

**NORTHUMBERLAND SUPPORTIVE NON-PROFIT
HOUSING CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2024

Draft February 25, 2025

**NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING
CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Northumberland Supportive Non-Profit Housing Corporation

Opinion

We have audited the financial statements of Northumberland Supportive Non-Profit Housing Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2024, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with the Project Operating Agreement with the Ontario Ministry of Housing dated June 21, 1993.

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.

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 Project Operating 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 information and use of the Directors of the Corporation and the County of Northumberland and should not be used by parties other than the Directors of the Corporation and the County of Northumberland.

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 the Project Operating Agreement with the Ontario Ministry of Housing dated June 21, 1993, 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.

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

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

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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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 28, 2025

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Operating Fund 2024 \$	Reserve Fund 2024 \$	Walkway Reserve 2024 \$	Total 2024 \$	Total 2023 \$
ASSETS					
Current assets					
Cash	20,753	-	-	20,753	177,525
Accounts receivable	435	-	-	435	886
HST receivable	30,837	-	-	30,837	40,780
Prepaid expenses	10,665	-	-	10,665	10,933
Investments (note 4)	25,038	314,855	12,228	352,121	252,905
Due from (to) other fund	127,280	(143,769)	16,489	-	-
	215,008	171,086	28,717	414,811	483,029
Long term investments (note 4)	56,617	-	-	56,617	-
Tangible capital assets (note 3)	667,013	-	-	667,013	814,490
	938,638	171,086	28,717	1,138,441	1,297,519
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable	66,214	-	-	66,214	63,354
Due to Service Manager (note 8)	47,641	-	-	47,641	51,937
Current portion of mortgage payable (note 6)	150,590	-	-	150,590	151,614
Deferred revenue	4,328	-	-	4,328	1,828
	268,773	-	-	268,773	268,733
Mortgage payable (note 6)	516,423	-	-	516,423	662,876
	785,196	-	-	785,196	931,609
Fund balances					
Unrestricted	153,442	-	-	153,442	137,258
Externally restricted	-	171,086	-	171,086	200,524
Internally restricted	-	-	28,717	28,717	28,128
	153,442	171,086	28,717	353,245	365,910
	938,638	171,086	28,717	1,138,441	1,297,519

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements

Draft February 25, 2025

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024

	Operating Fund 2024 \$	Reserve Fund 2024 \$	Walkway Reserve 2024 \$	Total 2024 \$	Total 2023 \$
Revenue					
Rents (note 7)	346,357	-	-	346,357	330,714
Government subsidies (note 8)	223,034	-	-	223,034	217,580
Sundry	12,970	-	-	12,970	13,287
Investment	2,732	7,002	301	10,035	13,787
Loss on sale of investments	-	-	-	-	(18,642)
	585,093	7,002	301	592,396	556,726
Expenditure					
Administrative overhead	63,838	-	-	63,838	75,029
Amortization	147,477	-	-	147,477	148,834
Insurance	11,468	-	-	11,468	11,012
Interest on mortgage payable	24,120	-	-	24,120	16,586
Maintenance wages and benefits	23,224	-	-	23,224	23,545
Materials and services	135,937	76,418	-	212,355	424,580
Municipal taxes	60,714	-	-	60,714	63,076
Utilities	69,481	-	-	69,481	74,315
	536,259	76,418	-	612,677	836,977
Excess (deficiency) of revenue over expenditure before the undernoted	48,834	(69,416)	301	(20,281)	(280,251)
Unrealized gain (loss) on investments	-	7,328	288	7,616	20,398
Excess (deficiency) of revenue over expenditure for the year	48,834	(62,088)	589	(12,665)	(259,853)
Fund balances - beginning of year	137,258	200,524	28,128	365,910	625,763
Interfund transfers	(32,650)	32,650	-	-	-
Fund balances - end of year	153,442	171,086	28,717	353,245	365,910

The accompanying notes are an integral part of these financial statements

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NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024 \$	2023 \$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenditure for the year	(12,665)	(259,853)
Non-cash charges to operations		
Amortization	147,477	148,834
Unrealized gain on investments	(7,617)	(20,398)
Loss on sale of investments	-	18,642
	127,195	(112,775)
Changes in non-cash working capital items		
HST receivable	9,943	(456)
Prepaid expenses	268	129,608
Accounts receivable	451	(886)
Accounts payable	2,860	22,208
Due to Service Manager	(4,296)	26,491
Deferred revenue	2,500	1,235
	11,726	178,200
Net increase in cash from operating activities	138,921	65,425
Investing activities		
Purchase of investments	(223,791)	(80,149)
Redemption of investments	75,575	250,199
Net increase/(decrease) in cash from investing activities	(148,216)	170,050
Financing activities		
Decrease in mortgage payable	(147,477)	(148,834)
Increase/(decrease) in cash	(156,772)	86,641
Cash - beginning of year	177,525	90,884
Cash - end of year	20,753	177,525

The accompanying notes are an integral part of these financial statements

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NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

1. NATURE OF OPERATIONS

Northumberland Supportive Non-Profit Housing Corporation was incorporated under the Ontario Business Corporations Act without share capital. The Corporation operates a non-profit housing complex in Cobourg under the name of Halcyon Place.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northumberland Supportive Non-Profit Housing Corporation are the representation of management prepared in accordance with accounting policies set out below to comply with the Project Operating Agreement with the Ontario Ministry of Housing dated June 21, 1993. The basis of accounting used in these financial statements differs from Canadian Accounting Standards for Not-for-Profit Organizations because:

- amortization is not provided on building and furniture, purchased from loans provided by the Ontario Ministry of Housing, over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgage on the property;
- tangible capital assets:
 - i purchased from unrestricted fund balances are charged to operations in the year the expenditure is incurred, rather than capitalized on the statement of financial position and amortized over their estimated useful lives;
 - ii purchased from the Reserve Fund are charged against the reserve account, rather than capitalized on the statement of financial position and amortized over their estimated useful lives; and
 - iii land is being amortized.

(a) *Recognition of revenues and expenditures*

Restricted contributions are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Restricted contributions to the reserve fund are recorded as revenue when received in accordance with Ontario Ministry of Housing accounting policies.

The Corporation files an Annual Information Return with the service manager that determines the government subsidy revenue recorded in the current year. This revenue is dependent ultimately upon the approval of the Annual Information Return by the service manager who funds the program.

Unrestricted contributions such as rental income and sundry income are recognized as revenue when services are provided and collection is reasonably assured.

Investment income is recognized as revenue when earned in the appropriate fund.

Expenditures 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.

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) *Fund accounting*

Northumberland Supportive Non-Profit Housing Corporation reports on a fund accounting basis. The three funds maintained are the operating fund, reserve fund and walkway reserve.

The funds are described as follows:

- (i) Operating fund - includes results of day-to-day operating transactions;
- (ii) Reserve fund - includes contributions for the capital replacement reserve fund as required by the project operating agreement; and
- (iii) Walkway reserve - includes specific donations and its related investment income for the future construction of a walkway to a neighbouring building.

Interfund transfers represent the mandatory capital replacement reserve fund contribution from the approved budget.

(c) *Tangible capital assets*

Land, building and equipment are recorded at cost and amortized in the operating fund. For the original construction of the housing complex, land, building and equipment were capitalized up to the interest adjustment date. Any subsequent capital costs are expensed in the year of acquisition. An amount equal to the mortgage principal repayments is recorded as amortization in the operating fund, in accordance with the County of Northumberland and Ontario Ministry of Housing accounting policies.

(d) *Income taxes*

The Corporation is a registered charity under the Income Tax Act and is therefore not subject to corporate income taxes.

(e) *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, due from (to) Service Manager and accounts payable. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(f) *Deferred revenue*

Deferred revenue represents rent supplement revenue received in advance.

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) *Financial instruments*

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Corporation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess (deficiency) of revenue over expenditures.

Financial assets measured at amortized cost include cash, receivables and investments not quoted in an active market such as guaranteed investment certificates.

Financial liabilities measured at amortized cost include accounts payable, due to Service Manager and mortgage payable.

Financial assets measured at fair value are the Worldsource Financial Management Inc. investments.

(i) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the excess (deficiency) of revenue over expenditures.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2024 \$	2023 \$
Land	292,684	292,684
Building	3,237,851	3,237,851
Furniture and equipment	98,876	98,876
	3,629,411	3,629,411
Less: Accumulated amortization	(2,962,398)	(2,814,921)
	667,013	814,490

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

4. INVESTMENTS

The Corporation is invested in guaranteed investment certificates (GIC), which are included in the operating fund. The Corporation is also invested with Worldsource Financial Management Inc. in bonds, which are included in the Reserve Fund and Walkway Reserve. Investments consist of the following:

	Operating Fund 2024 \$	Reserve Fund 2024 \$	Walkway Reserve 2024 \$	Total 2024 \$	Total 2023 \$
Current					
Worldsource Financial Management - short term bond fund	-	314,855	12,228	327,083	179,907
Kawartha Credit Union GIC, maturing December 10, 2025 with interest at 2.50%	25,038	-	-	25,038	-
Ganaraska Credit Union GIC, matured September 15, 2024 with interest at 4.95%	-	-	-	-	72,998
	25,038	314,855	12,228	352,121	252,905
Long term					
Kawartha Credit Union GIC, maturing December 10, 2029 with interest at 3.45%	56,617	-	-	56,617	-
	81,655	314,855	12,228	408,738	252,905

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity 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.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Mortgage payable and investments are subject to interest rate risk as their value will fluctuate with changes in market interest rates. These risks are generally outside the control of the Corporation but are mitigated by the Corporation's investment policies.

(b) Credit risk

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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. The Corporation has limited exposure to credit risk as tenant receivables are rare and all other receivables are due from government agencies.

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NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

6. MORTGAGE PAYABLE

The mortgage payable by the Corporation to the Canada Mortgage and Housing Corporation (CMHC) was renewed in fiscal 2024 and it now matures February 1, 2029 and is secured by the land and building. It is repayable in blended monthly installments of \$14,448 with interest at the rate of 3.84% per annum.

	2024 \$	2023 \$
Mortgage payable	667,013	814,490
Less current portion	(150,590)	(151,614)
Due beyond one year	516,423	662,876

The principal and interest payments due in each of the next five years, based on the current repayment terms, are as follows:

	Principal \$	Interest \$	Total \$
2025	150,590	22,786	173,376
2026	156,421	16,955	173,376
2027	162,485	10,891	173,376
2028	168,777	4,599	173,376
2029	28,741	139	28,880

7. RENTS

	2024 \$	2023 \$
Market	123,507	124,975
Rent geared to income (RGI)	206,286	198,575
Rent supplement program	16,564	7,164
	346,357	330,714

NORTHUMBERLAND SUPPORTIVE NON-PROFIT HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

8. GOVERNMENT SUBSIDIES

	2024 \$	2023 \$
Approved subsidy per budget	270,588	260,386
Amounts receivable from (payable to) Service Manager	(47,641)	(51,937)
Prior year funding adjustments	87	7,620
Social Service Relief Fund	-	1,511
	223,034	217,580

9. ECONOMIC DEPENDENCE

The Corporation is economically dependant on funding from their Service Manager, the County of Northumberland, to continue providing affordable housing for a portion of the tenants in the housing project.

10. INSURANCE COVERAGE

The Corporation carries the following insurance coverage from November 1, 2024 to November 1, 2025:

Property	\$25,000,000
Boiler and machinery	\$50,000,000
General liabilities	\$2,000,000
Umbrella liability	\$3,000,000
Crime	\$250,000
Directors and offices liability	\$5,000,000

11. SOCIAL HOUSING FUNDING PROGRAMS

In 2011, the County of Northumberland provided funding to the Corporation under the Social Housing Renovation and Retrofit Program (SHRRP), for capital related repairs. The Corporation was approved for \$100,972 in funding under the program and incurred expenditures of \$81,400.

The County of Northumberland has provided funding to the Corporation under the Social Housing Improvement Program (SHIP), for capital related repairs in 2016/2017. The Corporation was approved for \$38,640 in funding under the program and incurred expenditures of \$82,707 in 2017.

The County of Northumberland has provided funding to the Corporation under the Ontario Priorities Housing Initiative (OPHI), for capital related repairs. In 2019, the Corporation was approved for \$34,237 in funding under the program and incurred expenditures of \$47,177 in 2020.

In 2020, the Corporation was approved for \$18,500 in funding under the OPHI program. The Corporation has received 2020/2021 OPHI funding of \$17,896 and incurred expenditures of \$18,129.

As part of the SHRRP, SHIP and OPHI funding agreements, the Corporation acknowledges that the social housing units funded under these funding programs shall remain under the County of Northumberland administration, and remain affordable to targeted households over the minimum 10 year affordability period.