



# STAFF REPORT

## Board Meeting

**MEETING DATE:** May 5, 2022  
**REPORT:** B.3.2 Financial Report  
**AUTHOR:** Jennifer Bisley, Executive Director

### A. Recommendation

THAT The Blue Mountains Attainable Housing Corporation receive Item B.3.2 Financial Report for information

AND THAT The Blue Mountains Attainable Housing Corporation approve the audited draft financial statements for the year ended December 31, 2021.

### B. Background

The Treasurer and Executive Director are responsible for providing regular financial reports to the Board and for coordinating the annual audit.

Recent reports to the Board: [February 10, 2022](#), [March 3, 2022](#), and [April 7, 2022](#)

### C. Analysis

Q1 – 2022 Financial Report: Operating revenues, expenses, and capital expenditures from January 1 to March 31, 2022.

<b>INCOME</b>	
Rental Revenue	\$ -
Operating Grants	\$ -
Interest Revenue	\$ 88.68
<b>GROSS PROFIT</b>	\$ 88.68
<b>EXPENSES</b>	
Human Resources and Office	\$ 35,519.76
Marketing	\$ 835.00
Interest and Service Charges	\$ 75.00
Professional fees	\$ 850.00
Rental Expenses (Napier)	\$ 1,730.00
<b>Total Expenses</b>	\$ 39,009.76
<b>Operating Deficit</b>	-\$ 38,921.08
<b>Purchase of Tangible Capital Assets</b>	
Work in Progress: Gateway	-\$ 3,884.24
<b>Change in net financial assets</b>	-\$ 42,805.32

### 2021 Audited Financial Statements

Attached are the audited draft financial statements for The Blue Mountains Attainable Housing Corporation for the year ended December 31, 2021.

The statements are based on the 2021 Balance Sheet and Income Statement reports approved by the Board on [March 3, 2022](#), adjusted to include invoices for 2021 activities received after preparation of the reports resulting in an increase of \$4,183 to Tangible Capital Assets and \$8,140 for Professional Fees, and to reallocate an outstanding deposit of \$7,020 from cash to a receivable.

### 2022 – 2024 Budget

The Executive Director will be seeking direction from the Board in closed session on budget priorities and strategies in preparation for the deputation to Town Council on May 24<sup>th</sup>, 2022 to provide an operating and fiscal update.

### **D. Financial Impact**

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None

**Attachments:** Audited Draft Financial Statements, Year ended December 31, 2021

**DRAFT** Financial Statements of

**THE BLUE MOUNTAINS  
ATTAINABLE HOUSING  
CORPORATION**

Year ended December 31, 2021

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

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***DRAFT***

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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.

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Executive Director

# INDEPENDENT AUDITORS' REPORT

To the Members of The Blue Mountains Attainable Housing Corporation

## **Opinion**

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, 2021
- 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, 2021 and its results of operations, 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.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Statement of Financial Position

**DRAFT**

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 64,818	\$ 138,350
HST receivable	18,781	4,137
Loans receivable (note 2)	33,000	33,000
	116,599	175,487
Liabilities:		
Accounts payable and accrued liabilities	61,589	53,443
Due to The Town of The Blue Mountains (note 3)	33,000	44,500
Deferred revenue (note 4)	44,932	32,505
Operating loan (note 6)	276,713	100,590
Deferred capital contributions (note 5)	143,878	111,557
	560,112	342,595
Net financial debt	(443,513)	(167,108)
Non-financial assets:		
Tangible capital assets	262,732	186,178
Prepaid expenses	1,923	2,400
	264,655	188,578
Accumulated surplus (deficit)	\$ (178,858)	\$ 21,470

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Statement of Operations and Accumulated Surplus

**DRAFT**

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
<b>Revenue:</b>			
Grants (note 6)	\$ 20,000	\$ 20,000	\$ 40,000
Investment and interest income	-	629	1,516
	20,000	20,629	41,516
<b>Expenses:</b>			
Human resources and office	274,183	166,315	135,221
Marketing	6,980	3,032	19,835
Interest and service charges	3,600	6,470	997
Professional fees	19,140	45,140	29,035
Grant	10,000	-	5,000
	313,903	220,957	190,088
Annual deficit	(293,903)	(200,328)	(148,572)
Accumulated surplus, beginning of year	21,470	21,470	170,040
Accumulated surplus (deficit), end of year	\$ (272,433)	\$ (178,858)	\$ 21,470

See accompanying notes to financial statements.

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Statement of Changes in Net Financial Assets (Debt)

## **DRAFT**

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
Annual deficit	\$ (293,903)	\$ (200,328)	\$ (148,572)
Purchase of tangible capital assets	(503,073)	(76,554)	(186,178)
Change in prepaid expenses	-	477	(2,400)
Change in net financial assets (debt)	(796,976)	(276,405)	(337,150)
Net financial assets (debt), beginning of year	(167,108)	(167,108)	170,042
Net financial assets (debt), end of year	\$ (964,084)	\$ (443,513)	\$ (167,108)

See accompanying notes to financial statements.

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Statement of Cash Flows

**DRAFT**

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual deficit	\$ (200,328)	\$ (148,572)
Increase in HST receivable	(14,644)	(4,137)
Increase in accounts payable	8,146	15,107
Increase in deferred revenue	12,427	32,505
Decrease/(increase) in interest receivable	-	517
Prepaid expenses	477	(2,400)
	<u>(193,922)</u>	<u>(106,980)</u>
Financing:		
Proceeds from deferred capital contributions	32,321	111,557
Increase/(decrease) in due to The Town of The Blue Mountains	(11,500)	(14,250)
Proceeds from advance of operating loan	170,000	100,000
Increase in interest payable	6,123	590
	<u>196,944</u>	<u>197,897</u>
Investing:		
Purchase of tangible capital assets	(76,554)	(186,178)
Issuance of loans receivable	-	25,750
	<u>(76,554)</u>	<u>(160,428)</u>
Decrease in cash and cash equivalents	(73,532)	(69,511)
Cash and cash equivalents, beginning of year	138,350	207,861
Cash and cash equivalents, end of year	<u>\$ 64,818</u>	<u>\$ 138,350</u>

See accompanying notes to financial statements.

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Notes to Financial Statements

**DRAFT**

Year ended December 31, 2021

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## 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 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.

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 1. Significant accounting policies (continued):

### (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, 2021 all tangible capital assets are building construction and renovations 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.

	2021	2020
2019 Issuance	\$ 33,000	\$ 33,000

## 3. Due to The Town of The Blue Mountains:

Amounts have been loaned, on an interest free basis, to the entity from the Town in an effort of assisting citizens in acquiring real estate. Amounts are paid once the application has repaid the entity.

	2021	2020
Opening balance	\$ 44,500	\$ 58,750
Repayment in 2020	-	(14,250)
Repayment in 2021	(11,500)	-
	\$ 33,000	\$ 44,500

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

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#### 4. Deferred revenue:

Deferred revenue includes the amount of restricted contributions received but not spent as of year end. As of December 31, 2021 grants received from Green Municipal Fund through the Federation of Canadian Municipalities in the amount of \$44,932 (2020 - \$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 charges for the year in deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 111,557	\$ -
Additions to deferred capital contributions	32,321	111,557
	\$ 143,878	\$ 111,557

#### 6. 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:

	2021	2020
Grants From Town	\$ 20,000	\$ 40,000

# THE BLUE MOUNTAINS ATTAINABLE HOUSING CORPORATION

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 6. Related party transactions (continued):

During 2020, 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 \$3,580 (2020 - \$590). The loan bears interest at 2.99% and principal and accrued interest is due on May 30, 2022.

During the year the Corporation received an additional operating loan from the Town. As of year end this operating loan has a balance of \$170,000 plus accrued interest of \$3,133. The loan bears interest at 2.99% and is due on November 30, 2023. The Corporation has a total of \$270,000 (2020 - \$100,000) outstanding with the Town at year end with accrued interest of \$6,713 (2020 - \$590).

	2021	2020
Note receivable from Town of Blue Mountain bearing interest at 2.99%, interest payable at the end of the loan, with principal due May 30, 2022	\$ 103,580	\$ 100,590
Note receivable from Town of Blue Mountain bearing interest at 2.99%, interest payable at the end of the loan, with principal due November 30, 2023	173,133	-
	<b>\$ 276,713</b>	<b>\$ 100,590</b>

## 7. Segment disclosure:

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

## 8. Budget amounts:

The operating budget approved by the Board of Directors for 2021 is reflected on the statement of operations. Certain budget amounts have been reclassified to conform with PSAB reporting standards.