

Financial statements of

# **Peel Housing Corporation**

December 31, 2020

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**Peel Housing Corporation**

December 31, 2020

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## Independent Auditor's Report

To the Board of Directors of  
Peel Housing Corporation

### Opinion

We have audited the financial statements of Peel Housing Corporation, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, remeasurement gains and losses, 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 Peel Housing Corporation as at December 31, 2020, and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("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 Peel Housing 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.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing Peel Housing 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 Peel Housing Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Peel Housing Corporation'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 Peel Housing 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 Peel Housing 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 Peel Housing 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  
May 20, 2021

# Peel Housing Corporation Statement of Financial Position

As at December 31, 2020

	2020	2019
<b>Financial assets</b>		
Investments, unrestricted (Note 3)	\$ 20,666,189	\$ 20,209,305
Accounts receivable (Note 4)	17,874,674	7,858,444
Investments, restricted (Note 3)	18,642,642	17,035,723
	<b>57,183,505</b>	<b>45,103,472</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	14,999,357	12,432,659
Deferred revenue	15,636,726	9,261,650
Post-employment liabilities (Note 7)	139,500	120,507
Mortgages payable on income producing properties (Note 8)	114,209,964	132,483,983
Long term debt (Note 9)	45,905,742	38,692,789
	<b>190,891,289</b>	<b>192,991,588</b>
<b>Net debt</b>	<b>(133,707,784)</b>	<b>(147,888,116)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	387,753,722	397,825,127
Prepaid expenses	1,523,225	1,385,719
	<b>\$ 389,276,947</b>	<b>\$ 399,210,846</b>
<b>Accumulated surplus (Note 11)</b>	<b>\$ 255,569,163</b>	<b>\$ 251,322,730</b>
Accumulated surplus comprising:		
Accumulated operating surplus	\$ 253,462,231	\$ 249,610,188
Accumulated remeasurement gains	2,106,932	1,712,542
	<b>\$ 255,569,163</b>	<b>\$ 251,322,730</b>

The accompanying notes are an integral part of these financial statements.

# Peel Housing Corporation Statement of Operations

For the year ended December 31, 2020

	2020 Budget (Note 20)	2020 Actual	2019 Actual
<b>Revenues</b>			
Rental income	\$ 63,732,946	\$ 65,609,217	\$ 63,537,710
Non-rental income	5,400,050	5,966,057	4,822,568
Interest income from operations	452,967	407,783	518,228
Government grants (Note 15)	31,541,326	33,189,531	35,631,868
Investment income	884,521	884,521	721,090
Contributed capital (Note 10)	23,750	23,750	23,750
<b>Total revenues</b>	<b>102,035,560</b>	<b>106,080,859</b>	<b>105,255,214</b>
<b>Expenses (Note 13)</b>			
Social housing	112,892,081	102,228,816	99,826,002
<b>Total expenses</b>	<b>112,892,081</b>	<b>102,228,816</b>	<b>99,826,002</b>
Annual operating surplus (deficit)	(10,856,521)	3,852,043	5,429,212
Accumulated operating surplus, beginning of year	249,610,188	249,610,188	244,180,976
<b>Accumulated operating surplus, end of year</b>	<b>\$ 238,753,667</b>	<b>\$ 253,462,231</b>	<b>\$ 249,610,188</b>

The accompanying notes are an integral part of these financial statements.

## Peel Housing Corporation

### Statement of Remeasurement Gains and Losses

For the year ended December 31, 2020

	2020	2019
Accumulated remeasurement gain, beginning of year	\$ 1,712,542	\$ 1,105,555
Unrealized gain attributable to:		
Investments	394,390	606,987
Remeasurement gain for the year	394,390	606,987
Accumulated remeasurement gain, end of year	\$ 2,106,932	\$ 1,712,542

The accompanying notes are an integral part of these financial statements.

## Peel Housing Corporation Statement of Change in Net Debt

For the year ended December 31, 2020

	2020 Budget (Note 18)	2020 Actual	2019 Actual
<b>Annual operating surplus (deficit)</b>	\$ (10,856,521)	\$ 3,852,043	\$ 5,429,212
Acquisition of tangible capital assets	-	(819,264)	(983,461)
Amortization of tangible capital assets	11,203,950	10,888,473	11,039,920
Loss on sale of tangible capital assets	-	2,196	1,690,800
	347,429	13,923,448	17,176,471
Acquisition of prepaid expenses	-	(141,878)	(167,208)
Use of prepaid expenses	-	4,372	7,287
	\$ -	\$ (137,506)	\$ (159,921)
Net remeasurement gains	-	394,390	606,987
	347,429	14,180,332	17,623,537
Net debt, beginning of year	(147,888,116)	(147,888,116)	(165,511,653)
<b>Net debt, end of year</b>	\$ (147,540,687)	\$ (133,707,784)	\$ (147,888,116)

The accompanying notes are an integral part of these financial statements.



# Peel Housing Corporation

## Statement of Cash Flows

As at December 31, 2020

	2020	2019
<b>Operating activities</b>		
Annual operating surplus	\$ 3,852,043	\$ 5,429,212
Items not involving cash		
Amortization of tangible capital assets	10,888,473	11,039,920
Loss on sale of tangible capital assets	2,196	1,690,800.00
Change in post-employment liabilities	18,993	6,204
Change in non-cash assets and liabilities		
Accounts receivable	(10,016,230)	(2,568,614)
Accounts payable and accrued liabilities	2,566,698	2,415,439
Deferred revenue	6,375,076	(324,624)
Prepaid expenses	(137,506)	(159,921)
Net change in cash from operating activities	13,549,743	17,528,416
<b>Capital activity</b>		
Acquisition of tangible capital assets	(819,264)	(983,461)
Net change in cash from capital activity	(819,264)	(983,461)
<b>Investing activities</b>		
Investment income earned during the year	884,521	721,090
Acquisitions (net of disposals) of unrestricted investments	(456,884)	(817,807)
Acquisitions (net of disposals) of restricted investments	(2,097,050)	1,728,022
Net change in cash from investing activities	(1,669,413)	1,631,305
<b>Financing activities</b>		
Proceeds from Peel Region loan	8,394,319	2,321,068
Repayment of long-term debt	(1,181,366)	(1,373,050)
Repayment of mortgages payable	(18,274,019)	(19,124,278)
Net change in cash from financing activities	(11,061,066)	(18,176,260)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -
Cash paid for interest	\$ 4,065,706	\$ 4,706,867
Cash received from interest	1,199,835	1,080,690

The accompanying notes are an integral part of these financial statements.

# Peel Housing Corporation

(Unaudited)

## Notes to the Financial Statements

For the year ended December 31, 2020

### 1. Introduction

Peel Housing Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act in 2003. The Corporation has issued 100 common shares which are owned entirely by The Regional Municipality of Peel (the "Region"). The Corporation was formed as a result of the amalgamation effective January 1, 2003 of Peel Non-Profit Housing Corporation with Peel Regional Housing Corporation. The Corporation is a not-for-profit organization that provides and operates housing accommodation for people with low and modest income in the Region of Peel.

Effective October 1, 2001, the Region assumed from the Province of Ontario (the "Province") responsibility as Service Manager for social housing located in the Region of Peel. Effective January 1, 2012, the Corporation manages and operates its social housing units under the provisions of *Housing Services Act* ("HSA") and related regulations.

The Corporation's Board of Directors is comprised of 5 Region of Peel staff. The purpose of the Board is to fulfill the functions of a Board of Directors for the Corporation and to implement the direction provided by the Shareholder.

### 2. Significant Accounting Policies

The financial statements of the Corporation are the representation of management and are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

The focus of PSAB financial statements is on the financial position of the Corporation and the changes thereto. The statement of financial position reports the financial assets and liabilities, and the non-financial assets of the Corporation. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Corporation's overall future revenue requirements and its ability to finance activities and meet its obligations.

#### a) Basis of Accounting

##### *i. Accrual Method of Accounting*

The Corporation follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

##### *ii. Recognition of Rental Income*

Rental income relates to rent revenue earned on the lease of the Corporation's social housing units. Revenue is recognized as earned over the term of the lease.

##### *iii. Recognition of Government Grants*

Government transfers are received from the Service Manager and the Province for the provision of social housing services, building construction and other capital expenditures.

Government grants are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria

have been met, reasonable estimates of the amounts can be made, and there are no stipulations which give rise to a liability.

iv. *Recognition and Measurement of Financial Instruments*

The Corporation accounts for its accounts receivable, investments, accounts payable and accrued liabilities, and long term debt according to PSAB's standards for accounting and reporting financial instruments. Portfolio investments held in equity instruments that are quoted in an active market are reported at fair market value in the financial statements.

The fair value of investments is determined by the combination of the fair market value of investments with Encasa Financial Inc. ("Encasa") and a pro-rated portion of the Region's investments to reflect the fact that the balance of the Corporation's investments is pooled with the Region. Only the Encasa investment is reported at market value in the financial statements. Transaction costs are expensed as incurred.

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate respective fair values due to their relatively short-term maturity. The carrying value of long term debt and vendor mortgage approximate fair value due to the terms and conditions of the borrowing arrangements compared to current market conditions of similar items.

v. *Tangible Capital Assets*

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

<b>Assets</b>	<b>Useful life – years</b>
Buildings	20 – 100
Building improvements	8 – 100
Equipment and furnishings	3 – 80
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

vi. *Contributions of Tangible Capital Assets*

Tangible capital assets received as contributions are recorded at their fair value at the time of contribution. Revenue at an equal amount is recognized at the time of contribution.

vii. *Accounts Receivable*

The rent receivable portion of accounts receivable includes backdated rent receivables as determined in accordance with the HSA. These are established at the point of discovery.

viii. *Capitalization of Costs*

The Corporation capitalizes all development or construction related direct costs to income-producing property under construction. These costs include realty tax, project management fees, interest on construction loans and/or the interest relating to short-term bridge financing.

ix. *Reserves*

The capital replacement reserves for projects governed by the HSA, are established according to the terms of the agreements with the Service Manager. The remaining unallocated operating

surpluses (including non-HSA projects) are transferred to reserves designated for capital expenditures and working funds.

The working fund reserves were established by the Board of Directors to provide for unforeseen operating and capital expenditures for which alternative financing cannot be arranged.

The energy conservation reserve was established by the Board of Directors with a view to reduce utility costs. Interest is to be paid calculated on 100 basis points above the Canada Bond Yield's rate having a term to maturity equivalent to the term the reserve is being asked to invest.

x. *Mortgages Payable on Income Producing Property*

On the interest adjustment date, construction loans payable are transferred to mortgages payable on income-producing property. The interest adjustment date represents the effective date for commencement of mortgage payments and receipt of government grants based on the original mortgage commitment obtained to finance the project. To the extent that final mortgage requirements may differ from the original mortgage commitment when final construction costs are known, mortgages payable on income-producing property are adjusted accordingly.

xi. *Liability for Contaminated Sites*

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when a site is not in productive use and the following criteria are met:

- a) an environmental standard exists,
- b) contamination exceeds the environmental standard,
- c) the Corporation is directly responsible or accepts responsibility for the liability,
- d) future economic benefits will be given up, and,
- e) a reasonable estimate of the liability can be made.

A liability is recognized as management's estimate of the cost directly attributable to remediation activities and would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

xii. *Use of Estimates*

The preparation of financial statements in conformity with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities and amortization. Actual amounts could differ from those estimates.

### 3. Investments

Unrestricted and restricted investments reported on the statement of financial position have cost, market and book values as follows:

<b>2020</b>			
	<b>Cost</b>	<b>Market Value</b>	<b>Book Value</b>
Investments, unrestricted	\$ 20,666,189	\$ 21,442,084	\$ 20,666,189
Investments, restricted	16,535,710	19,154,712	18,642,642
<b>Total investments</b>	<b>\$ 37,201,899</b>	<b>\$ 40,596,796</b>	<b>\$ 39,308,831</b>

  

<b>2019</b>			
	<b>Cost</b>	<b>Market Value</b>	<b>Book Value</b>
Investments, unrestricted	\$ 20,209,305	\$ 20,547,374	\$ 20,209,305
Investments, restricted	15,323,181	17,243,601	17,035,723
<b>Total investments</b>	<b>\$ 35,532,486</b>	<b>\$ 37,790,975</b>	<b>\$ 37,245,028</b>

The Corporation's investments of \$2,896,596 (2019 – \$2,896,596) with Encasa had a fair market value of \$5,003,528, as at December 31, 2020 (2019 – \$4,609,138). The net accumulated unrealized gain of \$2,106,932 (2019 – \$1,712,542) for restricted investments is reported in the statement of re-measurement gains and losses and in the statement of financial position as an increase to restricted investments. The balance of the Corporation's funds are held with the Region for investment purposes which earn interest based on the Region's investment yield.

### 4. Accounts Receivable

Accounts receivable consists of the following:

	<b>2020</b>	<b>2019</b>
Rents	\$ 1,896,391	\$ 1,436,653
HST receivable	1,294,126	1,826,806
Other	1,388,653	3,903,628
Region of Peel	13,295,504	691,357
<b>Total</b>	<b>\$ 17,874,674</b>	<b>\$ 7,858,444</b>

## 5. Tangible Capital Assets

### 2020

(All dollars in \$000)

<b>Cost</b>	<b>Balance at December 31, 2019</b>	<b>Additions</b>	<b>Disposals &amp; Write-downs</b>	<b>Balance at December 31, 2020</b>
Land	\$ 142,253,079	\$ 78,603	\$ -	\$ 142,331,682
Buildings and building improvements	541,649,562	-	-	541,649,562
Vehicles	21,961	31,404	(21,961)	31,404
Equipment and furnishings	676,811	-	-	676,811
Construction work in progress	4,190,191	709,257	-	4,899,448
<b>Total cost</b>	<b>\$ 688,791,604</b>	<b>\$ 819,264</b>	<b>\$ (21,961)</b>	<b>\$ 689,588,907</b>

<b>Accumulated Amortization</b>	<b>Balance at December 31, 2019</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance at December 31, 2020</b>
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	290,640,126	-	10,859,279	301,499,405
Vehicles	19,765	(19,765)	2,591	2,591
Equipment and furnishings	306,586	-	26,603	333,189
<b>Total accumulated amortization</b>	<b>\$ 290,966,477</b>	<b>\$ (19,765)</b>	<b>\$ 10,888,473</b>	<b>\$ 301,835,185</b>

<b>Net Book Value</b>	<b>Balance at December 31, 2020</b>
Land	\$ 142,331,682
Buildings and building improvements	240,150,157
Vehicles	28,813
Equipment and furnishings	343,622
Construction work in progress	4,899,448
<b>Total net book value</b>	<b>\$ 387,753,722</b>

**Appendix I**  
**2020 Peel Housing Corporation Financial Statements**

(Unaudited)

**2019**

(All dollars in \$000)

<b>Cost</b>	<b>Balance at December 31, 2018</b>	<b>Additions</b>	<b>Disposals &amp; Write-downs</b>	<b>Balance at December 31, 2019</b>
Land	\$ 142,174,480	\$ 78,599	\$ -	\$ 142,253,079
Buildings and building improvements	543,340,362	-	(1,690,800)	541,649,562
Vehicles	21,961	-	-	21,961
Equipment and furnishings	676,811	-	-	676,811
Construction work in progress	3,285,329	904,862	-	4,190,191
<b>Total cost</b>	<b>\$ 689,498,943</b>	<b>\$ 983,461</b>	<b>\$ (1,690,800)</b>	<b>\$ 688,791,604</b>

<b>Accumulated Amortization</b>	<b>Balance at December 31, 2018</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance at December 31, 2019</b>
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	279,627,138	-	11,012,988	290,640,126
Vehicles	19,436	-	329	19,765
Equipment and furnishings	279,983	-	26,603	306,586
<b>Total accumulated amortization</b>	<b>\$ 279,926,557</b>	<b>\$ -</b>	<b>\$ 11,039,920</b>	<b>\$ 290,966,477</b>

<b>Net Book Value</b>	<b>Balance at December 31, 2019</b>
Land	\$ 142,253,079
Buildings and building improvements	251,009,436
Vehicles	2,196
Equipment and furnishings	370,225
Construction work in progress	4,190,191
<b>Total net book value</b>	<b>\$ 397,825,127</b>

During the year, the Corporation capitalized \$159,264 (2019 – \$182,966) of interest relating to various capital projects. The write-down of tangible capital assets during the year of \$Nil (2019 – \$1,690,800) was recorded in the statement of operations. The Corporation has no tangible capital assets recognized at a nominal value.

## 6. Contaminated Sites

As at December 31, 2020, there are no contaminated sites that meet the specified criteria and no liability (2019 – \$Nil) for contaminated sites has been recorded in these financial statements. It is the Corporation's practice to remediate all properties to an acceptable level based on the environmental standards for the intended use of the land.

## 7. Post-Employment Liabilities

The liability for retirement benefits on the statement of financial position is the result of a full actuarial valuation as at December 31, 2020, for the Corporation's share of costs associated with extending the coverage for health, dental and life insurance benefits to qualifying employees, with estimates to December 31, 2023. Benefit coverage, except for life insurance coverage, ceases at the age of 65.

The following significant actuarial assumptions adopted in the valuation were based on management's best estimates.

- Future discount rates 3.20 per cent per year
- Future inflation rate 1.75 per cent per year
- Future salaries Escalate at 2.75 per cent per year
- Future dental premium rates Escalate at 4.0 per cent per year
- Future health care premium rates Initial rate of 7.15 per cent decreasing by 0.15 per cent per year to the ultimate rate of 4.0 per cent

The following are the actuarial results for the accrued benefit liability reported on the statement of financial position:

<b>Retirement Benefits Liability</b>	<b>2020</b>	<b>2019</b>
Accrued benefit obligation at January 1	\$ 166,136	\$ 166,880
Add: benefit service cost	17,300	3,448
Add: interest accrued	6,500	6,530
Deduct: benefit payments	(11,836)	(10,722)
Deduct: Actuarial (Gain)	(3,200)	-
Expected accrued benefit obligation at December 31	174,900	166,136
Actual accrued benefit obligation at December 31	174,900	166,136
Deduct: unamortized actuarial loss	(35,400)	(45,629)
<b>Liability at December 31</b>	<b>\$ 139,500</b>	<b>\$ 120,507</b>

<b>Retirement Benefits Expense</b>	<b>2020</b>	<b>2019</b>
Current period benefit cost	\$ 14,136	\$ 3,448
Interest on accrued benefit obligation	6,500	6,530
Amortization of actuarial losses	6,948	6,948
<b>Total</b>	<b>\$ 27,584</b>	<b>\$ 16,926</b>



## 8. Mortgages Payable on Income Producing Properties

Mortgages are secured by a first charge on specific assets of the Corporation with amortization periods that range from 5 to 50 years and interest ranging from 0.69 per cent to 6.75 per cent. Generally, interest rates are fixed for either 5 or 10 years.

Estimated principal repayments in respect to these mortgages for the years 2021-2025 and thereafter are as follows:

	<b>Principal Repayments</b>
2021	\$ 18,452,729
2022	18,304,542
2023	17,589,729
2024	16,328,791
2025	14,291,611
Subsequent to 2025	29,242,562
<b>Total</b>	<b>\$ 114,209,964</b>

Interest paid during the year amounted to \$4,065,706 (2019 – \$4,706,867).

## 9. Long Term Debt

Long term debt consists primarily of four loans from the Region and forgivable loans with the Province associated with some of the properties developed with the Region.

	<b>2020</b>	<b>2019</b>
<b>Region of Peel Loans:</b>		
2005 Summerville Pines Current term is 2.9 per cent for ten years from March 6, 2016 to March 5, 2026, amortized over 35 years; payments made are based on the operating surplus of the project.	\$ 4,467,303	\$ 5,218,123
Service Manager Capital/Infrastructure Repayable Subsidy Interest rates currently range from 2.99 to 3.85 per cent payable over 15 years commencing with the various property locations' respective Operating Agreement end dates.	33,469,923	25,678,929
2013 Land Acquisition Purchase of land adjacent to Twin Pines, with an interest rate of 3.2 per cent, with an open term to repay.	3,077,760	2,999,160
Twin Pines Site Development Development of the Twin Pines site, with an interest rate of 2.95 per cent, with an open term to repay.	3,019,007	2,901,077
<b>Provincial loans (forgivable):</b>		
Forgiven after 20 years once program requirements have been met.	1,871,749	1,895,500
<b>Total</b>	<b>\$ 45,905,742</b>	<b>\$ 38,692,789</b>

Interest paid during the year amounted to \$1,075,743 (2019 – \$1,043,626).

## 10. Contributed Capital

The following summarizes changes to the balance for contributed capital.

	2020	2019
Balance at the beginning of the year	\$ 18,902,504	\$ 18,878,754
Assisted Housing in Peel (AHP) forgivable loan	23,750	23,750
<b>Total</b>	<b>\$ 18,926,254</b>	<b>\$ 18,902,504</b>

## 11. Accumulated Surplus

The accumulated surplus consists of the following:

	2020	2019
Accumulated operating surplus:		
Investment in tangible capital assets	\$ 240,976,088	\$ 232,219,185
Reserves	26,444,949	23,563,575
Contributed capital	18,926,254	18,902,504
Capital fund	(33,469,920)	(25,678,929)
Accumulated surplus from operations	724,260	724,260
Unfunded liability – retiree benefits	(139,500)	(120,507)
Common shares	100	100
	253,462,231	249,610,188
Unrealized gain on restricted investments	2,106,932	1,712,542
<b>Total Accumulated Surplus</b>	<b>\$ 255,569,163</b>	<b>\$ 251,322,730</b>

## 12. Surplus / (Deficit) from Housing Program Administration

Overhead costs are related to administrative functions performed by the Region and are allocated based on the buildings' weighted unit count.

	2020	2019
Total revenue	\$ 1,397,141	\$ 1,180,084
Less: expenses	14,251,613	12,985,987
<b>Deficit before the under noted items</b>	<b>(12,854,472)</b>	<b>(11,805,903)</b>
Transfer of investment income to reserve funds	(217,875)	(282,049)
Transfer of investment revenue to last month's rent	(97,438)	(77,550)
Transfer of investment income to operations	(884,521)	(721,090)
Administrative expense recovered from operations	13,049,469	11,813,033
Administrative allocation to Region of Peel buildings	1,004,837	1,073,559
<b>Surplus/deficit from housing program administration</b>	<b>\$ -</b>	<b>\$ -</b>

### **13. Expenses by Object**

The statement of operations reports expenses for the Corporation by function. The following is a summary of expenses by object.

	<b>2020</b>	<b>2019</b>
Salary and wages	\$ 4,364,073	\$ 4,320,478
Municipal taxes	13,552,713	13,398,487
Amortization	10,888,473	11,039,920
Debt interest charges	5,064,803	5,830,656
Other operating expenses	68,358,754	65,236,461
<b>Total</b>	<b>\$ 102,228,816</b>	<b>\$ 99,826,002</b>

### **14. Contingent Liabilities**

As at December 31, 2020, the Corporation has certain legal disputes outstanding that have arisen in the ordinary course of operations. No provision has been made in 2020 for costs or losses, as all claims are expected to be covered by insurance or the consequences are undeterminable at this time.

### **15. Government Grants**

The following represents four grants where funding was received for capital up to December 31, 2020 from the Region's Social Housing Improvement Program ("SHIP"), the Social Housing Apartment Improvement Program ("SHAIP"), Canada-Ontario Community Housing Initiative ("COCHI"), and the Early Learning Child Care Canada ("ELCC") Grants Program. SHIP and SHAIP grants were approved by the Service Manager and made available for eligible capital project costs that meet the conditions as specified in each respective grant agreement.

**SHIP Projects**

<i>Property</i>	<i>Project Description</i>	<i>SHIP Grant Approved</i>	<i>SHIP Eligible Expenses Incurred Prior to January 1, 2020</i>	<i>2020 SHIP Eligible Expenses Incurred January 1, 2020 to December 31, 2020</i>	<i>Excess of Approved SHIP Grant Over Expenses</i>
Britannia Place	Roofing Replacement	\$ 334,252	\$ 334,252	\$ -	\$ -
Castlebrooke	Elevators Modernization and Cab Retrofits	564,857	564,857	-	-
Conover	Roofing Replacement	276,461	276,461	-	-
Fairview Place	Balcony Remediation	747,269	747,269	-	-
Lakeside Court - TH	Asphalt Shingles, Eavestroughs and Downspouts Replacement and Assoc Works	52,867	52,867	-	-
Lakeview Promenade - APT	Elevators Modernization and Cab Retrofits	597,296	577,461	19,835	-
Meadows	Asphalt Shingles, Eavestroughs and Downspouts Replacement and Assoc Works	571,528	571,528	-	-
Whillan's Gate	Elevators Modernization	501,847	501,847	-	-
Chelsea Gardens	UPG Repairs and Associated Works	978,606	978,606	-	-
Maple Avenue	Generator / Fuel System Compliance Upgrade	44,961	44,961	-	-
	<b>Total</b>	<b>\$ 4,669,944</b>	<b>\$ 4,650,109</b>	<b>\$ 19,835</b>	<b>\$ -</b>

The total amount of SHIP funding spent on the approved Eligible Project Costs in 2020 is \$19,835 (2019 - \$451,142).

**SHAIP Projects**

<i>Property</i>	<i>Project Description</i>	<i>SHAIP Grant Approved</i>	<i>SHAIP Eligible Expenses Incurred Prior to January 1, 2020</i>	<i>2020 SHAIP Eligible Expenses Incurred January 1, 2020 to December 31, 2020</i>	<i>Excess of Approved SHAIP Grant Over Expenses</i>
Bella Vista	Replacement of Unit and Site Lighting and Fixtures with LED	\$ 270,000	\$ 220,194	\$ 24,288	\$ 25,518
Bella Vista	Underground Parking Garage (UPG) - 5 exhaust fans and Carbon Monoxide (CO) detectors	115,000	63,426	-	51,574
Gardenvue Court	Exhaust Ventilation - Garage (5 Units)	39,626	39,626	-	-
Gardenvue Court	Replacement with energy-efficient windows and doors, and associated exterior works	2,268,798	1,850,227	418,571	-
Gardenvue Court	Replacement of Unit and Site Lighting and Fixtures with LED	180,145	180,145	-	-
Surveyors Point	Replacement of Unit and Site Lighting and Fixtures with LED	177,000	139,989	-	37,011
Surveyors Point	Replacement with energy efficient Cooling Tower	88,000	120,670	-	(32,670)
Surveyors Point	Underground Parking Garage (UPG) - 2 exhaust fans	25,000	-	-	25,000
Surveyors Point	Replacement with energy-efficient windows and doors, and associated exterior works	1,340,000	1,287,075	82,266	(29,341)
	<b>Total</b>	<b>\$ 4,503,569</b>	<b>\$ 3,901,352</b>	<b>\$ 525,125</b>	<b>\$ 77,092</b>

The total amount of SHAIP funding spent on the approved Eligible Project Costs in 2020 is \$525,125 (2019 - \$3,863,496).

**ELCC Project**

<i>Property</i>	<i>Project Description</i>	<i>ELCC Grant Approved</i>	<i>ELCC Eligible Expenses Incurred Prior to January 1, 2020</i>	<i>2020 ELCC Eligible Expenses Incurred January 1, 2020 to December 31, 2020</i>	<i>Excess of Approved ELCC Grant Over Expenses</i>
Bella Vista	Creating new child care spaces in PHC Bella Vista building	\$ 500,000	\$ 3,016	\$ 285,416	\$ 211,568
	<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 3,016</b>	<b>\$ 285,416</b>	<b>\$ 211,568</b>

The total amount of ELCC funding spent on approved Eligible Project Costs in 2020 is \$285,416 (2019 - \$3,016).

### COCHI Projects

<i>Property</i>	<i>Project Description</i>	<i>COCHI Grant Approved</i>	<i>COCHI Eligible Expenses Incurred Prior to January 1, 2020</i>	<i>2020 COCHI Eligible Expenses Incurred January 1, 2020 to December 31, 2020</i>	<i>Excess of Approved COCHI Grant Over Expenses</i>
McHardy Place	Parking Lot Replacement	\$ 128,188	\$ -	\$ 79,892	\$ 48,296
Middleton Way	Replace Unit Driveways and Visitor Parking	550,492	-	46,689	\$ 503,803
Springfield Gardens	Roofing Replacement	499,921	-	499,921	-
Stavebank	Roofing Replacement	213,754	-	192,858	\$ 20,896
	<b>Total</b>	<b>\$1,392,355</b>	<b>\$ -</b>	<b>\$ 819,360</b>	<b>\$ 572,995</b>

The total amount of COCHI funding spent on the approved Eligible Project Costs in 2020 is \$819,360 (2019 - \$nil).

### 16. Risks

#### a) 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.

#### b) Interest Rate Risk

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

#### c) 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 to the approved investment policy.

## 17. Commitments

The Corporation has obligations under non-cancellable operating leases with the Region of Peel for various service agreements.

The expected payments to the expiry of leases and agreements are as follows:

	<b>Payments</b>
2021	\$ 2,055,469
2022	2,055,469
2023	2,055,469
2024	2,055,469
2025	2,055,469
Subsequent to 2025	45,068,671
<b>Total</b>	<b>\$ 55,346,016</b>

## 18. Budget Reconciliation

The budget amounts presented in the financial statements are based on the 2020 operating and capital budgets approved by the Board on August 15, 2019. The following reconciles the approved budget to the budget amounts presented in the financial statements using the accrual basis of accounting, in accordance with PSAS.

	<b>Revenues</b>	<b>Expenses</b>
Board Approved Operating Budget	100,914,219	100,914,219
Board Approved Capital Budget	35,500,000	35,500,000
PSAB Adjustments		
Contributions to reserves/reserve funds	-	(14,264,397)
Contributions from reserves/reserve funds	(13,386,930)	-
Amortization	-	(6,905,535)
Loan principal repayments	-	(2,352,206)
Acquisition of tangible capital assets	-	-
Capital projects funded by loans	(21,900,000)	-
Other Adjustments		
Investment income	884,521	-
Contributed Capital	23,750	-
<b>Budget as presented in Financial Statements</b>	<b>\$ 102,035,560</b>	<b>\$ 112,892,081</b>