



**Prince Edward Island
Housing Corporation**

Annual Report 2021-2022



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PRINCE EDWARD ISLAND HOUSING CORPORATION

Message from the Minister

The Honourable Antoinette Perry
Lieutenant Governor of Prince Edward Island



May it Please Your Honour:

It is my privilege to present the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ended March 31, 2022.

Respectfully Submitted,

A stylized, cursive handwritten signature in black ink, appearing to read 'Rob Lantz'.

Rob Lantz
Minister responsible for the
Prince Edward Island Housing Corporation

(The Minister responsible during the reporting period was Brad Trivers)

PRINCE EDWARD ISLAND HOUSING CORPORATION

Message from the Chief Executive Officer

Minister Responsible for the
Prince Edward Island Housing Corporation

Minister:



I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 2022

A handwritten signature in blue ink that reads "Jamie MacDonald". The signature is fluid and cursive.

Jamie MacDonald
Chief Executive Officer
Prince Edward Island Housing Corporation

PRINCE EDWARD ISLAND HOUSING CORPORATION

Government Entity Overview

Prince Edward Island Housing Corporation (PEIHC) is a crown corporation under the Ministry of Housing, Land and Communities (formerly the Ministry of Social Development and Housing). Since the 1960's, through the PEIHC, the Government of Prince Edward Island has worked with community and other government partners to create and maintain adequate, affordable, and suitable housing for people with low and moderate income.

Housing is a critical need for all islanders. Adequate housing will have a positive impact on the ability to raise healthy children, have success in education and the work force, and aging in place. A healthy housing market can result in less strain on other critical systems including social assistance, health care and justice. Having safe, appropriate, and affordable housing is a basic support that contributes to personal well-being, economic strength, and strong communities.

There is a shortage of adequate and affordable housing across PEI. PEIHC is committed to increasing the supply of government owned social housing over the next 5 years, the modernization of existing units, and providing affordable housing supports to renters and wrap-around supports to people who have challenges maintaining their housing.

Mandate:

The Prince Edward Island Housing Corporation (PEIHC) derives its authority from the *Housing Corporation Act of 1993*. The PEIHC mandate is to provide Islanders of low and moderate incomes with access to safe, affordable, and adequate housing across Prince Edward Island. This support may be in the form of a social housing unit for seniors and families, rent support to remain in current rental unit, and supports to assist Islanders to renovate their homes so they can remain in them longer.

Programs:

PEIHC continues its mandate through the delivery of the following programs.

Seniors Housing Program:

This program is available to households that have a primary applicant aged 60 or older or aged 55 and older with a permanent disability. PEIHC provides safe, affordable and adequate housing to low- and moderate-income households at rental rates that are equal to 25 percent of gross household income before taxes. Housing

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assistance is delivered in the following ways:

PEIHC Owned Buildings and Garden Suites

Located in communities across the province, the PEIHC owns 1,186 rental units and garden suites. Garden suites are one-bedroom units, owned by PEIHC, and placed on the property of a host family. When no longer required by the senior, the suite is moved to another site.

Rent Supplements

Rent supplement units are built and owned by the private sector but leased by the PEIHC to serve its clients. Two hundred and eighty-five (285) rent supplements are available to seniors at specific locations across PEI.

Mobile Rental Vouchers/Canada Housing Benefit

Mobile rental vouchers/Canada Housing Benefit provide housing affordability to households currently renting from landlords of their choice in the private housing market. PEIHC has six hundred and eighty-six (686) mobile rental vouchers with tenants across the province.

Family Housing Program:

This program is available to households with families or individuals who are not eligible for the Seniors Housing Program. PEIHC provides safe, affordable and adequate housing to low- and moderate-income households at rental rates that are equal to 25 percent of gross household income before taxes. Housing assistance is delivered in the following ways:

PEIHC Owned Buildings

Located in nine communities across the province, the PEIHC owns four hundred and ninety-nine (499) rental units that support low and moderate income families and individuals; family housing boards manage the day-to-day operations for four hundred and sixty (460) of these units on behalf of PEIHC.

Rent Supplement for Families and Individuals

Rent supplement units are built and owned by the private sector but leased by the PEIHC to serve clients of the Family Housing Program. One hundred and eighty-five (185) rent supplements are available to families and non-senior individual at specific housing locations in Charlottetown.

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Mobile Rental Vouchers/Canada Housing Benefit

Mobile rental vouchers/Canada Housing Benefit provide housing affordability to families and individuals currently renting from landlords of their choice in the private housing market. There are four hundred and sixty-one (461) mobile rental vouchers with tenants across the province.

Affordable Housing Development Program (AHDP):

AHDP provides forgivable loans of up to \$55,000 per unit to developers to increase affordable housing options. AHDP is open to non-profit organizations, private entrepreneurs, development corporations, housing cooperatives, or municipalities. New builds, buildings currently under construction, or renovations to existing buildings are eligible as long as such renovations add new affordable units to the market. Projects must be a minimum of four units, contribute to increasing accessible units to 20 per cent of government-supported units, and be Net Zero Ready. The loan forgiveness period will range from a minimum of 10 years.

- Forgivable loans for projects led by private entrepreneurs will be limited to a maximum of 50% of the units in their project.
- Municipalities, development corporations and non-profit groups may be eligible for forgivable loans for 100% of the units in their project.
- Rents for units not receiving program funding can be set at market rates.
- Rental rates for all units may be increased during the term of the forgivable loan based on IRAC's Allowable Rent Increases.
- Projects must be a minimum of four units, include 20% accessible and be Net Zero Ready.
- Minimum unit size requirements are: Bachelor/Studio: 450 square feet; 1-bedroom: 650 square feet; 2-bedroom: 850 square feet; 3-bedroom: 1,000 square feet.

Community Housing Fund:

The Community Housing Fund (CHF) is a collaboration between the Canadian Mental Health Association, PEI Division (CMHA-PEI) and the Province of Prince Edward Island to develop sustainable affordable housing.

The aim of this program is to support housing developments whether they are targeting affordability, vulnerable populations, assisted living, or those that require

PRINCE EDWARD ISLAND HOUSING CORPORATION

increased support. Funding under this program can be used to provide additional resources and support to develop solutions to PEI's housing shortage. The CHF provides funding through three streams, including:

- Capacity Building and Research – The funding is available to strengthen the skills and competencies of people and communities.
- Professional Services – The funding is available to hire an external resource to assist with the planning and process of a housing project.
- Construction – The funding is available to support the construction costs of an eligible housing project.

PEI Home Renovation Programs (PEIHRP):

The PEI Home Renovation programs provide funding for major renovations for low-income homeowners to bring their property up to minimum health and safety standards. The PEIHRP will support senior Islanders to age in place which will help stay close to family and community.

Eligible property owners receive a forgivable grant provided they meet program criteria including remaining in the home for three years after the renovations have been made. Programs include:

Home Renovation Program - provides assistance to low income homeowners to bring their property up to minimum health and safety standards.

Home Renovation Program for Persons with Disabilities - provides assistance to households occupied by persons with disabilities who require special modifications to improve accessibility to their residence.

Seniors Home Repair Program – provides assistance to households if you are 60 years of age or older to help with the cost of repairs to your home, such as repairs to a roof, windows, doors, or a furnace.

Seniors Safe at Home Program – provides assistance to households if you are 60 years of age or older to make changes to your home in order to improve its accessibility to continue living there. The modifications must be necessary for your accessibility, health, and safety and must relate to the senior applicant's loss of ability and must provide improved access or increased physical safety to the home.

PRINCE EDWARD ISLAND HOUSING CORPORATION

The below table outlines the forgivable grant and the income thresholds:

Combined Annual Income	PEI Home Renovation	Seniors Home Repair	Seniors Safe @ Home Program	Renovation Program for Persons with Disabilities
\$35,000 or less	\$12,000	\$4,000	\$10,000	\$16,000
\$35,001 - \$38,000	\$10,000	\$3,600	\$8,400	\$13,200
\$38,001 - \$41,000	\$8,000	\$3,200	\$6,800	\$10,400
\$41,001 - \$44,000	\$6,000	\$2,800	\$5,200	\$7,600
\$44,001 - \$47,000	\$4,000	\$2,400	\$3,600	\$4,800
\$47,001 - \$50,000	\$2,000	\$2,000	\$2,000	\$2,000

Emergency, Supportive Housing and Outreach Services:

PEIHC continues to make investments in emergency shelters, supportive housing and outreach services. The following were in place during 2021-2022:

Blooming House Women's Shelter

Blooming House Women's Shelter Inc. (Blooming House) is a registered charity, non-profit organization whose primary goal is to provide safe overnight shelter for female identifying individuals in the Charlottetown area. Blooming House offers 8 beds for overnight shelter.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Bedford MacDonald House

Bedford MacDonald House is a 10-bed emergency shelter for male identifying individuals 18 years of age and older. The emergency shelter is operated by the Salvation Army to support individuals experiencing homelessness.

LifeHouse Emergency Shelter

Subsequent to the reporting period ending March 31, 2022, the LifeHouse Emergency Shelter opened to provide 24/7 emergency shelter for women and children. The emergency shelter includes 3 rooms with multiple beds per room.

Shelter Support Line (SSL)

The SSL provides a dedicated line for anyone in need of shelter 24 hours per day, 7 days per week. Staff will work with callers to find a solution that best suits the callers needs and can connect them with resources for longer term solutions.

Smith Lodge Transitional Housing

The housing complex located in Charlottetown operates as transitional housing for people with multiple, complex needs. This was opened in December 2020 operating 9 beds.

Beach Grove Transitional Housing

This facility opened 20 units in November 2020, including 10 units for women fleeing domestic violence and 10 units for youth who have aged out of the child protection system.

Scattered Sites – Transitional Housing

PEIHC provides support to individuals with the regular case management services by supplying private units secured throughout the community.

Community Outreach Centre

The Community Outreach Centre provides daytime support to individuals who are experiencing homelessness or housing insecurity. Individuals accessing service are provided access to a variety of supports and services including assistance with housing, basic food, social assistance, harm reduction supplies, laundry, employment and mental health supports. This service operates 7 days per week, 12 hours per day (8am-8pm).

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Partnerships:

The Department of Housing, Land and Communities (formerly the Department of Social Development and Housing):

PEIHC continues to share the responsibility in the provision of housing programs with the Department of Housing, Land and Communities (formerly the Department of Social Development and Housing) and local family housing authorities. PEIHC is responsible for the control of assets, liabilities and revenues.

The Department of Housing, Land and Communities (formerly the Department of Social Development and Housing) is responsible for the management of family housing primarily through the local family housing authorities; direct management of seniors housing; and liaison with the Government of Canada about housing issues, overseeing the administration of federal-provincial agreements, and the delivery of most housing programs, including the Canada-PEI Affordable Housing Agreement.

Canada Mortgage and Housing Corporation:

PEIHC works closely with the Canada Mortgage and Housing Corporation (CMHC), representing the Government of Canada. CMHC cost-shares provincial programs involving approximately 1,700 units and directly administers other federally funded social housing units.

PEIHC manages and delivers the Canada-PEI Affordable Housing Agreement, and its various amendments, to assist in the development of affordable housing units across the province. Through the initial agreement in 2003, and subsequent amendments, a total of \$15.04 million has been invested in by CMHC, and cost matched by PEI to create affordable housing.

The introduction of the National Housing Strategy in November 2017 and the signing of the Bilateral Agreement under the Strategy provide opportunities to continue our relationship with the CMHC and build on past successes to support and improve housing properties. The Bilateral Agreement under the National Housing Strategy is a 10-year commitment that requires PEIHC to submit regular Progress Reporting on how housing targets are being met as well as Action Plans (2018, 2022, and 2025) on the implementation details of housing targets. PEIHC has submitted the Action Plan for 2022.

As part of the implementation of the National Housing Strategy, in 2019, PEIHC and CMHC commenced a process to co-develop the Canada-PEI Housing Benefit to ensure that the unique housing needs of Islanders are addressed. This benefit was implemented in 2020-2021.

Community Partners:

PEIHC maintains strong relationships with many community partners, including but not limited to tenants, municipalities, non-profit organizations, private sector developers, construction industry, education programs, other government departments. These relationships form important partnership roles to help bring affordable housing to Islanders.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Key Indicators

The PEIHC recognizes the importance of reporting on performance measures linked to government initiatives to demonstrate accountability. PEIHC will continue to enhance its reporting on performance indicators to provide outcome-based measures and support informed budgetary and service level decisions.

Table 1: Seniors Housing Program – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022	Notes
Number of Owned Units	1,113	1,150	1,182	Note 1
Number of Owned Garden Suites	4	4	4	
Number of Rent Supplements	187	274	285	
Number of Mobile Rental Vouchers	442	628	686	
Number of Canada-PEI Housing Benefit Placements in PEIHC owned Units	-	-	123	
New Applications	768	635	645	
Registry	438	141	134	
Unit Turnover Rates – Owned Units	9.90%	17.40%	18.50%	
Note 1 - 32 units constructed in Charlottetown				

Table 2: Family Housing Program – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022	Notes
Number of Owned Units	482	487	499	Note 1
Number of Rent Supplements	35	146	185	
Number of Mobile Rental Vouchers and Canada Housing Benefit Placements in Family Housing	285	424	461	
New Applications	861	819	1,066	
Registry	623	319	329	
Unit Turnover Rates – Owned Units	7.70%	8.60%	10.60%	
Note 1 - 12 units purchased across PEI				

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Table 3: PEI Home Renovations Programs – Performance Indicators

Performance Indicator	2019-2020	2020-2021	2021-2022
Total Budget	1,480,000	2,040,000	2,715,300
Applications Received	1,914	1,500	3,082
Applications Approved	1,171	1,208	1,559
Households Supported	796	750	1,491
Program Income Cut-off	49,600	50,000	50,000
Average Household Income	29,700	32,496	32,767
Average Grant – Home Renovation	4,068	4,087	5,352
Average Grant – Renovation: Persons with Disabilities	5,490	6,499	6,616
Average Grant – Seniors Safe at Home	3,520	3,514	5,492
Average Grant – Seniors Home Repair Program	1,443	1,506	2,711
Average Number in Household	1.7	1.6	1.6
Average Age of Applicant	65	66	66
Emergency Shelter – Survivors of Family Violence: Funding	54,000	20,000	20,000
Emergency Shelter – Survivors of Family Violence: Beds Supported	18	18	18
Second Stage Housing – Survivors of Family Violence: Units Supported	2	2	2

Highlights and Accomplishments

Housing Initiatives Implementation:

In 2021-2022, PEIHC continued to work towards the initiatives of *Housing Action Plan for Prince Edward Island 2018-2023* (the Plan). In addition to commitments made as part of the Plan, government committed to creating an additional 1,200 affordable units over the next five years in 2019-2020. The additional 1,200-unit commitment was partially complete during this reporting period.

Subsequent to the reporting period, PEIHC began the process on a comprehensive strategic plan for Housing on PEI.

Highlights of Housing Accomplishments:

- 32 new government owned social housing units were built and occupied in Charlottetown;
- 12 units were purchased and added to the government owned social housing inventory;
- 5-bedroom home was acquired and converted into a group home in the Charlottetown area;
- The Affordable Housing Development Program supported 6 applications, totaling 61 affordable units for a combined \$2,955,000 in committed funding;
- PEIHC committed to 38 additional affordable housing units to a non-profit organization for a total commitment of \$3,000,000;
- PEIHC, in partnership with the Federation of the Municipalities of PEI, developed the Municipal Infrastructure Fund to provide financial support to municipalities for the cost of infrastructure for projects with construction ready lots. This Program will be launched in 2023;
- The ramp up of rental supports to low-moderate income populations through the Mobile Rental Voucher/Canada-PEI Housing Benefit;
- The relocation of the Community Outreach Centre to the former Charlottetown Curling Club;

PRINCE EDWARD ISLAND HOUSING CORPORATION

- Funding was increased through the PEI Home Renovation Programs, as follows:

Program	Original Funding Amount	New Funding Amount
Seniors Safe at Home	\$5,000	\$10,000
Seniors Home Repair	\$2,000	\$4,000
PEI Home Renovation	\$6,000	\$12,000
PEI Home Renovation for people with disabilities	\$8,000	\$16,000

- PEIHC provided funding to the Boys and Girls Club Summerside Inc. to support the creation of the LifeHouse Emergency Shelter and Transitional Housing.

Response to Auditor General's Report

In 2016 the Auditor General completed a value-for-money audit of the Seniors Housing Program. The Auditor General's Annual Report, released in March 2017, included ten (10) recommendations related to the need for a long-term plan for seniors housing, development and public reporting of performance measurements, and resolution of specific policy and process issues related to the assessment, application, tracking and placement of applicants to the program. In the *2020 Report of the Auditor General of Prince Edward Island*, it was recognized that five of the ten recommendations were considered complete. During 2021-22, the PEIHC continued implemented all of changes in response to these recommendations.

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Senior and Family Housing Units:

Senior:

Seniors Housing Program Unit Locations			
Queens County		Prince County	
Charlottetown	460	Alberton	16
Cornwall	14	O'Leary	24
Crapaud	9	St. Louis	4
Hunter River	14	Tignish	14
Mt. Stewart	6	Abrams Village	5
North Rustico	6	Bedeque	6
South Rustico	4	Borden	22
Total	513	Kensington	50
		Kinkora	5
Kings County		Miscouche	17
Cardigan	3	Mont Carmel	6
Eldon	6	Summerside	218
Georgetown	16	Tyne Valley	11
Montague	91	Wellington	16
Murray Harbour	6	Wilmot	6
Murray River	6	Total	420
Morell	12		
Rollo Bay	14		
Souris	86		
St. Peters	9		
Total	249		
Total # of Units			1,182
Garden Suites			4
			1,186

PRINCE EDWARD ISLAND HOUSING CORPORATION

Family:

Family Housing Program Unit Locations	
Administered by Family Housing Boards:	
Location	Units
Alberton	22
Greater Charlottetown area	169
Georgetown	27
Montague	62
Mt. Stewart	6
O'Leary	23
Souris	36
Summerside	99
Tignish	16
	460
Administered by PEIHC:	
Charlottetown	7
Cornwall	1
Crapaud	4
Georgetown	2
Souris	5
Summerside	4
Murray River	1
Rural Native Housing and Rural Community Housing	15
	39
Total	499

PRINCE EDWARD ISLAND HOUSING CORPORATION

Summary of the Strategic Plan and Future Direction

Subsequent to the reporting period, PEIHC in conjunction with the Department of Housing, Land and Communities (formerly the Department of Social Development and Housing), began the process to develop PEI's next 5-year Strategic Plan for Housing.

PEIHC is constantly responding to the changing housing environment on PEI and is developing a strategic plan with a focus on supporting each component of the housing continuum.

THE HOUSING CONTINUUM



PEI has been facing low vacancy rates across the island and it is apparent that there is a need to expand on each type of housing across the continuum, from emergency shelters to market housing.

PEIHC's focus will be to create new government owned units to be added to the social housing stock through new construction builds and purchases to provide an adequate and safe home for households that are currently on the social housing registry as well as to create more emergency shelter and supportive housing options for individuals that are most in need. In addition, PEIHC will focus on working with Community Partner organizations to provide wrap around services for the individuals that are in need of additional support.

In addition, partnerships with key stakeholders are paramount in achieving this direction in the most timely and efficient course of action. PEIHC will continue to develop strong relationships with non-profit organizations, private developers, municipalities, co-operative associations and the federal government that will be critical to being able to build out the housing continuum and provide an affordable, safe, and adequate housing for households most in need on PEI.

In addition to increasing the supply of housing along the continuum, PEIHC is also committed to the modernization of the current social housing inventory across PEI to ensure that the buildings are adequate and safe for all.

PRINCE EDWARD ISLAND HOUSING CORPORATION

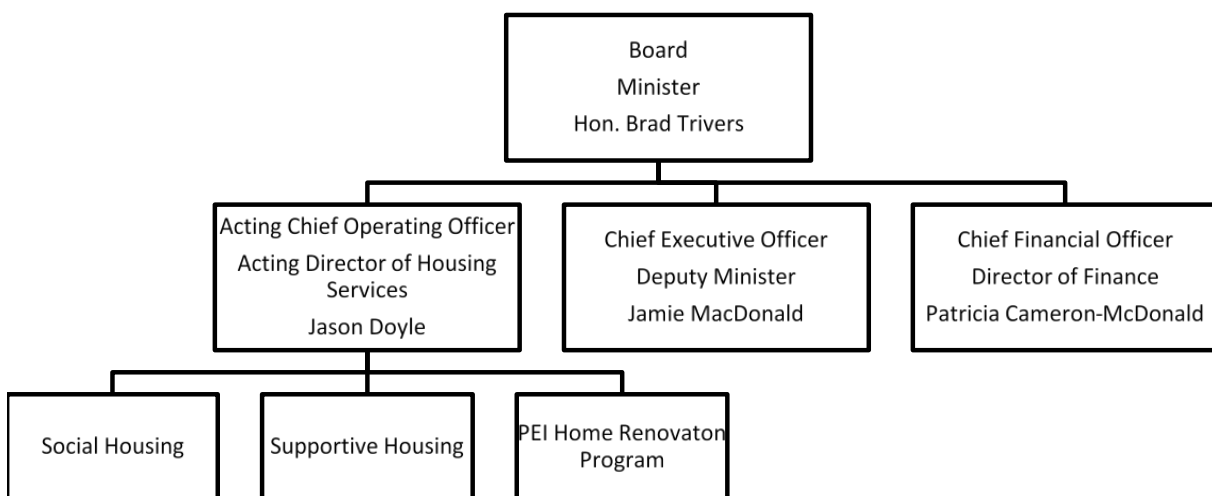
Organizational Structure

Housing Services (a division within the Department of Housing, Land and Communities) oversees the rental and management of the senior housing units across the province. Housing Services employs 14 FTE housing officers to support seniors in accessing and maintaining social housing.

In addition to the housing officers, there are also 18.7 FTE employees working on housing concerns for Islanders. In total, 32.7 FTE employees work for Housing Services.

The organizational structure for the reporting period covering the Annual Report is as follows:

Organizational Structure Prince Edward Island Housing Corporation



Housing Authorities

The PEIHC is comprised of nine (9) housing authorities that oversee rental and management of the family housing units across the Province. They are comprised of 6 – 8 members that include a chairperson, vice chairperson, secretary, and treasurer equalling approximately 57 members.

The housing authorities are located in Charlottetown, Summerside, Souris, Georgetown, Montague, Mt. Stewart, O'Leary, Tignish, and Alberton.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Audited Financial Statements

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Financial Statements
March 31, 2022

Management's Responsibility For Financial Reporting

March 31, 2022

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

The Minister of Social Development and Housing is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Minister reviews internal financial reports on a regular basis and externally audited financial statements annually.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Prince Edward Island Housing Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Prince Edward Island Housing Corporation



Jason Doyle, CPA, CA
Director of Housing Services

July 6, 2022

Independent auditor's report

To the PEI Housing Corporation

Opinion

We have audited the financial statements of PEI Housing Corporation, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PEI Housing Corporation as at March 31, 2022, and its results of operations, its changes in its net debt, 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 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 these 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 a 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.

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.

Grant Thornton LLP

Charlottetown, Prince Edward Island, Canada
July 6, 2022

Chartered Professional Accountants

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Statement of Financial Position
March 31, 2022

	2022	2021
	\$	\$
Financial Assets		
Cash	2,411,400	1,055,300
Accounts receivable (Note 3)	14,868,500	13,318,700
Loans receivable	<u>1,800</u>	<u>1,800</u>
	<u>17,281,700</u>	<u>14,375,800</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	30,878,800	29,756,900
Deferred revenue (Note 5)	60,000	52,900
Long-term debt (Note 6)	<u>5,128,900</u>	<u>4,391,700</u>
	<u>36,067,700</u>	<u>34,201,500</u>
Net Debt	<u>18,786,000</u>	<u>19,825,700</u>
Non Financial Assets		
Tangible capital assets (Note 7)	40,947,000	31,641,300
Property holdings	<u>206,100</u>	<u>206,100</u>
	<u>41,153,100</u>	<u>31,847,400</u>
Accumulated Surplus	<u>22,367,100</u>	<u>12,021,700</u>

Approved on behalf of the Prince Edward Island Housing Corporation



Director of Social Development and Housing

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

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2022

	(Note 17) 2022 Budget	2022	2021
	\$	\$	\$
Revenues			
Rental income	9,350,400	9,404,100	8,542,900
Grants			
Province of Prince Edward Island (Note 8)			
- Operations	19,348,400	27,779,500	16,975,800
- Capital	12,647,200	11,787,600	7,231,900
Canada Mortgage and Housing Corporation			
- Operations (Note 9)	3,412,600	3,679,300	3,379,100
- National Housing Strategy/Bilateral (Note 12)	1,569,800	1,648,200	2,569,300
Gain on disposal	-	7,800	-
Other income	20,000	17,400	23,700
	<u>46,348,400</u>	<u>54,323,900</u>	<u>38,722,700</u>
Expenses			
Administration	372,000	383,900	301,400
Equipment	8,100	15,900	38,800
Grants (Note 10)	22,990,900	31,454,800	21,687,800
Operating costs (Note 11)	7,523,500	7,953,000	6,560,300
Property taxes	1,191,900	1,326,700	1,214,800
Travel and training	129,900	214,900	119,800
	<u>32,216,300</u>	<u>41,349,200</u>	<u>29,922,900</u>
Amortization of tangible capital assets	2,700,000	2,481,600	2,373,700
Interest charges on debt	227,100	147,700	169,800
	<u>35,143,400</u>	<u>43,978,500</u>	<u>32,466,400</u>
Annual Surplus (Deficit)	11,205,000	10,345,400	6,256,300
Accumulated Surplus, beginning of year	<u>12,021,700</u>	<u>12,021,700</u>	<u>5,765,400</u>
Accumulated Surplus, end of year	<u>23,226,700</u>	<u>22,367,100</u>	<u>12,021,700</u>

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

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Statement of Changes in Net Debt
for the year ended March 31, 2022

	2022 Budget	2022	2021
	\$	\$	\$
Net Debt, beginning of year	21,510,000	19,825,700	21,510,000
Changes in year:			
Annual (Surplus) deficit	(11,205,000)	(10,345,400)	(6,256,300)
Acquisition of tangible capital assets	12,647,200	11,787,400	6,945,700
Amortization of tangible capital assets	(2,700,000)	(2,481,600)	(2,373,700)
Property holdings	-	(100)	-
Change in Net Debt	<u>(1,257,800)</u>	<u>(1,039,700)</u>	<u>(1,684,300)</u>
Net Debt, end of year	<u>20,252,200</u>	<u>18,786,000</u>	<u>19,825,700</u>

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

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Statement of Cash Flow
for the year ended March 31, 2022

	2022	2021
	\$	\$
Operating Activities		
Annual deficit	10,345,400	6,256,300
Amortization of tangible capital assets	2,481,600	2,373,700
Changes in:		
Accounts receivable	(1,699,900)	(3,365,000)
Loans receivable	-	-
Deferred revenue	7,100	47,000
Accounts payable and accrued liabilities	<u>1,272,000</u>	<u>2,750,300</u>
Cash provided by operating activities	<u>12,406,200</u>	<u>8,062,300</u>
Investing Activities		
Decrease in property holdings	<u>-</u>	<u>-</u>
Cash provided by investing activities	<u>-</u>	<u>-</u>
Capital Activities		
Acquisition of tangible capital assets	(11,787,400)	(6,945,700)
Disposal of tangible capital assets	<u>100</u>	<u>-</u>
Cash used by capital activities	<u>(11,787,300)</u>	<u>(6,945,700)</u>
Financing Activities		
Long-term debt advancements	1,931,800	-
Long-term debt repayment	<u>(1,194,600)</u>	<u>(1,561,900)</u>
Cash used by financing activities	<u>737,200</u>	<u>(1,561,900)</u>
Change in cash	1,356,100	(445,300)
Cash, beginning of year	<u>1,055,300</u>	<u>1,500,600</u>
Cash, end of year	<u>2,411,400</u>	<u>1,055,300</u>

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

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

1. Nature of Operations

The Prince Edward Island Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act* of Prince Edward Island. The Corporation's general objectives are to establish housing projects, construct, acquire, or renovate housing accommodations for sale or rent, and promote measures which will contribute to the availability of adequate and improved housing for low income families and individuals, seniors, or other groups that require assistance. The Corporation also works towards improving the quality of housing and amenities related to housing.

The Minister, having overall responsibility for the administration of the *Act*, has designated a senior public official to supervise the administration and management of the Corporation and perform such duties as the Minister may assign. The Corporation's operations are staffed by the Department of Social Development and Housing and the Department of Finance.

The Corporation is a non-taxable entity under the provisions of the federal *Income Tax Act*.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Corporation complies with the recommendations of the Public Sector Accounting Board (PSAB) wherever applicable. PSAB standards are supplemented, where appropriate, by other accounting pronouncements.

Since the Corporation has no unrealized remeasurement gains or losses attributed to foreign exchange, derivatives, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

b) Financial Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash represents cash position including bank balances.

Accounts receivable are recorded at cost less any specific provision when collection is in doubt.

Loans receivable are recorded at cost less adjustments for impairment in value. Loans usually bear interest at approximate market rates and normally have fixed repayment terms. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

2. Summary of Significant Accounting Policies (continued...)

c) Liabilities

Payables and accruals are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Long-term debt is recorded at amortized cost, which approximates market value.

d) Non Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities or finance future operations. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are recorded at historical cost, or estimated cost where historical cost information is not available, subject to established thresholds. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital assets, excluding land, is amortized monthly on a straight-line basis over their estimated useful lives as follows:

Buildings	40 yrs
Renovations	10 yrs
Equipment	5 -15 yrs

Amortization is pro-rated on a monthly basis starting with the date the asset is placed in service. Amortization ends when the total amortization of the asset equals the cost or on the date of disposal, whichever comes first. No amortization is recorded if an asset is taken out of service and/or disposed during the year.

Property holdings consist of land held for development properties and is recorded at the lower of cost or net realizable value.

Inventories of supplies are expensed when purchased.

e) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met. To the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, transfers are recognized as deferred revenue.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

2. Summary of Significant Accounting Policies (continued...)

e) Revenues (continued...)

Federal contributions provided by the Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with the provisions of the specific agreements through which they are received. Accordingly, federal contributions are recognized as revenue when the related expenses are incurred.

The Province of Prince Edward Island operational grant is calculated based on the actual shortfall in operations for the fiscal year.

f) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the expense occurred.

Grants are recognized as an expense when an application for assistance has been approved and performance requirements have been met. Conditional grants are provided to homeowners, developers, landlords, co-operatives and non-profit housing sponsors.

g) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the carrying amount and amortization of investments in properties and underlying assessments of service potential, useful life of tangible capital assets, the valuation of land held for future development, the carrying amount of accounts receivable and loans receivable, and the underlying estimates of the provision for loan impairment and doubtful accounts.

Estimates are based on the best available information at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions. Bank borrowings are considered to be financing activities.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

2. Summary of Significant Accounting Policies (continued...)

i) Other revenues

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which related to revenues that will be earned in a subsequent year, are deferred and reports as liabilities.

3. Accounts Receivable

	<u>2022</u>	<u>2021</u>
	\$	\$
CMHC	13,915,900	12,575,000
Family housing authorities	537,600	231,000
General	<u>462,100</u>	<u>622,400</u>
	14,915,600	13,428,400
Less: provision for doubtful accounts	<u>47,100</u>	<u>109,700</u>
	<u>14,868,500</u>	<u>13,318,700</u>

	<u>2022</u>	<u>2021</u>
	\$	\$
Aged trade accounts receivable:		
Current	1,584,800	2,663,500
31-60 days	21,200	19,900
61-90 days	137,300	70,500
Greater than 90 days	<u>13,275,300</u>	<u>10,564,800</u>
	<u>15,018,600</u>	<u>13,318,700</u>

The Corporation is expecting to receive a portion of the accounts receivable from CMHC in the amount of approx. \$9.8 million shortly after the issuance of these statements once the final reports for IAH and SIF are submitted and approved by CMHC.

4. Accounts Payable and Accrued Liabilities

	<u>2022</u>	<u>2021</u>
	\$	\$
Accrued interest	20,800	23,700
Family Housing Authorities	25,700	239,700
General	247,400	458,200
Province of Prince Edward Island	<u>30,584,900</u>	<u>29,035,300</u>
	<u>30,878,800</u>	<u>29,756,900</u>

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Notes to Financial Statements
March 31, 2022

5. Deferred Revenue

The continuity of deferred revenue is as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of the year	52,900	5,900
Add:		
Prepaid rents collected	60,000	52,900
Less:		
Repayments	-	-
Prepaid rents recognized	52,900	5,900
Social Infrastructure Funding	-	-
Balance, end of year	<u>60,000</u>	<u>52,900</u>

6. Long-term Debt

Long-term debt is comprised of the following:

	<u>2022</u>	<u>2021</u>
	\$	\$
Mortgages and debentures payable to CMHC with maturity dates ranging from 2023 to 2029, with interest rates ranging from 1.31 percent to 5.89 percent and secured by properties.		
Mortgages payable	4,192,300	3,166,400
Debentures payable	936,600	1,225,300
	<u>5,128,900</u>	<u>4,391,700</u>

Principal Repayments

Anticipated annual principal repayments over each of the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
	\$
2023	919,500
2024	693,500
2025	546,600
2026	496,000
2027	241,500
Thereafter	<u>2,231,800</u>
	<u>5,128,900</u>

Interest expense for the year on outstanding mortgages was \$68,700 (2021 - \$87,100) and outstanding debentures was \$71,300 (2021 - \$82,800).

**PRINCE EDWARD ISLAND
HOUSING CORPORATION**

Notes to Financial Statements
March 31, 2022

7. Tangible Capital Assets

	<u>Land</u> \$	<u>Buildings</u> \$	<u>Renovations</u> \$	<u>Equipment</u> \$	<u>2022</u> <u>Total</u> \$	<u>2021</u> <u>Total</u> \$
Cost, beginning of the year	3,156,800	68,742,400	13,202,500	25,300	85,127,000	78,181,300
Additions	2,499,000	8,492,900	786,800	8,700	11,787,400	6,945,700
Disposals / write-downs	(100)	-	-	-	(100)	-
Cost, end of year	<u>5,655,700</u>	<u>77,235,300</u>	<u>13,989,300</u>	<u>34,000</u>	<u>96,914,300</u>	<u>85,127,000</u>
Accumulated amortization, beginning of year	-	43,996,800	9,466,500	22,400	53,485,600	51,112,000
Amortization	-	1,727,000	753,700	900	2,481,600	2,373,700
Disposals / write-downs	-	-	-	-	-	-
Accumulated amortization, end of year	-	<u>45,723,800</u>	<u>10,220,200</u>	<u>23,300</u>	<u>55,967,300</u>	<u>53,485,700</u>
Net book value	<u>5,655,700</u>	<u>31,511,500</u>	<u>3,769,100</u>	<u>10,700</u>	<u>40,947,000</u>	<u>31,641,300</u>

Tangible capital assets represent the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC in consideration for an ownership interest in the housing projects. Buildings funded through partnership agreements with CMHC are subject to restrictions to operate for the benefit of individuals, seniors, and families with limited income. CMHC approval is required for changes in asset use or disposal for properties which it shares an ownership interest. Disposals related to renovations are only recognized when the related building is removed from service.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

8. Province of Prince Edward Island

The Province of Prince Edward Island provides annual operating and capital grants to the Corporation. The operating grant is provided to fund the operations of the Corporation. The capital grant is used to fund the purchase of tangible capital assets and is recognized as revenue in the year the capital transfer is authorized and eligibility criteria, if any, are met.

9. Canada Mortgage and Housing Corporation

The Corporation is eligible for subsidy assistance from CMHC. Subsidy assistance is paid by project, based on agreement terms and conditions, and is equal to the difference between eligible annual operating costs and project revenues for designated units. The various agreements expire between 2022 and 2037.

10. Grants

	<u>2022</u> \$	<u>2021</u> \$
Rent supplement	9,356,800	8,433,600
Municipal infrastructure fund	5,000,000	-
Affordable housing developer grants	3,977,600	2,893,500
PEI Home Renovations Program	3,058,900	3,740,900
Attainable housing fund	3,000,000	-
Community Housing Fund	3,000,000	3,000,000
Family housing authorities	1,365,300	1,461,800
Seniors home repair program	979,300	-
Community grants	724,400	2,158,000
Salvation Army home heating	556,200	-
Seniors Safe At Home	436,300	-
	<u>31,454,800</u>	<u>21,687,800</u>

11. Operating Costs

	<u>2022</u> \$	<u>2021</u> \$
Materials, supplies, and services	3,938,100	3,331,300
Renovations	150,400	149,500
Repairs and maintenance	1,588,300	1,346,200
Utilities	<u>2,276,200</u>	<u>1,733,500</u>
	<u>7,953,000</u>	<u>6,560,300</u>

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

12. Contractual Benefits and Obligations

a) Bilateral Agreement

In January 2019 the Corporation entered into a Bilateral Agreement with the CMHC, effective April 1, 2018, to support the implementation of funding available through the 2017 National Housing Strategy. Funding is available as follows and must be cost matched by Prince Edward Island:

<u>Fiscal Year</u>	<u>Amount</u> \$
2022	1,648,200
2023	2,562,700
2024	2,793,100
2025-2028	12,138,600

b) Unilateral Program

Under the Renovation and Retrofit of Social Housing initiative pursuant to Section 51 of the *National Housing Act*, CMHC made contributions to the Prince Edward Island Housing Corporation in the 2010 and 2011 fiscal years for the purpose of renovating, general improvement, energy efficiency upgrades or conversions, modifications to support persons with disabilities, and/or the regeneration of existing social housing projects. Conditions of the agreements were:

- Maintain not-for-profit status, own and operate, use and maintain the land and premise to provide housing benefits to low and moderate low-income households for 10 years;
- Mortgage agreement with CMHC, with collateral security for payment of the principal amount and performance by the Corporation on projects greater than \$25,000.

c) Property Lease Agreements

The Corporation has entered into 10 to 25-year lease agreements with sixteen property owners to provide 351 affordable housing units through rent supplement arrangements. These leases are not classified as capital leases as the Corporation has not assumed the majority of the risk associated with the properties. The estimated lease obligations are calculated by using the known rent and assuming a two percent annual rental increase. Under the terms of the agreements, the agreed affordable rent rates can only be adjusted upward to reflect any increase that is permitted by the Island Regulatory and Appeals Commission (IRAC) in accordance with the *Rental of Residential Property Act* and are not guaranteed. The estimated obligations for the next five years and beyond are:

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

12. Contractual Benefits and Obligations (continued...)

<u>Fiscal Year</u>	<u>Amount</u> \$
2023	3,971,800
2024	4,068,100
2025	4,142,500
2026	4,218,300
2027	4,295,600
Thereafter	<u>46,285,400</u>
	<u>66,981,700</u>

d) Affordable Housing Agreements

The Corporation has signed a number of commitment letters dedicating funds for housing projects to increase affordability in existing units and create new units. Agreements are structured as forgivable loans, with annual operating grants for certain agreements, with terms from 10 to 25 years. Funds are disbursed and expensed over the term of the agreement.

<u>Fiscal Year</u>	<u>Amount</u> \$
2023	1,430,100
2024	1,458,700
2025	1,487,900
2026	1,517,600
2027	1,548,000
Thereafter	<u>15,850,600</u>
	<u>23,292,900</u>

e) New capital additions

During the year, the Corporation, through the Department of Social Development and Housing, received approval to proceed with capital additions totaling \$67 million over Fiscal Years 2022-2023 to 2026-2027. These additions will provide housing units for families, seniors, and vulnerable populations.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

13. Financial Management

The Corporation is exposed to credit, market, and liquidity risk from its financial instruments. An analysis of these risks is provided below.

Credit Risk

The Corporation is exposed to credit risk with respect to accounts and loans receivable. The maximum exposure to credit risk is \$15,018,600, as indicated by the balances on the statement of Financial Position. Of this amount, \$12,490,900 is past due but not impaired. The Corporation mitigates this risk through a regular monitoring process. Credit risk is also mitigated due to the fact that the majority of the receivables are due from the Canada Mortgage and Housing Corporation, which includes those which are past due but unimpaired.

Market Risk

Market risk is comprised of three types: currency, interest, and price risk. The Corporation does not hold nor operate in foreign currency and thus market risk is derived from interest rate and price risk. Changes in interest rates, prices for goods, services, and rents significantly impact the Corporation and thus could increase the cost of operations and require increased funds from government. The risk is managed by participating in government purchasing, determining if maintenance is done internally or tendered, cost sharing operations with CMHC, establishing long-term lease agreements and rent increases limited by IRAC.

Liquidity Risk

The Corporation has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The Corporation manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and on an as needed basis, and by matching its long-term financing arrangements with its cash flow needs.

14. Related Party Transactions

These financial statements include the results of transactions with various provincial government-controlled departments, agencies, Crown corporations and family housing authorities with which the Corporation is considered related. Transactions with related parties are settled at prevailing market prices under normal trade terms.

The Province of Prince Edward Island has assumed responsibility for certain operating costs that are shared with other departments such as property insurance, provincial portion of property tax, office facilities, disposal and remediation of property, management salaries and benefits. These expenses are material and are not reflected in the Corporation's financial statements.

All purchases are completed by the Province on behalf of the Corporation and expenses are allocated to the Corporation on a consistent basis.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

14. Related Party Transactions (continued...)

The Province of Prince Edward Island also employs all staff working on behalf of the Corporation and on an annual basis department allocations are made from the Department of Social Development and Housing to the Corporation for its share of the salary and benefits. The Corporation's share of salaries and benefits is included with materials, supplies and services expense (Note 11), and amounts to \$3,359,700 (2021 - \$2,712,300).

15. Contingent Liabilities

a) Claims Outstanding

The Corporation is subject to legal actions arising in the normal course of business. Costs related to any outstanding claims are funded by the Prince Edward Island Self-Insurance and Risk Management Fund. The Fund provides general liability, errors and omissions, primary property, and crime insurance. The Fund is administered by the Province and responsibility for liabilities of the Fund is that of the Province.

b) Building Remediation

Some buildings owned by the Corporation contain materials with asbestos. The Corporation monitors the condition of those materials to ensure they do not pose a risk to the occupants, staff, contractors, or the public at large. The incremental cost of addressing asbestos during repairs, maintenance, or renovations has not been determined and is the responsibility of the Corporation. Any incremental cost associated with the decommissioning or demolition of a building is the responsibility of the Province.

c) Construction Contract Claim

During the year, the Corporation was named in a wrongful termination claim after the Corporation decided to terminate a construction contract. It is management's position that the claim has no merit and the Corporation will not be held liable. As a result, no provision has been made in the financial statements for the claim.

d) Injury Claim

A resident slipped at a property and was subsequently injured, and the Corporation was identified in the lawsuit. The pending claim will be covered under the Risk Management Fund and therefore there is no exposure for the Corporation.

PRINCE EDWARD ISLAND HOUSING CORPORATION

Notes to Financial Statements
March 31, 2022

16. Future Accounting Standards

- A) Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601, and Financial Statement Presentation, PS 1201 are effective for fiscal years beginning on or after April 1, 2022. The effective date was previously April 1, 2021, but as a result of the COVID-19 pandemic, the PSAB has deferred the effective date by one year. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition and measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601, Foreign Currency Translation, includes guidance of deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign change gains and losses. PS 1201, Financial Statement Presentation, includes the addition of a new statement outlining re-measurement gains and losses. The Corporation has not yet adopted these standards or determined the effect on the consolidated financial statements.
- B) New Section PS 3280 Asset Retirement Obligations establishes standards on how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.

Asset retirement costs associated with a tangible capital asset increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. Measurement of the liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date. A present value technique is often the best method to estimate the liability. Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.

As a result of the issuance of Section PS 3280, the Public Sector Accounting Board (PSAB) approved the withdrawal of Section PS 3270 Solid waste landfill closure and post-closure liability as asset retirement obligations associated with landfills will be within the scope of PS 3280. PS 3280 does not address costs related to remediation of contaminated sites, which will continue to be addressed in Section PS 3260 Liability for contaminated sites. Some consequential amendments have been made to PS 3260 to conform with PS 3280 and further clarify the scope of each standard.

17. Budgeted Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Legislative Assembly of the Province.

