

**BRANTFORD MUNICIPAL NON-  
PROFIT HOUSING CORPORATION**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

**BRANTFORD MUNICIPAL NON-PROFIT  
HOUSING CORPORATION**

**For the year ended December 31, 2020**

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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, 2020, 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 replacement reserve funds for the year then ended, and notes 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, 2020 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.

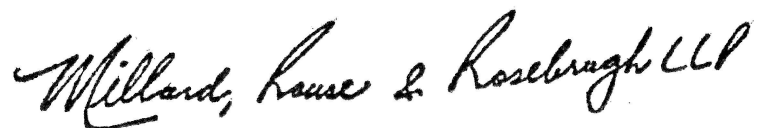
Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### **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.



March 23, 2021  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Accounts receivable - rent	2,373	3,880
Due from City of Brantford	208,582	104,744
Prepaid expenses	19,994	16,266
Investments (Note 2)	391,826	373,042
	622,775	497,932
<b>Property, Plant and Equipment</b> (Note 3)	1,114,786	1,206,123
	1,737,561	1,704,055
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	1,450	1,640
Prepaid rent	10,559	14,025
Due to Service Manager - City of Brantford	13,074	84,870
Current portion of long term liability (Note 4)	93,543	91,337
	118,626	191,872
<b>Long Term Liability</b> (Note 4)	628,718	722,261
<b>Replacement Reserve Funds</b> (Note 5 and Page 8)	517,079	363,375
<b>Contributed Surplus</b>	384,895	384,895
<b>Net Assets</b> - Page 4	88,243	41,652
	1,618,935	1,512,183
	1,737,561	1,704,055

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>2020</b>	<b>2019</b>
<b>Balance - Beginning of Year</b>	41,652	59,552
<b>Excess of Revenue over Expenses</b>		
Beckett Project - Shelter	43,317	-
Beckett Project - Non-shelter Solar	2,531	3,316
Branlyn Meadows Project - Shelter	743	(21,216)
<b>Balance - End of Year</b>	<b>88,243</b>	<b>41,652</b>

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF OPERATIONS - BECKETT PROJECT - SHELTER

<b>For the year ended December 31</b>	<b>Budget 2020</b>	<b>Actual 2020</b>	<b>Actual 2019</b>
<b>Revenue</b>			
Federal subsidies	-	-	86,367
Service manager subsidies	-	-	19,218
Current year subsidy adjustment	-	-	(65,774)
Rental - Market tenants	440,000	183,597	181,734
Rental - RGI tenants	-	277,256	265,476
Other revenue	6,300	10,142	6,982
	446,300	470,995	494,003
<b>Expenses</b>			
Amortization - net	-	-	123,320
Taxes paid on city owned property	63,500	60,529	61,943
Insurance	12,000	12,564	11,980
Interest on long term liability	-	-	457
Legal and audit	3,400	3,297	3,279
Office administration	4,870	4,914	4,643
Repairs and maintenance	199,077	142,194	131,743
Replacement reserve	44,984	88,301	43,972
Utilities	86,300	82,326	80,606
Wages and benefits	32,169	33,553	32,060
	446,300	427,678	494,003
<b>Excess of Revenue over Expenses</b>	-	43,317	-

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

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

For the year ended December 31	2020	2019
<b>Revenue</b>		
Contribution from Municipality	66,680	136,183
Sale of Hydro	5,427	6,998
	72,107	143,181
<b>Expenses</b>		
Insurance	3,445	2,943
Interest on long term liability	-	160
Legal and audit	-	711
Repairs and maintenance	12,025	37,443
Utilities	51,576	51,962
Amortization	-	43,330
Transfer to replacement reserve	2,530	3,316
	69,576	139,865
<b>Excess of Revenue over Expenses - Page 4</b>	2,531	3,316



# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF OPERATIONS - BRANLYN MEADOWS PROJECT - SHELTER

For the year ended December 31	Budget 2020	Actual 2020	Actual 2019
<b>Revenue</b>			
Service manager subsidy	137,909	137,909	151,379
Current year subsidy adjustment	-	(13,074)	(19,096)
Rental - Market tenants	140,000	75,395	73,985
- RGI tenants	-	77,093	66,896
Other revenue	2,000	(2,381)	4,212
	279,909	274,942	277,376
<b>Expenses</b>			
Amortization - net	91,337	91,337	89,199
Taxes paid on city owned property	49,434	48,874	48,227
Insurance	3,600	4,256	3,635
Interest on long term liability	18,363	18,174	20,320
Legal and audit	1,300	1,282	1,275
Bad debts and collection costs	3,600	477	7,493
Office administration	1,000	500	500
Repairs and maintenance	84,977	84,184	102,669
Replacement reserve	15,993	15,993	15,623
Utilities	2,350	1,206	2,114
Wages and benefits	7,955	7,916	7,537
	279,909	274,199	298,592
<b>Excess of Expenses over Revenue - Page 4</b>	-	743	(21,216)

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## STATEMENT OF REPLACEMENT RESERVE FUNDS

For the year ended December 31	2020	2019
<b>Beckett Project</b>		
<b>Balance - Beginning of Year</b>	332,995	306,915
Provision from operations (Note 5)	88,301	43,972
2019 surplus per service manager	65,774	-
Interest, net of investment losses	17,412	9,437
Repairs and maintenance expenditure	(23,838)	(30,645)
Contribution from Solar Revenue	2,530	3,316
<b>Balance - End of Year</b>	483,174	332,995
<b>Branlyn Meadows Project</b>		
<b>Balance - Beginning of Year</b>	30,380	52,865
Provision from operations (Note 5)	15,993	15,623
2019 surplus per service manager	19,096	-
Interest, net of investment losses	1,371	1,228
Repairs and maintenance expenditure	(32,935)	(39,336)
<b>Balance - End of Year</b>	33,905	30,380
<b>Total</b>	517,079	363,375

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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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, 2020

### 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 2020	Market Value 2020	Cost 2019	Market Value 2019
Short term bonds	390,965	391,826	389,202	373,042

3. PROPERTY, PLANT AND EQUIPMENT	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
<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	316,123	174,003	195,782
Building	1,537,778	991,775	546,003	614,335
Furnishings	27,588	17,703	9,885	11,111
	2,055,492	1,325,601	729,891	821,228
<b>Total</b>	8,433,879	7,319,093	1,114,786	1,206,123

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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4. LONG TERM LIABILITY	2020	2019
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<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	722,261	813,598
Less: current portion	93,543	91,337
	<hr/> 628,718	<hr/> 722,261

The corporation's land and building is pledged as security on the mortgage. Minimum principal repayment requirements on the mortgage is as follows, assuming the mortgage will be refinanced at a similar rate on maturity:

2021 -	93,543
2022 -	95,788
2023 -	98,121
2024 -	100,444
2025 -	102,871

## 5. REPLACEMENT RESERVE FUNDS

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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 \$15,993.

# BRANTFORD MUNICIPAL NON-PROFIT HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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### 6. RELATED PARTY TRANSACTIONS

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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

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

### 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 2020 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.

# 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, 2020

<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	(1,325,601)	-	(1,325,601)
<b>Net Book Value</b>	<b>729,891</b>	<b>-</b>	<b>729,891</b>
Less: Interest equity on escrow fund	(7,630)	-	(7,630)
<b>Long Term Liability</b>	<b>722,261</b>	<b>-</b>	<b>722,261</b>