

Financial Statements of

**THE BLUE MOUNTAINS ATTAINABLE
HOUSING CORPORATION**

Year ended December 31, 2020

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Blue Mountains Attainable Housing Corporation

Financial Statements

Year ended December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Blue Mountains Attainable Housing Corporation ("the Corporation") are the responsibility of the Corporation's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Board of Directors meet with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, the independent external auditor appointed by the Corporation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Members of The Blue Mountains Attainable Housing Corporation

We have audited the financial statements of The Blue Mountains Attainable Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets (debt) 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

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Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May XX, 2021

Blue Mountains Attainable Housing Corporation

Statement of Financial Position

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 138,350	\$ 207,861
HST receivable	4,137	-
Loans receivable (Note 2)	33,000	58,750
Interest receivable	-	517
	175,487	267,128
Liabilities		
Accounts payable and accrued liabilities	53,443	38,336
Due to The Town of The Blue Mountains (Note 3)	44,500	58,750
Deferred revenue (Note 4)	32,505	-
Operating loan (Note 3)	100,590	-
Deferred capital contributions (Note 5)	111,557	-
	342,595	97,086
Net financial assets (debt)	(167,108)	170,042
Non-financial assets		
Tangible capital assets (Note 1(d))	186,178	-
Prepaid expense	2,400	-
	188,578	-
Accumulated Surplus	\$ 21,470	\$ 170,042

Approved on behalf of the Board:

Director

Director

Blue Mountains Attainable Housing Corporation

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020	Actual 2020	Actual 2019
Revenues:			
Grants (Note 3)	\$ 20,000	\$ 40,000	\$ -
Investment and Interest Income	2,078	1,516	5,152
	22,078	41,516	5,152
Expenses:			
Human Resources and Office	162,590	135,221	390
Marketing	25,455	19,835	-
Interest and service charges	300	997	-
Professional fees	59,100	29,035	79,217
Grants	5,000	5,000	5,000
	252,445	190,088	84,607
Annual deficit	(230,367)	(148,572)	(79,455)
Accumulated surplus, beginning of the year	170,042	170,042	249,497
Accumulated surplus, end of the year	\$ (60,325)	\$ 21,470	\$ 170,042

Blue Mountains Attainable Housing Corporation

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020	Actual 2020	Actual 2019
Annual deficit	\$ (230,367)	\$ (148,572)	\$ (79,455)
Purchase of tangible capital assets	(191,496)	(186,178)	-
Change in prepaid expenses	-	(2,400)	-
Change in net financial assets (debt)	(421,863)	(337,150)	(79,455)
Net financial assets (debt), beginning of year	170,042	170,042	249,497
Net financial assets (debt), end of year	\$ (251,821)	\$ (167,108)	\$ 170,042

Blue Mountains Attainable Housing Corporation

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	Actual 2020	Actual 2019
Increase (decrease) in cash and cash equivalents		
Operating Activities		
Annual deficit	\$ (148,572)	\$ (79,455)
Decrease/(increase) in interest receivable	517	(410)
Increase in HST receivable	(4,137)	-
Increase in deferred revenue	32,505	-
Increase in prepaid expenses	(2,400)	-
Increase in accounts payable	15,107	36,836
	(106,980)	(43,029)
Investing Activities		
Collection (issuance) of loans receivable	25,750	(33,000)
Purchase of tangible capital assets	(186,178)	-
	(160,428)	(33,000)
Financing Activities		
Proceeds from deferred capital contributions	111,557	-
Proceeds from promissory note payable	100,000	-
Increase in interest payable	590	-
Increase/(decrease) in due to The Town of The Blue Mountains	(14,250)	33,000
	197,897	33,000
Net decrease in cash and cash equivalents	(69,511)	(43,029)
Cash and cash equivalents, beginning of year	207,861	250,890
Cash and cash equivalents, end of year	\$ 138,350	\$ 207,861

Blue Mountains Attainable Housing Corporation

Notes to the Financial Statements

Year ended December 31, 2020

1. Significant accounting policies:

The Blue Mountains Attainable Housing Corporation (the "Corporation") is a not-for-profit corporation wholly owned by the Corporation of The Town of The Blue Mountains ("The Town") in September 2013. The objects for which the corporation is incorporated are "To augment the supply of healthy, affordable and sustainable ownership housing units in The Town of The Blue Mountains which are affordable to a larger portion of the population.

(a) Basis of accounting:

The financial statements of the Corporation are the representations of management. They have been prepared in accordance with the Canadian Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as tangible capital assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(c) Revenue recognition:

Revenues are recognized as follows:

- a. Municipal transfers are recognized in the year the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Municipal grants are recognized when approved to the extent that the related expenses have been incurred and collection can be reasonably assured
- b. Externally restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis that the related capital assets are amortized.

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes the purchase price and other acquisition costs such as installation costs, legal fees, survey costs, freight charges, transportation insurance costs and duties. The cost incurred to enhance the service potential of an item of property and equipment (betterment) is also included in the cost of an asset. Tangible capital assets are not amortized until available for productive use. As of December 31, 2020 all tangible capital assets are building construction in process and as a result are not amortized.

2. Loans receivable

Amounts have been loaned, on an interest free basis, to successful applicants for the purposes of assistance in acquiring real estate. Amounts are receivable at the earlier of either the applicant's disposition of real estate or twenty years from the date the loan was issued.

Balance remaining by issuance year	2020	2019
2017 Issuance	\$ -	\$ 11,500
2018 Issuance	-	14,250
2019 Issuance	33,000	33,000
	\$ 33,000	\$58,750

3. Related party transactions

The Corporation was established as a not-for-profit corporation wholly owned by the Town. The Town is considered to be a related party.

During the year, the Corporation in its normal course of operations, had the following transactions with the Town:

	2020	2019
Grants From Town	\$ 40,000	\$ -

During the year the Corporation received an operating loan from the Town. As of year end the balance of the operating loan is \$100,000 plus accrued interest payable of \$590. The loan bears interest at 2.99% and is due on May 30, 2022.

As at December 31, 2020, an amount of \$44,500 is payable to The Town (2019 – \$58,750). The amount is due on demand and bears no interest.

4. Deferred revenue

Deferred revenue includes the amount of restricted contributions received but not spent as of year end. As of the December 31, 2020 grants received from the Green Municipal Fund through the Federation of Canadian Municipalities in the amount of \$32,505 were unspent.

5. Deferred capital contributions

Deferred capital contributions include the amount of restricted contributions with which tangible capital assets were purchased by year end. The changes for the year in deferred capital contributions are as follows:

	2020	2019
Balance, beginning of year	\$ -	\$ -
Additions to deferred capital contributions	111,557	-
Revenue recognized in the year	-	-
Balance, end of year	\$ 111,557	\$ -

6. Segment disclosure

Since the Corporation's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

7. Budget amounts

The operating budget approved by the Board of Directors for 2020 is reflected on the statement of operations. Certain budget amounts have been reclassified to conform with PSAB reporting standards.

8. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing, could mean that the Corporation's revenues and collections are reduced. Management is actively monitoring the situation and operations, however, the full effect of the possible impacts described above cannot be quantified at this time.