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May 6, 2025

Ann-Marie Norio, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Dear Ms. Norio,

At their April 25, 2025 meeting, the Niagara Regional Housing Board of Directors passed the following motion as recommended in attached report NRH 4-2025:

Recommendations

1. That the draft audited financial statements of Niagara Regional Housing as attached in Appendix 1 to report 25-231-4.1, for the year ended December 31, 2024 **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Your assistance is requested in moving report NRH 4-2025 through proper channels to the Region's Audit Committee for information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mat Siscoe', written in a cursive style.

Councillor Mat Siscoe
Chair

Subject: 2024 Draft Audited Financial Statements

Report to: Board of Directors of Niagara Regional Housing

Report date: Friday, April 25, 2025

Recommendations

1. That the draft audited financial statements of Niagara Regional Housing as attached in Appendix 1 to report 25-231-4.1, for the year ended December 31, 2024 **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented; and
3. 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 2024 draft audited financial statements of Niagara Regional Housing (Appendix 1 to report 25-231-4.1).
- The requirement for an annual audit is established in the Housing Services Act and the Corporations Act for non-profit corporations.
- Niagara Regional Housing (NRH) received an unqualified audit opinion, which indicates that in KPMG's opinion, the financial information presented, in all material respects, is in accordance with Public Sector Accounting Standards (PSAS).
- KPMG has communicated that based on their audit procedures and assessment of significant audit risks, there were no adjustments required or material findings.
- Year-end funding surplus results were reported in report 25-230-4.3 in February 2025 and are consistent with the results reported in these audited financial statements adjusted for accrual accounting presentation required by PSAS.
- 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 2 to report 25-231-4.1 reconciles the surplus per the audited Statement of Operations to the funding surplus based on the budget approach.

Analysis

The draft financial statements of Niagara Regional Housing for the year ended December 31, 2024, attached in Appendix 1 to report 25-231-4.1, have been audited in accordance with Canadian PSAS. The external auditor (KPMG) 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, 2024 and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended. The financial statements are prepared using PSAS, making them comparable to other public sector organizations in Canada.

KPMG performed their audit in accordance with the master service agreement dated November 25, 2024, including safeguards and procedures to eliminate threats to independence. Significant audit risks were identified and assessed, and sufficient audit evidence was obtained to conclude that there are no material misstatements or adjustments required, and there were not any material uncertainties related to events or conditions that may cast significant doubt upon NRH's ability to continue operations. For the purpose of this assessment, materiality was determined as a misstatement that could reasonably be expected to influence the economic decisions of users and was estimated at 2.0% of total assets, or approximately \$4.4 million, in line with KPMG's standard methodology and guidance for entities which maintain significant tangible capital assets but without a focus on profit.

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

25-230-4.3	2024 Year-End Transfer Report
CSD 8-2025	2024 Year-End Results and Transfer Report



Submitted by:
Cameron Banach
Chief Executive Officer



Approved by:
Mathew Siscoe
Chair

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

Appendices

Appendix 1	Draft 2024 Audited Financial Statements
Appendix 2	2024 Surplus Reconciliation

Financial Statements of

Niagara Regional Housing

And Independent Auditor's Report thereon

Year ended December 31, 2024

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Draft

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Niagara Region Housing

Opinion

We have audited the financial statements of Niagara Regional Housing (the "Entity") which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the period ended December 31, 2024
- the statement of changes in net assets for the period ended December 31, 2024
- the statement of cash flows for the period ended December 31, 2024
- and notes and schedules 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 for the year-ended December 31, 2024 is prepared, in all material respects, in accordance with Canadian public sector accounting standards ("PSAS").

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 Schedule**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the schedule 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.

Other Matter

The financial statements of Niagara Regional Housing as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 19, 2024.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with Canadian public sector reporting standards, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is 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 the schedule.

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 schedule, 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 Region Housing' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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

Hamilton, Canada

[Date]

Niagara Regional Housing

Statement of Financial Position

As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 3,708,389	\$ 2,639,791
Accounts receivable	6,037,241	4,762,521
Due from Niagara Region	11,480,006	18,167,232
Total financial assets	21,225,636	25,569,544
FINANCIAL LIABILITIES		
Deferred revenue (note 4)	8,464,688	12,490,077
Mortgages and debentures (note 5)	27,890,927	33,252,693
Asset retirement obligations (note 6)	3,589,413	5,047,147
	39,945,028	50,789,917
Net debt	(18,719,392)	(25,220,373)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	201,365,910	191,299,899
Prepaid expenses and deposits	-	58,878
	201,365,910	191,358,777
Commitments (note 9)		
Accumulated surplus (note 8)	\$ 182,646,518	\$ 166,138,404

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

Niagara Regional Housing

Statement of Operations

For the year ended December 31, 2024

	2024 Budget (note 10)	2024 Actual	2023 Actual
REVENUES			
Rental revenue	\$ 18,890,956	\$ 19,318,494	\$ 18,615,058
Subsidies			
Niagara Region	35,826,818	36,443,842	34,405,578
Federal and Provincial Government	7,287,445	7,287,445	11,575,505
Investment income	54,000	251,996	368,792
Contributed tangible capital assets	-	-	5,308,950
Development charge revenue	666,855	666,855	582,465
Sundry revenue	227,843	264,338	287,926
	62,953,917	64,232,970	71,144,274
Transferred to Niagara Region and reserves	(3,917,286)	(3,917,286)	(6,738,117)
	59,036,631	60,315,684	64,406,157
EXPENSES			
Property taxes	6,532,822	6,587,587	6,342,161
Support services – Niagara Region	7,055,113	7,144,340	7,998,145
Amortization	12,415,162	12,415,162	11,965,464
Accretion (Note 6)	144,419	144,419	158,869
Bad debts	157,500	233,845	270,558
Wages, salaries and benefits	367,480	382,106	373,602
Utilities	5,869,191	5,753,899	5,448,356
Materials and services	7,638,540	8,753,059	7,868,620
Interest on debenture and mortgage payments	780,077	772,237	877,528
Debenture payments (note 9)	396,959	396,959	1,215,971
Administration	923,911	908,221	1,461,389
Supplies and equipment	183,843	242,793	195,684
Government land lease	63,500	72,943	62,530
	42,528,517	43,807,570	44,238,877
Annual surplus	16,508,114	16,508,114	20,167,280
Accumulated surplus, beginning of year	166,138,404	166,138,404	145,971,124
Accumulated surplus, end of year	\$182,646,518	\$182,646,518	\$166,138,404

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

Niagara Regional Housing

Statement of Change in Net Debt

For the year ended December 31, 2024

	2024 Budget (note 10)	2024 Actual	2023 Actual
Annual surplus	\$ 16,508,114	\$ 16,508,114	\$ 20,167,280
Acquisition of tangible capital assets, net of disposals	(22,481,173)	(22,481,173)	(30,235,657)
Amortization of tangible capital assets	12,415,162	12,415,162	11,965,464
Change in prepaid expenses	-	58,878	(58,878)
Change in net debt	6,442,103	6,500,981	1,838,209
Net debt, beginning of year	(25,220,373)	(25,220,373)	(27,058,582)
Net debt, end of year	\$ (18,778,270)	\$ (18,719,392)	\$ (25,220,373)

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

Niagara Regional Housing

Statement of Changes in Cash Flows

For the year ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 16,508,114	\$ 20,167,280
Items not involving cash:		
Amortization of tangible capital assets	12,415,162	11,965,464
Contributed tangible capital assets	-	(5,308,950)
Accretion expense	144,419	158,869
Change in non-cash assets and liabilities:		
Accounts receivable	(1,274,720)	1,591,076
Deferred revenue	(4,025,389)	9,298,542
Prepaid expenses	58,878	(58,878)
Net change in cash from operating activities	23,826,464	37,813,403
CAPITAL ACTIVITY		
Cash used to acquire tangible capital assets	(24,083,326)	(20,038,429)
FINANCING ACTIVITIES		
Mortgage and debenture repayments	(5,361,766)	(5,508,872)
Change in due from Niagara Region	6,687,226	(14,389,227)
Net change in cash from financing activities	1,325,460	(19,898,099)
Net change in cash	1,068,598	(2,123,125)
Cash, beginning of year	2,639,791	4,762,916
Cash, end of year	\$ 3,708,389	\$ 2,639,791
Cash paid for interest	\$ 772,237	\$ 877,528

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

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

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”). NRH continues to be responsible for duties including, but not limited to, ownership and management of a real estate portfolio consisting of 3,051 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”). A statement of remeasurement gains and losses has not been prepared as there are no items to report. 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.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets (“TCA”) 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.

Asset retirement obligations

Asset Retirement Obligations (“ARO”) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for NRH to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of

2. Significant accounting policies (continued)

Asset retirement obligations (continued)

money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, NRH derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

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.

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.

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (continued)

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.

3. Adoption of Public Sector Accounting Standards

On January 1, 2024, the Corporation adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement. The adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

4. Deferred revenue

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

	2024	2023
Canada Mortgage and Housing Corporation	7,924,602	11,950,217
Other	540,086	539,860
Balance, end of year	\$ 8,464,688	\$ 12,490,077

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

5. Mortgages and debentures

Amounts consist of mortgages secured by the income producing properties of the Corporation. As at December 31, 2024, the unpaid balances of these mortgages and debentures are as follows:

	2024	2023
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 3.30% due in 2024	\$ -	281,198
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.15% to 2.80% due in 2025	\$ 322,000	635,000
Debenture for Niagara Regional Housing capital program bearing interest at 2.25% due in 2025	\$ 120,399	238,131
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.40% due in 2026	\$ 1,202,486	1,784,405
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 1.20% to 2.45% due in 2027	\$ 546,651	721,009
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.05% to 3.15% due in 2028	\$ 2,930,000	3,611,000
Ontario Infrastructure and Lands Corporation amortization debenture for Niagara Regional Housing capital program bearing interest at 3.74% due in 2042	\$ 3,264,407	3,389,622
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 2.00% to 2.40% due in 2029	\$ 8,004,166	9,489,138
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.6% to 1.6% due in 2030	\$ 2,129,800	2,423,510

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

5. Mortgages and debentures (continued)

	2024	2023
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 0.4% to 2.1% due in 2031	\$ 5,840,000	6,630,000
Mortgage payable, secured by a rental property, a general assignment for rent and a chattel mortgage, interest at a rate of 4.31%, due in 2029	\$ 1,631,747	1,946,224
Debenture for Niagara Regional Housing capital program bearing interest at rates ranging from 3.4% to 4.2% due in 2032	\$ 1,899,271	2,103,456
	\$ 27,890,927	\$ 33,252,693

The annual principal payments are as follows:

Year	Amount
2025	\$ 5,200,777
2026	4,922,687
2027	4,417,426
2028	4,334,940
2029	3,559,646
Thereafter	5,455,451
Total principal payments	\$ 27,890,927

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

6. Asset Retirement Obligations

Asbestos

NRH owns buildings which contain asbestos, and therefore, NRH is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2027 and 2059 of \$4,948,450. The estimated total liability of \$3,327,469 (2023 - \$4,743,365) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 – 3.25%) and assuming annual inflation of 2.00% (2023 – 1.75%). The Region has not designated funds for settling the abatement activities.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 4,743,365	\$ 4,594,058
Adjustment for updated assumptions	(1,549,636)	-
Accretion expense	133,740	149,307
Balance, end of year	<u>\$3,327,469</u>	<u>\$4,743,365</u>

Lease

NRH entered into a lease agreement, expiring March 31, 2041, for land on which a 40-unit apartment building was built. Although NRH is not expecting to terminate the lease, upon termination, NRH must sever and remove all structures from the land. If NRH were to terminate the lease, undiscounted future cash flows expected are a demolition cost in 2041 of \$372,132. The estimated total liability of \$261,944 (2023 - \$303,782) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.25% (2023 – 3.25%) and assuming annual inflation of 2.00% (2023 – 1.75%). The Region has not designated funds for settling the abatement activities.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 303,782	\$ 294,220
Adjustment for Updated Assumptions	(52,517)	-
Accretion expense	10,679	9,562
Balance, end of year	<u>\$261,944</u>	<u>\$303,782</u>

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

7. Tangible capital assets

	2024					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$49,093,343	\$12,985,717	\$242,258,251	\$5,565,530	\$7,816,044	\$317,718,885
Additions	-	3,202,310	23,308,935	178,794	(2,606,713)	24,083,326
Asset retirement obligations	-	-	(1,602,153)	-	-	(1,602,153)
Disposals	-	-	-	(365,839)	-	(365,839)
Balance, end of year	\$49,093,343	\$16,188,027	\$263,965,033	\$5,378,485	\$5,209,331	\$339,834,219
Accumulated Amortization						
Balance, beginning of year	-	\$3,394,311	\$120,583,423	\$2,441,252	-	\$126,418,986
Disposals	-	-	-	(365,839)	-	(365,839)
Amortization expense	-	706,117	11,328,313	380,732	-	12,415,162
Balance, end of year	-	\$4,100,428	\$131,911,736	\$2,456,145	-	\$138,468,309
Net Book Value, end of year	\$49,093,343	\$12,087,599	\$132,053,297	\$2,922,340	\$5,209,331	\$201,365,910

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

7. Tangible capital assets (continued)

	2023					
	Land	Land Improvements	Building	Equipment	Work in progress	Total
Cost						
Balance, beginning of year	\$42,731,007	\$11,278,974	\$217,494,530	\$5,695,293	\$11,330,374	\$288,530,178
Additions	6,362,336	2,155,388	19,875,444	468,542	(3,514,330)	25,347,380
Asset retirement obligations	-	-	4,888,277	-	-	4,888,277
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
Balance, end of year	\$49,093,343	\$12,985,717	\$242,258,251	\$5,565,530	\$7,816,044	\$317,718,885
Accumulated Amortization						
Balance, beginning of year	-	\$3,257,697	\$109,577,711	\$2,665,064	-	\$115,500,472
Disposals	-	(448,645)	-	(598,305)	-	(1,046,950)
Amortization expense	-	585,259	11,005,712	374,493	-	11,965,464
Balance, end of year	-	\$3,394,311	\$120,583,423	\$2,441,252	-	\$126,418,986
Net Book Value, end of year	\$49,093,343	\$9,591,406	\$121,674,828	\$3,124,278	\$7,816,044	\$191,299,899

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

7. Tangible capital assets (continued)

Assets under construction

Assets under construction at December 31, 2024 valued at \$5,209,331 (2023 - \$7,816,044) 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 (2023 - \$nil).

8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus as follows:

	2024	2023
Invested in tangible capital assets	\$ 173,474,982	\$ 158,047,206
Capital fund: Unexpended capital financing	12,608,227	12,985,623
Operating fund	152,722	152,722
Unfunded Asset Retirement Obligation	(3,589,413)	(5,047,147)
Total accumulated surplus	\$ 182,646,518	\$ 166,138,404

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

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 \$701,996 (2023 - \$1,805,838) and payments during the year of \$396,959 (2023 – \$1,215,971) have been charged to current operations.

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Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

10. Budget data

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the NRH Board on October 20, 2023. 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	\$ 37,646,253
Capital	25,307,664
Less:	
Surplus transferred to Niagara Region and transferred to reserves	(3,917,286)
Total revenue	59,036,631
EXPENSES	
Operating	
Approved Operating Expenses	37,646,253
Add:	
Amortization	12,415,162
Accretion	144,419
Expenditures included in capital fund	273,494
Less:	
Transfers to reserves	(2,589,045)
Transfers to capital	-
Debt principal payments	(5,361,766)
Total expenses	42,528,517
Annual surplus	\$ 16,508,114

Niagara Regional Housing

Notes to the Financial Statements

For the year ended December 31, 2024

11. 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.

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Niagara Regional Housing

Schedule of Financial Activities – Operating Fund

For the year ended December 31, 2024

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

	2024 Budget	2024 Actual	2023 Actual
REVENUES			
Rental revenue	\$18,890,956	\$19,318,494	\$18,615,058
Subsidies			
Niagara Region	18,076,495	18,498,213	18,771,060
Federal and Provincial Government	396,959	396,959	1,215,971
Investment income	54,000	251,996	368,792
Sundry revenue	227,843	264,338	287,926
	37,646,253	38,730,000	39,258,807
EXPENSES			
Property taxes	6,532,822	6,587,586	6,315,568
Support services – Niagara Region	7,055,113	7,144,340	7,998,145
Bad debts	157,500	233,845	270,558
Wages, salaries and benefits	367,480	382,106	373,602
Utilities	5,865,300	5,750,009	5,448,356
Materials and services	7,755,403	8,869,922	7,838,703
Interest on debenture and mortgage payments	780,077	772,237	877,528
Debenture payments (note 7)	396,959	396,959	1,215,971
Administration	545,037	529,348	471,257
Supplies and equipment	176,251	235,200	173,332
Government land lease	63,500	72,943	62,530
	29,695,442	30,974,495	31,045,550
Annual surplus	7,950,811	7,755,505	8,213,257
FINANCING AND TRANSFERS			
Transfer to reserves	(2,589,045)	(2,589,045)	(2,989,045)
Transfer from Niagara Region	-	195,306	284,660
Debt principal payments	(5,361,766)	(5,361,766)	(5,508,872)
	(7,950,811)	(7,755,505)	(8,213,257)
Operating fund balance, end of year	\$ -	\$ -	\$ -

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

Appendix 2: 2024 Surplus Reconciliation

	<u>Approved</u> <u>Budget</u>	<u>2024</u>	<u>2023</u>
Based on budget approach			
Niagara Regional Housing Operating Surplus(Deficit) per CSD 8-2025	\$ -	\$ (195,306)	\$ (284,660)
Year-end Transfer from Niagara Region per CSD 8-2025	-	195,306	284,660
Budget Approach Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
PSAS Presentation Adjustments:			
Capital			
Recognize amortization	(12,415,162)	(12,415,162)	(11,965,464)
Recognize in year capital program revenues	25,307,664	25,307,664	31,600,808
Recognize expenditures included in capital fund	(273,494)	(273,494)	(1,068,995)
Capital Subtotal	<u>12,619,008</u>	<u>12,619,008</u>	<u>18,566,349</u>
Funded			
Remove principal debt repayments	5,361,766	5,361,766	5,508,872
Remove net transfers to reserves	(1,328,241)	(1,328,241)	(3,749,072)
Funded Subtotal	<u>4,033,525</u>	<u>4,033,525</u>	<u>1,759,800</u>
Unfunded			
Recognize accretion on Asset Retirement Obligation	(144,419)	(144,419)	(158,869)
Unfunded Subtotal	<u>(144,419)</u>	<u>(144,419)</u>	<u>(158,869)</u>
Annual surplus per PSAS financial statements	<u>\$ 16,508,114</u>	<u>\$ 16,508,114</u>	<u>\$ 20,167,280</u>

A balanced operating budget was approved by Council on December 14, 2023. The operating surplus presented at the top of the chart represents the actual financial results of Niagara Regional Housing compared to the operating budget. Since Niagara Regional Housing is required to report its annual surplus using Public Sector Accounting standards (PSAS), a number of adjustments are required in order for the financial results to conform with PSAS. For example, in the operating budget, capital projects are recognized when funding is allocated; however, in order to conform with PSAS, an adjustment is required as capital projects should be expensed over time through amortization, rather than immediately.