

Financial Statements of

**RENFREW COUNTY
HOUSING CORPORATION**

Year ended December 31, 2024

RENFREW COUNTY HOUSING CORPORATION

Financial Statements

Year ended December 31, 2024

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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, 2025



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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, 2024
- 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, 2024, 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.



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.



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- 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, 2025

RENFREW COUNTY HOUSING CORPORATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Current assets:		
Cash	\$ 850,114	\$ 1,723,848
Investments (note 2)	201,017	201,017
Accounts receivable (note 3)	564,964	629,825
Due from the Corporation of the County of Renfrew	2,024,395	1,837,231
	<u>3,640,490</u>	<u>4,391,921</u>
Financial liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,587,890	1,130,182
Deferred revenue	340,644	121,723
Asset retirement obligation (note 7)	17,808,738	17,179,952
Accrued interest on long-term debt	909	1,158
Post-employment benefits (note 4)	198,172	210,214
Current portion of long-term debt (note 5)	114,806	111,871
	<u>20,051,159</u>	<u>18,755,100</u>
Long-term debt (note 5)	<u>300,363</u>	<u>415,169</u>
	<u>20,351,522</u>	<u>19,170,269</u>
Net debt	(16,711,032)	(14,778,348)
Non-financial assets:		
Tangible capital assets (note 6)	23,734,544	22,404,145
Prepaid expenses	595,171	235,685
	<u>24,329,715</u>	<u>22,639,830</u>
Commitments (note 11)		
Contingent liabilities (note 12)		
Accumulated surplus (note 8)	\$ 7,618,683	\$ 7,861,482

See accompanying notes to financial statements.

On behalf of the Board:

Anne Gardiner Director

REPA Director

RENFREW COUNTY HOUSING CORPORATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 13)	2024 Total	2023 Total
Revenue:			
Municipal subsidies (note 9)	\$ 12,882,735	\$ 13,187,654	\$ 11,943,351
Rental income	5,065,000	5,049,750	5,113,913
Rental support - Province of Ontario	319,730	427,929	686,173
Interest	95,000	186,483	121,089
	<u>18,362,465</u>	<u>18,851,816</u>	<u>17,864,526</u>
Expenses:			
Rent support	3,808,335	4,560,459	2,350,024
Repairs and maintenance	3,109,120	3,440,261	2,836,112
Municipal taxes and water	2,579,208	2,743,923	2,543,394
Salaries	2,489,601	2,425,966	1,981,018
Amortization of tangible capital assets	1,345,600	2,229,423	1,611,190
Project administration	1,407,913	1,434,445	1,179,672
Heat, light and power	1,198,579	1,142,810	935,510
Employee benefits	679,245	656,454	509,500
Interest	332,043	331,795	491,223
Rent waivers and bad debts	60,000	96,916	210,763
Loss on disposal of tangible capital assets	–	32,163	81,770
	<u>17,009,644</u>	<u>19,094,615</u>	<u>14,730,176</u>
Annual surplus (deficit)	1,352,821	(242,799)	3,134,350
Accumulated surplus, beginning of year	7,861,482	7,861,482	4,727,132
Accumulated surplus, end of year	<u>9,214,303</u>	<u>7,618,683</u>	<u>\$ 7,861,482</u>

See accompanying notes to financial statements.

RENFREW COUNTY HOUSING CORPORATION

Statement of Change in Net Debt

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 13)	2024 Total	2023 Total
Annual surplus (deficit)	\$ 1,352,821	\$ (242,799)	\$ 3,134,350
Amortization of tangible capital assets	1,345,600	2,229,423	1,611,190
Acquisition of tangible capital assets	(1,457,329)	(6,419,540)	(5,102,502)
Acquisition of tangible capital assets under construction	–	2,825,427	–
Loss on disposal of tangible capital assets	–	32,163	81,770
Proceeds on the disposal of tangible capital assets	–	2,128	–
Consumption (acquisition) of prepaid expenses	–	(359,486)	(4,822)
Net change in net financial debt	1,241,092	(1,932,684)	(280,014)
Net debt, beginning of year	(14,778,348)	(14,778,348)	(14,498,334)
Net debt, end of year	\$ (13,537,256)	\$ (16,711,032)	\$ (14,778,348)

See accompanying notes to financial statements.

RENFREW COUNTY HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (242,799)	\$ 3,134,350
Items not involving cash:		
Amortization of tangible capital assets	2,229,423	1,611,190
Loss on disposal of tangible capital assets	32,163	81,770
Increase (decrease) in post-employment benefits	(12,042)	23,573
Increase in asset retirement obligation	628,786	–
Change in non-cash assets and liabilities:		
Accounts receivable	64,861	(74,407)
Due from the Corporation of the County of Renfrew	(187,164)	(647,156)
Prepaid expenses	(359,486)	(4,822)
Accounts payable and accrued liabilities	457,708	(630,072)
Deferred revenue	(249)	(669)
Accrued interest on long-term debt	218,921	(540)
	2,830,122	3,493,217
Capital activities:		
Acquisition of tangible capital assets	(6,419,540)	(5,102,502)
Acquisition of capital assets under construction	2,825,427	–
Proceeds on disposal of tangible capital assets	2,128	–
	(3,591,985)	(5,102,502)
Financing activities:		
Principal repayment of long-term debt	(111,871)	(307,735)
Decrease in cash	(873,734)	(1,917,020)
Cash, beginning of year	1,723,848	3,640,868
Cash, end of year	\$ 850,114	\$ 1,723,848

See accompanying notes to financial statements.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2024

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, 2024.

(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.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Corporation generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(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.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(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.

(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:

The Corporation measures derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

The Corporation measures derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. 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.

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).

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

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.

(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, 2024 or 2023.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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. Assumptions 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.

(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. Significant areas requiring the use of management's estimates include asset retirement obligations and the carrying value of tangible capital assets.

2. Investments:

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

	2024	2023
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
	<u>\$ 201,017</u>	<u>\$ 201,017</u>

The Corporation's investments are all Level 1 investments.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Accounts receivable:

	2024	2023
Harmonized sales tax recoverable	\$ 443,483	\$ 424,701
Tenant receivables	175,212	231,122
Miscellaneous	2,654	56,663
Allowance for doubtful accounts	(56,385)	(82,661)
	\$ 564,964	\$ 629,825

4. Post-employment benefits:

	2024	2023
Sick leave benefits (note 4(a))	\$ 181,572	\$ 185,955
Workplace Safety and Insurance Board (note 4(b))	16,600	24,259
	\$ 198,172	\$ 210,214

- (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 \$181,572 (2023 - \$185,955).

- (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, 2024 in order to determine the estimated liability reported in the financial statements. As at December 31, 2024, the Corporation's accrued benefit liability relating to future WSIB claims is \$16,600 (2023 - \$24,259).

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Post-employment benefits (continued):

(b) (continued):

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

	2024	2023
Discount rate	4.50% 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:

	2024	2023
Accrued benefit liability, beginning of year	\$ 24,259	\$ 23,187
Expense recognized for the period	39,304	11,856
Benefits paid for the period	(38,063)	(10,784)
Amortization of actuarial loss (gain)	(8,900)	–
	\$ 16,600	\$ 24,259

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

	2024	2023
Accrued benefit obligation	\$ 16,600	\$ 24,259

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Long-term debt:

	2024	2023
2.60% Mortgage, payable \$10,349 monthly, including principal and interest, maturing June 1, 2028	\$ 415,169	\$ 527,040
Current portion of long-term debt	(114,806)	(111,871)
	\$ 300,363	\$ 415,169

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 \$415,169 (2023 - \$527,040).

The minimum scheduled principal repayments are as follows:

2025	\$	114,806
2026		117,808
2027		120,891
2028		61,664
	\$	415,169

Interest paid on long-term debt of \$12,313 (2023 - \$17,359) is included in interest on the Statement of Operations and Accumulated Surplus.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Tangible capital assets:

Cost	Balance December 31, 2023	Additions	Disposals	Balance December 31, 2024
Land	\$ 2,018,776	\$ –	\$ –	\$ 2,018,776
Land improvements	3,402,922	–	–	3,402,922
Buildings	56,056,472	6,338,974	(63,792)	62,331,654
Machinery and equipment	1,002,841	–	–	1,002,841
Vehicles	540,569	80,566	(34,191)	586,944
Assets under construction	2,914,421	–	(2,825,427)	88,994
	\$ 65,936,001	\$ 6,419,540	\$(2,923,410)	\$ 69,432,131

Accumulated amortization	Balance December 31, 2023	Amortization	Disposals	Balance December 31, 2024
Land improvements	\$ 1,723,061	\$ 108,189	\$ –	\$ 1,831,250
Buildings	40,839,387	2,018,908	(29,501)	42,828,794
Machinery and equipment	549,870	75,600	–	625,470
Vehicles	419,538	26,726	(34,191)	412,073
	\$ 43,531,856	\$ 2,229,423	\$ (63,692)	\$ 45,697,587

	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 2,018,776	\$ 2,018,776
Land improvements	1,679,861	1,571,672
Buildings	15,217,085	19,502,860
Machinery and equipment	452,971	377,371
Vehicles	121,031	174,871
Assets under construction	2,914,421	88,994
	\$ 22,404,145	\$ 23,734,544

Assets under construction having a value of \$88,994 (2023 - \$2,914,421) have not been amortized. Amortization of these assets will commence when the asset is put into service.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Asset retirement obligations:

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, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

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

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 17,179,952	\$ 17,179,952
Remeasurement	628,786	–
Liabilities for asset retirement obligations, end of year	\$ 17,808,738	\$ 17,179,952

8. Accumulated surplus:

Accumulated surplus is comprised of:

	2024	2023
Reserves - current	\$ 198,483	\$ 198,562
Reserves - capital	2,085,161	3,153,480
Tangible capital assets	23,734,544	22,404,145
Long-term debt	(415,169)	(527,040)
Unfunded post-employment benefits	(175,598)	(187,713)
Unfunded asset retirement obligation	(17,808,738)	(17,179,952)
	\$ 7,618,683	\$ 7,861,482

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. 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:

	2024	2023
Base funding	\$ 6,245,991	\$ 5,526,873
Homelessness Prevention Initiative	3,779,537	2,811,788
COVID-19 Support	163,230	1,294,984
Canada Ontario Community Housing Initiative	794,152	720,976
Community Homelessness Prevention Initiative	500,000	–
Ontario Priorities Housing Initiative	359,715	412,538
Housing Allowance Direct Delivery	26,767	39,250
Canada Ontario Housing Benefit	250	17,750
Canada Mortgage and Housing Corp. Grant	1,318,012	1,119,192
	<u>\$ 13,187,654</u>	<u>\$ 11,943,351</u>

10. 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, 2024. At that time, the plan reported a \$4.319 billion (2023 - \$7.6 billion actuarial deficit).

For the year ended December 31, 2024, the amount contributed to OMERS was \$212,001 (2023 - \$168,213) for current services and is included as an expense on the Statement of Operations and Accumulated Surplus.

11. 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 \$59,410 and \$109,719 respectively (2023 - \$57,680 and \$106,523).

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Commitments (continued):

- (b) The Corporation has entered into contracts for snow removal at its facilities for the winter season of 2024-2025. At December 31, 2024, the remaining commitment for these contracts amounts to \$284,647.

12. 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, 2024, 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.

13. Budget figures:

The Corporation reviews its operating and capital budgets each year. The approved operating budget for 2024 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Debt.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. 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, 2024 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, 2024 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2023.

(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 2023.

(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.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. 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 5. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2024, 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 (2023 - \$2,010).

The Corporation's investments are disclosed in note 2.

There has been no change to the interest rate risk exposure from 2023.

(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 5.

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.

RENFREW COUNTY HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

15. Change in accounting policy - adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact to the financial statements as a result of adopting the new accounting standards.