

QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2018

L.D. SAFINUK B. Comm., CPA, CA
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Independent Auditors' Report

To the members of Quint Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Quint Development Corporation, which comprise the statement of financial position at March 31, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued on next page

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Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Quint Development Corporation as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
June 13, 2018

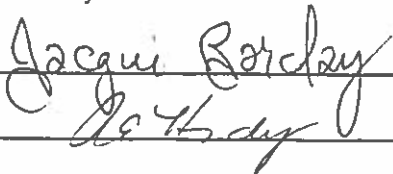
Twigg & Company
Chartered Professional Accountants

QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2018

ASSETS	Operating Fund	Reserve Fund	Capital Fund	2018	2017
ASSETS					
Current assets:					
Cash	\$ 194,463	\$ -	\$ -	\$ 194,463	\$ -
Short-term investments (Note 5)	150,000	626,440	-	776,440	378,104
Accounts receivable (Note 3)	267,593	-	-	267,593	138,879
Due from operating fund	-	756,986	-	756,986	207,974
Due from related parties (Note 4)	1,188	-	-	1,188	2,755
Prepaid expenses	24,156	-	-	24,156	25,507
	<u>637,400</u>	<u>1,383,426</u>	<u>-</u>	<u>2,020,826</u>	<u>753,219</u>
Long-term investments (Note 5)	-	-	-	-	400,752
Investment in Mosaic Renewal Corporation (Note 6)	100	-	-	100	100
Other	5,934	-	-	5,934	-
Capital assets (Note 7)	-	-	8,899,702	8,899,702	5,661,278
	<u>\$ 643,434</u>	<u>\$ 1,383,426</u>	<u>\$ 8,899,702</u>	<u>\$ 10,926,562</u>	<u>\$ 6,815,349</u>
LIABILITIES					
Current liabilities:					
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	185,015
Accounts payable and accrued liabilities (Note 8)	285,638	-	-	285,638	124,505
Due to the reserve fund	756,986	-	-	756,986	207,974
Current portion of long-term debt	-	-	896,944	896,944	227,318
Deferred contributions and revenue (Note 9)	27,843	-	-	27,843	92,412
	<u>1,070,467</u>	<u>-</u>	<u>896,944</u>	<u>1,967,411</u>	<u>837,224</u>
Long-term debt (Note 10)	-	-	107,868	107,868	370,539
	<u>1,070,467</u>	<u>-</u>	<u>1,004,812</u>	<u>2,075,279</u>	<u>1,207,763</u>
FUND BALANCES (Note 2(n))					
External restrictions	-	276,138	-	276,138	225,806
Internal restrictions	-	1,107,288	7,894,890	9,002,178	5,674,445
Unrestricted	(427,033)	-	-	(427,033)	(292,665)
	<u>(427,033)</u>	<u>1,383,426</u>	<u>7,894,890</u>	<u>8,851,283</u>	<u>5,607,586</u>
	<u>\$ 643,434</u>	<u>\$ 1,383,426</u>	<u>\$ 8,899,702</u>	<u>\$ 10,926,562</u>	<u>\$ 6,815,349</u>

Approved by the Board:



Jacqui Barclay

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended March 31, 2018

	Restricted				Capital Fund	2018	2017
	Externally restricted reserves (Schedule 1)	Internally restricted reserves (Schedule 2)	Total Reserve fund	Capital Fund			
Operating fund							
Balance, beginning of year	\$ (292,665)	\$ 225,806	\$ 611,024	\$ 836,830	\$ 5,063,421	\$ 5,607,586	\$ 5,610,158
Excess of revenue over expenses	229,095	-	-	-	3,043,892	3,272,987	10,118
<i>Interfund transfers:</i>							
Purchase of capital assets	(1,352,260)	-	-	-	1,352,260	-	-
Disposals of capital assets	1,157,729	-	-	-	(1,157,729)	-	-
Repayment of debt	(9,226)	-	416,180	416,180	(406,954)	-	-
Transfers from Operating fund	(206,022)	78,464	127,558	206,022	-	-	-
Transfers to Operating fund	55,943	(29,290)	(55,943)	(85,233)	-	(29,290)	-
Interest on reserve funds	(9,627)	1,158	8,469	9,627	-	-	-
Funding recovered by the MSS	-	-	-	-	-	-	(12,690)
Balance, end of year	\$ (427,033)	\$ 276,138	\$ 1,107,288	\$ 1,383,426	\$ 7,894,890	\$ 8,851,283	\$ 5,607,586

**QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS**

for the year ended March 31, 2018

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE:								
Grant funding (Note 12)	1,683,749	1,678,846	5,460	5,460	3,343,061	-	5,032,270	\$ 1,684,306
Donations	410	194	-	-	-	-	410	194
Interest and investment income	9,772	22,727	-	-	-	-	9,772	22,727
Rental and property management	571,672	558,840	-	-	-	-	571,672	558,840
Other	17,486	29,556	-	-	-	-	17,486	29,556
	<u>2,283,089</u>	<u>2,290,163</u>	<u>5,460</u>	<u>5,460</u>	<u>3,343,061</u>	<u>-</u>	<u>5,631,610</u>	<u>2,295,623</u>
EXPENSES:								
Administration	337,859	307,650	-	-	-	-	337,859	307,650
Board of directors	2,340	1,830	-	-	-	-	2,340	1,830
Interest and loan fees	19,614	28,912	-	-	-	-	19,614	28,912
Program and participant costs	116,974	96,411	1,380	1,380	-	-	118,354	97,791
Property management	528,173	429,124	4,080	4,080	-	-	532,253	433,204
Vehicle and transportation	12,811	15,791	-	-	-	-	12,811	15,791
Wages and benefits	1,749,185	1,651,425	-	-	-	-	1,749,185	1,651,425
	<u>2,766,956</u>	<u>2,531,143</u>	<u>5,460</u>	<u>5,460</u>	<u>-</u>	<u>-</u>	<u>2,772,416</u>	<u>2,536,603</u>
Excess (deficiency) of revenue over expenses before amortization and allocations	(483,867)	(240,980)	-	-	3,343,061	-	2,859,194	(240,980)
Allocations: (Note 16)								
Revenue Allocation of costs to other programs	521,903	479,495	-	-	-	-	521,903	479,495
Excess (deficiency) of revenue over expenses before the undernoted	38,036	238,515	-	-	3,343,061	-	3,381,097	238,515
Gain on disposition of property	191,059	43,021	-	-	-	-	191,059	43,021
Amortization	-	-	-	-	(299,169)	(271,418)	(299,169)	(271,418)
Excess (deficiency) of revenues over expense for the year	<u>\$ 229,095</u>	<u>\$ 281,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,043,892</u>	<u>\$ (271,418)</u>	<u>\$ 3,272,987</u>	<u>\$ 10,118</u>

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
OPERATING ACTIVITIES:								
Excess of revenue over expenses for the year	\$ 229,095	\$ 281,536	\$ -	\$ -	\$ 3,043,892	\$ (271,418)	\$ 3,272,987	\$ 10,118
Add non-cash items:								
Amortization	(191,059)	(43,021)	-	-	299,169	271,418	299,169	271,418
Gain on disposition of property	38,036	238,515	-	-	3,343,061	-	(191,059)	(43,021)
							3,381,097	238,515
Change in non-cash working capital balances related to operations								
Accounts receivable	(128,714)	(31,848)	-	-	-	-	(128,714)	(31,848)
Due from related parties	1,567	1,349	-	-	-	-	1,567	1,349
Prepaid expenses	1,351	(4,612)	-	-	-	-	1,351	(4,612)
Other assets	(5,934)	-	-	-	-	-	(5,934)	-
Accounts payable and accrued charges	161,133	6,772	-	-	-	-	161,133	6,772
Deferred revenue	(64,569)	3,849	-	-	-	-	(64,569)	3,849
Funding recovered by the MSS	(35,166)	(37,180)	-	-	-	-	(35,166)	(37,180)
	2,870	201,335	-	-	3,343,061	-	3,345,931	201,335
Total from operating activities								
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(4,695,321)	(396,352)	(4,695,321)	(396,352)
Proceeds from disposal of assets	-	-	-	-	1,348,787	218,997	1,348,787	218,997
Redemption (purchase) of investments	-	-	2,416	174,200	-	-	2,416	174,200
Total from investing activities								
	-	-	2,416	174,200	(3,346,534)	(177,355)	(3,344,118)	(3,155)
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	512,654	-	512,654	-
Repayment of long-term debt	-	-	-	-	(105,699)	(141,948)	(105,699)	(141,948)
Total from financing activities								
	-	-	-	-	406,955	(141,948)	406,955	(141,948)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR								
	2,870	201,335	2,416	174,200	403,482	(319,303)	408,768	56,232
CASH AND EQUIVALENTS, BEGINNING OF YEAR								
INTERFUND TRANSFERS								
	(185,015)	(241,247)	-	-	-	-	(185,015)	(241,247)
	376,608	(145,103)	(2,416)	(174,200)	(403,482)	319,303	(29,290)	-
CASH AND EQUIVALENTS, END OF YEAR								
	\$ 194,463	\$ (185,015)	\$ -	\$ -	\$ -	\$ -	\$ 194,463	\$ (185,015)
CASH AND EQUIVALENTS CONSIST OF:								
Cash and cash equivalents (bank indebtedness)	194,463	(185,015)	-	-	-	-	194,463	(185,015)

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

1. NATURE OF OPERATIONS:

The Corporation's mission is to strengthen the social and economic well-being of Saskatoon's core neighbourhoods through a community economic development approach. Quint Development Corporation ("The Corporation") was incorporated under the Saskatchewan Non-Profit Corporations Act. The Corporation is recognized by Canada Revenue Agency as a not-for-profit organization and qualifies as a tax exempt organization under section 149 of the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Handbook* and include the following significant accounting policies:

a) Restricted fund accounting

The accounts of the Corporation are maintained in accordance with the principles of restricted fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating fund

The operating fund accounts for the Corporation's program delivery and administrative services. This fund reports unrestricted resources and restricted operating grants.

(ii) Reserve fund

The reserve fund is a restricted fund that reflects externally and internally restricted resources which are to be used for specified purposes.

(iii) Capital asset fund

The capital asset fund is a restricted fund that reports the assets, liabilities, revenues and expenses related to the Corporation's capital assets. The capital fund includes revenues received designated for the acquisition of capital assets. Expenses consist primarily of amortization of capital assets.

b) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and short-term investments with maturities of three months or less.

c) Short-term investments

Short-term investments are classified as available-for-sale and are recorded at market value.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a specific item basis. The Corporation capitalizes the costs of holding real property inventory, net of any incidental revenues realized while holding the property. Capitalized costs include interest, property taxes, overhead allocation, and other costs incidental to holding the property until it is sold.

e) Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash, accounts receivable, due from related parties. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and deferred contributions and revenue. The fair value of the cash, accounts receivable, and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

f) Long-term investments

Long-term investments are classified as available-for-sale and are recorded at market value

g) Capital assets

Capital assets are recorded at acquisition cost less accumulated amortization. The assets are amortized on a straight-line basis over the estimated useful life indicated below:

Buildings	25 years
Furniture, fixtures and equipment	5 years
Vehicles	3 years
Computer equipment	3 years
Leasehold improvements	60 months

h) Revenue recognition

Quint Development Corporation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund and are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

i) Contributions in-kind

Contributions in-kind are recorded at fair value for goods or services used in the normal course of operations that would otherwise have been purchased.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

j) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, any disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant estimates include, but are not limited to, the determination of the useful lives of long-lived assets, the valuation of deferred contributions and revenue, and accruals for certain revenues and expenses.

k) Allocation of expenses

The Corporation allocates certain overhead and administrative expenses to its programs. The costs of each program include the costs of administrative personnel and office overhead that are related to the program.

The Corporation allocates its costs of administrative personnel and office overhead to certain programs by identifying an appropriate basis of allocating each component expense and applying that basis consistently each year.

The amounts allocated to each program are an estimate of the administrative costs associated with the program, based on budgeted revenues, historical experience, and expectations in the current year.

3. ACCOUNTS RECEIVABLE:

The accounts receivable balance is composed of the following:

	2018	2017
Trade accounts receivable	\$ 219,218	\$ 19,110
Grants receivable	-	85,956
GST receivable	28,725	14,163
Refundable deposits	19,650	19,650
	\$ 267,593	\$ 138,879

QUINT DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

4. DUE FROM RELATED PARTIES:

	2018	2017
Community First Development Fund of Saskatoon Inc.	\$ -	\$ -
Millennium Housing Cooperative Ltd.	186	2,755
Station 20 West	1,002	-
	\$ 1,188	\$ 2,755

These balances are payable on demand and have arisen from the provision of administrative and support services by the Corporation to the related entities, as well as amounts paid by the Corporation and behalf of the related entities.

5. INVESTMENTS:

	2018	2017
<u>Reserve fund investments</u>		
<i>Short-Term</i>		
Savings account	\$ 200,648	\$ 203,104
Guaranteed investment certificate bearing interest at 0.60%, maturing March 28, 2018	25,000	25,000
Guaranteed investment certificate bearing interest at 1.49%, maturing January 5, 2019	200,000	-
Guaranteed investment certificate bearing interest at 4.35%, maturing March 28, 2019	200,000	-
Accrued interest	792	-
Total short-term reserve fund investments	\$ 626,440	\$ 228,104
<u>Operating fund investments</u>		
Interest-free loan to Station 20 West, repayable on or before May 1, 2018, secured by a second mortgage covering land and building owned by Station 20 West	\$ 150,000	\$ 150,000
Total short-term operating fund investments	\$ 150,000	\$ 150,000

Reserve fund investments

Long-Term

Guaranteed investment certificate bearing interest at 2.65%, maturing March 28, 2019	\$ -	\$ 200,000
Guaranteed investment certificate bearing interest at 1.49%, maturing January 5, 2019	-	200,000
Accrued interest	-	752
Total long-term reserve fund investments	\$ -	\$ 400,752

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2018	2017
Investment in Mosaic Renewal Corporation	\$ 100	\$ 100
	\$ 100	\$ 100

During the 2013 year the Corporation purchased 100 Class B shares of Mosaic Renewal Corporation for \$100. The Corporation's equity ownership represents 50% of the voting share capital of Mosaic Renewal Corporation and accordingly provides the Corporation with significant influence. The Corporation accounts for its investment in Mosaic using the cost method.

7. CAPITAL ASSETS:

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,551,632	\$ -	\$ 1,551,632	\$ 1,582,046
Buildings	9,502,489	2,334,549	7,167,940	4,043,108
Furniture, fixtures and equipment	258,752	238,595	20,157	-
Leasehold improvements	244,401	87,920	156,481	34,551
Vehicles	36,552	36,552	-	-
Computer equipment	83,699	80,207	3,492	1,573
	\$ 11,677,525	\$ 2,777,823	\$ 8,899,702	\$ 5,661,278

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and accrued liabilities balance is composed of the following:

	2018	2017
Accounts payable	\$ 202,709	\$ 47,065
Accrued liabilities	82,929	77,440
	\$ 285,638	\$ 124,505

9. DEFERRED CONTRIBUTIONS AND REVENUE:

The deferred contributions reported in the operating fund represents restricted operating funding received in the current period that is related to expenses to be incurred in the subsequent period.

The Corporation receives apartment rental revenue. Rental revenue received in advance is recorded as deferred revenue.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

9. DEFERRED CONTRIBUTIONS AND REVENUE (continued):

The Corporation receives funding from the Government of Saskatchewan (Ministry of the Economy) to be held, administered and distributed in accordance with the related funding agreement for the Core Neighbourhoods at Work program. The program funding covers the period of October 1, 2017 to September 30, 2018. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

	2018	2017
Deferred contributions and revenue, beginning of year	\$ 92,412	\$ 88,563
<i>Contributions and revenue received during the year:</i>		
Core Neighbourhoods at Work	418,934	429,780
Prepaid apartment rents	27,843	22,228
<i>Less:</i>		
Amounts recognized as grant revenue	(489,118)	(429,780)
Amounts recognized as rental revenue	(22,228)	(18,379)
Deferred contributions and revenue, end of year	\$ 27,843	\$ 92,412

The deferred contributions and revenue relates to the following:

	2018	2017
Core Neighbourhoods at work	\$ -	\$ 70,184
Prepaid apartment rents	27,843	22,228
Deferred contributions and revenue, end of year	\$ 27,843	\$ 92,412

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

10. LONG-TERM DEBT:

The Corporation's long-term debt obligations as at March 31, 2018 consist of the following:

	2018	2017
(a) Affinity Credit Union mortgage repayable in monthly instalments of \$263 including principal and interest at 3.69% per annum. The original amount of the mortgage is \$50,000. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$1,004,749. The mortgage matures on October 1, 2020.	\$ 39,103	\$ 40,732
(b) Affinity Credit Union mortgage repayable in monthly instalments of \$943 including principal and interest at 2.89% per annum. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$138,482. The mortgage matures on May 1, 2019.	63,963	73,187
(c) Affinity Credit Union mortgage repayable in monthly instalments of \$258 including principal and interest at 3.19% per annum. The original amount of the mortgage is \$40,500. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$429,713. The mortgage matures on November 15, 2019.	18,670	21,048
(d) Affinity Credit Union mortgage repayable in monthly instalments of \$359 including principal and interest at 3.09% per annum. The original amount of the mortgage is \$51,200. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$71,893. The mortgage matured on November 1, 2017.	-	42,213
(e) Affinity Credit Union mortgage repayable in monthly instalments of \$3,070 including principal and interest at 3.89% per annum. The original amount of the mortgage is \$505,430. The mortgage is secured by related land and buildings at [REDACTED], [REDACTED] and [REDACTED] with a net book value of \$1,175,310. The mortgage matures on January 1, 2019.	370,422	392,495
(f) Affinity Credit Union mortgage repayable in monthly instalments of \$263 including principal and interest at 2.99% per annum. The original amount of the mortgage is \$37,500. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$45,958. The mortgage matured on July 1, 2017.	-	28,182

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

10. LONG-TERM DEBT (continued):

	2018	2017
(g) Affinity Credit Union mortgage repayable in monthly interest only during the construction phase with interest at 5.450% per annum. The mortgage is secured by related land and building at [REDACTED] [REDACTED], Saskatoon with a net book value of \$4,494,078. The mortgage is due on demand during the construction phase.	512,654	-
	<u>1,004,812</u>	<u>597,857</u>
Less: Current portion	<u>896,944</u>	<u>227,318</u>
	<u>107,868</u>	<u>370,539</u>

Estimated principal payments of the long-term liabilities due within each of the next five years amount to:

2019	896,944
2020	72,312
2021	<u>35,556</u>
	<u>\$ 1,004,812</u>

11. EXTERNALLY-RESTRICTED NET ASSETS:

In 2004, Saskatchewan Ministry of Social Services (MSS) imposed restrictions requiring any excess Male Youth Lodge funding to be set up as reserve and MSS approval is required before funds can be expended.

In 2008, Saskatchewan Ministry of Social Services (MSS) imposed restrictions requiring any excess Pleasant Hill Place funding to be set up as a reserve and MSS approval is required before funds can be expended.

In 2014, Saskatchewan Ministry of Social Services (MSS) imposed restrictions requiring any excess Leadership funding to be set up as a reserve and MSS approval is required before funds can be expended.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

12. GRANT FUNDING:

The grant funding is composed of the following:

	2018	2017
Ministry of Social Services	\$ 1,169,631	\$ 1,121,119
Ministry of the Economy	489,118	437,727
Community First Foundation	-	90,000
Other	25,000	30,000
Total Grant Funding (Operating fund)	\$ 1,683,749	\$ 1,678,846

	2018	2017
Ministry of Social Services	5,460	5,460
Total Grant funding (Reserve fund)	\$ 5,460	\$ 5,460

	2018	2017
City of Saskatoon	\$ 404,836	\$ -
Saskatchewan Housing Corporation	2,938,225	-
Total Grant Funding (Capital fund)	\$ 3,334,061	\$ -

13. LEASE COMMITMENTS:

(a) Building lease:

The Corporation is committed under a lease agreement for its premises at 1120 20th Street West (Station 20 West), Saskatoon, Saskatchewan. The agreement expires on June 30, 2022 and requires minimum annual payments as follows:

Year ending March 31:	
2019	\$ 70,377
2020	71,720
2021	73,175
2022	74,682
2023	18,765

(b) Operating leases:

The Corporation has operating lease commitments for a photocopier. The annual minimum charges are as follows:

Year ending March 31:	
2019	\$ 2,512
2020	2,512
2021	2,512
2022	2,512
2023	1,256

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

14. RELATED PARTY TRANSACTIONS:

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the year, the Corporation received \$2,094 (\$3,175- 2017) in management fees from Millennium Housing Cooperative Ltd. ("Millennium"), an organization under common management. These fees were used to pay administration and support costs associated with the operations of the co-operative. Quint Development Corporation also provides interim financing, at no cost, to the housing co-operative to cover costs related to the purchase and renovation of houses owned by the co-operative. During the current year Millennium made payments of \$4,663 (\$4,348 – 2017) to the Corporation.

15. FINANCIAL INSTRUMENTS:

The Corporation is exposed to various risks through its financial instruments.

Credit Risk

The Corporation is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were collected shortly after year-end.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Corporation is exposed to interest rate risk on its investments and long-term debt.

Liquidity risk

Liquidity risk is that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation enters into transactions to purchase goods and services on credit and lease office equipment and office space from creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Corporation's future net cash flows for the possibility of a negative net cash flow. The Corporation manages liquidity risk resulting from accounts payable and accrued liabilities by investing in liquid assets such as cash and short-term investments which can be readily available to repay accounts payable and accrued liabilities.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

16. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged \$147,139 (\$120,514 - 2017) in management fees to the rental program. These fees are reflected as income in the affordable housing program and property management expense in the rental program.

During the year, the Corporation allocated certain administrative and overhead costs to various programs. The amounts allocated are as follows:

Program Name	Administrative salaries allocated	Direct costs allocated	Management fees	Total
Affordable housing	-	33,347	147,139	180,486
Core Neighbourhoods at Work	70,963	28,551	-	99,514
Pleasant Hill Place Rentals	46,575	4,826	-	51,401
Youth Lodge Leadership	36,378	17,549	-	53,927
	67,122	-	-	67,122
Total Cost Allocations and Internal Charges	221,038	153,726	147,139	479,495

17. CONTINGENT LIABILITIES:

During the year ended March 31, 2004, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$946,000 under the Centenary Affordable Housing Program for the purchase and renovation of a 24-unit apartment building located at ██████████, Saskatoon, Saskatchewan. The loan is forgivable at the rate of \$4,465 per month for 120 months, commencing on the first day of the second month following the date that the apartment has achieved substantial completion, \$8,930 per month for 45 months, commencing on the first day of the month following expiration of the first 120-month forgiveness period, and \$8,281 on the first day of the first month following expiration of the second forgiveness period. The loan is secured by a second mortgage registered against the property.

During the year ended March 31, 2006, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$769,500 under the Centenary Affordable Housing Program for the purchase and renovation of an 18-unit apartment building located at ██████████, Saskatoon, Saskatchewan. The loan is forgivable at the rate of \$3,750 per month for 120 months, commencing on the first day of the second month following the date that the apartment has achieved substantial completion, \$7,500 per month for 42 months, commencing on the first day of the month following expiration of the first 120-month forgiveness period, and \$4,500 on the first day of the first month following expiration of the second forgiveness period. The loan is secured by a second mortgage registered against the property.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2018

17. CONTINGENT LIABILITIES (continued):

During the years ended March 31, 2010 and 2011, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$1,318,831 under the Homefirst Rental Development Program for the purchase and renovation of an 18-unit apartment building located at [REDACTED]. The loan is forgivable at the rate of \$7,326 per month for 120 months, commencing on the first day of the second month following the date that the apartment has achieved substantial completion, and \$14,653 per month for 30 months, commencing on the first day of the month following expiration of the first 120-month forgiveness period. The loan is secured by a second mortgage registered against the property.

During the year ended March 31, 2011, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$1,178,171 under the Homefirst Rental Development Program for the purchase of 8 condominium rental units located in the Pleasant Hill Neighbourhood. The loan is forgivable at the rate of \$3,249 per month for 120 months, commencing on the first day of the second month following the date that the condominiums have achieved substantial completion, \$6,499 per month for 120 months, commencing on the first day of the month following expiration of the first 120-month forgiveness period, and the balance of \$8,376 commencing on the first day of the month following expiration of the second 120-month forgiveness period. The loan is secured by a second mortgage registered against the property.

During the year ended March 31, 2017, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$3,190,000 under the Homefirst Rental Development Program for the development of a 26 unit rental housing project located at [REDACTED] Saskatoon, Saskatchewan. The loan is forgivable over seventeen years commencing on the first day of the second month following the date that the project has achieved substantial completion. The loan is secured by a second mortgage registered against the property.

18. TRANSFERS TO EXTERNALLY RESTRICTED RESERVES (MSS):

During the current year the Corporation made the following transfers to (from) the externally restricted reserves:

	Youth Lodge	Pleasant Hill Place	Leadership	Total
Transfer to reserve (2016-2017 vacancy recovery Male Youth Lodge)	\$ 14,390	\$ -	\$ -	\$ 14,390
Approved purchases from restricted reserves	(11,764)	(17,526)	-	(29,290)
Current year's surplus from operations	18,526	41,849	3,703	64,078
	\$ 21,152	\$ 24,323	\$ 3,703	\$ 49,178

19. ECONOMIC DEPENDENCE:

The Corporation received a significant amount of its revenue from the Ministry of the Social Services (20.86% - 2018, 48.84% - 2017) and is therefore dependent on continued funding from the Ministry to fund its ongoing operations.

QUINT DEVELOPMENT CORPORATION

RESERVE FUND - EXTERNALLY RESTRICTED - Schedule 1

for the year ended March 31, 2018

Reserve name	Balance, Beginning of the year	Annual Allocation (Provincial funding)	Expenditures and Withdrawals	Interfund Transfers from operations	Interest Allocation	Balance, end of the year
Ministry of Social Services - Male Youth Lodge						
Maintenance reserve	\$ -	\$ 1,320	\$ (1,320)	\$ -	\$ -	\$ -
Equipment reserve	-	660	(660)	-	-	-
Furnishings reserve	-	720	(720)	-	-	-
Other	107,083	-	(11,764)	32,913	550	128,782
Ministry of Social Services - Pleasant Hill Place						
Maintenance reserve	-	1,100	(1,100)	-	-	-
Equipment reserve	-	560	(560)	-	-	-
Furnishings reserve	-	1,100	(1,100)	-	-	-
Other	104,406	-	(17,526)	41,848	535	129,263
Ministry of Social Services - Leadership	14,317	-	-	3,703	73	18,093
Total Reserve Fund - Externally restricted	\$ 225,806	\$ 5,460	\$ (34,750)	\$ 78,464	\$ 1,158	\$ 276,138

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2018

Reserve name	Balance, Beginning of the year	Restriction of Current year's surplus	Loan Principal Payments	Other Interfund Transfers to/(from)	Interest Allocation	Balance, end of the year
Affordable Housing Program	\$ 56,480	\$ -	\$ -	\$ -	\$ 607	\$ 57,087
Operating	5,264	-	-	-	56	5,320
Payroll Liability	33,473	-	-	-	360	33,833
Affordable Housing expansion	143,060	-	-	-	1,537	144,597
Kitchen reserve	7,028	-	-	-	75	7,103
<i>Capital Maintenance</i>						
██████████	65,444	(28,956)	-	-	703	37,191
██████████	153,833	(7,183)	(2,378)	-	1,653	145,925
██████████	(120,175)	-	-	120,175	-	-
██████████	174,557	(3,975)	(1,629)	-	1,875	170,828
██████████	(41,426)	-	(28,183)	69,609	-	-
Condominiums	63,527	843	(22,073)	-	683	42,980
██████████	85,695	(16,672)	512,656	(120,175)	920	462,424
██████████	(15,736)	-	(42,213)	57,949	-	-
Total Reserve Fund -						
Internally restricted	\$ 611,024	\$ (55,943)	\$ 416,180	\$ 127,558	\$ 8,469	\$ 1,107,288

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2018

	Affordable Housing Program	Leadership	Pleasant Hill Place	Pleasant Hill Place (income security)	Core Neighbourhoods at work
Revenue:					
Grant funding (Note 12)	\$ 25,000	\$ 134,982	\$ 468,864	\$ -	\$ 489,118
Donations	-	-	-	-	-
Interest	-	46	672	-	-
Rental and property management	1,914	-	-	29,014	-
Other	-	-	-	-	-
	26,914	135,028	469,536	29,014	489,118
Expenses:					
Administration	36,258	246	9,793	1,229	52,227
Board of directors	-	-	-	-	-
Interest and loan fees	-	-	-	1,992	-
Program and participant costs	-	-	23,338	-	39,058
Property management	2,117	-	14,819	10,574	4,658
Vehicle and transportation	3,063	-	6,292	-	-
Wages and benefits	132,615	131,080	373,445	-	398,566
	174,053	131,326	427,687	13,795	494,509
Excess (deficiency) of revenue over expenses before the undernoted	(147,139)	3,702	41,849	15,219	(5,391)
Revenue – allocation of costs to other programs (Note 16)	147,139	-	-	-	-
Gain on disposition of properties	-	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	\$ -	\$ 3,702	\$ 41,849	\$ 15,219	\$ (5,391)
Externally restricted	\$ -	\$ 3,702	\$ 41,849	\$ -	\$ -
Internally restricted	-	-	-	-	-
Unrestricted	-	-	-	15,219	(5,391)
	\$ -	\$ 3,702	\$ 41,849	\$ 15,219	\$ (5,391)

Note – The excess of revenue over expenses for the year in the Pleasant Hill Place (income security) is intended to cover the principal repayments on the mortgage of Pleasant Hill Place. See Note 10 (b).

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3 (continued)

for the year ended March 31, 2018

	Youth Lodge	Rentals	Quint Admin	2018 Total	2017 Total
Revenue:					
Grant funding (Note 12)	\$ 565,785	\$ -	\$ -	\$ 1,683,749	\$ 1,678,846
Donations	370	-	40	410	194
Interest	440	-	8,614	9,772	22,727
Rental and property management	-	538,243	2,501	571,672	558,840
Other	-	349	17,137	17,486	29,556
	566,595	538,592	28,292	2,283,089	2,290,163
Expenses:					
Administration	23,213	72,021	142,872	337,859	307,650
Board of directors	-	-	2,340	2,340	1,830
Interest and loan fees	-	17,532	90	19,614	28,912
Program and participant costs	54,578	-	-	116,974	96,411
Property management	30,312	460,452	5,241	528,173	429,124
Vehicle and transportation	3,398	-	58	12,811	15,791
Wages and benefits	436,568	48,536	228,375	1,749,185	1,651,425
	548,069	598,541	378,976	2,766,956	2,531,143
Excess (deficiency) of revenue over expenses before allocations	18,526	(59,949)	(350,684)	(483,867)	(240,980)
Revenue – allocation of costs to other programs (Note 16)	-	-	374,764	521,903	479,495
Gain on disposition of properties	-	181,526	9,533	191,059	43,021
Excess (deficiency) of revenue over expenses for the year	\$ 18,526	\$ 121,577	\$ 33,613	\$ 229,095	\$ 281,536
Externally restricted	\$ 18,526	\$ -	\$ -	\$ 64,077	\$ 51,460
Internally restricted	-	(55,943)	-	(55,943)	50,104
Unrestricted	-	177,520	33,613	220,961	179,972
	\$ 18,526	\$ 121,577	\$ 33,613	\$ 229,095	\$ 281,536