Financial Statements of

RENFREW COUNTY HOUSING CORPORATION

Year ended December 31, 2023

RENFREW COUNTY HOUSING CORPORATION

Financial Statements

Year ended December 31, 2023

Management's Responsibility for the Financial Statements

The accompanying financial statements of Renfrew County Housing Corporation (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by Board of Directors. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

On behalf of the Board:

Craig Kelley
Chief Executive Officer

Daniel Burke, CPA, CA
Treasurer

June 12, 2024

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Kingston, ON K7L 5N4
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Renfrew County Housing Corporation

Opinion

We have audited the financial statements of Renfrew County Housing Corporation ("the Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statements of operations and accumulated surplus for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes 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 present fairly, in all material respects, the financial position the Entity as at December 31, 2023, and its results of operations 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements"*** 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 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 - Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2") which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reasons for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity'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 Entity'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 the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 12, 2024

RENFREW COUNTY HOUSING CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets:		
Current assets:		
Cash	$ 1,723,848	$ 3,640,868
Investments (note 3)	201,017	201,017
Accounts receivable (note 4)	629,825	555,418
Due from the Corporation of the County of Renfrew	1,837,231	1,190,075
	4,391,921	5,587,378
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,130,182	1,761,334
Deferred revenue	121,723	121,183
Asset retirement obligation (note 8)	17,179,952	17,179,952
Accrued interest on long-term debt	1,158	1,827
Post-employment benefits (note 5)	210,214	186,641
Current portion of long-term debt (note 6)	111,871	307,735
	18,755,100	19,558,672
Long-term debt (note 6)	415,169	527,040
	19,170,269	20,085,712
Net debt	(14,778,348)	(14,498,334)
Non-financial assets:		
Tangible capital assets (note 7)	22,404,145	18,994,603
Prepaid expenses	235,685	230,863
	22,639,830	19,225,466
Commitments (note 12)		
Contingent liabilities (note 13)		
Accumulated surplus (note 9)	$ 7,861,482	$ 4,727,132

See accompanying notes to financial statements.

On behalf of the Board:

________________________ Director ________________________ Director

RENFREW COUNTY HOUSING CORPORATION
Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 14)	2023 Total	2022 Total (Restated - note 2)
Revenue:			
Municipal subsidies (note 10)	$ 10,559,382	$ 11,943,351	$ 8,884,722
Rental income	4,865,002	5,113,913	4,916,281
Rental support - Province of Ontario	474,077	686,173	738,224
Other tenant income and recoveries	–	–	137,515
Interest	75,000	121,089	121,671
	15,973,461	17,864,526	14,798,413
Expenses:			
Repairs and maintenance	2,246,810	2,836,112	2,685,358
Municipal taxes and water	2,579,208	2,543,394	2,547,780
Rent support	2,231,579	2,350,024	2,148,312
Salaries	1,934,981	1,981,018	1,768,268
Project administration	1,407,926	1,179,672	1,175,374
Amortization of tangible capital assets	1,200,000	1,611,190	1,462,870
Heat, light and power	1,198,579	935,510	1,093,358
Interest	491,429	491,223	645,730
Employee benefits	529,213	509,500	441,183
Rent waivers and bad debts	150,000	210,763	67,138
Loss on disposal of tangible capital assets	–	81,770	44,609
	13,969,725	14,730,176	14,079,980
Annual surplus	2,003,736	3,134,350	718,433
Accumulated surplus, beginning of year	4,727,132	4,727,132	4,008,699
Accumulated surplus, end of year	6,730,868	7,861,482	$ 4,727,132

See accompanying notes to financial statements.

RENFREW COUNTY HOUSING CORPORATION

Statement of Change in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Total	2022 Total
	(note 14)		(Restated - note 2)
Annual surplus	$ 2,003,736	$ 3,134,350	$ 718,433
Amortization of tangible capital assets	1,200,000	1,611,190	1,462,870
Acquisition of tangible capital assets	(1,457,329)	(5,102,502)	(2,006,743)
Loss on disposal of tangible capital assets	–	81,770	44,609
Consumption (acquisition) of prepaid expenses	–	(4,822)	(44,027)
Net change in net financial debt	1,746,407	(280,014)	175,142
Net debt, beginning of year	(14,498,334)	(14,498,334)	(14,673,475)
Net debt, end of year	$ (12,751,927)	$ (14,778,348)	$ (14,498,333)

See accompanying notes to financial statements.

RENFREW COUNTY HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 3,134,350	$ 718,433
Items not involving cash:		
Amortization of tangible capital assets	1,611,190	1,462,870
Loss on disposal of tangible capital assets	81,770	44,609
Decrease in post-employment benefits	23,573	7,394
Change in non-cash assets and liabilities:		
Accounts receivable	(74,407)	(98,593)
Due from the Corporation of the County of Renfrew	(647,156)	(1,002,621)
Prepaid expenses	(4,822)	(44,028)
Accounts payable and accrued liabilities	(630,072)	39,542
Deferred revenue	(669)	584
Accrued interest on long-term debt	(540)	(785)
	3,493,217	1,127,405
Investing activities:		
Purchase of investments	–	(723)
Capital activities:		
Acquisition of tangible capital assets	(5,102,502)	(2,006,743)
Financing activities:		
Principal repayment of long-term debt	(307,735)	(361,821)
Decrease in cash	(1,917,020)	(1,241,882)
Cash, beginning of year	3,640,868	4,882,750
Cash, end of year	$ 1,723,848	$ 3,640,868

See accompanying notes to financial statements.

Renfrew County Housing Corporation (the “Corporation”) was incorporated on December 14, 2000 under the Ontario Business Corporations Act. The Corporation administers social housing units in the County of Renfrew. These financial statements present the financial position and results of operation of Renfrew County Housing Corporation, which is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Corporation are as follows:

(a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenue and expenses. Revenues are normally 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 and/or the creation of a legal obligation to pay.

(b) Funding arrangements:

The Corporation’s rent geared to income program is funded primarily by the Corporation of the County of Renfrew as a Consolidated Municipal Service Manager (the "Service Manager"), in accordance with budget arrangements formally established by the Ministry of Municipal Affairs and Housing and the Corporation of the County of Renfrew. These financial statements reflect agreed arrangements approved by the Corporation of the County of Renfrew with respect to the year ended December 31, 2023.

(c) Municipal support – subsidy revenue:

The rent geared to income program operating subsidy is recognized based on the approved fiscal allocation by the Service Manager and adjusted for estimated recoveries based on actual expenses incurred during the year. Subsidies may be adjusted by the Service Manager based on an annual reconciliation performed subsequent to year end. Any further adjustments will be recorded in the year of Service Manager approval.

(d) Government transfers:

Government transfers are the transfer of monetary assets or tangible capital assets from other levels of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future.

The Corporation receives government transfers to fund operating and capital expenditures. These transfers to the Corporation are recognized as revenues when the transfers are authorized and all of the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received are recorded as deferred revenue.

1. Significant accounting policies (continued):

(e) Revenue recognition:

Rent and miscellaneous recoveries revenue is recognized over the rental period once the tenant commences occupancy, rent is due and collection is assured.

Interest income is recognized as earned.

(f) 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.

(i) 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 the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
Land improvements	20 to 25
Buildings	25 to 60
Machinery and equipment	5 to 25
Vehicles	4 to 20

Leasehold improvements are amortized on a straight-line basis over the current lease term plus one subsequent lease term.

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 available for productive use.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

1. Significant accounting policies (continued):

(g) Post-employment benefits:

The Corporation accounts for its participant in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

The Corporation accrues its obligation for post-employment benefit plans, including sick leave benefits and benefits under the Workplace Safety and Insurance Board ("WSIB"). The costs of the WSIB benefits earned by employees are actuarially determined. Actuarial gains and losses are expensed in the fiscal year they arise.

(h) Liabilities 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. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

(a) an environmental standard exists;

(b) contamination exceeds the environmental standard;

(c) the Corporation:

(i) is directly responsible; or

(ii) accepts responsibility

(d) it is expected that future economic benefit will be given up; and

(e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(i) Financial instruments:

On January 1, 2023, the Corporation adopted PS 3450 Financial Instruments which establishes accounting and reporting for all types of financial instruments, including derivatives as disclosed in Note 2. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are managed and evaluated on a fair value basis.

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

On application of this standard, unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Statement of Operations and Accumulated Surplus. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations and Accumulated Surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

Long-term debt is recorded at amortized cost.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted)·in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(j) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and Accumulated Surplus and the unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

(k) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

(l) Asset retirement obligations:

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Corporation has been recognized based on estimated undiscounted future expenses. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies.

1. Significant accounting policies (continued):

(m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions which 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 for the year. Actual results could differ from these estimates.

2. Change in Accounting Policy – Adoption of new accounting standards:

(a) The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

(a) (Continued)

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted)·in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

In accordance with PS 3450 *Financial Instruments*, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.

On application of this standard, a new statement, the Statement of Remeasurement Gains and Losses has not been included in these financial statements which records the remeasurement gains and losses for financial instruments measured at fair value as there are no such gains or losses to report.

Any difference between the financial instruments' fair values as at January 1, 2023 and previous carrying amounts as at December 31, 2022, excluding previously recognized exchange gains and losses, were recognized as an adjustment to the opening balance of accumulated remeasurement gains and losses. Hence, no comparative amounts are reported in the Statement of Remeasurement Gains and Losses due to prospective application of this standard, if applicable.

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

(b) PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from Corporation buildings and closure activities. The Corporation reports liabilities related to the legal obligations where the Corporation is obligated to incur costs to retire a tangible capital asset.

The Corporation's ongoing efforts to assess the extent to which designated substances exist in Corporation assets, and new information obtained through regular maintenance and renewal of Corporation assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes in the estimated cost to fulfil the obligation. The measurement of assets retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

(b) (Continued)

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Corporation uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of $17,179,952 (2022 - $17,179,952) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Corporation owned buildings and equipment. The Corporation has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, and amortization expense for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The associated TCA gross book value, TCA accumulated amortization and TCA amortization expense was restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

Statement of Financial Position at December 31, 2022	As previously reported	Adjustments	As restated
Tangible capital assets including ARO	$ 17,062,000	$ 1,932,603	$ 18,994,603
Asset retirement obligation liability	–	17,179,952	17,179,952
Accumulated surplus	19,974,481	(15,247,349)	4,727,132

Statement of Change in Net Debt for the year ended December 31, 2022	As previously reported	Adjustments	As restated
Annual surplus (deficit)	$ 1,010,408	$ (291,975)	$ 718,433
Amortization of tangible capital assets (including ARO)	1,170,895	291,975	1,462,870
Change in net debt	175,141	–	175,141

Statement of Operations for the year ended December 31, 2022	As previously reported	Adjustments	As restated
Amortization of tangible capital assets (including ARO)	$ 1,170,895	$ 291,975	$ 1,462,870
Annual surplus (deficit)	1,010,408	(291,975)	718,433

3. Investments:

Investments are stated at cost and are comprised of the following:

	2023	2022
5.16% guaranteed investment certificate with Home Equity Bank GIC, maturing on November 25, 2027	$ 100,509	$ 100,509
5.15% guaranteed investment certificate with Canadian Western Bank, maturing on November 25, 2027	100,508	100,508
	$ 201,017	$ 201,017

The County's investments are all Level 1 investments.

4. Accounts receivable:

	2023	2022
Harmonized sales tax recoverable	$ 424,701	$ 391,240
Tenant receivables	231,122	193,025
Miscellaneous	56,663	15,991
Allowance for doubtful accounts	(82,661)	(44,838)
	$ 629,825	$ 555,418

5. Post-employment benefits:

	2023	2022
Sick leave benefits (note 5(a))	$ 185,955	$ 163,454
Workplace Safety and Insurance Board (note 5(b))	24,259	23,187
	$ 210,214	$ 186,641

(a) Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $185,955 (2022 - $163,454).

(b) The Corporation is a Schedule 2 employer under the Workplace Safety and Insurance Board Act ("WSIB") and remits payments to the WSIB as required to fund disability payments. An independent actuarial evaluation was undertaken at December 31, 2022 in order to determine the estimated liability reported in the financial statements and extrapolated to December 31, 2023. As at December 31, 2023, the Corporation's accrued benefit liability relating to future WSIB claims is $24,259 (2022 - $23,187).

5. Post-employment benefits:

(b) (Continued)

The significant actuarial assumptions adopted in estimating the Corporation's accrued benefit obligation for WSIB claims are as follows:

	2023	2022
Discount rate	2.75% per annum	2.75% per annum
Inflation rate	2.50% per annum	2.50% per annum
Health care escalation	6.00% per annum	6.00% per annum

Information with respect to the Corporation's WSIB future payments is as follows:

	2023	2022
Accrued benefit liability, beginning of year	$ 23,187	$ 22,491
Expense recognized for the period	11,856	2,696
Benefits paid for the period	(10,784)	(2,000)
	$ 24,259	$ 23,187

The accrued benefit liability at December 31 includes the following components:

	2023	2022
Accrued benefit obligation	$ 24,259	$ 23,187
Unamortized actuarial losses (gains)	–	–
	$ 24,259	$ 23,187

6. Long-term debt:

	2023	2022
2.60% Mortgage, payable $10,349 monthly, including principal and interest, maturing June 1, 2028	$ 527,040	$ 636,062
2.61% Mortgage, payable $8,274 monthly, including principal and interest, matured November 1, 2023	–	89,839
2.52% Mortgage, payable $13,740 monthly, including principal and interest, matured August 1, 2023	–	108,874
	527,040	834,775
Current portion of long-term debt	(111,871)	(307,735)
	$ 415,169	$ 527,040

6. Long-term debt (continued):

The 2.60% mortgage is secured by a first charge on the land and building located at 26 Spruce Street, Arnprior with a carrying value of $527,040 (2022 - $1,157,779).

The minimum scheduled principal repayments are as follows:

2024	$	111,871
2025		114,806
2026		117,808
2027		120,891
2028		61,664
	$	527,040

Interest paid on long-term debt of $17,359 (2022 - $26,529) is included in interest on the Statement of Operations and Accumulated Surplus.

7. Tangible capital assets:

Cost	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023
	(Restated - note 2)			
Land	$ 2,018,776	$ –	$ –	$ 2,018,776
Land improvements	3,402,922	–	–	3,402,922
Buildings	53,845,887	2,570,392	(359,807)	56,056,472
Machinery and equipment	1,046,091	–	(43,250)	1,002,841
Vehicles	534,434	6,135	–	540,569
Assets under construction	388,446	2,525,975	–	2,914,421
	$ 61,236,556	$ 5,102,502	$ (403,057)	$ 65,936,001

7. Tangible capital assets (continued):

Accumulated amortization	Balance December 31, 2022	Amortization	Disposals	Balance December 31, 2023
	(Restated - note 2)			
Land	$ –	$ –	$ –	$ –
Land improvements	1,615,168	107,893	–	1,723,061
Buildings	39,727,792	1,389,633	(278,038)	40,839,387
Machinery and equipment	514,937	78,183	(43,250)	549,870
Vehicles	384,056	35,482	–	419,538
Assets under construction	–	–	–	–
	$ 42,241,953	$ 1,611,191	$ (321,288)	$ 43,531,856

	Net book value December 31, 2022	Net book value December 31, 2023
	(Restated - note 2)	
Land	$ 2,018,776	$ 2,018,776
Land improvements	1,787,754	1,679,861
Buildings	14,118,095	15,217,085
Machinery and equipment	531,154	452,971
Vehicles	150,378	121,031
Assets under construction	388,446	2,914,421
	$ 18,994,603	$ 22,404,145

Assets under construction having a value of $2,914,421 (2022 - $388,446) have not been amortized. Amortization of these assets will commence when the asset is put into service.

8. Asset retirement obligations:

The Corporation has recorded ARO as of the January 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The Corporation discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

8. Asset retirement obligations (continued):

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for asset retirement obligations, beginning of year	$ 17,179,952	$ –
Opening adjustments for PSAB adjustment	–	17,179,952
Liabilities incurred during the year	–	–
Liabilities settled during the year	–	–
Liabilities for asset retirement obligations, end of year	$ 17,179,952	$ 17,179,952

9. Accumulated surplus:

Accumulated surplus is comprised of:

	2023	2022
Reserves - current	$ 198,562	$ 198,480
Reserves - capital	3,153,480	3,735,417
Tangible capital assets	22,404,145	18,994,603
Long-term debt	(527,040)	(834,775)
Unfunded post-employment benefits	(187,713)	(186,641)
Unfunded asset retirement obligation	(17,179,952)	(17,179,952)
	$ 7,861,482	$ 4,727,132

10. Municipal subsidies:

During the year, the Corporation of the County of Renfrew and the Corporation of the City of Pembroke provided funding to the Corporation as follows:

	2023	2022
Base funding	$ 5,526,873	$ 5,392,754
Homelessness Prevention Initiative	2,811,788	1,359,651
COVID-19 Support	1,294,984	562,934
Canada Ontario Community Housing Initiative	720,976	554,492
Community Homelessness Prevention Initiative	–	487,873
Ontario Priorities Housing Initiative	412,538	426,175
Housing Allowance Direct Delivery	39,250	45,000
Strong Communities Rent Supplement	–	35,021
Canada Ontario Housing Benefit	17,750	16,500
Ontario Renovates	–	4,322
Canada Mortgage and Housing Corp. Grant	1,119,192	–
	$ 11,943,351	$ 8,884,722

11. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of participating employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all members and their employees, the Corporation does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The latest available report for the OMERS plan was at December 31, 2023. At that time, the plan reported a $7.6 billion actuarial deficit (2022 - $6.7 billion actuarial deficit).

For the year ended December 31, 2023, the amount contributed to OMERS was $168,213 (2022 - $151,980) for current services and is included as an expense on the Statement of Operations and Accumulated Surplus.

12. Commitments:

(a) The Corporation leases office space in Renfrew, Ontario and Pembroke, Ontario from the Corporation of the County of Renfrew. The operating leases do not have an expiration date, and the annual charges are agreed upon as part of the budgeting process. The committed annual charges for the premises in Renfrew and Pembroke for fiscal 2024 are $57,680 and $106,523, respectively.

12. Commitments (continued):

(b) The Corporation has entered into a long-term service agreement with the Ontario Clean Water Agency that ends in February 2025. The Corporation is committed to the following payments:

2024	$	48,306
2025		8,051
	$	56,357

(c) The Corporation has entered into contracts for snow removal at its facilities for the winter season of 2023-2024. At December 31, 2023, the remaining commitment for these contracts amounts to $364,988.

13. Contingent liabilities:

(a) The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2023, management believes that the Corporation has valid defenses and appropriate insurance coverage in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the financial statements.

(b) In 2021, the Corporation signed first charge mortgages with the Corporation of the County of Renfrew (the "County") on twenty-one properties for a total of $238,778. The principal funds were advanced under the Community Homelessness Prevention Initiative Program, Social Services Relief Fund (Phase 2), in the form of interest free, non-repayable loans. It is a requirement that the Corporation does not dispose of the mortgaged properties for a period of ten years following the date of project completion, however, the properties may be sold prior to the expiry of the minimum ten year intended use period so long as the County is of the view that the property is no longer needed for its intended use and ensures that the proceeds are reinvested into the housing and homelessness sector.

The loan proceeds were recorded as revenue when received and the loan amount is not recorded in these financial statements. Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the County.

14. Budget figures:

The Corporation reviews its operating and capital budgets each year. The approved operating budget for 2023 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Debt.

15. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations.

The Corporation follows an investment policy approved by its Board of Directors. The maximum exposure to credit risk with respect to investments of the Corporation at December 31, 2023 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2022.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Corporation's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2022.

(i) Currency risk:

Currency risk arises from the Corporation's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Corporation does not have any material transactions or financial instruments denominated in foreign currencies.

15. Financial risks (continued):

(b) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with fixed interest rates expose the Corporation to fair value interest rate risk. The Corporation is exposed to this risk through its interest-bearing investments and long-term debt.

The Corporation's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 6. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2023, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately $2,010 (2022 - $2,010).

The Corporation's investments are disclosed in note 3.

There has been no change to the interest rate risk exposure from 2022.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Corporation is not exposed to this risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet all of its cash outflow obligations as they come due. The Corporation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 6.

There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

16. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.