

# HORNEPAYNE HOUSING CORPORATION

## 2023 ANNUAL REPORT

Prepared by :  
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# The Corporation :

In 2021, at the recommendation of the 2019 Township of Hornepayne Housing Needs and Demands Study, Municipal Council established the Hornepayne Housing Corporation (HHC). The HHC aims to support the delivery of certain housing services to current and future residents.



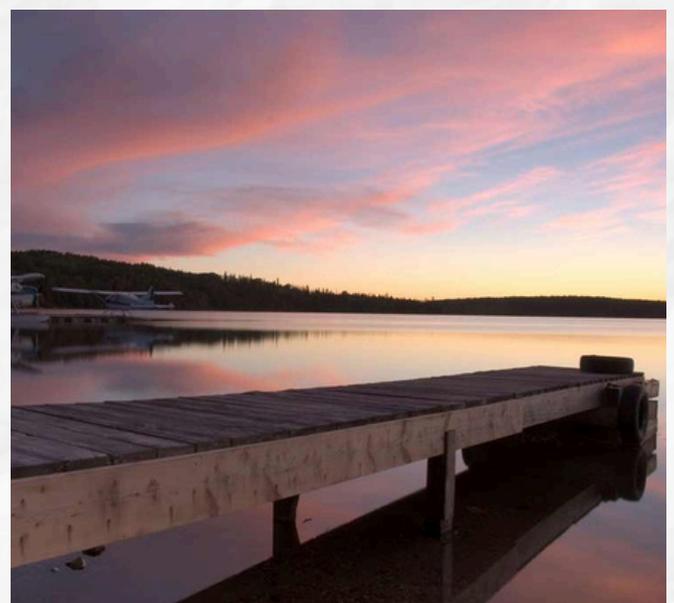
# The Mission :

Hornepayne, the Geographic Centre of Ontario, aims to be an inclusive, welcoming community with the capacity and leadership to enhance and sustain a high quality of life. Hornepayne Housing Corporation aspires to the values of this progressive community that supports new development, growth and views challenges as opportunities.

# The Vision :

Hornepayne the Geographic Centre of Ontario aims to be an inclusive, welcoming community with the capacity and leadership to enhance and sustain a high quality of life. Hornepayne Housing Corporation aspires to the values of this progressive community that supports new development, growth, and views challenges as opportunities.

With a vision to build a sustainable community through the development of affordable housing options while ensuring a high standard of living and quality of life of all our residents. Hornepayne Housing Corporation's (HHC) affordable housing strategic goal is to address the various housing needs in Hornepayne along the housing continuum.



# Message from the Board Chair



## Mayor Cheryl Fort

Board Chair

*Mayor Cheryl Fort has sat on Hornepayne's Municipal Council for the past 8 years. In 2022, she was re-elected as Mayor of Hornepayne. She is the first female and first Indigenous Mayor for the community. Cheryl is committed to being transparent and accountable.*

"2023 was a challenging year for the Hornepayne Housing Corporation (HHC), the board and staff met the challenges and took opportunities to make improvements to the Parkview Apartments. The HHC was successful in applying for funding through the FCM to have a building condition assessment performed and worked at securing a contractor to do the work for the apartment building. We also put in a rigorous training program for the Administrator in facilitating meetings, accounting programming, and working with our accountants to ensure that all paperwork was up to date and stored in formats for the ease the use for our auditors and to enhance tracking of our tenant records. Overall, as HHC is still growing and establishing itself as a Non-Profit Corporation, by the end of 2023 as the Board Chair I am confident that we are the road to assist Hornepayne in establishing a diversified housing base.

It is a pleasure to sit on the board with the dedicated team that we have. Board members are actively involved and have given the solid base of support to the HHC staff for a successfully 2023 year."

# 2023 HHC Board of Directors



The Board of Directors oversees the management of the Hornepayne Housing Corporation (HHC) through the HHC's governance structure, policies and performance measures.

Made up of 2 elected members of Council and 3 community members, the Board is appointed by Council to further the Mission and Vision of the HHC and use corporate strategy to create new, and support existing affordable housing in Hornepayne.



**Mayor Cheryl Fort**  
Board Chair



**Bonnie Claveau**  
Board Vice Chair



**Carlo Bin**  
Treasurer

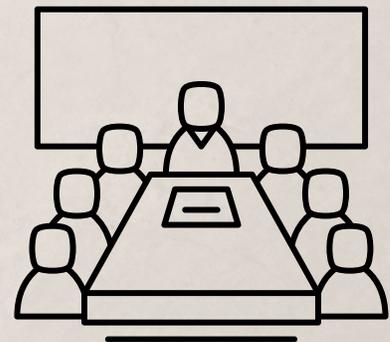


**Councillor Belinda Kistemaker**  
Director



**Gregory Drew**  
Director

The HHC Board of Directors met 14 times in 2023, providing expert opinion and guidance to the Executive Director. As local leaders and businesspeople, each Director understands the importance of affordable housing and is not only dedicated to the success the HHC, but the community of Hornepayne as a whole. Consistent and hands on, the Board continues to contribute to the HHC's positive relationship with Partners, Clients and Stakeholders.



# PARKVIEW APARTMENTS



As the HHC's anchor, the Parkview Apartments have always been paramount to the strategy of the HHC. The success of the building will be instrumental in the advancement of affordable housing in our community.

In 2023, the HHC was able to successfully secure funding through the FCM's Municipal Asset Management Program to have a building condition assessment performed and secure a change of scope to implement asset management software. The data collected from this study will speak to future funding applications and help inform the Board of Directors for more effective strategic planning.

The HHC was fully occupied for most of 2023 and apartment turnover has been reduced to 15 - 30 days. Consistent and reliable management has made for steadfast improvements with the building through:

- Improved internal controls
- Maintenance schedules
- Creative solutions
- Improved tenant relations and customer service

The scope of maintenance need and cost has increased since the purchase of the building in 2019. Preservation of the building will take buy-in from stakeholders, and the HHC will continue work to secure funding and resources to ensure this asset to our community is protected.

The Parkview Apartments employs one part-time Superintendent, and three casual Care-staff.

The Parkview Apartments is the largest multi-unit and affordable housing provider in Hornepayne.



## Highlights of 2023



### 01. Experience in Grant Process

Securing FCM funding and going through the grant process was a valuable learning experience for the HHC. It provided insight into the intricacies of project planning, budgeting, and proposal writing. It has helped the HHC when navigating the requirements and criteria of future grant opportunities. Moreover, the process of seeking funding has also improved communication and networking abilities as applicants often need to engage with potential funders, collaborators, and stakeholders.

### 03. Community Presence and Improved Service

Through the consistency of the board and staff, the HHC has worked through complex problems with creative solutions. The HHC was able to gain community presence and confidence by starting with our tenants. By redesigning our service model and introducing new policy, we have worked to improve the daily lives of our tenants and employees.

In 2023, the board conceptualized and began planning an annual event in which service providers, housing providers and builders could come together to provide workshops on how to enter the housing market.

### 02. Identified Stakeholders and Potential Partners

The HHC was able to create new and improve existing relationships with stakeholders, in Hornepayne and beyond. This collaborative approach led to a more cohesive and supportive network, fostering an environment where mutual goals could be achieved more effectively. By engaging with local and regional leaders, organizations, and residents, the HHC facilitated open dialogues and identified key areas for development and support. This not only enhanced trust but also ensured that the community's needs and aspirations were at the forefront of any initiatives undertaken.

In addition, the HHC's commitment to inclusivity and transparency helped to break down barriers and build lasting partnerships.

# LESSONS LEARNED

## Opportunities for Growth 2023



### 01. Staff and Board Turnover

Unexpected turnover in staff and board members has created challenges for the HHC. As the Executive Director position evolves, the ED regularly updates the Board on all activities and has created a culture of knowledge sharing between employees. Policies have been created and introduced as needed to ensure quality of service is maintained during any potential turnover in staff/leadership.

### 03. Raised Cost of Building Supplies

Every sector has felt the effects of the next point: Maintenance materials in a post pandemic world has had an effect on the costs to maintain the Parkview Apartments. New development will require special planning and consideration due to inflation and interest costs. The HHC continues to monitor the Canadian housing market and any guidance provided by the province.

### 02. Corporate Structure and Clarity of Mission

The Business Case for the HHC listed inexperience in running an MSC as a known risk to the corporation. There have been growing pains and shortcomings in corporate reporting throughout part of 2023. Accounting errors prior to 2023 resulted in approximately \$57,900.00 in taxes, penalties and interest being owed to the CRA and accrued in 2023. Through hard work and staff training, the Board and staff have collaborated to ensure the HHC is compliant with its own By-Laws, the Business Corporations Act and the Municipal Act. Service models of similar housing corporations have been studied to assist the HHC in developing policy.

### 04. Supports for Addressing Tenant Issues

Due to Covid-19 Pandemic and the overwhelming demand of service for the Landlord and Tenant Board (LTB), the HHC has experienced significant delays in scheduling hearings. We are hopeful in the future to not need to resolve with the assistance of the LTB, as our first course of action is working with our tenants. Nearly \$30,000 of tenant arrears dating back to 2021 were written off as bad debt in 2023.

The HHC has developed and continues to develop new policies and processes to provide guidance through tenant disputes that may arise, ensuring that issues are being addressed fairly and timely.

# HORNEPAYNE



## THE HOUSING CONTINUUM

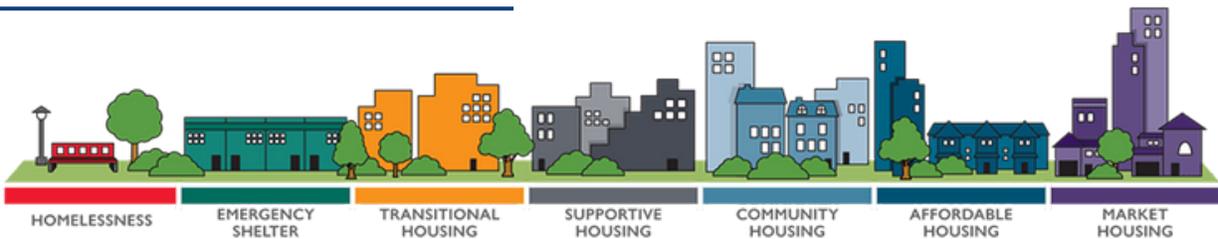


Figure 1.1. Levels of housing needs and support services are often referred to as a “housing continuum” that an individual can move back and forth on throughout their life stages. The levels on this scale are provided by the private, public and non-profit sectors.

### IDENTIFIED GAPS

The Housing Needs and Demands Study carried out in 2019 identified a need for greater diversity of housing mix in Hornepayne, such as:

- Diversify housing mix for younger families, single persons, older persons, “the missing middle”
- Additional affordable and rental housing
- Housing for those with physical limitations
- Low and medium density development
- Ensure existing housing stock is in good condition

The report also provided strategies for bridging these gaps to assist the Township and Housing Partners. Advancements made by the Township to support housing are:

- Creation of the Hornepayne Housing Corporation
- Official Plan and Zoning By-Laws
- Hornepayne’s Strategic Plan
- Infrastructure work to water systems
- Creating a Community Improvement Plan that will be rolled out in the near future

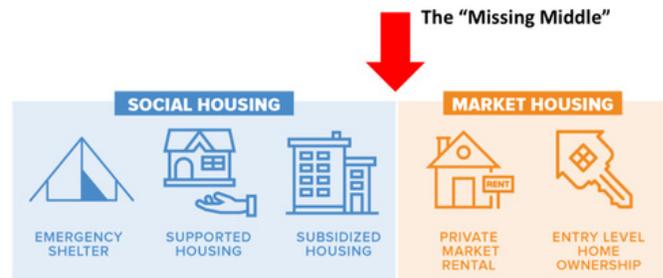


Figure 1.2 The “missing middle” refers to a gap in the housing market that encompasses a range of moderately priced housing options for those who may not qualify for community housing, but are unable to have their housing needs met by the private market

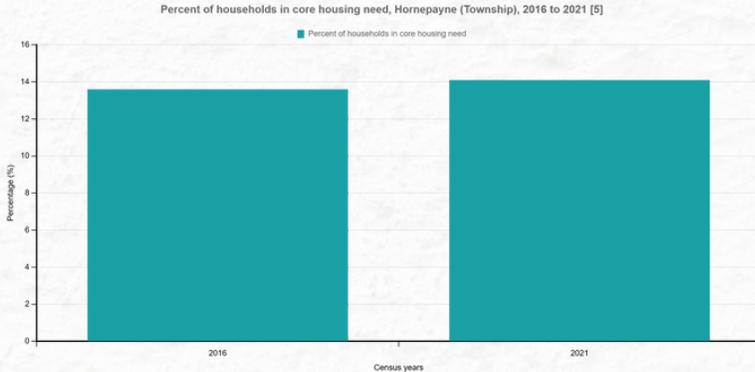
## RESULT

The Township and the HHC continue to move forward with many of the recommendations put forth in the Housing Needs and Demands Study, and work towards approaching housing issues in new and innovative ways. Through continued collaboration with partners and stakeholders, while being guided by the planning and groundwork completed by the Township, the HHC will continue to progress the diversity of Hornepayne’s Housing Continuum.



# Housing Snapshot: Hornepayne

In 2021, 14.1% of Hornepayne households are in core housing need, compared to 13.6% in 2016.

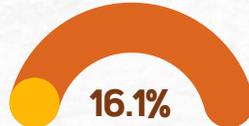


Core housing need refers to whether a private household's housing falls below at least one of the indicator thresholds for housing adequacy, affordability or suitability, *and* would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (attains all three housing indicator thresholds).

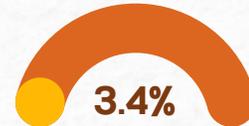
## Housing Need Indicators for Hornepayne



Households that spent 30% or more on shelter costs



Households that are in unsuitable housing without enough bedrooms for the size and composition of private households according to the National Occupancy Standard.

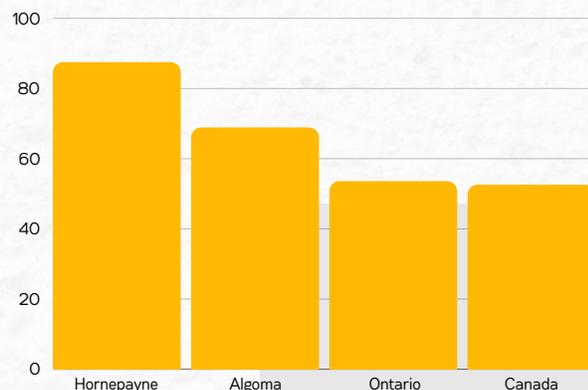


Households that are in inadequate housing where the dwelling requires major repairs.

87.5% of Hornepayne's dwellings are single-detached homes, illustrating the need of diversification in the community's housing stock.

"Proportion of single-detached houses, Hornepayne (Township) and higher level geographies, 2021"

Hornepayne	87.5%
Algoma	68.9%
Ontario	53.6%
Canada	52.6%



Source: Statistics Canada, 2021 Census of Population.



# What's Next for the HHC?



The HHC continues to grow into its role as an advocate, catalyst, and provider of housing in the community of Hornepayne. Focusing on moderate- and low-income households, seniors and those whose housing needs are not being met, the HHC will work to create new and maintain existing affordable and appropriate housing that meets the needs of our citizens.



By applying specialized and local knowledge, the HHC can be an advisor and partner to the government, developers, and employers to facilitate and leverage investment in housing as a community infrastructure. We plan to undertake a governance review, update our strategic plan, and explore opportunities for a sustainable approach that works for the community of Hornepayne.

GOALS	DETAILS	IMPACT
Capital Improvements to Existing and Pathways to New Affordable Housing	<ul style="list-style-type: none"> <li>Applying to the Federation of Canadian Municipalities (FCM) Green Municipal Fund (GMF) for funding to research and improve the energy efficiency and sustainability of the Parkview Apartments.</li> <li>Land banking of surplus municipal property for future development by the HHC</li> <li>Continued collaboration with the Township to advance affordable housing through policy and promotion of the municipality's Community Improvement Plan (CIP).</li> <li>Collaborate with Township to renew the Housing Needs and Demands Study in 2024</li> </ul>	<ul style="list-style-type: none"> <li>Protection of our community's existing affordable housing.</li> <li>Improved sustainability and quality of the Parkview Apartments.</li> <li>Hornepayne becoming shovel-ready for investment in affordable housing.</li> <li>As our housing stock renews and appropriate housing is made available for those who are over housed, the larger homes are open for those requiring larger accommodations, known as the trickle down effect.</li> </ul>
Community Outreach and Partnerships	<ul style="list-style-type: none"> <li>Create an annual "Housing Symposium" to provide opportunity and knowledge sharing for current and potential community members, partners and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Engaging citizens and improved service to community.</li> <li>Facilitating opportunities for collaboration between private and public partners.</li> <li>Improved community presence and confidence in the HHC.</li> </ul>
Strategic Decision Making	<ul style="list-style-type: none"> <li>Create a long term funding strategy, ensure all projects are self sustaining.</li> <li>Apply for municipal designation for GST/HST purposes.</li> <li>Reconfirm and align affordable housing vision and strategy with Township.</li> <li>Continuously revisit the original business plan and other planning documents to measure the success of the HHC and ensure the goals set by Council are being met.</li> <li>Work with civic administration to create and enter into a Memorandum of Understanding with the Township to outline the roles of each entity and identify opportunities to share services and resources.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures that the HHC is operating in accordance with the Township's By-Laws and Strategic Planning.</li> <li>Collaboration and resource sharing ensures that the Township and HHC efforts are being leveraged in the most cost- and time-effective way, maximizing impact.</li> <li>Clarifying the parameters of the HHC-Township relationship will allow for nimble decision-making and better service to stakeholders and the community as a whole.</li> </ul>

# Conclusion

The Hornepayne Housing Corporation (HHC) recognizes housing as one of the most fundamental human needs. It is a critical part of the economy and is a key determinant of health.

The HHC will continue to strive to help residents find housing that meets standards of adequacy, suitability, and affordability.

The HHC will continually search for opportunities for improvement in policy, governance, and service models to ensure that all stakeholders are receiving the quality of service indicative of our community's morals and values.



Submitted to the Corporation of the Township of Hornepayne in accordance with HHC By-Law 1 Section 3.09.

Cheryl Fort, Board Chair

Bonnie Claveau, Vice-Chair

**Hornepayne Housing Corporation**  
**Financial Statements**  
For the year ended December 31, 2023

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## Independent Auditor's Report

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### To the shareholder of Hornepayne Housing Corporation

#### Qualified Opinion

We have audited the financial statements of HHC (the "organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and its results of operations, changes in its net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Qualified Opinion

The organization derives revenue from laundry fees and miscellaneous revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to laundry and miscellaneous revenue, and cash flows from operations for the years ended December 31, 2023 and 2022, financial assets as at December 31, 2023 and 2022 and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Effective April 1, 2022, the organization was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

#### 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.

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## Independent Auditor's Report (continued)

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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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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## Independent Auditor's Report (continued)

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste Marie, Ontario

September 11, 2024

## Hornepayne Housing Corporation Statement of Financial Position

December 31	2023	2022
<b>Financial assets</b>		
Cash	\$ 57,678	\$ 66,710
Accounts receivable	64,900	54,365
Portfolio investment (Note 2)	150,000	150,000
	<b>272,578</b>	271,075
<b>Liabilities</b>		
Accounts payable and accrued liabilities	114,786	35,708
Deferred revenues (Note 6)	120,240	121,232
Long term debt obligations (Note 7)	297,256	308,401
	<b>532,282</b>	465,341
<b>Net financial debt</b>	<b>(259,704)</b>	(194,266)
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	384,492	399,126
Prepaid expenses	-	17,121
	<b>384,492</b>	416,247
<b>Accumulated surplus, end of year (Note 5)</b>	<b>\$ 124,788</b>	\$ 221,981

Signed on behalf of the Board by:

DocuSigned by:  
  
 \_\_\_\_\_ Administrator  
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## Hornepayne Housing Corporation Statement of Operations

For the year ended December 31	2023	2022
<b>Revenue</b>		
Rental income	\$ 362,137	\$ 376,231
Municipal grant	-	45,058
ADSAB	12,500	12,500
Laundry income	9,630	2,021
	<b>384,267</b>	435,810
<b>Expenses</b>		
Amortization	17,224	15,598
Bank and service charges	11,796	1,202
Bad debts	35,706	-
Interest on long term debt	12,472	12,569
Office expenses	27,584	21,944
Property taxes	34,326	32,525
Professional fees	33,653	13,464
Repairs and maintenance	67,802	68,921
Material and supplies	448	-
Utilities	139,288	132,837
Wages and benefits	101,161	103,175
	<b>481,460</b>	402,235
<b>Annual surplus (deficit)</b>	<b>(97,193)</b>	33,575
<b>Accumulated surplus</b> , beginning of year	<b>221,981</b>	188,406
<b>Accumulated surplus</b> , end of year	<b>\$ 124,788</b>	\$ 221,981

The accompanying notes are an integral part of these financial statements.

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**Hornepayne Housing Corporation**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Annual surplus (deficit)</b>	<b>\$ (97,193)</b>	<b>\$ 33,575</b>
Acquisition of tangible capital assets	<b>(2,590)</b>	(19,250)
Amortization of tangible capital assets	<b>17,224</b>	15,598
Prepaid expenses	<b>17,121</b>	(17,121)
<b>Net change in net financial assets (debt)</b>	<b>(65,438)</b>	12,802
<b>Net debt, beginning of year</b>	<b>(194,266)</b>	(207,068)
<b>Net debt, end of year</b>	<b>\$ (259,704)</b>	<b>\$ (194,266)</b>

The accompanying notes are an integral part of these financial statements.

## Hornepayne Housing Corporation Statement of Cash Flows

For the year ended December 31	2023	2022
<b>Cash flows from operating activities</b>		
Annual surplus (deficit)	\$ (97,193)	\$ 33,575
Item not involving cash		
Amortization	17,224	15,598
	(79,969)	49,173
Changes in non-cash operating balances		
Accounts receivable	(10,535)	(50,464)
Prepaid expense	17,121	(17,121)
Deferred revenue	(991)	(1,338)
Accounts payable and accrued liabilities	79,077	15,280
	4,703	(4,470)
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,590)	(19,250)
<b>Cash flows from financing activities</b>		
Principal payments on long term debt	(11,145)	(10,710)
<b>Decrease in cash</b>	(9,032)	(34,430)
<b>Cash, beginning of year</b>	66,710	101,140
<b>Cash, end of year</b>	\$ 57,678	\$ 66,710

The accompanying notes are an integral part of these financial statements.

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# Hornepayne Housing Corporation

## Notes to Financial Statements

December 31, 2023

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### 1. Significant accounting policies

<b>Nature and Purpose of Organization</b>	Hornepayne Housing Corporation is engaged in the operation of a residential housing complex. The organization is a Provincially incorporated Municipal Corporation and is exempt from taxation under section 149(1)(c) of the income tax act.						
<b>Management's Responsibility for the Financial Statements</b>	The financial statements of the Hornepayne Housing Corporation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The entity (HHC) is a Municipal Services Corporation in the Province of Ontario and operates under the provisions of the Provincial government. The HHC provides services such as Housing to the community.						
<b>Basis of Accounting</b>	These financial statements of Hornepayne Housing Corporation have been prepared in accordance with Canadian public sector accounting standards prescribed for government organizations, as recommended by the Public Sector Accounting Board.						
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Tangible capital assets under construction and or development are not amortized until they are available to be put into service.</p> <p>Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Furniture and equipment</td><td>10-15 years</td></tr><tr><td>Computer equipment</td><td>3-5 years</td></tr></table>	Buildings	25 years	Furniture and equipment	10-15 years	Computer equipment	3-5 years
Buildings	25 years						
Furniture and equipment	10-15 years						
Computer equipment	3-5 years						
<b>Revenue Recognition</b>	<p>Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p>						

# Hornepayne Housing Corporation

## Notes to Financial Statements

**December 31, 2023**

### 1. Significant accounting policies (continued)

**Revenue Recognition** (continued) Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

### 2. First time adoption

On January 1, 2023, the Organization adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This standard is required to be adopted prospectively. There were no unrealized gains and losses on investments for the year ended December 31, 2023, and therefore the new statement, the statement of measurement gains and losses, was not presented.

### 3. Portfolio investments

The corporation purchased 149,990 Class A preferred shares and 10 Class B voting common shares in the Hornepayne Hotel Investment Corporation for \$150,000.

### 4. Tangible capital assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 50,000	\$ -	\$ 50,000	\$ -
Buildings	352,525	35,252	352,525	21,151
Furniture and equipment	11,153	1,414	8,563	428
Computer equipment	10,685	3,205	10,685	1,068
	<b>\$ 424,363</b>	<b>\$ 39,871</b>	<b>\$ 421,773</b>	<b>\$ 22,647</b>
Net book value		<b>\$ 384,492</b>		<b>\$ 399,126</b>

## Hornepayne Housing Corporation Notes to Financial Statements

**December 31, 2023**

### 5. Accumulated surplus

#### Allocation of annual surplus

	2023	2022
Equity in tangible capital assets	\$ (3,489)	\$ 14,363
General surplus (deficit)	(93,704)	19,212
	\$ (97,193)	\$ 33,575

#### Accumulated surplus, end of year

	2023	2022
Equity in tangible capital assets	\$ 87,236	\$ 90,725
General surplus (deficit)	(112,448)	(18,744)
Equity in Hornepayne Hotel Investment Corporation	150,000	150,000
	\$ 124,788	\$ 221,981

### 6. Deferred revenue

	2023	2022
Rental deposits	\$ 19,817	\$ 15,062
ADSAB deferred contribution	87,500	100,000
Prepaid rent	12,923	6,170
	\$ 120,240	\$ 121,232

The corporation assumed a deferred contribution of \$115,625 from the Algoma District Services Administration Board to be forgiven at a rate of \$1,041 per month with ultimate maturity in December 2030. The Corporation is required to repay the entire amount if the apartment complex is sold prior to December 2030.

## Hornepayne Housing Corporation Notes to Financial Statements

**December 31, 2023**

### 7. Long term debt

	2023	2022
NCU mortgage, repayable in monthly payments of \$1,940 including interest at 4%, matures November 2026.	<b>\$ 297,256</b>	\$ 308,401
Less current portion	<b>11,599</b>	10,708
	<b>\$ 285,657</b>	\$ 297,693

Principal payments required on long term debt for the next five years and thereafter assuming similar refinancing are due as follows:

Year	Amount
2024	\$ 11,599
2025	12,071
2026	12,563
2027	13,075
2028	13,608
Thereafter	234,340
	<b>\$ 297,256</b>

### 8. Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

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# Hornepayne Housing Corporation

## Notes to Financial Statements

**December 31, 2023**

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### **8. Financial instruments (continued)**

The entity's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risk that arises from transacting financial instruments is liquidity risk.

#### *Liquidity risk*

Liquidity risk arises from the organization's management of accounts payable and accrued liabilities. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due. This risk is mitigated by the corporation having adequate cash balances at a chartered bank.

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### **9. Budget**

The entity did not prepare a budget for this fiscal year. The budget figures would anticipate the use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures.

Schedule B - 2024 HHC Budget

Company name: Hornepayne Housing Corporation

Budget name: Budget\_FY24\_P&L

Budget type: Profit and loss

Period: FY 2024 (Jan 2024 - Dec 2024)

Consolidated

Accounts	Budget totals
4000 Tenant Rent Revenue	\$406725.12
4500 Grant Revenue	\$48940.00
Laundry Machine Deposit	\$9000.00
Services	\$0.00
<b>Total Income</b>	<b>\$464665.12</b>
<b>Total Cost of Goods Sold</b>	<b>\$0.00</b>
4210 Uncategorized Expense	\$-14.12
5100 Bank charges	\$1246.75
5200 Interest Expense YE	\$101.67
5300 Job Materials	\$480.00
5400 Legal and professional fees	\$6479.97
5402 Building Condition Assessment/Maintenance Software Project	\$24600.00
5410 Fire and Safety Inspections	\$3045.00
<b>Total 5400 Legal and professional fees</b>	<b>\$34124.97</b>
5500 Office expenses	\$34.99
5510 Dues and Subscriptions	\$119.99
5520 Phone Expenses	\$1788.98
5530 QuickBooks Payments Fees	\$380.30
5540 Stationery and printing	\$983.14
<b>Total 5500 Office expenses</b>	<b>\$3307.40</b>
5550 Other general and administrative expenses	\$1024.44
5570 Insurance Expense	\$17122.00
5600 Payroll Expenses	\$0.00
5610 Taxes	\$15622.14
5620 Wages	\$110020.56
<b>Total 5600 Payroll Expenses</b>	<b>\$125642.70</b>
5800 Repair and maintenance	\$8354.96
5810 Building, Doors, Locks	\$1193.09
5820 Cleaning Supplies	\$1426.18
5825 Electrical Supplies	\$1409.31
5830 Fire & Building Safety Supplies	\$699.00
5840 Lawn Care	\$830.00
5845 Miscellaneous	\$0.00
5850 Plumbing Expenses	\$4760.55
5855 Snow Removal	\$6600.00
<b>Total 5800 Repair and maintenance</b>	<b>\$25273.09</b>
5801 Door Upgrade Project	\$57962.00
5900 Utilities	\$0.00
5905 Disposal Fees	\$7520.20
5910 Hydro One	\$89005.86
5915 Property Taxes	\$34966.13
5920 Water/Sewer	\$65828.85
<b>Total 5900 Utilities</b>	<b>\$197321.04</b>
6000 Advertising	\$0.00
6010 Community Events/Outreach	\$131.00
<b>Total 6000 Advertising</b>	<b>\$131.00</b>
Interest expense	\$751.69
Promotional	\$82.54
Shipping and delivery expense	\$52.49
Supplies	\$26.99
Tools	\$28.47

Accounts	Budget totals
Travel	\$0.00
<b>Total Expense</b>	<b>\$464665.12</b>
<b>Total Other Income</b>	<b>\$0.00</b>
<b>Total Other Expense</b>	<b>\$0.00</b>
<b>Total Net Income</b>	<b>\$0.00</b>