

**BRANTFORD MUNICIPAL NON-PROFIT  
HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2022**

**BRANTFORD MUNICIPAL NON-PROFIT  
HOUSING CORPORATION**

**For the year ended December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the  
**Brantford Municipal Non-Profit Housing Corporation**

### **Opinion**

We have audited the financial statements of Brantford Municipal Non-Profit Housing Corporation (the 'Corporation'), which comprise the statement of financial position as at December 31, 2022, and the statement of changes in net assets, the statements of operations of Beckett Project - Shelter, Beckett Project - Non-Shelter, and Branlyn Meadows Project - Shelter and the statement of capital replacement reserve funds for the year then ended, and notes and schedule to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022 and its results of operations for the year then ended in accordance with the financial reporting provisions of the Ontario Ministry of Municipal Affairs and Housing.

### **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 *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the 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.

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Brantford Municipal Non-Profit Housing Corporation to comply with the financial reporting provisions referred to above. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter. Our report is intended solely for the Directors of Brantford Municipal Non-Profit Housing Corporation, the service manager, and the Ontario Ministry of Municipal Affairs and Housing and should not be distributed or used by parties other than the Directors of Brantford Municipal Non-Profit Housing Corporation, the service manager, and the Ontario Ministry of Municipal Affairs and Housing.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Ontario Ministry of Municipal Affairs and Housing, 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' 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 auditors' 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 these financial statements. 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 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 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the 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.



May 3, 2023  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Accounts receivable - rent	10,553	2,846
Due from City of Brantford	333,813	290,743
Due from Service Manager - City of Brantford	1,369	11,536
Prepaid expenses	18,790	17,542
Investments (Note 2)	365,281	384,723
	729,806	707,390
<b>Property, Plant and Equipment</b> (Note 3)	<b>925,454</b>	<b>1,021,244</b>
	<b>1,655,260</b>	<b>1,728,634</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	50,192	1,265
Prepaid rent	7,833	8,504
Current portion of long term liability (Note 4)	95,895	95,788
	153,920	105,557
<b>Long Term Liability</b> (Note 4)	<b>437,034</b>	<b>532,930</b>
<b>Replacement Reserve Funds</b> (Note 5 and Page 8)	<b>450,824</b>	<b>525,290</b>
<b>Contributed Surplus</b>	<b>384,895</b>	<b>384,895</b>
<b>Net Assets</b> - Page 4	<b>228,587</b>	<b>179,962</b>
	<b>1,501,340</b>	<b>1,623,077</b>
	<b>1,655,260</b>	<b>1,728,634</b>

Approved on behalf of the Board

..... Director

..... Director

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF CHANGES IN NET ASSETS

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Balance - Beginning of Year</b>	179,962	88,243
<b>Excess of Revenue over Expenses</b>		
Beckett Project - Shelter	53,665	88,570
Beckett Project - Non-Shelter Solar	2,578	774
Branlyn Meadows Project - Shelter	(7,618)	2,375
<b>Balance - End of Year</b>	<b>228,587</b>	<b>179,962</b>

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF OPERATIONS - BECKETT PROJECT - SHELTER

For the year ended December 31	Budget 2022	Actual 2022	Actual 2021
<b>Revenue</b>			
Federal grants	-	-	1,274
Rental - Market tenants	460,853	180,283	196,550
Rental - RGI tenants	-	281,864	277,788
Other revenue	6,300	6,840	6,907
	467,153	468,987	482,519
<b>Expenses</b>			
Taxes paid on city owned property	63,490	63,086	61,941
Insurance	13,052	13,206	14,571
Legal and audit	3,400	3,297	3,297
Bad debt	600	10	-
Office administration	7,866	9,577	3,120
Repairs and maintenance	162,994	101,623	110,933
Security services	-	9,816	-
Replacement reserve	97,890	97,890	81,580
Utilities	82,614	81,706	81,503
Wages and benefits	35,247	35,111	37,004
	467,153	415,322	393,949
<b>Excess of Revenue over Expenses</b>	-	53,665	88,570

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF OPERATIONS - BECKETT PROJECT - NON-SHELTER

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Contribution from Municipality	113,184	86,949
Sale of Hydro	5,522	5,426
Lease	2,769	13,225
	121,475	105,600
<b>Expenses</b>		
Insurance	3,621	3,995
Repairs and maintenance	57,969	43,913
Utilities	54,729	56,144
Transfer to replacement reserve	2,578	774
	118,897	104,826
<b>Excess of Revenue over Expenses</b>	<b>2,578</b>	<b>774</b>

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF OPERATIONS - BRANLYN MEADOWS PROJECT - SHELTER

For the year ended December 31	Budget 2022	Actual 2022	Actual 2021
<b>Revenue</b>			
Service manager subsidy	152,488	152,488	133,780
Current year subsidy adjustment	-	1,369	11,536
Rental - Market tenants	132,000	62,540	76,368
- RGI tenants	-	60,830	56,136
Other revenue	2,000	7,257	1,319
	286,488	284,484	279,139
<b>Expenses</b>			
Amortization - net	95,814	95,788	93,543
Taxes paid on city owned property	51,266	50,940	50,014
Insurance	4,421	4,473	4,935
Interest on long term liability	13,886	13,717	15,971
Legal and audit	1,300	1,282	1,282
Bad debts and collection costs	3,000	4,590	1,679
Office administration	2,100	2,466	1,247
Repairs and maintenance	87,317	87,592	80,762
Replacement reserve	16,515	16,515	15,924
Utilities	2,350	5,659	2,879
Wages and benefits	8,519	9,080	8,528
	286,488	292,102	276,764
<b>Excess of Expenses over Revenue</b>	-	(7,618)	2,375

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF CAPITAL REPLACEMENT RESERVE FUNDS

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<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Balance - Beginning of Year</b>	525,290	517,081
Provision from operations (Note 5)	114,405	97,504
Interest, net of investment losses	(19,442)	(7,104)
Capital expenditures	(172,007)	(82,965)
Contribution from Solar Revenue	2,578	774
<b>Balance - End of Year</b>	<b>450,824</b>	<b>525,290</b>

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# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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Brantford Municipal Non-Profit Housing Corporation is incorporated as a not-for-profit organization without share capital. The main purpose of the Corporation is to provide affordable housing to residents of Brantford and Brant County.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### (a) Basis of Accounting

These financial statements have been prepared in accordance with the significant policies set out below to comply with reporting requirements of the Ministry of Municipal Affairs and Housing. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because:

- (i) Amortization is provided on the Branlyn Meadows Project land, building, and furnishings and the Beckett Project building at a rate equal to the annual principal reduction of the mortgage rather than estimated useful life of the specific asset. Also, the Branlyn Meadows Project land is considered to have a limited life.
- (ii) Property, plant and equipment purchased after their initial project construction are funded from and charged against Replacement Reserve Funds rather than being capitalized on the statement of financial position and amortized over their estimated useful lives.
- (iii) Transfers to Replacement Reserve Funds are accounted for on the statement of operations, rather than as an inter-fund transfer in the statement of changes in net assets.
- (iv) Financial instruments are recorded at market value.
- (v) A statement of changes in financial position is not presented.

#### (b) Use of Estimates

Financial statements are based on representations that may require estimates to be made in anticipation of future transactions and events and include measurement that may, by their nature, be approximations.

#### (c) Income Recognition

Revenue and expenses are recognized utilizing the accrual method whereby revenue is recorded when earned and expenses are recorded when incurred.

#### (d) Investments

The investments are held with WorldSource Financial Management in accordance with the Social Housing Reform Act, 2011 (Ontario). Investments are stated at market value.

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Property, Plant and Equipment and Amortization

Beckett Project - Property, plant and equipment are stated at historical cost. Amortization on furnishings is calculated on a straight line basis over ten years. Building amortization is provided for in the accounts in annual amounts equal to the principal repayments on the mortgage during the year.

Branlyn Meadows Project - Property, plant and equipment are stated at historical cost. Amortization is provided for in the accounts in annual amounts equal to the principal mortgage repayments during the year.

#### (f) Contributed Surplus

The Corporation purchased land from the Corporation of the City of Brantford which in turn granted the total purchase price to the Corporation. The total amount of costs related to the purchase of the land has been credited to contributed surplus.

2. INVESTMENTS	Cost 2022	Market Value 2022	Cost 2021	Market Value 2021
Short term bonds	409,280	365,281	401,383	384,723

3. PROPERTY, PLANT AND EQUIPMENT	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
<b>Beckett Project</b>				
Land	384,895	-	384,895	384,895
Building	5,940,047	5,940,047	-	-
Furnishings	53,445	53,445	-	-
	6,378,387	5,993,492	384,895	384,895
<b>Branlyn Meadows Project</b>				
Land	490,126	361,269	128,857	151,698
Building	1,537,778	1,133,420	404,358	476,021
Furnishings	27,588	20,244	7,344	8,630
	2,055,492	1,514,933	540,559	636,349
<b>Total</b>	<b>8,433,879</b>	<b>7,508,425</b>	<b>925,454</b>	<b>1,021,244</b>

**BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2022**

4. LONG TERM LIABILITY	2022	2021
<b>Branlyn Meadows Project</b>		
2.39% first mortgage loan to Canada Mortgage and Housing Corporation, due March 2023, payable in monthly installments of \$9,142 on account of principal and interest	532,929	628,718
Less: current portion	95,895	95,788
	<b>437,034</b>	<b>532,930</b>

The corporation's land and building is pledged as security on the mortgage. Subsequent to year end the mortgage was refinanced at a rate of 3.81%, with a maturity date of February 2028. Minimum principal repayment requirements on the mortgage is as follows:

2023 -	95,895
2024 -	98,686
2025 -	102,492
2026 -	106,431
2027 -	110,525

**5. REPLACEMENT RESERVE FUNDS**

In accordance with the Housing Services Act, 2011, the Corporation is required to establish and contribute to a separate replacement reserve fund and to account for these funds, including interest. The use of these funds is restricted to the repair and replacement of capital items. The annual contribution for Branlyn Meadows is \$16,515 and Beckett Building is \$97,890.

**6. RELATED PARTY TRANSACTIONS**

The Board of Directors of the Corporation consists of Brantford City Council appointees to the Social Services Committee. Upon dissolution, after the payments of its liabilities, the Corporation's remaining property shall be distributed to, or disposed of by, the City of Brantford.

All financial transactions are made on behalf of the Brantford Municipal Non-Profit Housing Corporation by the City of Brantford. Additionally, the staff of the City of Brantford perform all the management functions of the Corporation.

**7. STATEMENT OF CHANGES IN FINANCIAL POSITION**

A statement of changes in financial position is not required for Ministry of Municipal Affairs and Housing reporting purposes.

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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### 8. EMPLOYEE COMPENSATION

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As required by the Public Sector Salary Disclosure Act, 1996, no employees were paid a salary of \$100,000 or more in 2022 by the Brantford Municipal Non-Profit Housing Corporation.

### 9. FINANCIAL INSTRUMENTS

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#### **Fair Value**

The fair value of financial instruments, such as cash and bank, investments, accounts receivable, accounts payable and mortgage payable are determined to approximate their recorded values.

#### **Interest Rate Risk**

The Corporation's interest rate risk relates to the refinancing of the Corporation's mortgage and is dependant on the available interest rates at the time of renewal.

#### **Credit Risk**

The Corporation's credit risk relates to its accounts receivable. The risk of significant loss is considered remote.

### 10. COMPARATIVE FIGURES

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Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AND OTHER LONG TERM LIABILITIES - SHELTER AND NON-SHELTER

### SCHEDULE 1

For the year ended December 31, 2022

<b>Property, Plant and Equipment and Long Term Liabilities</b>	<b>Shelter</b>	<b>Non-Shelter</b>	<b>Total</b>
<b>Beckett Project</b>			
Property, plant and equipment - at cost	4,720,006	1,658,381	6,378,387
Less: Accumulated amortization	(4,435,184)	(1,558,308)	(5,993,492)
<b>Net Book Value</b>	<b>284,822</b>	<b>100,073</b>	<b>384,895</b>
Less: Contributed surplus	(284,822)	(100,073)	(384,895)
<b>Long Term Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Branlyn Meadows Project</b>			
Property, plant and equipment - at cost	2,055,492	-	2,055,492
Less: Accumulated amortization	(1,514,933)	-	(1,514,933)
<b>Net Book Value</b>	<b>540,559</b>	<b>-</b>	<b>540,559</b>
Less: Interest equity on escrow fund	(7,630)	-	(7,630)
<b>Long Term Liability</b>	<b>532,929</b>	<b>-</b>	<b>532,929</b>