TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG B. Comm., C.A.
L.D. SAFINUK B. Comm., C.A.
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QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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, 2015 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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Continued from previous page

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Quint Development Corporation as at March 31, 2015 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 17, 2015

Twigg & Company
Chartered Accountants

QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2015

	Operating Fund	Reserve Fund	Capital Fund	2015	2014
ASSETS					
Current assets:					
Cash and cash equivalents	$ 99,565	$ -	$ -	$ 99,565	$ 206,284
Short-term investments *(Note 5)*	-	793,700	-	793,700	491,207
Accounts receivable *(Note 3)*	75,959	-	-	75,959	60,161
Inventory	27,009	-	-	27,009	-
Due from operating fund	-	126,063	-	126,063	-
Due from reserve fund	-	-	-	-	20,859
Due from related parties *(Note 4)*	18,751	-	-	18,751	70,295
Prepaid expenses	30,669	-	-	30,669	19,243
	251,953	919,763	-	1,171,716	868,049
Long-term investments *(Note 5)*	150,000	401,082	-	551,082	751,331
Investment in Mosaic Renewal Corporation *(Note 6)*	100	-	-	100	100
Capital assets *(Note 7)*	-	-	5,300,866	5,300,866	5,551,558
	$ 402,053	$ 1,320,845	$ 5,300,866	$ 7,023,764	$ 7,171,038
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities *(Note 8)*	$ 150,725	$ -	$ -	$ 150,725	$ 101,362
Due to the operating fund	-	-	-	-	20,859
Due to the reserve fund	126,063	-	-	126,063	-
Current portion of long-term debt	-	-	41,940	41,940	40,000
Deferred contributions and revenue *(Note 9)*	80,519	-	-	80,519	58,631
	357,307	-	41,940	399,247	220,852
Long-term debt *(Note 10)*	-	-	740,733	740,733	783,284
	357,307	-	782,673	1,139,980	1,004,136
FUND BALANCES *(Note 2(a))*					
External restrictions	-	226,099	-	226,099	432,677
Internal restrictions	-	1,094,746	4,518,193	5,612,939	5,167,246
Unrestricted	44,746	-	-	44,746	566,979
	44,746	1,320,845	4,518,193	5,883,784	6,166,902
	$ 402,053	$ 1,320,845	$ 5,300,866	$ 7,023,764	$ 7,171,038

Approved by the Board:

Sheila Porke

[illegible]

QUINT DEVELOPMENT CORPORATION
STATEMENT CHANGES IN FUND BALANCES
for the year ended March 31, 2015

		Restricted					
	Operating fund	Externally restricted reserves (*Schedule 1*)	Internally restricted reserves (*Schedule 2*)	Total Reserve fund	Capital Fund	2015	2014
Balance, beginning of year	$ 566,979	$ 432,677	$ 438,972	$ 871,649	$ 4,728,274	$ 6,166,902	$ 6,195,447
Excess of revenue over expenses	28,232	-	-	-	(311,350)	(283,118)	(28,545)
Interfund transfers:							
Purchase of capital assets	(60,657)	-	-	-	60,657	-	-
Repayment of debt	(8,237)	-	(32,375)	(32,375)	40,612	-	-
Transfers from Operating fund	(726,028)	49,548	676,480	726,028	-	-	-
Transfers to Operating fund	262,912	(262,912)	-	(262,912)	-	-	-
Interest on reserve funds	(18,455)	6,786	11,669	18,455	-	-	-
Balance, end of year	$ 44,746	$ 226,099	$ 1,094,746	$ 1,320,845	$ 4,518,193	$ 5,883,784	$ 6,166,902

QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS

for the year ended March 31, 2015

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE:								
Grant funding *(Note 12)*	1,330,043 $	1,412,326	5,460	5,460	-	-	1,335,503 $	1,417,786
Co-Op support fees	-	5,058	-	-	-	-	-	5,058
Donations	25	1,725	-	-	-	-	25	1,725
Interest and investment income	22,951	73,348	-	-	-	-	22,951	73,348
Rental and property management	567,686	551,517	-	-	-	-	567,686	551,517
Other	30,920	21,680	-	-	-	-	30,920	21,680
	1,951,625	2,065,654	5,460	5,460	-	-	1,957,085	2,071,114
EXPENSES:								
Administration	321,573	293,487	-	-	-	-	321,573	293,487
Board of directors	2,080	2,280	-	-	-	-	2,080	2,280
Interest and loan fees	33,771	35,061	-	-	-	-	33,771	35,061
Program and participant costs	74,869	64,566	1,380	1,380	-	-	76,249	65,946
Property management	397,396	323,261	4,080	4,080	-	-	401,476	327,341
Vehicle and transportation	11,795	16,117	-	-	-	-	11,795	16,117
Wages and benefits	1,533,781	1,476,192	-	-	-	-	1,533,781	1,476,192
	2,375,265	2,210,964	5,460	5,460	-	-	2,380,725	2,216,424
Excess (deficiency) of revenue over expenses before amortization and allocations	(423,640)	(145,310)	-	-	-	-	(423,640)	(145,310)
Allocations: *(Note 16)*								
Revenue Allocation of costs to other programs	451,872	394,961	-	-	-	-	451,872	394,961
Excess (deficiency) of revenue over expenses before the undernoted	28,232	249,651	-	-	-	-	28,232	249,651
Amortization	-	-	-	-	(311,350)	(278,196)	(311,350)	(278,196)
Excess (deficiency) of revenues over expense for the year	$ 28,232 $	249,651 $	- $	- $	(311,350) $	(278,196) $	(283,118) $	(28,545)

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2015

	Operating Fund		Reserve Fund		Capital Fund		Total	
OPERATING ACTIVITIES:	2015	2014	2015	2014	2015	2014	2015	2014
Excess of revenue over expenses for the year	$ 28,232	$ 249,651	$ -	$ -	$ (311,350)	$ (278,196)	$ (283,118)	$ (28,545)
Add non-cash items:								
Amortization	-	-	-	-	311,350	278,196	311,350	278,196
	28,232	249,651	-	-	-	-	28,232	249,651
Change in non-cash working capital balances related to operations								
Accounts receivable	(15,798)	(13,724)	-	-	-	-	(15,798)	(13,724)
Inventory	(27,009)	-	-	-	-	-	(27,009)	-
Due from related parties	51,544	566,637	-	-	-	-	51,544	566,637
Prepaid expenses	(11,426)	4,087	-	-	-	-	(11,426)	4,087
Accounts payable and accrued charges	49,363	(1,301)	-	-	-	-	49,363	(1,301)
Deferred revenue	21,888	405	-	-	-	-	21,888	405
	68,562	556,104	-	-	-	-	68,562	556,104
Total from operating activities	96,794	805,755	-	-	-	-	96,794	805,755
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(60,658)	(63,280)	(60,658)	(63,280)
Additions to investments	-	(201,331)	(102,244)	(401,207)	-	-	(102,244)	(602,538)
Total from investing activities	-	(201,331)	(102,244)	(401,207)	(60,658)	(63,280)	(162,902)	(665,818)
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	-	51,200	-	51,200
Repayment of long-term debt	-	-	-	-	(40,611)	(42,597)	(40,611)	(42,597)
Total from financing activities	-	-	-	-	(40,611)	8,603	(40,611)	8,603
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR	96,794	604,424	(102,244)	(401,207)	(101,269)	(54,677)	(106,719)	148,540
CASH AND EQUIVALENTS, BEGINNING OF YEAR	206,284	57,744	-	-	-	-	206,284	57,744
INTERFUND TRANSFERS	(203,513)	(455,884)	102,244	401,207	101,269	54,677	-	-
CASH AND EQUIVALENTS, END OF YEAR	$ 99,565	$ 206,284	$ -	$ -	$ -	$ -	$ 99,565	$ 206,284
CASH AND EQUIVALENTS CONSIST OF:								
Cash and cash equivalents	99,565	206,284	-	-	-	-	99,565	206,284
SUPPLEMENTAL CASH FLOW DISCLOSURE:								
Interest received	22,951	73,348	-	-	-	-	22,951	73,348
Interest paid	33,771	35,061	-	-	-	-	33,771	35,061

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

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, 2015

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.

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.

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:

	2015	2014
Trade accounts receivable	$ 33,486	$ 28,089
Grants receivable	42,110	30,359
GST receivable	363	1,713
	$ 75,959	$ 60,161

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2015

4. DUE FROM RELATED PARTIES:

	2015	2014
Community First Development Fund of Saskatoon Inc.	$ 176	$ 176
Condo Association	-	1,338
Due from Mosaic Renewal Corporation	-	53,825
Millennium Housing Cooperative Ltd.	18,575	14,956
	$ 18,751	$ 70,295

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:

	2015	2014
Reserve fund investments		
Short-Term		
Guaranteed investment certificate bearing interest at 2.05%, maturing January 5, 2015	$ -	$ 200,000
Guaranteed investment certificate bearing interest at 1.00%, maturing January 5, 2016	90,000	90,000
Guaranteed investment certificate bearing interest at 6.00%, maturing January 5, 2016	200,000	-
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
Guaranteed investment certificate bearing interest at 1.00%, maturing January 9, 2016	300,000	-
Guaranteed investment certificate bearing interest at 1.84%, maturing March 28, 2016	200,000	-
Accrued interest	3,700	1,207
Total short-term reserve fund investments	**$ 793,700**	**$491,207**
Reserve fund investments		
Long-Term		
Guaranteed investment certificate bearing interest at 1.25%, maturing March 28, 2019	$ 200,000	$ 200,000
Guaranteed investment certificate bearing interest at 2.75%, maturing January 5, 2016	-	200,000
Guaranteed investment certificate bearing interest at 2.28%, maturing January 5, 2017	200,000	-
Accrued interest	1,082	1,301
Total long-term reserve fund investments	**$ 401,082**	**$ 401,301**
Operating fund investments		
Guaranteed investment certificate bearing interest at 1.84%, maturing March 28, 2016	$ -	200,030
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	**$ 150,000**	**$ 350,030**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2015	2014
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 Mosiac using the cost method. During the current year the Corporation received dividend income of $Nil ($30,411 - 2014) and interest income of $760 ($24,117 - 2014) from Mosaic Renewal Corporation.

7. CAPITAL ASSETS:

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 565,045	$ -	$ 565,045	$ 565,045
Buildings	6,286,528	1,644,765	4,641,763	4,867,558
Furniture, fixtures and equipment	233,556	206,050	27,506	61,734
Leasehold improvements	59,713	13,768	45,945	53,663
Vehicles	40,552	22,032	18,520	3,000
Computer equipment	71,419	69,332	2,087	558
	$7,256,813	$ 1,955,947	$5,300,866	$ 5,551,558

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

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

	2015	2014
Accounts payable	$ 78,300	$ 33,488
Accrued liabilities	72,425	67,874
	$ 150,725	**$ 101,362**

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.

9. DEFERRED CONTRIBUTIONS AND REVENUE (continued):

The deferred contributions and revenue is composed of the following:

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 June 1, 2014 to May 31, 2015. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

	2015	2014
Deferred contributions and revenue, beginning of year	**$ 58,631**	**$ 58,226**
Contributions and revenue received during the year:		
Core Neighbourhoods at work	421,105	46,979
Prepaid apartment rents	10,335	11,652
Less:		
Amounts recognized as grant revenue	(397,900)	(46,979)
Amounts recognized as rental revenue	(11,652)	(11,247)
Deferred contributions and revenue, end of year	**$ 80,519**	**$ 58,631**

The deferred contributions and revenue relates to the following:

	2015	2014
Core Neighbourhoods at work	$ 70,184	46,979
Prepaid apartment rents	10,335	11,652
Deferred contributions and revenue, end of year	**$ 80,519**	**$ 58,631**

10. LONG-TERM DEBT:

The Corporation's long-term debt obligations as at March 31, 2015 consist of the following:

	2015	2014
(a) Affinity Credit Union mortgage repayable in monthly instalments of $258 including principal and interest at 3.44% per annum. The original amount of the mortgage is $50,000. The mortgage is secured by related land and building at 522 Avenue J South with a net book value of $1,143,254. The mortgage matures on September 1, 2017.	$ 44,017	$ 45,388

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

10. LONG-TERM DEBT (continued):

	2015	2014
(b) Affinity Credit Union mortgage repayable in monthly instalments of $280 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 $44,949. The mortgage matures on November 1, 2015.	29,338	31,520
(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 $167,683. The mortgage matures on May 1, 2017.	90,958	99,195
(d) 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 $513,402. The mortgage matures on November 15, 2015.	25,717	27,870
(e) Affinity Credit Union mortgage repayable in monthly instalments of $329 including principal and interest at 3.34% 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 $56,318. The mortgage matures on March 1, 2016.	48,218	50,373
(f) 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 $77,079. The mortgage matures on November 1, 2016.	47,700	50,253
(g) 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 $43,173. The mortgage matures on July 1, 2015.	32,190	33,463

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

10. LONG-TERM DEBT (continued):

	2015	2014
(h) Affinity Credit Union mortgage repayable in monthly instalments of $3,205 including principal and interest at 4.59% 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 $1,368,863. The mortgage matures on December 1, 2016.	$ 431,916	$ 450,714
(i) 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 $48,801. The mortgage matures on July 1, 2015.	32,619	34,508
	782,673	823,284
Less: Current portion	41,940	40,000
	740,733	783,284

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

2016	41,940
2017	43,736
2018	45,611
2019	47,567
2020	49,609
Thereafter	554,210
	$ 782,673

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.

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, 2015

12. GRANT FUNDING:

The grant funding is composed of the following:

	2015	2014
Ministry of Social Services	926,786	1,071,610
Ministry of the Economy	387,777	306,184
Community First Development Fund of Saskatoon Inc.	-	9,052
Affinity Credit Union	15,000	15,000
Dakota Dunes Community Development Corporation	-	10,000
Other	480	480
Total Grant Funding (Operating fund)	**1,330,043**	**$ 1,412,326**

	2015	2014
Ministry of Social Services	5,460	5,460
Total Grant funding (Reserve fund)	**$ 5,460**	**$ 5,460**

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, 2017 and requires minimum annual payments as follows:

Year ending March 31:	
2016	$ 49,031
2017	50,501
2018	12,718
2019	-
	$ 112,250

(b) Operating leases:

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

Year ending March 31:	
2016	$ 2,995
2017	2,995
2018	2,996
2019	-
	$ 8,986

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

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 $5,568 ($20,245- 2014) 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 $1,949 ($20,361 – 2014) to the Corporation.

During the current year, the received dividends of $Nil ($30,411 – 2014) and interest of $764 ($24,117 – 2014) from Mosaic. Mosaic repaid the Corporation $54,589 ($858,592 – 2014) during the current year.

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, 2015

16. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged $98,131 ($80,251 - 2014) 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	-	30,723	98,131	128,854
Core Neighbourhoods at Work	56,779	22,299	-	79,078
Pleasant Hill Place	46,014	5,094	-	51,108
Rentals	-	71,518	-	71,518
Youth Lodge	39,503	17,992	-	57,495
Leadership	63,819	-	-	63,819
Total Cost Allocations and Internal Charges	**206,115**	**147,626**	**98,131**	**451,872**

17. 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 [redacted], 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 [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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

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.

18. SUBSEQUENT EVENT:

On June 1, 2015, subsequent to year-end, the Corporation sold the property recorded in inventory as at March 31, 2015 for $110,000.

19. 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	Saskatoon Group Home	Total
Transfer of prior year's surplus	$ -	$ 20,778	$ 8,891	$ -	$ 29,669
Transfer in prior year not approved by MSS	-	16,026	-	-	16,026
Prior year's reserve interest transfer required by MSS	2,683	2,684	-	-	5,367
Less: reserve interest included in prior year's operations	(924)	(864)	-	-	(1,788)
Less: Maximum reserves excess	(88,611)	(80,941)	-	-	(169,552)
Transfer from reserves	-	-	-	(93,360)	(93,360)
Current year's surplus from operations	-	-	274	-	274
	$ (86,852)	$ (42,317)	$ 9,165	$ (93,360)	$(213,364)

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – EXTERNALLY RESTRICTED – Schedule 1

for the year ended March 31, 2015

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
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	169,565	-	-	(86,852)	2,991	85,704
Ministry of Social Services – Pleasant Hill Place						
Maintenance reserve	-	1,100	(1,100)	-	-	-
Equipment reserve	-	560	(560)	-	-	-
Furnishings reserve	-	1,100	(1,100)	-	-	-
Other	169,752	-	-	(42,317)	3,582	131,017
Ministry of Social Services – Leadership	-	-	-	9,165	213	9,378
Total Reserve Fund - Externally restricted	$ 432,677	$ 5,460	$ (5,460)	$ (213,364)	$ 6,786	$ 226,099

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2015

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	$ 68,067	$ -	$ -	$ -	$1,631	$ 69,698
Operating	5,000	-	-	-	120	5,120
Payroll Liability	31,800	-	-	-	762	32,562
Affordable Housing expansion	-	-	-	600,000	-	600,000
Kitchen reserve	-	-	-	6,836	-	6,836
Capital Maintenance						
[redacted]	(15,146)	(5,172)	(2,182)	-	-	(22,500)
	58,474	14,386	-	-	1,401	74,261
	130,815	7,555	(2,154)	-	3,134	139,350
	(1,772)	5,666	(2,155)	-	-	1,739
	11,052	3,118	(1,273)	-	265	13,162
	132,079	20,704	(1,371)	-	3,165	154,577
	(28,099)	274	(1,890)	-	-	(29,715)
	49,700	23,084	(18,798)	-	1,191	55,177
	(2,998)	29	(2,552)	-	-	(5,521)
Total Reserve Fund - Internally restricted	$ 438,972	$ 69,644	$ (32,375)	$ 606,836	11,669	$ 1,094,746

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2015

	Affordable Housing Program	Leadership	Pleasant Hill Place	Core Neighbourhoods at work
Revenue:				
Grant funding *(Note 12)*	$ 15,000	$ 129,847	$ 387,923	$ 387,777
Co-op support fees	-	-	-	-
Donations	-	-	-	-
Interest	-	-	1,410	-
Rental and property management	4,573	-	23,748	-
Other	3,698	-	11,616	-
	23,271	129,847	424,697	387,777
Expenses:				
Administration	32,508	1,460	8,653	54,945
Board of directors	-	-	-	-
Interest and loan fees	-	-	3,285	-
Program and participant costs	-	-	26,013	28,026
Property management	4,238	-	37,075	5,855
Vehicle and transportation	1,880	-	4,476	-
Wages and benefits	86,610	128,113	360,583	281,435
	125,236	129,573	440,085	370,261
Excess (deficiency) of revenue over expenses before the undernoted	(101,965)	274	(15,388)	17,516
Revenue – allocation of costs to other programs *(Note 16)*	98,131	-	-	-
Gain on disposition of properties	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	**$ (3,834)**	**$ 274**	**$ (15,388)**	**$ 17,516**
Externally restricted	$ -	$ 274	$ -	$ -
Internally restricted	-	-	-	-
Unrestricted	(3,834)	-	(15,388)	17,516
	$ (3,834)	**$ 274**	**$ (15,388)**	**$ 17,516**

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3 (continued)

for the year ended March 31, 2015

	Youth Lodge	Rentals	Quint Admin	2015 Total	2014 Total
Revenue:					
Grant funding *(Note 12)*	$ 409,016	$ -	$ 480	$ 1,330,043	$ 1,412,326
Co-op support fees	-	-	-	-	5,058
Donations	-	-	25	25	1,725
Interest	1,115	-	20,426	22,951	73,348
Rental and property management	-	534,645	4,720	567,686	551,517
Other	95	75	15,436	30,920	21,680
	410,226	534,720	41,087	1,951,625	2,065,654
Expenses:					
Administration	23,758	73,597	126,652	321,573	293,487
Board of directors	-	-	2,080	2,080	2,280
Interest and loan fees	-	30,434	52	33,771	35,061
Program and participant costs	20,830	-	-	74,869	64,566
Property management	34,570	315,614	44	397,396	323,261
Vehicle and transportation	5,439	-	-	11,795	16,117
Wages and benefits	414,347	49,548	213,145	1,533,781	1,476,192
	498,944	469,193	341,973	2,375,265	2,210,964
Excess (deficiency) of revenue over expenses before allocations	(88,718)	65,527	(300,886)	(423,640)	(145,310)
Revenue – allocation of costs to other programs *(Note 16)*	-	-	353,741	451,872	394,961
Gain on disposition of properties	-	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	**$ (88,718)**	**$ 65,527**	**$ 52,855**	**$ 28,232**	**$ 249,651**
Externally restricted	$ -	$ -	$ -	$ 274	6,627
Internally restricted	-	69,644	-	69,644	83,959
Unrestricted	(88,718)	(4,117)	52,855	(41,686)	159,065
	$ (88,718)	**$ 65,527**	**$ 52,855**	**$ 28,232**	**$ 249,651**