 years
Computer equipment	3 or 5 years

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) Revenue recognition

The Corporation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations, if any, are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable.

Rental income is recognized as revenue of the Operating Fund the first day of every month for any unit with a tenant. Rent adjustments are recognized in the period they are processed.

Government subsidies and all other incomes are recognized as revenue of the Operating Fund, Haldimand County Portfolio Reserve Fund and Capital Reserve Fund when the amount is receivable. The operating subsidy is recognized based on the approved fiscal allocation by the CMSM.

(f) Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Key components of the financial statements requiring management to make estimates include and allowance for doubtful debts, the useful lives of property and equipment, fair value of investments, accrued expenses, and deferred revenue.

3. INCORPORATION AND COMMENCEMENT OF OPERATIONS

Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Haldimand-Norfolk Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares to The Corporation of Norfolk County (Norfolk County). On July 12, 2001, Norfolk County transferred 40 of its 100 shares to The Corporation of Haldimand County (Haldimand County).

Pursuant to a Transfer Order made under the Social Housing Reform Act, all assets, liabilities, rights, and obligations with respect to the local housing authority were transferred from the Ontario Housing Corporation to the Haldimand-Norfolk Housing Corporation, effective January 1, 2001, which was equal to their estimated fair market value at the transfer date. No amortization is to be provided on these transferred assets. Operating subsidies will be disbursed by Norfolk County, as service manager, and will continue to be subject to annual reconciliation and reporting requirements.

Furniture and fixtures transferred under the Social Housing Act were recorded at their fair market value at the transfer date. The transferred amounts have been recorded as contributed surplus.

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

4. INVESTMENTS

Investments consist of the following:

	2022	2021
	\$	\$
<u>Operating Fund</u>		
Mutual fund investments	119,977	142,304
Guaranteed investment certificates	675,000	500,000
Premium investment account	288	101,403
	<u>795,265</u>	<u>743,707</u>
<u>Haldimand County Portfolio Reserve Fund</u>		
Guaranteed investment certificates	1,693,529	-
	<u>1,693,529</u>	<u>-</u>
TOTAL	<u>2,488,794</u>	<u>743,707</u>

5. DUE FROM RELATED PARTY

Accounts receivable in the Haldimand County Portfolio Reserve Fund includes \$124,009 receivable from Haldimand County for the recovery of unbudgeted funds to prepare surplus properties for sale specific to the Dunnville Affordable Housing Project. Haldimand County owns 49% of the common shares of the Haldimand-Norfolk Housing Corporation. This transaction was recorded at the carrying amount.

6. DUE FROM (TO) OWN FUNDS

The Operating Fund owes the Capital Asset Fund, Capital Reserve Fund, Haldimand County Portfolio Reserve Fund and the Insurance Claim Reserve Fund a net balance of \$112,445. The loans are interest-free with no set repayment terms. The net balance is comprised of the following:

The Operating Fund has used the net operating assets transferred from the Province of Ontario to the Capital Asset Fund and owes the Capital Asset Fund \$35,775.

The Operating Fund retains any funding received for the Capital Reserve Fund in its bank account and pays for all of the capital costs on behalf of the Capital Reserve Fund. The Operating Fund owes the Capital Reserve Fund \$146,806.

The Operating Fund retains any funding received for the Haldimand County Portfolio Reserve Fund in its bank account and pays for all of the associated costs of the Haldimand County Portfolio Reserve Fund. The Haldimand County Portfolio Reserve Fund owes the Operating Fund \$80,136.

The Operating Fund retains any funding received for the Insurance Claim Reserve Fund in its bank account and pays for all of the associated costs of the Insurance Claim Reserve Fund. The Operating Fund owes the Insurance Claim Reserve Fund \$10,000.

During the year, the Capital Asset Fund transferred the final proceeds from the sale of units in Haldimand County \$1,679,219 to the Haldimand County Portfolio Reserve Fund per approved board resolution.

During the year, the Deferred Staff Entitlement Reserve Fund for future estimated retirement payments owing to staff upon retirement was reduced by \$3,362. This has been reflected as an interfund transfer back to the Operating Fund in order to reduce this fund balance to NIL.

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

7. EMPLOYEE ADVANCES (OMERS)

The balance of employee advances is a direct result of OMERS contribution costs related to the social housing business transfer that occurred in 2001. The advances bear interest at the quarterly prescribed interest rate of the Canada Revenue Agency, and all interest revenue is received by the Corporation no later than 30 days after year-end. The loans will be repaid over a maximum 10-year period after the affected employees retire from the Corporation. The loans are unsecured; but they represent the affected employees estimated retirement benefit that would be due from the Corporation.

During the year, \$10,007 was written-off upon retirement of employee and changes to employment agreement.

8. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2022 Total \$	2021 Total \$
Land and building	14,181,400	-	14,181,400	14,647,400
Furniture and fixtures	302,843	-	302,843	302,843
Leasehold improvements	90,957	90,957	-	-
Computer equipment	122,284	122,284	-	-
	<u>14,697,484</u>	<u>213,241</u>	<u>14,484,243</u>	<u>14,950,243</u>

9. CAPITAL COMMITTED LIABILITIES

In accordance to the Corporation's accounting policy, the Corporation committed to \$48,500 of capital project costs before the year-end that were recognized as expenditures in the current year. These capital project costs were completed subsequent to the year-end.

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

10. DEFERRED REVENUE

Deferred revenue consists of funding to be recognized as revenue in the year in which related expenses are incurred.

	Opening \$	Contributions \$	Recognized \$	Closing \$
<u>Operating Fund</u>				
Community support	3,130	-	3,130	-
Pandemic funding	78,539	-	78,539	-
OPHI Supports	29,545	-	21,860	7,685
COCHI	-	18,352	16,211	2,141
Regeneration Study	5,285	-	-	5,285
	<u>116,499</u>	<u>18,352</u>	<u>119,740</u>	<u>15,111</u>
<u>Capital Reserve Fund</u>				
OPHI - windows	-	100,000	-	100,000
COCHI	-	46,288	34,288	12,000
	<u>-</u>	<u>146,288</u>	<u>34,288</u>	<u>112,000</u>
<u>Haldimand County Portfolio</u>				
<u>Reserve Fund</u>				
COCHI - Dunnville Development	-	50,000	19,283	30,717
	<u>116,499</u>	<u>214,640</u>	<u>173,311</u>	<u>157,828</u>

11. CONTINGENT LIABILITIES

There are \$110,474 in outstanding debentures placed on specific properties managed by the Haldimand-Norfolk Housing Corporation. Although the debentures are secured against the assets, the Corporation is not responsible for payment. The Ministry directly pays these balances. Neither the debt, repayments, nor the notional grant revenue has been included in these financial statements.

12. SHARE CAPITAL

	2022 \$	2021 \$
Authorized		
Unlimited common shares		
Issued		
100 common shares	<u>100</u>	<u>100</u>

13. EXTERNALLY RESTRICTED FUND BALANCE

The amount of \$14,484,243 represents the assets transferred to the Haldimand-Norfolk Housing Corporation to be held as externally restricted resources for capital purpose pursuant to the transfer agreement.

Haldimand-Norfolk Housing Corporation
Notes to the Financial Statements
Year ended December 31, 2022

14. OTHER INCOME

Other income in the Operating Fund represents interest income, property management fees and recoveries.

Other income in the Capital Asset Fund represents the gain on sale of assets sold during the year.

Other income in the Haldimand County Portfolio Reserve Fund represents interest income, funding from the CMHC and recoveries from Haldimand County.

15. CAPITAL MANAGEMENT

The Haldimand-Norfolk Housing Corporation considers its capital to be the balance maintained in its unrestricted fund balances. The primary objective of the Corporation is to manage its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives.

16. COMMITMENTS

The Corporation has also entered into various property management contracts for services such as elevator maintenance, building janitorial services, landscaping, snow clearing, and building preventative maintenance. The Corporation commits to pay fees of \$214,780 for these contracts which end on various dates in 2023. This amount includes HST.

17. FINANCIAL RISKS

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2022:

(a) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its investment in mutual funds.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other risks arising from these financial instruments.

18. SUBSEQUENT EVENTS

On February 28, 2023, the Haldimand Norfolk Housing Corporation received payment of \$389,487 for the sale of 118 Elizabeth Crescent. On March 1, 2023, the Haldimand Norfolk Housing Corporation received payment of \$397,905 for the sale of 122 Elizabeth Crescent. These properties were disposed of as part of the approved Master Regeneration Plan.

An agreement has been signed between Del-Gold Villa and the Haldimand-Norfolk Housing Corporation to amalgamate the operations of Del-Gold Villa into the Haldimand-Norfolk Housing Corporation. Once amalgamated, the commitments of the Company as detailed in Note 9, will be amalgamated in the financial statements of the amalgamated Company. Management anticipates that this approval will be received before the end of the year 2023.