
Subject: 2023 Draft Audited Financial Statements

Report to: Board of Directors of Niagara Regional Housing

Report date: Friday, April 19, 2024

Recommendations

1. That the draft audited financial statements of Niagara Regional Housing as attached in Appendix 1 to report 24-224-4.1, for the year ended December 31, 2023 **BE APPROVED**; and
2. That the audit findings report pertaining to the audited financial statements, attached as Appendix 2 to report 24-224-4.1, of Niagara Regional Housing for the year ended December 31, 2023 **BE RECEIVED** for information.
3. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented.
4. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Key Facts

- The purpose of this report is to obtain approval for the 2023 draft audited financial statements of Niagara Regional Housing (Appendix 1 to report 24-224-4.1).
- The requirement for an annual audit is established in the Housing Services Act and the Corporations Act for non-profit corporations.
- Niagara Regional Housing received an unqualified audit opinion, which indicates that in Deloitte's opinion the financial information presented, in all material respects, is in accordance with Public Sector Accounting Standards (PSAS).
- Year-end funding surplus results were reported in report 24-223-5.4 in February 2024 and are consistent with the results reported in these audited financial statements adjusted for accrual accounting presentation required by PSAS.
- The 2023 financial statements include the adoption of the new Asset Retirement Obligations (ARO) PSAS accounting standard, which is the requirement to represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.
- As per Financial Reporting and Forecasting Policy (C-F-020), financial statements and/or schedules prepared for Agencies, Boards or Commissions (ABC) will be approved by the governing board of the ABC. Upon NRH Board approval, the NRH CEO and Treasurer will be authorized to sign the auditors' representation letter to

obtain the auditors' signed final report. The approved schedule will then be forwarded to Audit Committee for information.

Financial Considerations

The draft financial statements have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

This report is presenting historical financial information. Niagara Regional Housing's budget is prepared and reported on a quarterly basis, whereas the audited financial statements are prepared using PSAS. Appendix 3 to report 24-224-4.1 reconciles the surplus per the audited Statement of Operations to the funding surplus based on the budget approach.

The 2023 financial statements include the adoption of the new ARO accounting standard, which is a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets. This new PSAS standard has been applied by NRH on a prospective basis as of January 1, 2023. The ARO recognized is primarily associated with abatement activities due to asbestos in NRH owned buildings and is described in note 6 to the financial statements attached as Appendix 2 to report 24-224-4.1. While the new PSAS standard requires that the ARO be reported in the NRH financial statements, the estimated cost of the associated abatement activities at retirement is an unfunded liability and has already been considered in the long-term capital program for NRH owned units and does not have any immediate budget implications.

Analysis

The draft financial statements of Niagara Regional Housing for the year ended December 31, 2023, attached in Appendix 1 to report 24-224-4.1, have been audited in accordance with Canadian PSAS. The external auditor (Deloitte) has indicated that in their opinion, the financial statements present fairly, in all material respects, the statement of financial position of Niagara Regional Housing as at December 31, 2023 and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended. In addition, Deloitte's audit findings report for the year ended December 31, 2023 is attached in Appendix 2 to report 24-224-4.1.

The financial statements are prepared using PSAS, making them comparable to other public sector organizations in Canada.

Alternatives Reviewed

The requirement for an annual audit is established in the Housing Services Act and the Corporations Act for non-profit corporations and therefore no other alternatives are available.

Relationship to NRH and/or Council Strategic Priorities

Providing formal financial reporting to the NRH Board, Council and the public supports the Council Strategic Priority of Effective Region.

Other Pertinent Reports

24-223-5.4	2023 Year-End Transfer Report
CSD 10-2024	2023 Year-End Results and Transfer Report



Submitted by:
Cameron Banach
Chief Executive Officer



Approved by:
Gary Zalepa
Chair

This report was prepared by Sara Mota, Program Financial Specialist, in consultation with Donovan D'Amboise, Associate Director, Reporting and Analysis.

Appendices

Appendix 1	Draft 2023 Audited Financial Statements
Appendix 2	2023 Deloitte Audit Findings Report
Appendix 3	2023 Surplus Reconciliation