TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2014

N.B.: Property addresses are redacted in the online version for privacy.

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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, 2014 and March 31, 2013, and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2014 and March 31, 2013, 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, 2014 and March 31, 2013, and the results of its operations and its cash flow for the years ended March 31, 2014 and March 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Twigg & Company

Chartered Accountants

Saskatoon, Saskatchewan
June 18, 2014

QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2014

	Operating Fund	Reserve Fund	Capital Fund	2014	2013
ASSETS					
Current assets:					
Cash and cash equivalents	$ 206,284	$ -	$ -	$ 206,284	$ 57,744
Short-term investments *(Note 5)*	-	491,207	-	491,207	290,000
Accounts receivable *(Note 3)*	60,161	-	-	60,161	46,438
Due from operating fund	-	-	-	-	369,298
Due from reserve fund	20,859	-	-	20,859	-
Due from related parties *(Note 4)*	70,295	-	-	70,295	636,932
Prepaid expenses	19,243	-	-	19,243	23,330
	376,842	491,207	-	868,049	1,423,742
Long-term investments *(Note 5)*	350,030	401,301	-	751,331	350,000
Investment in Mosaic Renewal Corporation *(Note 6)*	100	-	-	100	100
Capital assets *(Note 7)*	-	-	5,551,558	5,551,558	5,766,473
	$ 726,972	$ 892,508	$ 5,551,558	$ 7,171,038	$ 7,540,315
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities *(Note 8)*	$ 101,362	$ -	$ -	$ 101,362	$ 102,663
Due to reserve fund	-	-	-	-	325,793
Due to capital fund	-	-	-	-	43,505
Due to the operating fund	-	20,859	-	20,859	-
Current portion of long-term debt	-	-	40,000	40,000	40,403
Deferred contributions and revenue *(Note 9)*	58,631	-	-	58,631	58,226
	159,993	20,859	40,000	220,852	570,590
Long-term debt *(Note 10)*	-	-	783,284	783,284	774,278
	159,993	20,859	823,284	1,004,136	1,344,868
FUND BALANCES *(Note 2(a))*					
External restrictions	-	432,677	-	432,677	426,050
Internal restrictions	-	438,972	4,728,274	5,167,246	5,385,040
Unrestricted	566,979	-	-	566,979	384,357
	566,979	871,649	4,728,274	6,166,902	6,195,447
	$ 726,972	$ 892,508	$ 5,551,558	$ 7,171,038	$ 7,540,315

Approved by the Board:

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QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS

for the year ended March 31, 2014

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE:								
Grant funding *(Note 12)*	1,412,326	$ 1,198,283	5,460	5,460	-	-	1,417,786	$ 1,203,743
Co-Op support fees	5,058	5,807	-	-	-	-	5,058	5,807
Contributions in-kind *(Note 13)*	-	6,450	-	-	-	-	-	6,450
Donations	1,725	400	-	-	-	-	1,725	400
Interest and investment income	73,348	10,350	-	-	-	-	73,348	10,350
Rental and property management	551,517	530,734	-	-	-	-	551,517	530,734
Other	21,680	41,425	-	-	-	-	21,680	41,425
	2,065,654	1,793,449	5,460	5,460	-	-	2,071,114	1,798,909
EXPENSES:								
Administration	293,487	247,507	-	-	-	-	293,487	247,507
Board of directors	2,280	1,970	-	-	-	-	2,280	1,970
Contributions in-kind *(Note 13)*	-	6,450	-	-	-	-	-	6,450
Interest and loan fees	35,061	41,741	-	-	-	-	35,061	41,741
Program and participant costs	64,566	69,992	1,380	1,380	-	-	65,946	71,372
Property management	323,261	321,264	4,080	4,080	-	-	327,341	325,344
Vehicle and transportation	16,117	17,865	-	-	-	-	16,117	17,865
Wages and benefits	1,476,192	1,154,892	-	-	-	-	1,476,192	1,154,892
	2,210,964	1,861,681	5,460	5,460	-	-	2,216,424	1,867,141
Excess (deficiency) of revenue over expenses before amortization and allocations	(145,310)	(68,232)	-	-	-	-	(145,310)	(68,232)
Allocations: *(Note 17)*								
Revenue Allocation of costs to other programs	394,961	332,821	-	-	-	-	394,961	332,821
Expense - Allocation of administrative salaries and direct costs	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenses before the undernoted	249,651	264,589	-	-	-	-	249,651	264,589
Amortization	-	-	-	-	(278,196)	(278,128)	(278,196)	(278,128)
Gain on sale of properties	-	209,706	-	-	-	-	-	209,706
Extraordinary items	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expense for the year	$ 249,651	$ 474,295	$ -	$ -	$ (278,196)	$ (278,128)	$ (28,545)	$ 196,167

QUINT DEVELOPMENT CORPORATION
STATEMENT CHANGES IN FUND BALANCES
for the year ended March 31, 2014

		Restricted					
	Operating fund	Externally restricted reserves *(Schedule 1)*	Internally restricted reserves *(Schedule 2)*	Total Reserve fund	Capital Fund	2014	2013
Balance, beginning of year	$ 384,357	$ 426,050	$ 389,743	$ 815,793	$ 4,995,297	$ 6,195,447	$ 5,999,280
Excess of revenue over expenses	249,651	-	-	-	(278,196)	(28,545)	196,167
Interfund transfers:							
Purchase of capital assets	(63,280)	-	-	-	63,280	-	-
Repayment of debt	(7,867)	-	(34,730)	(34,730)	42,597	-	-
Transfers from Operating fund	(100,759)	6,627	94,132	100,759	-	-	-
Transfers to Operating fund	104,877	-	(10,173)	(10,173)	(94,704)	-	-
Balance, end of year	**$ 566,979**	**$ 432,677**	**$ 438,972**	**$ 871,649**	**$ 4,728,274**	**$ 6,166,902**	**$ 6,195,447**

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2014

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
OPERATING ACTIVITIES:								
Excess of revenue over expenses for the year	$ 249,651	$ 474,295	$ -	$ -	$ (278,196)	$ (278,128)	$ (28,545)	$ 196,167
Add non-cash items:								
Amortization	-	-	-	-	278,196	278,128	278,196	278,128
Extraordinary items	-	-	-	-	-	(130,832)	-	(130,832)
	249,651	474,295	-	-	-	(130,832)	249,651	343,463
Change in non-cash working capital balances related to operations								
Accounts receivable	(13,724)	40,872	-	-	-	-	(13,724)	40,872
Inventory	-	219,804	-	-	-	-	-	219,804
Due from related parties	566,637	(625,449)	-	-	-	-	566,637	(625,449)
Prepaid expenses	4,087	(2,735)	-	-	-	-	4,087	(2,735)
Accounts payable and accrued charges	(1,301)	(43,360)	-	-	-	-	(1,301)	(43,360)
Deferred revenue	405	(7,617)	-	-	-	-	405	(7,617)
	556,104	(418,485)	-	-	-	-	556,104	(418,485)
Total from operating activities	805,755	55,810	-	-	-	(130,832)	805,755	(75,022)
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(63,280)	(135,833)	(63,280)	(135,833)
Additions to long-term investments	(201,331)	-	(401,207)	-	-	-	(602,538)	-
Proceeds on disposals of capital assets	-	-	-	-	-	186,000	-	186,000
Investment in Mosaic Renewal Corporation	-	(100)	-	-	-	-	-	(100)
Total from investing activities	(201,331)	(100)	(401,207)	-	(63,280)	50,167	(665,818)	50,067
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	51,200	37,500	51,200	37,500
Repayment of long-term debt	-	(111,812)	-	-	(42,597)	(88,844)	(42,597)	(200,656)
Total from financing activities	-	(111,812)	-	-	8,603	(51,344)	8,603	(163,156)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR	604,424	(56,102)	(401,207)	-	(54,677)	(132,009)	148,540	(188,111)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	57,744	43,236	-	198,452	-	4,167	57,744	245,855
INTERFUND TRANSFERS	(455,884)	70,610	401,207	(198,452)	54,677	127,842	-	-
CASH AND EQUIVALENTS, END OF YEAR	$ 206,284	$ 57,744	$ -	$ -	$ -	$ -	$ 206,284	$ 57,744
CASH AND EQUIVALENTS CONSIST OF:								
Cash and cash equivalents	206,284	57,744	-	-	-	-	206,284	57,744
SUPPLEMENTAL CASH FLOW DISCLOSURE:								
Interest received	73,348	10,350	-	-	-	-	73,348	10,350
Interest paid	35,061	46,986	-	-	-	-	35,061	46,986

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

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 *CICA 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) Short-term investments

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

c) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) 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, accrued liabilities and deferred contributions and revenue. The fair value of the cash, accounts receivable, and accounts payable approximates their carrying value due to their short-term nature.

e) Long-term investments

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

f) 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

g) 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.

h) 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, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

i) 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.

j) 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:

	2014	2013
Trade accounts receivable	$ 28,089	$ 25,481
Grants receivable	30,359	19,398
GST receivable	1,713	1,559
	$ 60,161	**$ 46,438**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

4. DUE FROM RELATED PARTIES:

	2014	2013
Community First Development Fund of Saskatoon Inc.	$ 176	$ 176
Condo Association	1,338	1,338
Due from Mosaic Renewal Corporation	53,825	620,346
Millennium Housing Cooperative Ltd.	14,956	15,072
	$ 70,295	**$ 636,932**

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:

	2014	2013
Reserve fund investments		
Short-Term		
Guaranteed investment certificate bearing interest at 2.05%, maturing January 5, 2015	$ 200,000	$ 200,000
Guaranteed investment certificate bearing interest at 1.10%, maturing January 5, 2015	90,000	90,000
Guaranteed investment certificate bearing interest at 1.65%, maturing March 28, 2015	100,000	-
Guaranteed investment certificate bearing interest at 1.00%, maturing March 28, 2015	100,000	-
Accrued interest	1,207	-
Total short-term reserve fund investments	**$ 491,207**	**$290,000**
Reserve fund investments		
Long-Term		
Guaranteed investment certificate bearing interest at 2.75%, maturing January 5, 2016	$ 200,000	$ 200,000
Guaranteed investment certificate bearing interest at 1.20%, maturing March 28, 2019	200,000	-
Accrued interest	1,301	-
Total long-term reserve fund investments	**$ 401,301**	**$ 200,000**
Operating fund investments		
Guaranteed investment certificate bearing interest at 1.84%, maturing March 28, 2016	$ 200,000	-
Accrued interest	30	-
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 long-term operating fund investments	**$ 350,030**	**$ 150,000**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2014	2013
Investment in Mosaic Renewal Corporation	$ 100	$ 100
	$ 100	**$ 100**

In the prior 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 Mosiac using the cost method. During the current year the Corporation received dividend income of $30,411 (2013 $Nil) and interest income of $24,117 (2013 $Nil) from Mosaic Renewal Corporation.

7. CAPITAL ASSETS:

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 565,045	$ -	$ 565,045	$ 548,631
Buildings	6,260,862	1,393,304	4,867,558	5,078,445
Furniture, fixtures and equipment	231,449	169,715	61,734	85,597
Leasehold improvements	55,488	1,825	53,663	53,101
Vehicles	15,022	12,022	3,000	-
Computer equipment	73,833	73,275	558	699
	$7,201,699	$ 1,650,141	$5,551,558	$ 5,766,473

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

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

	2014	2013
Accounts payable	$ 33,488	$ 40,650
Accrued liabilities	67,874	62,013
	$ 101,362	**$ 102,663**

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, 2014

9. DEFERRED CONTRIBUTIONS AND REVENUE (continued):

The deferred contributions and revenue is composed of the following:

	2014	2013
Deferred contributions and revenue, beginning of year	$ 58,226	$ 65,843
Contributions and revenue received during the year:		
Core Neighbourhoods at work	46,979	46,979
Prepaid apartment rents	11,652	11,247
Less:		
Amounts recognized as grant revenue	(46,979)	(48,691)
Amounts recognized as rental revenue	(11,247)	(17,152)
Amounts repaid	-	-
Deferred contributions and revenue, end of year	$ 58,631	$ 58,226

The deferred contributions and revenue relates to the following:

	2014	2013
Core Neighbourhoods at work	46,979	46,979
Prepaid apartment rents	11,652	11,247
Deferred contributions and revenue, end of year	$ 58,631	$ 58,226

10. LONG-TERM DEBT: N.B.: Property addresses are redacted in the online version for privacy

The Corporation's long-term debt obligations as at March 31, 2014 consist of the following:

	2014	2013
(a) Affinity Credit Union mortgage repayable in monthly instalments of $314 including principal and interest at 5.8% 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 $1,189,423.	$ 45,388	$ 46,518

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

10. LONG-TERM DEBT (continued):

	2014	2013
(b) Affinity Credit Union mortgage repayable in monthly instalments of $303 including principal and interest at 3.89% per annum. The original amount of the mortgage is $40,300. The mortgage is secured by related land and building at [redacted] with a net book value of $46,882.	31,520	33,721
(c) Affinity Credit Union mortgage repayable in monthly instalments of $962 including principal and interest at 3.49% per annum. The mortgage is secured by related land and building at [redacted] with a net book value of $177,417.	99,195	107,062
(d) Affinity Credit Union mortgage repayable in monthly instalments of $1,084 including principal and interest at 4.70% per annum. The original amount of the mortgage is $100,000. The mortgage is secured by related land and building at [redacted] with a net book value of $1,575,194.	-	5,544
(e) Affinity Credit Union mortgage repayable in monthly instalments of $266 including principal and interest at 3.89% 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 $542,499.	27,870	29,891
(f) Affinity Credit Union mortgage repayable in monthly instalments of $363 including principal and interest at 5.00% per annum. The original amount of the mortgage is $55,500. The mortgage is secured by related land and building at [redacted] with a net book value of $58,625. The mortgage matures on April 1, 2014.	50,373	52,185
(g) Affinity Credit Union mortgage repayable in monthly instalments of $383 including principal and interest at 4.19% 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 $54,006.	50,253	-
(h) Affinity Credit Union mortgage repayable in monthly instalments of $255 including principal and interest at 5.50% 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 $44,914. The mortgage matures on August 1, 2015.	33,463	34,668

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

10. LONG-TERM DEBT (continued):

	2014	2013
(i) Affinity Credit Union mortgage repayable in monthly instalments of $3,130 including principal and interest at 4.25% 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 $1,433,380.	$ 450,714	$ 468,784
(j) Affinity Credit Union mortgage repayable in monthly instalments of $296 including principal and interest at 4.99% 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 $50,347.	34,508	36,308
	823,284	814,681
Less: Current portion	40,000	40,403
	783,284	774,278

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

2015	40,000
2016	41,716
2017	43,506
2018	45,375
2019	47,326
Thereafter	605,361
	$ 823,284

11. EXTERNALLY-RESTRICTED NET ASSETS:

In 2001 and 2002, the corporation received donations of $132,948 and $410 respectively from Saskatoon Group Home Inc. that are restricted for use in youth housing or related programs.

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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

12. GRANT FUNDING:

The grant funding is composed of the following:

	2014	2013
Ministry of Social Services	1,071,610	885,110
Ministry of the Economy	306,184	268,841
Community First Development Fund of Saskatoon Inc.	9,052	19,398
Affinity Credit Union	15,000	16,000
Co-operative Development Initiative	-	-
Dakota Dunes Community Development Corporation	10,000	-
Other	480	8,934
Total Grant Funding (Operating fund)	**1,412,326**	**$ 1,198,283**

	2014	2013
Ministry of Social Services	5,460	5,460
Total Grant funding (Reserve fund)	**$ 5,460**	**$ 5,460**

13. CONTRIBUTIONS IN-KIND:

The estimated fair market values of contributions in-kind revenue are as follows:

	2014	2013
General – St. Paul's Hospital – office space	$ -	$ 6,450

The estimated fair market values of contributions in-kind expenses are as follows:

	2014	2013
General - office space	$ -	$ 6,450

14. 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, 2017 and requires minimum annual payments as follows:

Year ending March 31:	
2015	$ 47,602
2016	49,031
2017	50,501
2018	12,718
	$ 159,852

(b) Operating leases:

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

Year ending March 31:	
2015	$ 2,995
2016	2,995
2017	2,995
2018	2,995
	$ 11,980

15. 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 $20,245 ($Nil- 2013) 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 $20,361 to the Corporation.

During the current year the Corporation entered into several transactions with Mosaic Renewal Corporation. During the current year, the Corporation advanced cash of $237,543 to Mosaic and received dividends of $30,411 and interest of $24,117 from Mosaic. Mosaic repaid the Corporation $858,592 during the current year.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

16. 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.

17. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged $80,251 (2013 – $71,686) 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	Total
Affordable housing	-	31,834	31,834
Core Neighbourhoods at Work	43,254	15,066	58,320
Pleasant Hill Place	35,749	9,327	45,076
Rentals	-	69,279	69,279
Youth Lodge	43,913	17,529	61,442
Leadership	48,759	-	48,759
Total Cost Allocations and Internal Charges	**171,675**	**143,035**	**314,710**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2014

18. CONTINGENT LIABILITIES:

During the year ended March 31, 2000, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of $108,000 under the Residential Rehabilitation Assistance Program for the purchase and renovation of Pleasant Hill Place, located at 130 Avenue O South, Saskatoon, Saskatchewan. The loan is forgivable at $7,200 per year for 15 years, provided the Corporation meets certain provisions.

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 136 Avenue U South, 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 137 Avenue T South, 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 522 Avenue J South. 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

RESERVE FUND – EXTERNALLY RESTRICTED – Schedule 1

for the year ended March 31, 2014

Reserve name	Balance, Beginning of the year	Annual Allocation (Provincial funding)	Expenditures and Withdrawals	Interfund Transfers from operations	Balance, end of the year
Saskatoon Group Home Inc. – Station 20 West	$ 93,360	$ -	$ -	$ -	$ 93,360
Ministry of Social Services – Male Youth Lodge					
Maintenance reserve	-	1,320	(1,320)	-	-
Equipment reserve	-	660	(660)	-	-
Furnishings reserve	-	720	(720)	-	-
Other	146,912	-	-	22,653	169,565
Ministry of Social Services – Pleasant Hill Place					
Maintenance reserve	-	1,100	(1,100)	-	-
Equipment reserve	-	560	(560)	-	-
Furnishings reserve	-	1,100	(1,100)	-	-
Other	185,778	-	-	(16,026)	169,752
Total Reserve Fund - Externally restricted	$ 426,050	$ 5,460	$ (5,460)	$ 6,627	$ 432,677

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2014

Reserve name	Balance, Beginning of the year	Restriction of Current year's surplus	Loan Principal Payments	Other Interfund Transfers to/(from)	Balance, end of the year
Affordable Housing Program	$ 78,240	$ -	$ -	$ (10,173)	$ 68,067
Operating	5,000	-	-	-	5,000
Payroll Liability	31,800	-	-	-	31,800
Capital Maintenance					
[redacted] Property addresses are redacted in the online version for privacy	(10,869)	(2,076)	(2,201)	-	(15,146)
	44,417	19,601	(5,544)	-	58,474
	108,902	23,934	(2,021)	-	130,815
	(3,347)	3,387	(1,812)	-	(1,772)
	7,114	5,143	(1,205)	-	11,052
	106,745	26,465	(1,131)	-	132,079
	2,323	(28,623)	(1,799)	-	(28,099)
	19,418	48,352	(18,070)	-	49,700
	-	(2,051)	(947)	-	(2,998)
Total Reserve Fund - Internally restricted	$ 389,743	$ 94,132	$ (34,730)	$ (10,173)	$ 438,972

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2014

	Affordable Housing Program	Leadership	Pleasant Hill Place	Core Neighbourhoods at work
Revenue:				
Grant funding *(Note 12)*	$ 34,052	$ 110,585	$ 427,491	$ 306,184
Co-op support fees	5,058	-	-	-
Contributions in-kind *(Note 13)*	-	-	-	-
Donations	-	-	-	-
Interest	-	-	864	-
Rental and property management	-	-	36,804	-
Other	-	-	140	-
	39,110	110,585	465,299	306,184
Expenses:				
Administration	35,470	8	14,129	36,015
Board of directors	-	-	-	-
Contributions in-kind *(Note 13)*	-	-	-	-
Interest and loan fees	-	-	3,633	-
Program and participant costs	-	-	27,449	8,947
Property management	1,393	-	36,521	814
Vehicle and transportation	1,655	-	6,091	-
Wages and benefits	91,016	101,686	356,698	232,455
	129,534	101,694	444,521	278,231
Excess (deficiency) of revenue over expenses before the undernoted	(90,424)	8,891	20,778	27,953
Revenue – allocation of costs to other programs *(Note 17)*	80,251	-	-	-
Gain on disposition of properties	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	**$ (10,173)**	**$ 8,891**	**$ 20,778**	**$ 27,953**
Externally restricted	$ -	$ -	$ (16,026)	$ -
Internally restricted	(10,173)	-	-	-
Unrestricted	-	8,891	36,804	27,953
	$ (10,173)	**$ 8,891**	**$ 20,778**	**$ 27,953**

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3 (continued)

for the year ended March 31, 2014

	Youth Lodge	Rentals	Quint Admin	2014 Total	2013 Total
Revenue:					
Grant funding *(Note 12)*	$ 533,534	$ -	$ 480	$ 1,412,326	$ 1,198,283
Co-op support fees	-	-	-	5,058	5,807
Contributions in-kind *(Note 13)*	-	-	-	-	6,450
Donations	-	-	1,725	1,725	400
Interest	924	-	71,560	73,348	10,350
Rental and property management	-	502,713	12,000	551,517	530,734
Other	650	2,522	18,368	21,680	41,425
	535,108	505,235	104,133	2,065,654	1,793,449
Expenses:					
Administration	23,046	71,350	113,469	293,487	247,507
Board of directors	-	-	2,280	2,280	1,970
Contributions in-kind *(Note 13)*	-	-	-	-	6,450
Interest and loan fees	-	31,428	-	35,061	41,741
Program and participant costs	28,170	-	-	64,566	69,992
Property management	17,896	266,300	337	323,261	321,264
Vehicle and transportation	8,371	-	-	16,117	17,865
Wages and benefits	434,972	42,025	217,340	1,476,192	1,154,892
	512,455	411,103	333,426	2,210,964	1,861,681
Excess (deficiency) of revenue over expenses before allocations	22,653	94,132	(229,293)	(145,310)	(68,232)
Revenue – allocation of costs to other programs *(Note 17)*	-	-	314,710	394,961	332,821
Gain on disposition of properties	-	-	-	-	209,706
Excess (deficiency) of revenue over expenses for the year	**$ 22,653**	**$ 94,132**	**$ 85,417**	**$ 249,651**	**$ 474,295**
Externally restricted	$ 22,653	$ -	$ -	$ 6,627	77,445
Internally restricted	-	94,132	-	83,959	231,531
Unrestricted	-	-	85,417	159,065	165,319
	$ 22,653	**$ 94,132**	**$ 85,417**	**$ 249,651**	**$ 474,295**