



REPORT
Meeting Date: 2020-04-16
Audit and Risk Committee

For Information

REPORT TITLE: **2019 Peel Housing Corporation Financial Statements**

FROM: Andrea Warren, General Manager, Peel Housing Corporation
 Stephanie Nagel, Treasurer, Peel Housing Corporation

OBJECTIVE

To present the 2019 Peel Housing Corporation unaudited financial statements.

REPORT HIGHLIGHTS

- The 2019 Peel Housing Corporation financial statements reflect the financial position, financial operations, and cash flows of Peel Housing Corporation.
 - The 2019 financial statements have been prepared in accordance with Canadian public sector accounting standards.
 - There are no uncorrected or corrected misstatements identified during the 2019 audit.
 - Deloitte has completed the annual audit of the financial statements and is expected to issue an unmodified audit opinion on April 16, 2020.
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DISCUSSION

1. Background

The 2019 Peel Housing Corporation financial statements and related notes have been prepared by Regional staff and are in accordance with the Canadian public sector accounting standards financial reporting framework, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

2. Findings

a) Highlights from the 2019 Peel Housing Corporation Financial Statements

The 2019 Peel Housing Corporation financial statements have been provided in Appendix I.

The tables below present highlights from the 2019 financial statements, along with comments on the major variances.

2019 Peel Housing Corporation Financial Statements

i. Statement of Financial Position (In \$000s)

	2019 Actuals	2018 Actuals	Favourable/ (Unfavourable)
Financial Assets (A)	45,103,472	43,559,175	1,544,297
Liabilities (B)	192,991,588	209,070,828	16,079,240
Net Debt C = (A-B)	(147,888,116)	(165,511,653)	17,623,537
Non-Financial Assets (D)	399,210,846	410,798,184	(11,587,338)
Accumulated Surplus (C+D)	251,322,730	245,286,531	6,036,199

Financial assets include cash and assets that can be quickly converted to cash. The \$1.5 million increase relates to an increase in the receivables balance at year-end.

Liabilities represent obligations that require future payment or services. The \$16.0 million decrease is attributable to loan and mortgage repayments made during the year.

Net Debt is an indicator of the Corporation's ability to finance future activities and meet its liabilities and commitments. The reduction in Peel Housing Corporation's net debt position is a positive signal, as it continues to pay down its long-term debt and mortgage balances.

Non-Financial Assets are physical assets that are owned and used to deliver future programs and services. The \$11.5 million reduction in the non-financial assets balance relates to annual amortization recorded on the tangible capital assets during the year, as well as a write-down to the Corporation's East Ave. building tangible capital asset value.

ii. Statement of Operations (In \$000s)

	2019 Actuals	2018 Actuals	Favourable/ (Unfavourable)
Total Revenues	105,255,214	103,451,155	1,804,059
Total Expenses	99,826,002	89,181,847	(10,644,155)
Annual Surplus	5,429,212	14,269,308	(8,840,096)

2019 Peel Housing Corporation Financial Statements

Total Revenues represents the money received or revenues earned during the year. The \$1.8 million increase mainly relates to higher rental revenues resulting from increased market rents, as well as increases in capital project funding and investment income.

Total Expenses represents the money spent or costs incurred during the year. The \$10.6 million increase during the year is attributable to increase capital spending on projects that do not meet the tangible capital asset criteria, as well as the write-down to the Corporation's East Ave. building tangible capital asset value.

iii. Budget Reconciliation

The budget reported in the financial statements differs from the budget book approved by the Board in the annual budget process. Adjustments are needed to convert the budget reported in the budget book from a modified accrual basis to a full accrual basis for financial statement purposes. Note 20 in the financial statements reconciles the approved budget to the budget amounts presented in the financial statements.

b) Adoption of New Accounting Standard

Effective January 1, 2019, the Corporation adopted a new Canadian public sector accounting standard PS 3430 Restructuring Transactions on a prospective basis. The new standard provides guidance on accounting for, and reporting assets and liabilities transferred in restructuring transactions by both transferors and recipients. The adoption of this new standard has not had a material impact on these financial statements.

c) Audit Results

Deloitte conducts the audit of the annual Peel Housing Corporation financial statements.

The 2019 Auditor's Report reflects Deloitte's opinion that the financial statements present fairly, in all material respects, the financial position of the Peel Housing Corporation as at December 31, 2019, 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.

CONCLUSION

The 2019 financial statements for Peel Housing Corporation are presented for the Audit and Risk Committee's review.

APPENDICES

Appendix I - 2019 Peel Housing Corporation Financial Statements

For further information regarding this report, please contact Stephanie Nagel, Director, Corporate Finance and Treasurer, Ext. 7105, stephanie.nagel@peelregion.ca.

2019 Peel Housing Corporation Financial Statements

Authored By: Sandy Calandra, Manager, Accounting Services

Reviewed and/or approved in workflow by:

Treasurer and General Manager of Peel Housing Corporation.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink, reading "Nancy Polsinelli". The signature is written in a cursive style with a large initial "N" and a stylized "P".

N. Polsinelli, Interim Chief Administrative Officer