Ottawa Community Housing Corporation

Financial statements

December 31, 2022

Building a better working world

Independent auditor's report

To the Board of Directors of
Ottawa Community Housing Corporation

Opinion

We have audited the financial statements of **Ottawa Community Housing Corporation** [the "Corporation"], which comprise the balance sheet as at December 31, 2022, and the statement of operations and surplus, statement of reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with the reporting provisions of the *Housing Services Act* and the guidance in their application provided by the City of Ottawa as Service Manager [the "financial reporting framework"].

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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on use

We draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to comply with the reporting provisions of the financial reporting framework. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Corporation and the Service Manager and should not be used by parties other than the Corporation or the Service Manager.

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 the financial reporting framework and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
May 12, 2023

Ottawa Community Housing Corporation
Incorporated under the laws of Ontario

Balance sheet

[in thousands of Canadian dollars]

As at December 31

	2022	2021
	$	$
		[restated – see note 3]
Assets		
Current		
Cash	**49,855**	72,072
Rent receivable	**4,220**	1,802
Other accounts receivable	**3,583**	5,074
Other advances *[note 17]*	**1,792**	—
HST receivable	**3,763**	2,854
Prepaid expenses	**4,445**	4,044
Total current assets	**67,658**	85,846
Capital assets, net *[note 4]*	**417,358**	381,377
	485,016	467,223
Liabilities and net assets		
Current		
Subsidies payable – City of Ottawa [Service Manager] *[note 15]*	**9,679**	1,311
Accounts payable and accrued liabilities *[note 15]*	**36,532**	27,215
Accrued interest on long-term debt	**824**	810
Prepaid rents	**3,718**	3,455
WSIB benefits costs – current *[note 12]*	**533**	508
Current portion of long-term debt *[note 6]*	**11,173**	11,741
Total current liabilities	**62,459**	45,040
Employee benefits costs *[note 11]*	**5,085**	4,974
WSIB benefits costs – future *[note 12]*	**3,551**	3,137
Deferred revenue *[note 5]*	**14,812**	15,358
Long-term debt *[note 6]*	**304,113**	301,155
Total liabilities	**390,020**	369,664
Contingent liabilities and commitments *[notes 13 and 14]*		
Net assets		
Contributed surplus *[note 8]*	**2,400**	2,400
Reserves *[note 9]*	**92,596**	95,159
Total net assets	**94,996**	97,559
	485,016	467,223

See accompanying notes

On behalf of the Board:

Director

BRENDAN LAWLOR
Director

Ottawa Community Housing Corporation

Statement of operations and surplus

[in thousands of Canadian dollars]

Year ended December 31

	2022	2021
	$	$
		[restated – see note 3]
Revenue		
Rents	**84,109**	71,594
Subsidies *[note 15]*		
Service manager	**50,043**	57,724
Service manager – safer communities	**2,720**	2,623
Government transfers *[note 5]*	**25,793**	3,559
Other revenue	**5,701**	5,159
	168,366	140,659
Operating costs		
Utilities	**26,459**	24,942
Building operations	**27,683**	25,711
Staffing costs	**41,554**	39,501
Administration and other	**7,333**	6,072
	103,029	96,226
Fixed costs		
Municipal taxes *[note 15]*	**1,645**	1,490
Interest on long-term debt	**11,146**	10,935
Depreciation of capital assets	**12,513**	13,220
	25,304	25,645
Total costs	**128,333**	121,871
Net revenue before reserve contribution for the year	**40,033**	18,788
Contributions to reserves	**(40,033)**	(18,788)
Net surplus for the year	**—**	—

See accompanying notes

Ottawa Community Housing Corporation

Statement of reserves

[in thousands of Canadian dollars]

Year ended December 31

	2022									2021
	Capital reserve	Vehicle	Investment in Capital Assets [Equity Program]	Stabilization Reserve Fund	Equity Operating Reserve Fund	Public Housing Operating Reserve Fund	Community Reinvestment Fund	Green Fund	Total	Total
	$	$	$	$	$	$	$	$	$	$
										[restated – see note 3]
Balance, beginning of year *[refer to note 3]*	**32,649**	**1,076**	**19,436**	**9,110**	**845**	**2,644**	**24,422**	**4,977**	**95,159**	98,156
Contributions from operations	**14,642**	**—**	**—**	**(402)**	**20,217**	**5,576**	**—**	**—**	**40,033**	18,788
Other contributions	**4,314**	**—**	**—**	**—**	**—**	**—**	**—**	**673**	**4,987**	6,728
Realized value from Infrastructure Ontario and CMHC financing *[note 4]*	**10,724**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**10,724**	25,692
Interest income	**578**	**27**	**—**	**53**	**23**	**66**	**468**	**124**	**1,339**	474
Expenses	**(56,570)**	**(59)**	**—**	**—**	**—**	**—**	**(2,493)**	**(524)**	**(59,646)**	(54,679)
Interfund transfers and internal loans	**3,560**	**630**	**19,302**	**—**	**(20,217)**	**(5,576)**	**2,301**	**—**	**—**	—
Balance, end of year	**9,897**	**1,674**	**38,738**	**8,761**	**868**	**2,710**	**24,698**	**5,250**	**92,596**	95,159

See accompanying notes

Ottawa Community Housing Corporation

Statement of cash flows

[in thousands of Canadian dollars]

Year ended December 31

	2022	2021
	$	$
		[restated – see note 3]
Operating activities		
Net revenue before reserve contribution for the year	**40,033**	18,788
Add item not affecting cash		
Depreciation of capital assets	**12,513**	13,220
Recognition of previous deferred revenue	**25,247**	16,173
Changes in non-cash working capital balances related to operations		
Rent receivable and accounts receivable	**(927)**	(3,148)
HST receivable and prepaid expenses	**(1,310)**	79
Subsidies payable – City of Ottawa [Service Manager]	**8,368**	470
Accounts payable and accrued liabilities	**9,317**	(2,035)
Accrued interest on long-term debt	**14**	17
Prepaid rents	**263**	460
Employee benefits costs	**111**	313
WSIB benefits costs	**439**	436
Cash provided by operating activities	**94,068**	44,773
Investing activities		
Interest earned on reserves balance	**1,339**	474
Cash provided by investing activities	**1,339**	474
Financing activities		
Mortgages, loans and debentures additions	**13,886**	48,467
Mortgages, loans and debentures repayments	**(11,495)**	(14,613)
Cash provided by financing activities	**2,391**	33,854
Capital activities		
Other contributions made to reserves	**(20,807)**	3,169
Acquisition of capital assets	**(37,770)**	(26,511)
Other advances	**(1,792)**	—
Capital expense charged to reserves	**(59,646)**	(54,679)
Cash used in capital activities	**(120,015)**	(78,021)
Net increase (decrease) in cash during the year	**(22,217)**	1,080
Cash and cash equivalents, beginning of year	**72,072**	70,992
Cash and cash equivalents, end of year	**49,855**	72,072
Supplemental cash flow disclosure		
Cash paid for interest	**11,146**	10,935

See accompanying notes

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

1. Organization

Ottawa Community Housing Corporation [“OCHC” or the “Corporation”] provides and manages quality, safe and affordable housing for low- and moderate-income households in Ottawa.

Most of the mortgaged properties of the Corporation are governed by operating agreements with the Province of Ontario and/or Canada Mortgage and Housing Corporation [“CMHC”]. These agreements include provision for approval of rental rates, depreciation charges and contributions to the Capital Reserve.

The operating agreements are administered by the Service Manager [“City of Ottawa”] under the *Housing Services Act* [“HSA”]. The HSA came into force on January 1, 2012 and replaces the former *Social Housing Reform Act*.

The Corporation is a non-profit organization under paragraph 149(1)(d) of the *Income Tax Act* (Canada) and, as such, is not subject to income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the reporting requirements of the HSA and of the City of Ottawa, which generally conform to Canadian public sector accounting standards [“PSAS”]. However, the basis of accounting differs from PSAS due to the following:

[a] Capital repairs and replacement, including the acquisition of office furniture and equipment, are charged directly to the Capital Reserve in the statement of reserves [rather than being capitalized on the balance sheet and depreciated over their useful lives].

[b] Capital assets governed by the reporting requirements of the HSA and of the City of Ottawa are recorded at the net value of the outstanding debt corresponding to those assets.

[c] When outstanding debt corresponding to assets governed by the reporting requirements of the HSA and of the City of Ottawa is refinanced at an amount greater than the outstanding debt, the difference is recorded as an increase to capital assets and the Capital Assets Reserve.

[d] Depreciation of capital assets [including land] governed by the reporting requirements of the HSA and of the City of Ottawa is provided on the same basis as the principal repayments on the corresponding debt during the year.

[e] Interest income, realized and unrealized gains and losses, and any impairment related to marketable securities are recorded directly to the statement of reserves rather than being recorded in the statement of operations and surplus.

[f] Grants for capital purposes [repairs] are recognized as revenue in the Capital Reserve upon progress completion of the repairs or new developments in accordance with the grant agreements.

These financial statements are expressed in Canadian dollars and the following is a summary of the significant accounting policies used in the preparation of the Corporation’s financial statements:

Functional currency

The financial statements are stated in thousands of Canadian dollars, which is the functional currency.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Revenue recognition

The Corporation recognizes subsidies as revenue when received or receivable, if all conditions required for the subsidy are met, the amount to be received can be reasonably estimated and collection is reasonably assured. The Corporation recognizes rent revenue when earned.

The largest component of OCHC's housing portfolio rent-geared-to-income ["RGI"], which is governed by the Housing services Act legislative framework. RGI provides affordable housing to eligible low-income families in subsidized housing and households pay no more than 30 per cent of their income towards rent, while the Service Manager pays OCHC the subsidy to cover the difference between RGI rent and market rent. The RGI operating subsidy is recognized based on the approved fiscal allocation by the Service Manager and adjusted based on annual reconciliation of actual revenue and expenses, performed subsequent to the year end. Any further adjustments are recorded in the year of the Service Manager approval.

Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, rent receivable, other accounts receivable, HST receivable, subsidies payable, accounts payable and accrued liabilities and long-term debt. The carrying values of the Corporation's financial instruments approximate their fair values unless otherwise noted.

Cash

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of 90 days or less as at the balance sheet date.

Capital assets and depreciation

Capital assets governed by the reporting requirements of the HSA and of the City of Ottawa are recorded at the net value of the outstanding debt corresponding to those assets, less accumulated depreciation. All other capital assets [i.e., Equity Program] are recorded at cost less accumulated depreciation. Cost includes the original cost of the land, buildings and other related costs.

Depreciation of capital assets [including land] governed by the reporting requirements of the HSA and of the City of Ottawa is provided on the same basis as the principal repayments on the corresponding debt during the year. All other capital assets [i.e., Equity Program] are depreciated using the straight-line method based on the estimated useful lives of the assets, which range from 30 to 60 years.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return, as would occur in a purchase/sale or other exchange transaction; expect to be repaid in the future, as would be expected in a loan; or expect a direct financial return, as would be expected in an investment.

Where the Corporation is the recipient entity, a transfer without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria but without stipulations is recognized as revenue when the transfer is authorized, and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Corporation, which is then recorded as deferred revenue.

Reserves

Capital repairs and replacement, including the acquisition of office furniture and equipment, are charged directly to the Capital Reserve in the statement of reserves.

Interest income realized and unrealized gains and losses and any impairment related to marketable securities are recorded directly to the statement of reserves rather than being recorded in the statement of operations and surplus.

When outstanding debt corresponding to assets governed by the reporting requirements of the HSA and of the City of Ottawa is refinanced at an amount greater than the outstanding debt, the difference is recorded as an increase to capital assets and Capital Reserve.

Employee future benefits and pension agreements

The Corporation has adopted the following policies with respect to employee benefit plans:

[i] The Corporation's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;

[ii] The costs of termination benefits and compensated absences are recognized when an event that obligates the Corporation occurs. Costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

[iii] The costs of post-retirement employee benefits are actuarially determined using the projected unit credit actuarial cost method. The discount rate is based on the Corporation's internal cost of borrowing and all other assumptions are based on management's best estimate of future events. Actuarial gains or losses are amortized over the expected remaining service life of the related employee groups; and

[iv] The costs of the workplace safety and insurance obligations ["WSIB"] are actuarially determined based on the present value of future benefits on existing claims. The discount rate is based on the Corporation's internal cost of borrowing. Actuarial gains and losses are amortized over the term of the liabilities.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

3. Change in accounting policy

During the year ended December 31, 2022, the Corporation reviewed its accounting policy relating to capital contributions and forgivable loans and determined that applying PS 3410, *Government Transfers*, would result in a more appropriate presentation of these items in its financial statements than the previous accounting policy of recognizing these items as revenue only at the end of the term of the related agreement. The updated accounting policies are disclosed in note 2, including revenue recognition and government transfers. Forgivable loans and other funding received from the different levels of government [federal, provincial, municipal] are recognized as revenue when such transfers are authorized and all eligibility criteria [if any] are met, except when and to the extent that a transfer contains stipulations and thus gives rise to an obligation that meets the definition of a liability for the Corporation, which is then recorded as a deferred contribution.

The accounting policies set out in note 2 have been applied retroactively in preparing the financial statements for the year ended December 31, 2022, and the comparative information for the year ended December 31, 2021 has been restated.

The adoption of PS 3410 resulted in adjustment of liabilities, reserves, and revenue before reserve contributions. The table below represents the reconciled difference between the Corporation's previous accounting policies and its current accounting policies under PS 3410:

	Transitional Adjustments					
	Pre-changeover, January 1, 2021	**Changeover adjustment**	**After changeover, January 1, 2021**	**2021 change**	**Changeover adjustment**	**December 31, 2021**
Balance sheet						
Liabilities						
Forgivable loans	**30,269**	(30,269)	**—**	—	—	**—**
Deferred revenue	**—**	2,744	**2,744**	16,173	(3,559)	**15,358**
Net liabilities	**30,269**	(27,525)	**2,744**	16,173	(3,559)	**15,358**
Statement of operations and surplus						
Government transfers	**—**	27,525	**—**	—	3,559	—
Contributions to reserves	**—**	(27,525)	**—**	—	(3,559)	—
Net revenue	**—**	**—**	**—**	**—**	**—**	**—**
Reserves	**70,631**	27,525	**98,156**	(6,556)	3,559	**95,159**

Notes to financial statements
[in thousands of Canadian dollars]

December 31, 2022

4. Capital assets

Capital assets consist of the following:

	2022	2021
	$	$
Land	**82,283**	82,283
Prepaid land leases	**1,104**	1,104
Buildings and equipment	**700,067**	651,573
	783,454	734,960
Less accumulated depreciation	**366,096**	353,583
Net book value	**417,358**	381,377

Capital assets additions

In 2022, nil properties [2021 – five] with a net book value of nil [2021 – $22,655] were refinanced with Infrastructure Ontario [“IO”]. The loan agreement with IO required a market evaluation and Environmental Site Assessment for each property. As a result, the Corporation borrowed nil [2021 – $22,655] from IO, which represents the fair value of nil properties [2021 – five]. The Corporation used nil [2021 – $2,072] to repay the outstanding mortgages, the remaining balance of nil [2021 – $20,583] was transferred to the Capital Reserve and the Corporation recorded a corresponding increase in the property value.

In 2020, OCHC received an approval from the City of Ottawa Council to work with CMHC and submitted an application for capital repair funding under the National Housing Co-Investment Fund [“NHCF”] Capital Repairs and Renewal Program to fund capital repair work for the Equity and Public program in 2020–2028. In 2021, OCHC executed the credit agreement with CMHC agreement under NHCF to provide $100,146 in repayable loans and $65,412 in forgivable loans from 2021–2028. All drawdowns will be issued upon the completion of the work. In 2022, OCHC has received a total of $10,724 [2021 – $5,109] of CMHC NHCF Capital Repairs repayable loan; it was transferred to the Capital Reserve and the Corporation recorded a corresponding increase in the property value.

933 Gladstone Avenue

In 2017, the Board of Directors approved the purchase of seven acres of vacant land at 933 Gladstone Avenue for future development. The land was acquired on May 11, 2017, at a cost of $7,140 and funded 50% through a line of credit and 50% by the Corporation through the Community Reinvestment Fund [“CRF”]. Prior to the commencement of any phases of development, up to $9,000 of required infrastructural work will be completed. Phase 1 of the development will include approximately 336 units and commence in 2024. This phase of the multi-year construction project will cost approximately $153,950, which is anticipated to be funded from various sources, including the City of Ottawa, CMHC mortgage financing and government transfers, and an equity contribution from the Corporation. In 2022, the Corporation incurred $1,780 [2021 – $1,332] in pre-development costs, which were funded by the CRF and capitalized.

Rochester Redevelopment [811 Gladstone Avenue [Phase 1] and 818 Gladstone Avenue [Phase 2]]

Phase 1

In 2017, the Board of Directors approved the demolition of 26 existing end-of-lifecycle townhomes from the Rochester Heights community to replace them with development of 108 new affordable housing apartments within a six-storey building and 32 affordable stacked townhomes. The construction commenced in fall 2019 and was substantially completed in 2022 at a total cost of approximately $46,618. The Corporation has secured the City of Ottawa funding of $20,434 provided under the Investment in Affordable Housing [$12,611], Social Infrastructure Fund [$5,694], and Action Ottawa contributions [$2,129]. The remaining construction costs are financed from the CRF and a combination of CMHC mortgage financing and government transfers. In 2022, the Corporation incurred $4,546 [2021 – $20,553] in design and construction costs, which were capitalized.

Phase 2

The Rochester Phase 2 project involves the demolition of 78 townhomes and the full redevelopment of the 4.2-acre site to align with the City of Ottawa's objectives of mixed-use and heightened density, with affordable housing in close proximity to rapid transit [Gladstone LRT station]. The development will include approximately 273 units and will commence in 2023, with the multi-year project costing approximately $141,000. The Corporation has secured $12,000 in Capital Grant funding and $1,150 in Action Ottawa contributions, totalling $13,150. The remaining construction costs are financed from the CRF and a combination of CMHC mortgage financing and government transfers. In 2022, the Corporation incurred $2,704 [2021 – $674] in pre-development costs, which were funded by the CRF and capitalized.

715 Mikinak

In 2019, following a City of Ottawa Request for Proposal, OCHC was selected to bid in partnership with the City of Ottawa on a CMHC affordable housing initiative at 715 Mikinak Road. The project includes the construction of three buildings, resulting in 271 affordable housing units. In 2019, the Board of Directors approved the construction of two buildings, and in February 2021, the Board of Directors approved advancing the construction of building three. The construction commenced at the end of 2021 and will be completed in 2024 at a total cost of approximately $116,300. The Corporation has secured $7,000 in Housing and Homelessness Plan funding, $10,000 in Capital Grant funding, $5,300 in Action Ottawa and municipal contributions, and $2,625 in the Ontario Priorities Housing Initiative ["OPHI"], totalling $24,925. The remaining construction costs will be financed by various sources, including the CRF and CMHC through the National Housing Co-Investment Fund New Construction Stream. In 2022, design and construction costs of $27,968 [2021 – $2,022] were funded from the CRF and capitalized.

The land for 715 Mikinak development was accrued under the Federal Lands Initiative ["FLI"], which is led by CMHC. FLI supports the transfer of surplus federal lands and buildings to eligible proponents. This is available at discounted to no cost to be developed or renovated for use as affordable housing. In 2021, the land was transferred to OCHC from the City of Ottawa at nominal value of $1.

[in thousands of Canadian dollars]

3380 Jockvale

The City of Ottawa [“City”] entered into an agreement with CMHC under the Rapid Housing Initiative [“RHI”], which is focused on addressing urgent housing needs of vulnerable Canadians. In 2020, the City of Ottawa partnered with OCHC to construct 32 modular units under CMHC’s RHI program. In February 2021, the Board of Directors approved the construction project, which commenced at the end of 2021 and will be completed in 2023 at a total estimated cost of $11,000. The project will provide an even mix of 2 and 3-bedroom units. The Corporation has secured $5,855 in RHI funding, $4,000 in Social Service Relief Funding, and $3,383 in Action Ottawa and municipal contributions, totalling $13,238. In 2022, the Corporation incurred $937 [2021 – $1,902] in design and construction costs, which were capitalized.

5. Deferred revenue

Deferred revenue represents the government transfers for which the eligibility criteria with stipulations have not yet been met.

	2022 $	2021 $ *[restated – see note 3]*
Balance, beginning of year	**15,358**	2,744
Add: government transfers received during the year:		
Canada-Ontario AHP [3225 Uplands Drive]	**—**	153
CMHC NHCF, New Construction [811 Gladstone Avenue]	**—**	2,170
Ontario Affordable Housing Program [811 Gladstone]	**6,598**	7,132
CMHC RHI & Ontario SSRF [Jockvale Road]	**—**	1,000
City of Ottawa Capital Grant [Mikinak Phase 1]	**8,000**	1,000
MMAH OPHI [Mikinak Road Phase 2]	**—**	1,312
City of Ottawa Housing and Homelessness Plan [Mikinak Phase 3]	**3,500**	—
CMHC NHCF, Capital Repair and Renewal Program	**7,149**	3,406
	25,247	16,173
Less: government transfers recognized as revenue		
Canada-Ontario AHP [3225 Uplands Drive]	**—**	153
CMHC NHCF, New Construction [811 Gladstone Avenue]	**2,170**	—
Ontario Affordable Housing Program [811 Gladstone]	**16,474**	—
CMHC NHCF, Capital Repair and Renewal Program	**7,149**	3,406
	25,793	3,559
Balance, end of year	**14,812**	15,358

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

In 2022, the eligibility criteria with stipulations related to the following funding received by the Corporation were not met. Therefore, the Corporation has a balance of $14,812 in deferred revenue for the following government transfers:

	2022	2021
	$	$
		[restated – see note 3]
National Housing Co-Investment Fund [811 Gladstone]	**—**	2,170
Ontario Affordable Housing Program [811 Gladstone]	**—**	9,876
CMHC RHI & Ontario SSRF [Jockvale Road]	**1,000**	1,000
City of Ottawa Capital Grant [Mikinak Phase 1]	**9,000**	1,000
MMAH OPHI [Mikinak Road Phase 2]	**1,312**	1,312
City of Ottawa Housing and Homelessness Plan [Mikinak Phase 3]	**3,500**	—
Deferred revenue	**14,812**	15,358

Canada Mortgage and Housing Corporation, National Housing Co-Investment Fund, New Construction

The National Housing Co-Investment Fund ["NHCF"], New Construction Program supports the new construction of mixed-income, mixed-tenure, mixed-use affordable housing. This stream develops new, high-performing affordable housing located close to necessary supports and amenities, from public transit and jobs to daycares, schools and healthcare.

In 2020, OCHC entered into agreement with CMHC under NHCF, New Construction stream to fund approximately $167,916 towards new development. The funding will be in the form of government transfers of approximately $10,819 and low-interest repayable loans of $157,097 that would be used towards the development of Rochester Heights Phase 1 and Phase 2, and part of Gladstone Village Phase 1.

In 2022, OCHC received a government transfer of nil to cover development costs of the 811 Gladstone project [2021 – $2,170]. The funding is not repayable as long as the project is operated within the terms and conditions entered into with the CMHC.

In 2022, the construction of the 811 Gladstone project was fully realized *[note 4]*, the Corporation received the Certificate of the Substantial Completion and 108 new affordable housing apartments within a six-storey building and 32 affordable stacked townhomes were occupied. Therefore, the Corporation met the stipulation requirement to complete construction and occupy the building with the prescribed level of affordable units.

The CMHC NHCF funding of $2,170 towards the completed 811 Gladstone construction project was recognized as government transfers revenue as at December 31, 2022.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

Canada-Ontario Affordable Housing Program

The Canada-Ontario Affordable Housing Program [“AHP”] loans are not repayable as long as the project is operated within the terms and conditions of the agreement entered into with the Ministry of Municipal Affairs and Housing. As at December 31, 2022, the Corporation is in compliance with the terms and conditions of these agreements.

In 2018, the City of Ottawa approved a government transfer of $18,305 towards the development of 811 Gladstone, of which $6,598 was received in 2022 [2021 – $7,132]. The funding is not repayable as long as the project is operated within the terms and conditions entered into with the City of Ottawa.

The 811 Gladstone project was substantially completed in August 2022 and occupied with the prescribed level of affordable units. The total of $16,474 was recognized as revenue as at December 31, 2022.

Canada Mortgage and Housing Corporation, Rapid Housing Initiative and Ontario Social Service Relief Fund

The Canadian Mortgage and Housing Corporation [“CMHC”] Rapid Housing Initiative [“RHI”] is focused on addressing urgent housing needs of vulnerable Canadians. The Social Services Relief Fund [“SSRF”] is part of the up to $4 billion being provided to Ontario municipalities under the federal-provincial Safe Restart Agreement. The Agreement will help municipalities protect the health and well-being of the people of Ontario while delivering critical public services, such as public transit and shelters, as the province continues down the path of economic recovery.

In 2021, a combined total of $9,856 in the form of government transfers was secured under RHI and SSRF towards the development of 3380 Jockvale, of which nil was received in 2022 [2021 – $1,000]. The funding is not repayable so long as the project is operated within the terms and conditions entered into with CMHC. The construction of 3380 Jockvale is in progress *[note 4]*, therefore, the recognition criteria with stipulations are not met and the funding is recorded as deferred revenue.

City of Ottawa Affordable Housing Project Capital Grant

In 2019, Council approved capital funds from the Affordable Housing Reserve fund to support the creation of a new affordable housing. The funding is in the form of conditional capital contributions and contributions in lieu of development charges in support of the City’s 10-year Capital Investment Plan for Affordable Housing.

In 2019, City of Ottawa approved a government transfer of $10,000 towards the development of 715 Mikinak Phase 1, of which $8,000 was received in 2022 [2021 – $1,000]. The funding is not repayable as long as the project is operated within the terms and conditions entered into with the City of Ottawa. The construction of 715 Mikinak is in progress *[note 4]*, therefore, the recognition criteria with stipulations are not met and the funding is recorded as deferred revenue.

Ministry of Municipal Affairs and Housing – Ontario Priorities Housing Initiative

Ontario Priorities Housing Initiative [“OPHI”] allocated $17.7 million in funding to the City of Ottawa to support the Action Ottawa and Ontario Renovates programs and to provide capital grants for the creation and maintenance of affordable rental housing.

[in thousands of Canadian dollars]

In 2021, the City of Ottawa approved a government transfer of $2,625 toward the development of 18 units in Phase 2 of the Mikinak development project, of which nil was received in 2022 [2021 – $1,312]. The funding is not repayable as long as the project is operated within the terms and conditions entered into with the City of Ottawa. The construction of 715 Mikinak is in progress *[note 4]*, therefore, the recognition criteria with stipulations are not met and the funding is recorded as deferred revenue.

City of Ottawa Housing and Homelessness Plan

In 2022, the City of Ottawa approved a government transfer of $7,000 under the Housing and Homelessness Plan towards the development of 715 Mikinak, of which $3,500 was received in 2022 [2021 – nil]. The funding is not repayable as long as the project is operated within the terms and conditions entered into with the City of Ottawa. The construction of 715 Mikinak is in progress *[note 4]*, therefore, the recognition criteria with stipulations are not met and the funding is recorded as deferred revenue.

6. Long-term debt

	2022 $	2021 $
Mortgages	**26,918**	29,996
Debentures – Public Program	**1,410**	2,656
Debentures – Infrastructure Ontario	**239,815**	246,426
Line of credit	**8,808**	9,286
Construction Loans – CMHC	**22,585**	19,423
Capital Repair Loans – CMHC	**15,750**	5,109
	315,286	312,896
Less current portion of long-term debt	**11,173**	11,741
Long-term debt	**304,113**	301,155

In 2022, the Corporation, working with IO, the City of Ottawa and the Ministry of Housing, refinanced nil [2021 – five] properties with long-term debt negotiated with IO. By extending the amortization period on new debt with a fixed interest rate, the Corporation generated additional funds for capital repair. The City of Ottawa has provided a commitment to extend the period of the mortgage subsidy on these five properties and provides payments directly to IO as a payment guarantee. The refinancing was secured in the form of a promissory note in the amount of nil [2021 – $22,655] for long-term financing. The note is repayable over 30 years at an interest rate of nil [2021 – 2.92%], compounded monthly.

In 2022, the Corporation bridge-financed Strathcona: Wiggins, 300 for two months in the amount of nil [2021 – $881] from the Capital Fund at an interest rate of nil [2021 – 4.088%]. This internal loan was part of the 2021 IO refinancing and was transferred to IO in 2021, and as at December 31, 2022, a principal balance of nil was outstanding.

[in thousands of Canadian dollars]

In 2020, OCHC entered into agreement with CMHC under NHCF, New Construction program to fund approximately $167,916 of new development. The funding will be in the form of forgivable loans of approximately $10,819 and low-interest repayable loans of $157,097 that will be used towards the development of Rochester Heights Phase 1 and Phase 2 and part of Gladstone Village Phase 1. In 2022, OCHC recorded a repayable loan of $3,111 [2021 – $19,423] to fund development costs of 811 Gladstone. The loan has a 10-year term and an interest rate of 1.77%.

In 2020, OCHC obtained approval from the City of Ottawa Council to work with CMHC and to submit an NHCF Capital Repair and Renewal Program application. The funding is in the form of forgivable-loans of approximately $65,412 and low-interest repayable loans of $100,146 that would be used in 2021-2028 to support the preservation and revitalization of the existing housing Public and Equity stock representing approximately 11 thousand OCHC units. In 2022, OCH has received a total of $10,724 [2021 – $5,109] in the form of repayable loans. The loan have a 10-year term and interest rate of 3.30% [2021 – 1.70%].

In 2022, OCHC entered into agreement with CMHC under NHCF, to fund Mikinak Road development for approximately $65,666 in repayable loans and $7,729 in forgivable loans. In 2022, OCHC received a repayable loan of $50 [2021 – $nil]. The loan has a 10-year term and an interest rate of 3.38%.

Principal repayments required for the years from 2023 to 2027 and thereafter for the Corporation's outstanding debt are expected to be approximately as follows:

	$
2023	11,173
2024	11,912
2025	11,825
2026	12,216
2027	12,569
Thereafter	255,591
	315,286

7. Credit facility

The Corporation may avail up to $2,000 with a chartered bank in the form of an operating credit line and/or standby letters of credit and/or letters of guarantee. In 2022, the Corporation had credit facility in the amount of $130 [2021 – $130], which was not drawn during the year. These instruments bear interest at the bank's prime rate. The rate charged by a chartered bank includes a commission of 2.00% per annum and other fees of 0.25% per annum.

In 2016, the Corporation secured $6,000 of a non-revolving bank loan with a chartered bank to fund 50% of the purchase price for parcels of vacant land for the construction of social housing. This instrument bears interest at the bank's prime rate plus 0.25% per annum.

In 2021, the Corporation secured $30,000 of revolving interim financing to assist with cash flow during construction as required. This instrument takes the form of banker's acceptance and bears interest at the bank's prime rate less 1% per annum. There is an additional acceptance fee of 1% payable at the time of each availment.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

8. Contributed surplus

The contributed surplus of $2,400 includes of $1,650, that represents the net assets of the predecessor company [the City of Ottawa Non-Profit Housing Corporation] that was transferred to the Corporation effective September 2, 2002. The remaining $750 represents the land value for the Crichton Street property that was gifted by the shareholder in 2010.

9. Reserves

The Corporation has the following reserves:

[a] Capital Reserve

The Capital Reserve is used for the renovation or improvement of the contributing property for work that meets the definition of capital repairs and maintenance. In addition, acquisitions of new capital assets required to maintain and manage the portfolio are expensed against the Capital Reserve.

Contributions are made on an annual basis in accordance with program requirements or operating agreements.

In 2022, the Corporation applied PSAS PS 3410, *Government Transfers [note 3]*. The adoption of PSAS PS 3410 resulted in a $13,406 adjustment of the Capital Reserve opening balance.

The contributions from operations amounted to $14,643 in 2022 [2021 – $15,833], which included $188 [2021 – $1,757] from the Housing and Homelessness Investment Plan approved by City Council.

In 2022, the Corporation received funding under the following federal and provincial programs, which aim to improve and preserve the quality of social housing through capital renovations and retrofits of the existing portfolio:

- Canada-Ontario Community Housing Initiative – Year 3 [“COCHI3”] – $1,875 [2021 – $1,875]
- Canada-Ontario Community Housing Initiative – Year 4 [“COCHI4”] – $2,399 [2021 – nil]

The funds were received in agreed schedules related to the delivery of associated capital work.

The initial funding under the COCHI3 was provided in 2021. The multi-year retrofits commenced in 2021 and were completed in 2022. The following table shows funding recognized and eligible expenditures incurred for the related projects:

	Funding	Expenditures
	$	$
2021	1,875	953
2022	1,875	3,094
	3,750	4,047

[in thousands of Canadian dollars]

The first milestone payment under COCHI4 was provided during 2022. The multi-year retrofits commenced in 2022 and are expected to be completed in 2023. The following table shows funding recognized and eligible expenditures incurred for the related projects:

	Funding	**Expenditures**
	$	$
2022	2,399	616

In 2022, the Capital Reserve received a transfer of $7,149 [2021 – $3,406] from the Equity and Public Housing Operating Reserve Funds to reflect recognition of government transfers revenue from CMHC NHCF, Capital Repair and Renewal Program.

In 2022, the Capital Reserve received $446 [2021 – $495] from the Investment in Capital Assets Reserve to recognize annual amortization.

In 2022, $630 [2021 – $550] was transferred from the Capital Reserve to the Vehicle Reserve to support purchasing of new vehicles.

In 2022, the Corporation did not bridge-finance any properties and recorded nil [2021 – $6] in interest expense and nil [2021 – $28] in principal repayments.

[b] Vehicle Reserve

The Vehicle Reserve is used for the acquisition of new vehicles, and $59 [2021 – $38] was expensed during the year for the purchase of new vehicles. The Vehicle Reserve received $630 [2021 – $550] from the Capital Reserve to support vehicles renewal planning.

[c] Investment in Capital Assets Reserve

The Investment in Capital Assets Reserve consists of housing acquisitions within the Equity Program, which are net of depreciation.

In 2022, the Corporation increased the Investment in Capital Assets Reserve by $19,302 [2021 – $11,020 decrease], which reflects an increase of $37,769 [2021 – $26,378] due to capitalization of ongoing developments and a transfer of $18,467 [2021 – $37,398] due to the following interfund transfers:

- $446 [2021 – $495] transferred to the Capital Reserve to recognize annual amortization;
- $548 [2021 – $166] transferred to the CRF to recognize annual amortization; and
- $17,473 [2021 – $36,737] transferred to the CRF to reflect receipt of financing for new developments.

[d] Equity Operating Reserve Fund

The Equity Operating Reserve Fund is a discretionary reserve that was identified in 2018 as a replacement of the Federal Operating Surplus, which was discontinued in 2018 with the consent of the City of Ottawa. In 2022, nil [2021 – $39] was transferred to the COVID-19 and Stabilization Reserve Fund.

In 2022, the Corporation applied PSAS PS 3410, *Government Transfers*. In 2022, the eligibility criteria with stipulations were met for a number of government transfers *[note 5]*. Therefore, the corporation has recognized total of $25,793 as revenue in 2022, out of which $20,217 was recognized in the Equity Operating Reserve Fund and then transferred as follows:

- $18,644 transferred to the CRF to reflect recognition of revenue from government transfers for new development; and
- $1,573 transferred to the Capital Reserve to reflect recognition of government transfers revenue from CMHC NHCF, Capital Repair and Renewal Program.

[e] Public Housing Operating Reserve

Effective January 1, 2009, the Corporation has an operating agreement with the City of Ottawa. The subsidy funding for the Public Program follows a formula similar to the Provincial Reformed Program and allows for both an Operating and a Capital Reserve for the Public Housing Program. Contributions are made at year-end in amounts set down in the subsidy calculations.

In 2022, the Corporation applied PSAS PS 3410, *Government Transfers.* In 2022, the eligibility criteria with stipulations were met for a number of government transfers *[note 5]*. Therefore, the Corporation has recognized a total of $25,793 as revenue in 2022, out of which $5,576 was recognized in the Public Operating Reserve Fund and then contributed to the Capital Reserve to reflect recognition of government transfers revenue from CMHC NHCF, Capital Repair and Renewal Program.

[f] Community Reinvestment Fund

The CRF is a discretionary reserve that exists to maintain or develop housing or services. In 2014, the divestiture strategy of selling scattered units was reviewed and approved by the Board of Directors. The proceeds from such sales are to be contributed to the CRF and used to support new housing development.

In 2022, the Corporation applied PSAS PS 3410, *Government Transfers [note 3]*. The adoption of PSAS PS 3410 resulted in a $10,678 adjustment of the CRF opening balance. Also, $18,644 [2021 – $153] transferred from the Equity Operating Reserve Fund to reflect recognition of government transfers revenue *[note 5]*.

In 2022, the net interfund transfer to the CRF was $2,301 [2021 – $7,119], which reflects a transfer of $37,769 [2021 – $26,378] to the Investment in Capital Assets Reserve to recognize ongoing developments and an increase of $21,426 [2021 – $33,344] due to the following transfers:

- $548 [2021 – $166] transferred from the Investment in Capital Assets Reserve to recognize annual amortization; and

$20,878 [2021 – $33,178] transferred from the Investment in Capital Assets Reserve to offset receipt of financing for new developments.

[g] Green Fund

The Green Fund was established in 2010 from grants received under the EcoENERGY Retrofit and Ontario Homes Energy Savings programs. The use of the reserve, which is at the discretion of management, is to support specific operational or capital expenditures that increase the environmental sustainability of the Corporation. Further contributions to the reserve may come from:

- Net receipts from energy grants that have not formed part of the budget envelope of the Capital Works Program;
- A proportion of net savings generated from sustainability projects when systems are in place to adequately quantify such savings; and
- A proportion of new income generated by sustainability projects [i.e., sale of energy].

In 2022, the Corporation received contributions of $673 [2021– $735] from grants, rebates and photovoltaic electricity sales to support green initiatives.

[h] COVID-19 and Stabilization Reserve Fund

The COVID-19 and Stabilization Reserve Fund was set up in 2020 to mitigate the impact of expenses associated with economic and ongoing pandemic, and other emergencies pressures.

In 2022, the Corporation applied PSAS PS 3410, *Government Transfers [note 3]*. The adoption of PSAS PS 3410 resulted in a $7,000 adjustment of the COVID-19 and Stabilization Reserve Fund opening balance.

In 2022, a net amount of $402 was contributed to [2021 – $565 received from] the Public Operating Reserve Fund to help to mitigate pandemic related pressures.

10. Pension agreements

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"], which is a multi-employer plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The Corporation's contribution to the OMERS plan for 2022 was $3,469 [2021 – $3,473] for current services and is included as an expense in the statement of operations and surplus. These contributions were matched with identical employee contributions for both years.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

11. Employee benefits costs

Employee benefits costs consist of the following:

	2022 $	2021 $
Post-retirement benefits	**3,306**	3,273
Vested employee benefits	**1,779**	1,701
	5,085	4,974

The defined benefit plan relating to post-retirement benefits provides medical benefits to the Corporation's employee bargaining units and is applicable to employees who retire between the ages of 55 and 65 with an unreduced pension.

The continuity for post-retirement benefits for 2022 is as follows:

	2022 $
Balance, beginning of year	**3,273**
Service cost	**120**
Interest cost	**72**
Amortization of actuarial gain	**(64)**
Benefits paid	**(95)**
Balance, end of year	**3,306**

The liability for post-retirement benefits is calculated based on estimates of future outlays required under contractual agreements with the Corporation's employee bargaining units. These estimates are based on a number of assumptions regarding the expected costs of benefits, which are dependent on the demographic makeup of the bargaining units, future interest rates, and inflation rates. The Corporation engages the services of an actuarial consulting firm to provide a determination of the Corporation's obligation for post-retirement benefits.

Due to the complexities in valuing the plan, an actuarial valuation is conducted every three years. The liabilities reported in these financial statements are based on a valuation as at June 30, 2020.

Gains and losses are generated each year due to changes in certain assumptions and clarifications to the plan previously provided by the Corporation. These gains and losses are not expensed in the current year, but rather are amortized over the expected average remaining service life of the related employee groups. In 2021, amortization began with a 2020 gain of $512. Amortization for a 2021 gain of $100 commenced in 2022.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

A number of estimates and assumptions are utilized in determining an actuarial valuation of benefit plans. The significant actuarial assumptions adopted in measuring the Corporation's accrued obligation for post-retirement and benefit cost for post-retirement benefits are as follows:

	2022	2021
Discount rate	**5.1%**	2.9%
Health care inflation rate	**7.0% grading linearly to 4.0% in 2040**	7.0% grading linearly to 4.0% in 2040

12. WSIB

The Corporation is a Schedule 2 Employer under the *Workplace Safety and Insurance Act* and, as such, assumes full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

The continuity for WSIB benefits costs for 2022 is as follows:

	2022 $
Balance, beginning of year	**3,645**
Service cost	**664**
Interest cost	**132**
Amortization of actuarial loss	**151**
Benefits paid	**(508)**
Total balance including current portion	**4,084**
Less: current portion of WSIB benefits costs	**533**
Balance, end of year	**3,551**

The liability for WSIB benefits is calculated based on the present value of future benefits on existing claims. The Corporation engages the services of an actuarial consulting firm to provide a determination of the Corporation's obligation for future WSIB benefits.

Due to the complexities in valuing the future benefit costs, actuarial valuations are conducted on a periodic basis. The liabilities reported in these financial statements are based on a valuation as at December 31, 2020.

Gains and losses are generated for each valuation due to changes in certain assumptions and changes in existing claims previously provided by the Corporation. These gains and losses are not expensed in the current year, but rather are amortized over the term of the liabilities, which is approximately 10 years.

Notes to financial statements

[in thousands of Canadian dollars]

December 31, 2022

A number of estimates and assumptions are utilized in determining an actuarial valuation of the future benefit costs. The significant actuarial assumptions adopted in measuring the Corporation's present value of future benefits per the most recent valuation are as follows:

	2022	**2021**
	%	%
Discount rate	**2.75**	2.75
Loss of earnings	**0.25**	0.25
Health care benefits	**(1.00)**	(1.00)
Fully indexed survivor benefits	**1.00**	1.00
Non-economic loss awards	**1.00**	1.00

13. Contingent liabilities

In the normal course of operations, the Corporation becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending as at December 31, 2022 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

14. Commitments

The Corporation has contractual commitments on capital projects as at December 31, 2022 in the amount of $111,478 [2021 – $52,426].

15. Related party transactions

The Corporation transacts with its sole shareholder, the City of Ottawa and its subsidiaries, which also acts as the Service Manager for the subsidized programs. The transactions include receipt of subsidy payments and capital grants, purchases of electricity and water and sewage services and payment of property taxes. These transactions are all in the normal course of business for the Corporation and are recorded at exchange value, which approximates cost.

Revenue and accounts payable/receivable

Total Service Manager revenue amounted to $52,763 [2021 – $60,347], with a balance of subsidies payable of $9,679 as at December 31, 2022 [2021 – $1,311].

The amount receivable from the City of Ottawa for capital and Safe Restart grants amounted to $2,558 [2021 – $4,317].

[in thousands of Canadian dollars]

Expenses and accounts payable

The following expenses are included in the statement of operations and surplus:

	2022 $	2021 $
Municipal taxes	**1,645**	1,490
Electricity charges	**7,725**	7,874
Water and sewage costs	**12,601**	12,370

Included within accounts payable and accrued liabilities on the balance sheet as at December 31, 2022 is a balance payable of $2,977 [2021 – $2,846].

16. Capital management

In managing capital, the Corporation focuses on liquid resources available for operations and capital expenditures. The Corporation's objective is to have sufficient liquidity to manage both operating and capital expenditures. The need for sufficient liquidity is considered in the preparation of an annual budget and in the monitoring of cash flows and actual results compared to the budget. As at December 31, 2022, the Corporation has met its objective of having sufficient liquidity to meet its current obligations.

17. Other advances

During the year, OCHC entered into an agreement to acquire 19 apartments located on two floors within a 25-storey high rise building being developed. A deposit of $1,792 [2021 – nil] was made to the vendor in order to secure the purchase of these units, with the remaining balance to be paid upon closing, estimated to occur in 2023.

18. Financial instruments and risk management

Credit risk

The Corporation is exposed to credit risk on the rent receivable from tenants and on other receivables from other parties. In order to reduce its credit risk, the Corporation has adopted credit policies that include the regular review of outstanding receivables. The Corporation does not have a significant exposure to any individual tenant or other parties.

Interest rate risk

The investments with flexible interest rates will expose the Corporation to interest rate risk. There is risk of market value adjustments on investments, which may result in cash flow risk. As at December 31, 2022, the Corporation has no holdings in equities or bonds.

Notes to financial statements

[in thousands of Canadian dollars]

The short-term bank credit facilities bear interest at fluctuating rates. Due to the positive cash flows of the Corporation, there has been no need to use the credit facility in the last few years; thus, the exposure to interest rate risk on this facility is nominal. All other financial assets and liabilities, in the form of receivables and payables, are non-interest bearing. There is an interest rate risk in the Equity Program with regard to refinancing of mortgages at renewal.

Market risk

Market risk includes the risk arising from changes in interest rates and the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

Concentration of risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political, or other conditions. The Corporation has adopted an investment policy, with a target mix of investment types designed to achieve optimal return within reasonable risk tolerance. As at December 31, 2022, the Corporation has no holdings in equities or bonds.

COVID-19 risk

During the pandemic, the Corporation has implemented the business processes, operational measures, and technology changes necessary to address the risks associated with the pandemic and continues to adjust its practices as the situation changes.

The Corporation continues to review impacts on the projects and service delivery. As at December 31, 2022, the Corporation does not anticipate any pandemic related operational impacts or long-term strategic consequences that would significantly impact its ability to deliver services.

Schedule of mortgages, debentures and loans

Institution / Program and property	Maturity date	Renewal date if different from maturity	Interest rate %	Principal 12/31/2021 $	Mortgage renewal issued in 2022 $	Repayments 2022 Interest $	Repayments 2022 Principal $	Repayments 2022 Yearly payment $	Principal 12/31/2022 $
Bank of Montreal									
Provincial Reformed									
Hintonburg Place	2028/03/01		6.011%	2,966,257	**—**	**163,316**	**405,140**	**568,456**	**2,561,117**
Equity General									
Head Office	2031/05/01	2024/07/08	1.960%	2,226,928	**—**	**40,397**	**73,414**	**113,811**	**2,153,514**
Carson Road	2041/01/01	2026/01/01	3.800%	2,520,590	**—**	**93,165**	**92,320**	**185,485**	**2,428,270**
Arlington	2044/01/01	2029/01/01	3.910%	3,196,949	**—**	**122,044**	**93,714**	**215,758**	**3,103,235**
Gladstone Village	N/A		Prime +.25%	3,500,000	**—**	**142,118**	**—**	**142,118**	**3,500,000**
Total Bank of Montreal				14,410,724	**—**	**561,040**	**664,588**	**1,225,628**	**13,746,136**
Canada Mortgage and Housing Corporation									
Equity									
811 Gladstone Ave	2071/27/05	2031/06/01	1.770%	19,423,227	**2,815,277**	**296,026**	**—**	**296,026**	**22,534,530**
715 Mikinak Road				—	**50,000**	**—**	**—**	**—**	**50,000**
Various Projects									
Equity & Public	2062/01/01	2032/01/01	1.700%	5,108,949	**—**	**82,403**	**82,662**	**165,065**	**5,026,287**
Equity & Public	2062/05/01	2032/05/01	3.300%	—	**10,723,848**	**127,008**	**—**	**127,008**	**10,723,848**
Total Canada Mortgage and Housing Corporation				24,532,176	**13,589,125**	**505,437**	**82,662**	**588,099**	**38,334,665**
Scotia Mortgage and Line of Credit									
Provincial Reformed									
Marion Dewar Place	2024/05/01		5.830%	5,138,368	**—**	**285,421**	**404,601**	**690,022**	**4,733,767**
Community Sponsored									
Carson/Paul; Riddell; Edgeworth 460; Tweedsmuir; Beausejour 2; Ashgrove	2027/06/01		Floating+1.10%	5,786,282	**—**	**180,819**	**477,987**	**658,806**	**5,308,295**
Total Scotia Mortgage and Line of Credit				10,924,650	**—**	**466,240**	**882,588**	**1,348,828**	**10,042,062**

Schedule of mortgages, debentures and loans

Institution / Program and property	Maturity date	Interest rate %	Principal 12/31/2021 $	Mortgage renewal issued in 2022 $	Repayments 2022 Interest $	Repayments 2022 Principal $	Repayments 2022 Yearly payment $	Principal 12/31/2022 $
Toronto-Dominion Bank								
Equity General								
380 Somerset St	2026/04/01	2.700%	2,939,257	—	**77,474**	**117,568**	**195,042**	**2,821,689**
Provincial Reformed								
Lady Stanley Place	2023/08/01	6.005%	805,938	—	**35,047**	**473,628**	**508,675**	**332,310**
Vachon Place	2023/11/01	5.967%	1,669,394	—	**91,882**	**243,362**	**335,242**	**1,426,032**
McAuley Place	2024/06/01	6.100%	4,766,980	—	**270,001**	**627,087**	**897,088**	**4,139,893**
Scotthill	2024/12/01	6.752%	3,765,236	—	**234,207**	**546,793**	**781,000**	**3,218,443**
Total Toronto-Dominion Bank			13,946,805	—	**708,611**	**2,008,438**	**2,717,047**	**11,938,367**
Grand total all mortgages			63,814,355	13,589,125	2,241,328	3,638,276	5,879,602	74,061,230

Schedule of mortgages, debentures and loans

Debentures	Maturity date	Interest rate	Principal 12/31/2021	Repayments 2022 Interest	Repayments 2022 Principal	Repayments 2022 Yearly payment	Principal 12/31/2022
		%	$	$	$	$	$
Debentures – Public Program							
Various Projects	2022/01/01 to 2026/01/01	6.09%	2,656,381	**164,897**	**1,246,720**	**1,411,617**	**1,409,661**
Total debentures – Public Program			2,656,381	**164,897**	**1,246,720**	**1,411,617**	**1,409,661**

Schedule of debentures – Infrastructure Ontario

Institution						Repayments 2022			
Program and property	Maturity date	Interest rate %	Principal 12/31/2021 $	Mortgage renewal issued in 2022 $	Interest $	Principal $	Yearly payment $	Principal 12/31/2022 $
Infrastructure Ontario								
Various Projects	2040/08/16	4.960%	14,579,689	—	**712,181**	**486,967**	**1,199,148**	**14,092,722**
Equity General								
312 Cumberland	2036/06/01	4.710%	3,288,749	—	**151,432**	**162,004**	**313,436**	**3,126,745**
Richelieu Court	2036/07/15	4.600%	929,414	—	**41,795**	**45,802**	**87,597**	**883,612**
Ron Kolbus Place	2043/12/16	4.540%	3,735,677	—	**167,510**	**101,277**	**268,787**	**3,634,400**
Den Haag	2045/07/02	3.680%	6,178,678	—	**224,565**	**167,735**	**392,300**	**6,010,943**
3225 Uplands Drive	2050/03/02	2.710%	1,922,543	—	**51,533**	**45,937**	**97,470**	**1,876,606**
1290 Coldrey Avenue	2050/11/17	2.730%	3,710,015	—	**100,219**	**85,456**	**185,675**	**3,624,559**
Tranche 1-2012								
Lebreton1; Fairlea Court; Rockingham; Hasenack Place; Lebreton 55-65; Blohm Court	2042/07/03	3.930%	20,714,879	—	**802,163**	**667,124**	**1,469,287**	**20,047,755**
Tranche 2-2012								
Allard Place, Strathcona: Sentier	2042/12/03	3.870%	7,657,872	—	**292,112**	**241,138**	**533,250**	**7,416,734**
Tranche 1-2013								
Strathcona: Renovations 1 Gilmour May Nickson Place	2043/08/02	4.340%	9,795,628	—	**419,631**	**278,632**	**698,263**	**9,516,996**
Tranche 2-2013								
Bruyère & Bélanger Manor Eva Taylor Strathcona: Nancy Smith Orchard Grove Revell Court	2043/12/02	4.530%	13,833,234	—	**618,913**	**375,487**	**994,400**	**13,457,747**
Tranche-2014								
Strathcona: Wiggins, 206-296 Silver Heights	2044/11/03	3.810%	7,992,846	—	**300,664**	**222,779**	**523,443**	**7,770,067**

Schedule of debentures – Infrastructure Ontario

Institution Program and property	Maturity date	Interest rate %	Principal 12/31/2021 $	Mortgage renewal issued in 2022 $	Repayments 2022 Interest $	 Principal $	 Yearly payment $	Principal 12/31/2022 $
Tranche-2015								
Thorncliffe Court; Spadina Place; Nepean Place	2045/10/15	3.790%	10,594,125	—	**396,703**	**279,040**	**675,743**	**10,315,085**
Tranche 1-2016								
212 Bronson Avenue; 1433 Mayview; 507 Riverdale	2046/05/02	3.610%	8,767,425	—	**312,756**	**228,031**	**540,787**	**8,539,394**
Tranche 2-2016								
Court; Bathgate Court; Lebreton 2; Strathcona Wiggins 301-427; Strathcona Goulburn 300; St. Laurent Place	2046/08/02	3.270%	34,274,177	—	**1,107,071**	**919,128**	**2,026,199**	**33,355,049**
Tranche 1-2017								
Loretta/Young; Shearwater Court; Karsh Court: McCartin Place; Strathcona: Wiggins 310, 320 and 430	2047/06/01	3.450%	28,009,622	—	**955,369**	**697,641**	**1,653,010**	**27,311,981**
Tranche 2-2017								
Lebreton 3; St. Peter's Court; Hunt Club	2047/11/01	3.740%	13,281,203	—	**491,445**	**309,617**	**801,062**	**12,971,586**
Tranche 2018								
Woodland Place; Winthrop Court; Strathcona: Renovations 2	2048/09/04	3.750%	8,438,707	—	**313,261**	**186,904**	**500,165**	**8,251,803**

Schedule of debentures – Infrastructure Ontario

Institution Program and property	Maturity date	Interest rate %	Principal 12/31/2021 $	Mortgage renewal issued in 2022 $	Repayments 2022 Interest $	Repayments 2022 Principal $	Repayments 2022 Yearly payment $	Principal 12/31/2022 $
Tranche 2019								
Tapiola Court; Woodland Place; Lavigne Court; Brian Courns Place	2049/09/03	2.950%	20,557,675	—	**599,917**	**485,904**	**1,085,821**	**20,071,771**
Tranche 2020								
Cumberland/George; Beausejour 4	2050/03/02	2.710%	5,746,479	—	**154,032**	**137,306**	**291,338**	**5,609,173**
Tranche 2021								
Haley Court;Christie Place; Cameron Court; Esson Place	2051/06/24	2.920%	22,417,081		**648,104**	**486,373**	**1,134,477**	**21,930,708**
Infrastructure Ontario			246,425,718	—	**8,861,376**	**6,610,282**	**15,471,658**	**239,815,436**