

**Financial Statements of
Niagara Regional Housing**

Year ended December 31, 2021

Independent Auditors' Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Debt	7
Statement of Changes in Cash Flows	8
Notes to the Financial Statements	9-23
Schedule of Financial Activities – Operating Fund	24

Independent Auditor's Report

To the Board of Directors of Niagara Regional Housing

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Niagara Regional Housing (the "Organization"), which comprise the statement of financial position as at December 31, 2021, the statements of operations, 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 (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 Organization as at December 31, 2021, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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
_____, 2022

Statement of Financial Position

As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 10,245,414	\$ 12,858,591
Investments	6,495,411	6,476,231
Accounts receivable	4,639,919	4,611,037
Due from Niagara Region	3,294,272	-
Total financial assets	24,675,016	23,945,859
FINANCIAL LIABILITIES		
Due to Niagara Region	-	8,480,019
Deferred revenue (note 4)	10,823,118	4,779,114
Mortgages and debentures (note 5)	41,875,199	35,374,917
Employee future benefits (note 6)	-	1,537,805
	52,698,317	50,171,855
Net debt	(28,023,301)	(26,225,996)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	164,483,880	138,349,815
Prepaid expenses and deposits	161,196	744,312
	164,645,076	139,094,127
Commitments (note 9)		
Accumulated surplus (note 8)	\$ 136,621,775	\$ 112,868,131

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Operations

For the year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
REVENUES			
Rental revenue	\$ 15,944,419	\$ 15,711,016	\$ 15,839,485
Subsidies			
Niagara Region	26,793,754	26,500,121	42,813,732
Federal and Provincial Government	13,673,644	14,020,780	15,761,117
Investment income	89,478	128,744	225,082
Gain on sale of assets	-	-	203
Contributed tangible capital assets	10,340,712	10,340,712	-
Development charge revenue	7,899,429	7,899,429	5,048,354
Sundry revenue	1,121,154	1,184,254	271,331
	75,862,590	75,785,056	79,959,304
Gain on restructuring of Service Manager Responsibilities (note 3)	1,434,654	1,434,654	-
Transferred to Niagara Region and reserves	(4,300,974)	(4,817,308)	(5,183,035)
	72,996,270	72,402,402	74,776,269
EXPENSES			
Property taxes	5,483,736	5,407,653	5,181,430
Support services – Niagara Region	4,502,256	4,279,749	2,861,691
Amortization expense	9,171,477	9,171,477	9,068,429
Bad debts	260,908	144,609	147,306
Wages, salaries and benefits	2,280,501	2,348,566	4,931,786
Utilities	4,696,276	4,510,801	4,492,724
Materials and services	6,333,325	6,690,280	6,087,605
Interest on debenture and mortgage payments	877,856	975,778	926,305
Debenture payments (note 9)	1,562,614	1,538,329	1,694,866
Affordable housing programs (note 12)	12,338,095	12,338,127	29,840,004
Administration	932,386	914,353	983,341
Supplies and equipment	229,541	247,782	231,483
Government land lease	57,320	81,254	27,353
	48,726,291	48,648,758	66,474,323
Annual surplus	24,269,979	23,753,644	8,301,946
Accumulated surplus, beginning of year	112,868,131	112,868,131	104,566,185
Accumulated surplus, end of year	\$137,138,110	\$136,621,775	\$112,868,131

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Change in Net Debt

For the year ended December 31, 2021

	2021 Budget (note 11)	2021 Actual	2020 Actual
Annual surplus	\$ 24,269,979	\$ 23,753,644	\$ 8,301,946
Acquisition of tangible capital assets, net of disposals	(35,305,542)	(35,305,542)	(12,836,002)
Amortization of tangible capital assets	9,171,477	9,171,477	9,068,429
Gain on disposal of tangible capital assets	-	-	(203)
Change in prepaid expenses	-	583,116	(25,466)
Change in net debt	(1,864,086)	(1,797,305)	4,508,704
Net debt, beginning of year	(26,225,996)	(26,225,996)	(30,734,700)
Net debt, end of year	\$ (28,090,082)	\$ (28,023,301)	\$ (26,225,996)

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of Changes in Cash Flows

For the year ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 23,753,644	\$ 8,301,946
Items not involving cash:		
Amortization of tangible capital assets	9,171,477	9,068,429
Contributed tangible capital assets	(10,340,712)	-
Gain on disposal of tangible capital assets	-	(203)
Gain on restructuring of Service Manager Responsibilities (note 3)	(1,434,654)	-
Employee future benefit liabilities	(103,151)	(110,447)
Change in non-cash assets and liabilities:		
Accounts receivable	(28,882)	(343,562)
Deferred revenue	6,044,004	989,990
Prepaid expenses	583,116	(25,466)
Net change in cash from operating activities	27,644,842	17,880,687
CAPITAL ACTIVITY		
Cash used to acquire tangible capital assets	(24,964,830)	(12,836,212)
Cash received upon sale of capital assets	-	210
Net change in cash from capital activity	(24,964,830)	(12,836,002)
INVESTING ACTIVITY		
Change in investments	(19,180)	(76,985)
Net change in cash from investing activity	(19,180)	(76,985)
FINANCING ACTIVITIES		
Mortgages and debentures issued	10,956,128	3,300,199
Mortgage and debenture repayments	(4,455,846)	(4,281,830)
Change in due to Niagara Region	(11,774,291)	(3,606,056)
Net change in cash from financing activities	(5,274,009)	(4,587,687)
Net change in cash	(2,613,177)	380,013
Cash, beginning of year	12,858,591	12,478,578
Cash, end of year	\$ 10,245,414	\$ 12,858,591
Cash paid for interest	\$ 975,778	\$ 926,305

The accompanying notes to the financial statements are an integral part of this financial statement.

Notes to the Financial Statements

For the year ended December 31, 2021

1. Description of operations

Niagara Regional Housing (the “Corporation” or “NRH”) was incorporated on December 17, 2001 under the laws of the Province of Ontario to perform all the duties and powers of an administrator under Section 15 of the Social Housing Reform Act.

On May 30, 2021, the Corporation transferred Program Manager responsibilities back to the Regional Municipality of Niagara (“Niagara Region”) (note 3). NRH continues to be responsible for duties including, but not limited to, ownership and management of a real estate portfolio consisting of 2,908 apartments and houses and the power to purchase, construct or make alterations to a housing project.

2. Significant accounting policies

The financial statements of NRH are prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant accounting policies adopted by the Corporation are as follows:

Accrued basis of accounting

The Corporation follows the accrual method of accounting for revenues and expenses. Rental revenue is recognized at the time the service is provided. Other revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

For the year ended December 31, 2021

2. Significant accounting policies (continued):

Tangible capital assets

Tangible capital assets are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives as follows:

Land Improvements	5 – 50 years
Buildings	5 – 40 years
Equipment	15 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress assets are not amortized until the asset is available for productive use.

Interest capitalization

The Corporation's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

Leases

Leases are classified as operating or capital leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Investments

Investments consist of guaranteed investment certificates and bonds, and are stated at amortized cost.

For the year ended December 31, 2021

2. Significant accounting policies (continued):

Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Use of estimates

The preparation of financial statements in conformity with PSAS 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 period. Amounts requiring significant estimates include accrued liabilities and useful lives of tangible capital assets. Actual results could differ from these estimates.

For the year ended December 31, 2021

2. Significant accounting policies (continued):

Employee future benefits

Vacation entitlements and other compensated absences accrue to employees each year based on terms of employment contracts or by policy. Earned entitlements unused at year-end are accrued based on the wage rates for the employee at year-end.

Workplace Safety & Insurance Board (“WSIB”) benefits and sick leave may accrue to employees based on terms of employee. Entitlements are accrued in accordance with the project benefit method, pro-rated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed every three years. The discount rate used to determine the accrued benefit obligation was determined by reference to the Niagara Region’s short term and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to WSIB, are recorded when determined.

Cost related to prior-period employee services arising out of amendments to entitlements are recognized in the period in which the period is amended.

Where applicable, the Niagara Region has set aside Reserves intended to fund these obligations, either in full or in part. These Reserves were created under municipal by-law and do not meet the definition of a plan asset under PSAS 3250 Retirement Benefits. Therefore, for the purpose of these financial statements, the plans are considered unfunded.

The unfunded employee future liabilities were transferred to the Niagara Region on May 30, 2021 as part of the restructuring transaction (note 3).

For the year ended December 31, 2021

3. Restructuring Transaction in Relation to Service Manager Responsibilities

On May 30, 2021 NRH, a consolidated entity of the Niagara Region, transferred the Service Manager responsibilities related to the administration of programs and services back to the Niagara Region. The transfer of the programs and services to the Niagara Region was completed in order to continue to provide enhanced service program delivery within the Community Services department.

As a result of the restructuring transaction, the net transfer of assets and liabilities to the Niagara Region resulted in a gain recorded on the Statement of Operations.

A summary of the gain is shown as follows:

Transfers, May 30, 2021:	
Accounts receivable	\$ 776,058
Prepaid expenses and deposits	675,910
Deferred revenue	(4,853,816)
Employee future benefits	(1,434,654)
Total transfers, May 30, 2021	(\$ 4,836,502)
Cash transfers, June 30 to December 31, 2021	3,401,848
Gain on restructuring of Service Manager Responsibilities	(\$ 1,434,654)

4. Deferred revenue

Deferred revenues reported on the statement of financial position is made up of the following:

	2021	2020
Ministry of Municipal Affairs and Housing	\$ -	\$ 4,496,397
Canada Mortgage and Housing Corporation	10,515,033	-
Other	308,085	282,717
Balance, end of year	\$ 10,823,118	\$ 4,779,114

For the year ended December 31, 2021

5. Mortgages and debentures

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2021 the unpaid balances of these mortgages and debentures are as follows:

	2021	2020
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.35% to 3.10% due in 2022	\$ 202,000	\$ 397,000
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.40% to 3.75% due in 2023	492,800	731,104
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	818,593	1,076,338
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	1,239,000	1,531,000
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	465,843	575,936
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	2,915,320	3,466,881
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	1,059,725	1,224,652
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	4,920,000	5,550,000
Ontario Infrastructure and Lands Corporation amortization debenture for Niagara Regional Housing capital program bearing interest at 3.74% due in 2042	3,626,553	3,738,595

For the year ended December 31, 2021

5. Mortgages and debentures (continued)

	2021	2020
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.00% to 2.40% due in 2029	12,377,726	13,783,212
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	3,004,030	3,300,199
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	8,196,840	-
Mortgage payable, secured by a rental property, a general assignment for rent and a chattel mortgage, interest at a rate of 2.66%, due in 2024	2,556,769	-
	\$ 41,875,199	\$ 35,374,917

The annual principal payments are as follows:

Year	Amount
2022	\$ 5,416,140
2023	5,309,821
2024	6,789,328
2025	4,673,699
2026	4,375,120
Thereafter	15,311,091
Total principal payments	\$ 41,875,199

For the year ended December 31, 2021

6. Employee future benefit liability

Prior to the restructuring transaction date of May 30, 2021 (note 3), the Corporation provided certain employee benefits which will require funding in future periods. These benefits included sick leave, benefits under the Workplace Safety and Insurance Board Act, and life insurance, extended health and dental benefits for early retirees.

	2021	2020
Future payments required to WSIB	\$ 1,113,329	\$ 1,113,329
Retiree benefits	91,396	91,396
Vacation pay	214,048	317,199
Other liabilities	15,881	15,881
Net	\$1,434,654	1,537,805
Transferred to Niagara Region as per restructuring transaction (note 3)	(1,434,654)	-
Employee future benefit liability	\$ -	\$ 1,537,805

Information about the Corporation's benefit plans is as follows:

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 461,613	\$ 480,242
Current benefit recovery	(10,137)	(9,206)
Interest	2,188	5,287
Benefits paid	(95,202)	(14,710)
Balance, end of year	358,462	461,613
Unamortized actuarial gain	1,076,192	1,076,192
Net	1,434,654	1,537,805
Transferred to Niagara Region as per restructuring transaction (note 3)	(1,434,654)	-
Employee future benefit liability	\$ -	\$ 1,537,805

Included in expenses is a \$nil (2020 - \$91,818) gain for amortization of the actuarial loss/gain.

For the year ended December 31, 2021

7. Tangible capital assets:

	2021					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$36,923,669	\$8,069,989	\$177,650,187	\$4,330,506	\$10,551,489	\$237,525,840
Additions	5,709,336	1,782,387	15,191,289	49,544	12,572,984	35,305,541
Disposals	-	(127,312)	(2,490,178)	(114,985)	-	(2,732,475)
Balance, end of year	42,633,005	9,725,065	190,351,298	4,265,065	23,124,474	270,098,906
Accumulated Amortization						
Balance, beginning of year	-	2,449,192	94,604,846	2,121,987	-	99,176,025
Disposals	-	(127,312)	(2,490,178)	(114,985)	-	(2,732,475)
Amortization expense	-	435,551	8,418,692	317,234	-	9,171,477
Balance, end of year	-	2,757,431	100,533,360	2,324,236	-	105,615,027
Net Book Value, end of year	\$42,633,005	\$6,967,634	\$89,817,938	\$1,940,829	\$23,124,474	\$164,483,880

7. Tangible capital assets (continued):

	2020					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$36,923,582	\$7,816,809	\$172,055,049	\$4,101,353	\$3,917,612	\$224,814,405
Additions	87	253,180	5,595,151	353,917	6,633,877	12,836,212
Disposals	-	-	(13)	(124,764)	-	(124,777)
Balance, end of year	36,923,669	8,069,989	177,650,187	4,330,506	10,551,489	237,525,840
Accumulated Amortization						
Balance, beginning of year	-	2,072,288	86,232,935	1,927,143	-	90,232,366
Disposals	-	-	(7)	(124,763)	-	(124,770)
Amortization expense	-	376,904	8,371,918	319,607	-	9,068,429
Balance, end of year	-	2,449,192	94,604,846	2,121,987	-	99,176,025
Net Book Value, end of year	\$36,923,669	\$5,620,797	\$83,046,341	\$2,208,519	\$10,551,489	\$138,349,815

For the year ended December 31, 2021

7. Tangible capital assets (continued)

Assets under construction

Assets under construction at December 31, 2021 valued at \$23,124,474 (2020 - \$10,551,489) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2020 - \$nil).

8. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus as follows:

	2021	2020
Invested in tangible capital assets	\$ 122,608,681	\$ 102,974,898
Capital fund: Unexpended capital financing	13,131,611	10,549,555
Contributed capital	728,761	728,761
Operating fund	152,722	152,722
Unfunded employee future benefits	-	(1,537,805)
Total accumulated surplus	\$ 136,621,775	\$ 112,868,131

For the year ended December 31, 2021

9. Commitments

The Corporation is committed to paying principal and interest payments on provincial debentures issued to finance the properties owned and operated by the Corporation. These debentures amount to \$4,127,743 (2020 - \$5,487,914) and payments during the year of \$1,538,329 (2020 – \$1,694,866) have been charged to current operations.

10. Pension agreements

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (“OMERS”), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Corporation accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2021 with a funding deficit of \$3.1 billion (2020 - \$3.2 billion). The funded ratio remained unchanged at 97% in 2021, and has either stayed the same or increased for the eighth consecutive year.

The amount contributed to OMERS for over the period of January 1, 2021 to May 30, 2021 was \$159,817 (2020 - \$376,732) for current service and is included as an expenditure on the statement of operations. Employees' contribution to OMERS over the same period was \$159,817 (2020 - \$376,732). On May 30th the responsibility for pension contributions was transferred to the Niagara Region.

Contributions for employees with a normal retirement age of 65 were being made at rate of 9.0% (2020 – 9.0%) for earnings up to the yearly maximum pensionable earnings of \$61,600 (2020 - \$58,700) and at a rate of 14.6% (2020 – 14.6%) for earnings greater than the yearly maximum pensionable earnings.

For the year ended December 31, 2021

11. Budget data

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by the NRH Board on October 23, 2020. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried out over one or more years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

The chart below reconciles the approved budget to the budget figures reported in these financial statements, in accordance with PSAS.

	Budget Amount
REVENUES	
Operating	
Approved Operating Revenue	\$ 47,234,710
Capital	28,627,880
Gain on restructuring of Service Manager Responsibilities	1,434,654
<u>Less:</u>	
Surplus transferred from Niagara Region and transferred from reserves	(4,300,974)
Total revenue	72,996,270
EXPENSES	
Operating	
Approved Operating Expenses	47,234,710
<u>Add:</u>	
Amortization	9,171,477
Expenditures included in capital fund	348,289
<u>Less:</u>	
Employee future benefits	(103,151)
Transfers to reserves	(3,469,188)
Debt principal payments	(4,455,846)
Total expenses	48,726,291
Annual surplus	\$ 24,269,979

For the year ended December 31, 2021

12. Affordable Housing Programs

	Budget	2021	2020
Non-profit and co-op provider subsidies	\$ 7,770,123	\$ 7,770,123	\$ 19,438,032
Capital Loan and Grant Program	25,695	25,695	200,365
Canada-Ontario Community Housing Initiative	481,248	481,248	193,127
Ontario Priorities Housing Initiative	267,130	267,130	915,880
Social Infrastructure Fund	224,209	224,209	578,268
Investment in Affordable Housing	-	-	303,216
Rent Supplement Program	2,851,556	2,851,556	6,324,006
Federal Provider Subsidies	436,539	436,539	1,080,496
Other Subsidies	281,595	281,627	806,614
Total, Affordable Housing Programs	\$ 12,338,095	\$ 12,338,127	\$ 29,840,004

For the year ended December 31, 2021

13. Risks

Credit risk

The Corporation is subject to credit risks from its tenants as a result of counterparty default. This risk is mitigated by prudent monitoring procedures.

Interest rate risk

The Corporation is subject to interest rate fluctuations on its mortgages and long term debt. The Corporation current does not use any hedging strategies to mitigate this interest rate exposure.

Market risk

Market risk arises as a result of trading in fixed income securities and equities. Fluctuations in the market expose the Corporation to a risk of loss. The Corporation mitigates this risk through cash management processes and compliance with the approved investment policy.

14. Comparative Figure

Certain prior year figures have been reclassified to conform to the financial statement presentation adopted in the current year.

For the year ended December 31, 2021

This schedule is an operating statement that reflects the results of operations that flow through the Operating Fund and therefore exclude capital activities.

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Rental revenue	\$15,944,419	\$15,711,016	\$15,839,485
Subsidies			
Niagara Region	24,681,339	24,285,549	37,445,337
Federal and Provincial Government	6,230,106	6,577,242	12,785,199
Investment income	89,478	128,744	225,082
Proceeds from Sale of Assets	-	-	210
Sundry revenue	289,368	352,468	271,331
	47,234,710	47,055,019	66,566,644
EXPENSES			
Property taxes	5,462,208	5,386,125	5,181,430
Support services – Niagara Region	4,502,256	4,279,749	2,861,691
Bad debts	260,908	144,609	147,307
Wages, salaries and benefits	2,280,502	2,348,567	4,931,786
Utilities	4,689,821	4,504,346	4,492,724
Materials and services	6,472,551	6,829,506	6,216,784
Interest on debenture and mortgage payments	877,856	975,778	926,305
Debenture payments (note 9)	1,562,614	1,538,329	1,694,866
Administration	498,765	480,731	629,276
Supplies and equipment	203,629	221,870	238,022
Affordable housing programs (note 12)	12,338,095	12,338,127	29,840,004
Government land lease	57,320	81,254	27,353
	39,206,525	39,128,991	57,187,548
Annual surplus	8,028,185	7,926,028	9,379,096
FINANCING AND TRANSFERS			
Transfer to reserves	(3,469,188)	(3,469,188)	(4,231,872)
Transfer to/from Niagara Region	-	102,157	(654,947)
Transfer to capital	-	-	(100,000)
Debt principal payments	(4,455,846)	(4,455,846)	(4,281,830)
Employee benefits	(103,151)	(103,151)	(110,447)
	(8,028,186)	(7,926,029)	(9,379,096)
Operating fund balance, end of year	\$ -	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this financial statement.