

TWIGG & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

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QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

To the Members of Quint Development Corporation

Opinion

We have audited the financial statements of Quint Development Corporation ("the Corporation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 to these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 misstatement, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to the 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.

(Continued on next page)

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 misstatements 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 the 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 auditors' 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 auditors' 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Saskatoon, Saskatchewan
June 18, 2019

Twigg & Company
Chartered Professional Accountants

QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2019

	Operating Fund	Reserve Fund	Capital Fund	2019	2018
ASSETS					
Current assets:					
Cash	\$ 48,413	\$ -	\$ -	\$ 48,413	\$ 194,463
Short-term investments (Note 5)	150,000	874,805	-	1,024,805	776,440
Accounts receivable (Note 3)	54,210	-	-	54,210	267,593
Due from operating fund	-	-	-	-	756,986
Due from related parties (Note 4)	1,266	-	-	1,266	1,188
Prepaid expenses	40,855	-	-	40,855	24,156
	<u>294,744</u>	<u>874,805</u>	<u>-</u>	<u>1,169,549</u>	<u>2,020,826</u>
Long-term investments (Note 5)	-	225,064	-	225,064	-
Investment in Mosaic Renewal Corporation (Note 6)	100	-	-	100	100
Other	-	-	-	-	5,934
Capital assets (Note 7)	-	-	9,246,929	9,246,929	8,899,702
	<u>\$ 294,844</u>	<u>\$ 1,099,869</u>	<u>\$ 9,246,929</u>	<u>\$ 10,641,642</u>	<u>\$ 10,926,562</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities (Note 8)	\$ 143,343	\$ -	\$ -	\$ 143,343	\$ 285,638
Due to the reserve fund	-	-	-	-	756,986
Current portion of long-term debt	-	-	124,168	124,168	896,944
Deferred contributions and revenue (Note 9)	35,460	-	-	35,460	27,843
	<u>178,803</u>	<u>-</u>	<u>124,168</u>	<u>302,971</u>	<u>1,967,411</u>
Long-term debt (Note 10)	-	-	1,504,847	1,504,847	107,868
	<u>178,803</u>	<u>-</u>	<u>1,629,015</u>	<u>1,807,818</u>	<u>2,075,279</u>
FUND BALANCES (Note 2(a))					
External restrictions	-	270,932	-	270,932	276,138
Internal restrictions	-	828,937	7,617,914	8,446,851	9,002,178
Unrestricted	116,041	-	-	116,041	(427,033)
	<u>116,041</u>	<u>1,099,869</u>	<u>7,617,914</u>	<u>8,833,824</u>	<u>8,851,283</u>
	<u>\$ 294,844</u>	<u>\$ 1,099,869</u>	<u>\$ 9,246,929</u>	<u>\$ 10,641,642</u>	<u>\$ 10,926,562</u>

Approved by the Board:

 R. E. Kelly, Treasurer

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended March 31, 2019

	Restricted		Total Reserve	Capital Fund	2019	2018
	Externally restricted reserves	Internally restricted reserves				
Balance, beginning of year	\$ (427,033)	\$ 276,138	\$ 1,107,288	\$ 1,383,426	\$ 7,894,890	\$ 8,851,283
Excess of revenue over expenses	162,996	-	-	-	(147,157)	15,839
<i>Interfund transfers:</i>						
Purchase of capital assets	(857,117)	-	-	-	857,117	-
Disposals of capital assets	-	-	-	-	-	-
Repayment of debt	624,204	-	-	-	(624,204)	-
Transfers from Operating fund	(917,447)	88,510	828,937	917,447	-	-
Transfers to Operating fund	1,532,021	(95,299)	(1,107,288)	(1,202,587)	(362,732)	(33,298)
Interest on reserve funds	(1,583)	1,583	-	1,583	-	-
Funding recovered by the MSS	-	-	-	-	-	-
Balance, end of year	\$ 116,041	\$ 270,932	\$ 828,937	\$ 1,099,869	\$ 7,617,914	\$ 8,851,283

QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS

for the year ended March 31, 2019

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE:								
Grant funding (Note 12)	1,888,208	1,683,749	5,460	5,460	362,732	3,343,061	2,256,400	5,032,270
Donations	7,315	410	-	-	-	-	7,315	410
Donations in-kind	30,793	-	-	-	-	-	30,793	-
Interest and investment income	16,707	9,772	-	-	-	-	16,707	9,772
Rental and property management	743,869	571,672	-	-	-	-	743,869	571,672
Other	27,393	17,486	-	-	-	-	27,393	17,486
	<u>2,714,285</u>	<u>2,283,089</u>	<u>5,460</u>	<u>5,460</u>	<u>362,732</u>	<u>3,343,061</u>	<u>3,082,477</u>	<u>5,631,610</u>
EXPENSES:								
Administration	382,215	337,859	-	-	-	-	382,215	337,859
Board of directors	2,220	2,340	-	-	-	-	2,220	2,340
Donations in-kind	30,793	-	-	-	-	-	30,793	-
Interest and loan fees	55,474	19,614	-	-	-	-	55,474	19,614
Program and participant costs	125,950	116,974	1,380	1,380	-	-	127,330	118,354
Property management	547,090	528,173	4,080	4,080	-	-	551,170	532,253
Vehicle and transportation	20,372	12,811	-	-	-	-	20,372	12,811
Wages and benefits	1,978,899	1,749,185	-	-	-	-	1,978,899	1,749,185
	<u>3,143,013</u>	<u>2,766,956</u>	<u>5,460</u>	<u>5,460</u>	<u>-</u>	<u>-</u>	<u>3,148,473</u>	<u>2,772,416</u>
Excess (deficiency) of revenue over expenses before amortization and allocations	(428,728)	(483,867)	-	-	362,732	3,343,061	(65,996)	2,859,194
Allocations: (Note 16)								
Revenue Allocation of costs to other programs	591,724	521,903	-	-	-	-	591,724	521,903
Excess (deficiency) of revenue over expenses before the undernoted	162,996	38,036	-	-	362,732	3,343,061	525,728	3,381,097
Gain on disposition of property	-	191,059	-	-	-	-	-	191,059
Amortization	-	-	-	-	(509,889)	(299,169)	(509,889)	(299,169)
Excess (deficiency) of revenues over expense for the year	<u>\$ 162,996</u>	<u>\$ 229,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (147,157)</u>	<u>\$ 3,043,892</u>	<u>\$ 15,839</u>	<u>\$ 3,272,987</u>

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
OPERATING ACTIVITIES:								
Excess of revenue over expenses for the year	\$ 162,996	\$ 229,095	\$ -	\$ -	\$ (147,157)	\$ 3,043,892	\$ 15,839	\$ 3,272,987
Add non-cash items:								
Amortization	-	-	-	-	509,889	299,169	509,889	299,169
Gain on disposition of property	-	(191,059)	-	-	-	-	-	(191,059)
	162,996	38,036	-	-	362,732	3,343,061	525,728	3,381,097
Change in non-cash working capital balances related to operations								
Accounts receivable	213,383	(128,714)	-	-	-	-	213,383	(128,714)
Due from related parties	(78)	1,567	-	-	-	-	(78)	1,567
Prepaid expenses	(16,699)	1,351	-	-	-	-	(16,699)	1,351
Other assets	5,934	(5,934)	-	-	-	-	5,934	(5,934)
Accounts payable and accrued charges	(142,295)	161,133	-	-	-	-	(142,295)	161,133
Deferred revenue	7,617	(64,569)	-	-	-	-	7,617	(64,569)
Funding recovered by the MSS	-	-	-	-	-	-	-	-
	67,862	(35,166)	-	-	-	-	67,862	(35,166)
Total from operating activities	230,858	2,870	-	-	362,732	3,343,061	593,590	3,345,931
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(857,117)	(4,695,321)	(857,117)	(4,695,321)
Proceeds from disposal of assets	-	-	-	-	-	1,348,787	-	1,348,787
Redemption (purchase) of investments	-	-	(473,429)	2,416	-	-	(473,429)	2,416
Total from investing activities	-	-	(473,429)	2,416	(857,117)	(3,346,534)	(1,330,546)	(3,344,118)
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	674,085	512,654	674,085	512,654
Repayment of long-term debt	-	-	-	-	(449,881)	(105,699)	(49,881)	(105,699)
Total from financing activities	-	-	-	-	624,204	406,955	624,204	406,955
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR	230,858	2,870	(473,429)	2,416	129,819	403,482	(112,752)	408,768
CASH AND EQUIVALENTS, BEGINNING OF YEAR	194,463	(185,015)	-	-	-	-	194,463	(185,015)
INTERFUND TRANSFERS	(376,908)	376,608	473,429	(2,416)	(129,819)	(403,482)	(33,298)	(29,290)
CASH AND EQUIVALENTS, END OF YEAR	\$ 48,413	\$ 194,463	\$ -	\$ -	\$ -	\$ -	\$ 48,413	\$ 194,463
CASH AND EQUIVALENTS CONSIST OF:								
Cash and cash equivalents (bank indebtedness)	48,413	194,463	-	-	-	-	48,413	194,463

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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, 2019

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, 2019

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:

	2019	2018
Trade accounts receivable	\$ 31,845	\$ 219,218
Grants receivable	-	-
GST receivable	2,715	28,725
Refundable deposits	19,650	19,650
	<u>\$ 54,210</u>	<u>\$ 267,593</u>

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

4. **DUE FROM RELATED PARTIES:**

	2019	2018
Millennium Housing Cooperative Ltd.	\$ 1,266	\$ 186
Station 20 West	-	1,002
	\$ 1,266	\$ 1,188

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:**

	2019	2018
<u>Reserve fund investments</u>		
<i>Short-Term</i>		
Savings account	\$ 270,932	\$ 200,648
Guaranteed investment certificate bearing interest at 0.60%, maturing March 28, 2018	-	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
Guaranteed investment certificate bearing interest at 2.75%, maturing January 4, 2020	200,000	-
Guaranteed investment certificate bearing interest at 2.75%, maturing January 4, 2020	200,000	-
Guaranteed investment certificate bearing interest at 2.75%, maturing January 5, 2020	200,000	-
Accrued interest	3,873	792
Total short-term reserve fund investments	\$ 874,805	\$ 626,440
<u>Operating fund investments</u>		
Interest-free loan to Station 20 West, repayable on or before May 1, 2020, 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 2.60%, maturing March 28, 2021	\$ 225,000	\$ -
Accrued interest	64	-
Total long-term reserve fund investments	\$ 225,064	\$ -

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2019	2018
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:

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,551,632	\$ -	\$ 1,551,632	\$ 1,551,632
Buildings	10,263,452	2,745,087	7,518,365	7,167,940
Furniture, fixtures and equipment	106,359	106,359	-	20,157
Leasehold improvements	270,523	142,025	128,498	156,481
Vehicles	69,161	23,054	46,107	-
Computer equipment	6,109	3,782	2,327	3,492
	\$ 12,267,236	\$ 3,020,307	\$ 9,246,929	\$ 8,899,702

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

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

	2019	2018
Accounts payable	\$ 56,250	\$ 202,709
Accrued liabilities	87,093	82,929
	\$ 143,343	\$ 285,638

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, 2019

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, 2018 to September 30, 2019. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

	2019	2018
Deferred contributions and revenue, beginning of year	\$ 27,843	\$ 92,412
<i>Contributions and revenue received during the year:</i>		
Core Neighbourhoods at Work	580,000	418,934
Prepaid apartment rents	35,460	27,843
<i>Less:</i>		
Amounts recognized as grant revenue	(580,000)	(489,118)
Amounts recognized as rental revenue	(27,843)	(22,228)
Deferred contributions and revenue, end of year	\$ 35,460	\$ 27,843

The deferred contributions and revenue relates to the following:

	2019	2018
Core Neighbourhoods at work	\$ -	\$ -
Prepaid apartment rents	35,460	27,843
Deferred contributions and revenue, end of year	\$ 35,460	\$ 27,843

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

10. LONG-TERM DEBT:

The Corporation's long-term debt obligations as at March 31, 2019 consist of the following:

	2019	2018
(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 \$958,580. The mortgage matures on October 1, 2020.	\$ 37,351	\$ 39,103
(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 \$128,749. The mortgage matures on May 1, 2019.	54,364	63,963
(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 \$400,453. The mortgage matures on November 15, 2019.	16,133	18,670
(d) Affinity Credit Union mortgage repayable in monthly instalments of \$3,070 including principal and interest at 4.04% per annum. The original amount of the mortgage is \$505,430. The mortgage is secured by related land and buildings at [REDACTED] with a net book value of \$1,110,793. The mortgage matures on January 1, 2021.	347,906	370,422
(e) Affinity Credit Union mortgage repayable in monthly instalments of \$6,301 including principal and interest at 4.09% per annum. The mortgage is secured by related land and building at [REDACTED] with a net book value of \$5,086,434. The mortgage matures on November 14, 2021.	1,173,261	512,654
	\$ 1,629,015	\$ 1,004,812
Less: Current portion	124,168	896,944
	\$ 1,504,847	\$ 107,868

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

10. LONG-TERM DEBT (continued):

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

2020	\$ 124,168
2021	389,046
2022	<u>1,115,801</u>
	<u>\$ 1,629,015</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.

12. GRANT FUNDING:

The grant funding is composed of the following:

	2019	2018
Ministry of Social Services	\$ 1,180,839	\$ 1,169,631
Ministry of Immigration and Career Training	587,304	489,118
Community First Foundation	85,000	-
Other	35,065	25,000
Total Grant Funding (Operating fund)	\$ 1,888,208	\$ 1,683,749

	2019	2018
Ministry of Social Services	5,460	5,460
Total Grant funding (Reserve fund)	\$ 5,460	\$ 5,460

	2019	2018
City of Saskatoon	\$ 120,957	\$ 404,836
Saskatchewan Housing Corporation	241,775	2,938,225
Total Grant Funding (Capital fund)	\$ 362,732	\$ 3,334,061

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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:	
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:	
2020	\$ 2,512
2021	2,512
2022	2,512
2023	1,256

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 \$1,080 (\$2,094 - 2018) 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. During the current year Millennium made payments of \$NIL (\$4,663 - 2018) to the Corporation.

QUINT DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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.

16. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged \$166,743 (\$147,139 - 2018) 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	-	38,209	166,743	204,952
Core Neighbourhoods at Work	81,335	33,411	-	114,746
Pleasant Hill Place Rentals	49,722	7,176	-	56,898
Youth Lodge	-	81,607	-	81,607
Leadership	41,487	16,544	-	58,031
Build up Saskatoon	59,851	-	-	59,851
	-	15,639	-	15,639
Total Cost Allocations and Internal Charges	232,395	192,586	166,743	591,724

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

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 [REDACTED], 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 [REDACTED], 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.

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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2019

17. CONTINGENT LIABILITIES (continued):

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 ██████████ ██████████ 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
Approved purchases from restricted reserves	\$ (35,785)	\$ (40,308)	\$ (19,206)	\$ (95,299)
Current year's surplus from operations	57,943	29,558	1,009	88,510
	\$ 22,158	\$ (10,750)	\$ (18,197)	\$ (6,789)

19. ECONOMIC DEPENDENCE:

The Corporation received a significant amount of its revenue from the Ministry of the Social Services (38.48% - 2019, 20.86% - 2018) 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, 2019

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	128,782	-	(35,785)	57,943	736	151,676
Ministry of Social Services – Pleasant Hill Place						
Maintenance reserve	-	1,100	(1,100)	-	-	-
Equipment reserve	-	560	(560)	-	-	-
Furnishings reserve	-	1,100	(1,100)	-	-	-
Other	129,263	-	(40,308)	29,558	743	119,256
Ministry of Social Services – Leadership	18,093	-	(19,206)	1,009	104	-
Total Reserve Fund - Externally restricted	\$ 276,138	\$ 5,460	\$ (100,759)	\$ 88,510	\$ 1,583	\$ 270,932

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2019

Reserve name	Balance, Beginning of the year	Transfers to the operating fund	Transfers from the operating fund	Interest Allocation	Balance, end of the year
Affordable Housing Program	\$ 57,087	\$ (57,087)	\$ -	\$ -	\$ -
Operating	5,320	(5,320)	-	-	-
Payroll Liability	33,833	(33,833)	-	-	-
Affordable Housing expansion	144,597	(144,597)	-	-	-
Kitchen reserve	7,103	(7,103)	-	-	-
<i>Capital Maintenance</i>					
██████████	37,191	(37,191)	-	-	-
██████████	145,925	(145,925)	-	-	-
██████████	170,828	(170,828)	-	-	-
Condominiums	42,980	(42,980)	-	-	-
██████████	462,424	(462,424)	-	-	-
General reserve	-	-	150,000	-	150,000
Capital replacement reserve	-	-	500,000	-	500,000
Affordable Housing expansion reserve	-	-	178,937	-	178,937
Total Reserve Fund -					
Internally restricted	\$ 1,107,288	\$ (1,107,288)	\$ 828,937	\$ -	\$ 828,937

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2019

	Affordable Housing Program	Leadership	Pleasant Hill Place	Pleasant Hill Place (income security)	Core Neighbourhoods at work
Revenue:					
Grant funding (Note 12)	\$ 20,000	\$ 137,652	\$ 468,714	\$ -	\$ 579,804
Donations	2,000	-	-	-	50
Donations in-kind	-	-	-	-	-
Interest	-	63	918	-	-
Rental and property management	925	-	-	24,941	-
Other	480	-	1	-	-
	23,405	137,715	469,633	24,941	579,854
Expenses:					
Administration	41,670	1,446	11,050	1,129	47,423
Board of directors	-	-	-	-	-
Donations in-kind	-	-	-	-	-
Interest and loan fees	-	-	-	1,713	-
Program and participant costs	-	-	22,328	-	44,515
Property management	2,011	-	16,714	12,099	1,916
Vehicle and transportation	3,576	-	4,207	-	1,066
Wages and benefits	124,515	135,260	385,776	-	492,765
	171,772	136,706	440,075	14,941	587,685
Excess (deficiency) of revenue over expenses before the undernoted	(148,367)	1,009	29,558	10,000	(7,831)
Revenue – allocation of costs to other programs (Note 16)	166,743	-	-	-	-
Gain on disposition of properties	-	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	\$ 18,376	\$ 1,009	\$ 29,558	\$ 10,000	\$ (7,831)
Externally restricted	\$ -	\$ 1,009	\$ 29,558	\$ -	\$ -
Internally restricted	-	-	-	-	-
Unrestricted	18,376	-	-	10,000	(7,831)
	\$ 18,376	\$ 1,009	\$ 29,558	\$ 10,000	\$ (7,831)

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, 2019

	Youth Lodge	Rentals	Build Up Saskatoon	Quint Admin	2019 Total	2018 Total
Revenue:						
Grant funding (Note 12)	\$ 581,973	\$ -	\$ 100,000	\$ 65	\$ 1,888,208	\$ 1,683,749
Donations	240	-	5,000	25	7,315	410
Donations in-kind	-	-	30,793	-	30,793	-
Interest and investment income	602	109	-	15,015	16,707	9,772
Rental and property management	-	715,536	-	2,467	743,869	571,672
Other	5	4,586	19,160	3,161	27,393	17,486
	582,820	720,231	154,953	20,733	2,714,285	2,283,089
Expenses:						
Administration	23,066	85,135	32,305	138,991	382,215	337,859
Board of directors	-	-	-	2,220	2,220	2,340
Donations in-kind	-	-	-	30,793	30,793	-
Interest and loan fees	-	53,761	-	-	55,474	19,614
Program and participant costs	59,151	-	-	(44)	125,950	116,974
Property management	17,930	482,575	12,056	1,789	547,090	528,173
Vehicle and transportation	3,237	-	8,286	-	20,372	12,811
Wages and benefits	421,493	48,912	98,609	271,569	1,978,899	1,749,185
	524,877	670,383	151,256	445,318	3,143,013	2,766,956
Excess (deficiency) of revenue over expenses before allocations	57,943	49,848	3,697	(424,585)	(428,728)	(483,867)
Revenue – allocation of costs to other programs (Note 16)	-	-	-	424,981	591,724	521,903
Gain on disposition of properties	-	-	-	-	-	191,059
Excess (deficiency) of revenue over expenses for the year	\$ 57,943	\$ 49,848	\$ 3,697	\$ 396	\$ 162,996	\$ 229,095
Externally restricted	\$ 57,943	\$ -	\$ -	\$ -	\$ 88,510	\$ 64,077
Internally restricted	-	-	-	-	-	(55,943)
Unrestricted	-	49,848	3,697	396	74,486	220,961
	\$ 57,943	\$ 49,848	\$ 3,697	\$ 396	\$ 162,996	\$ 229,095