TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG B. Comm., C.A.
L.D. SAFINUK B. Comm., C.A.
M. LINGARD B. Comm., MPAcc., C.A.

650 REGENCY CENTER
333 - 25th STREET EAST
SASKATOON, SK S7K 0L4

TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG B. Comm., C.A.
L.D. SAFINUK B. Comm., C.A.
M. LINGARD B. Comm., MPAcc., C.A.

650 REGENCY CENTER
333 - 25th STREET EAST
SASKATOON, SK S7K 0L4

TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

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, 2016 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

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

J.S. TWIGG B. Comm., C.A.
L.D. SAFINUK B. Comm., C.A.
M. LINGARD B. Comm., MPAcc., C.A.

650 REGENCY CENTER
333 - 25th STREET EAST
SASKATOON, SK S7K 0L4
TELEPHONE (306) 244-0808
FACSIMILE (306) 244-0004
www.twiggandcompany.com

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, 2016 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 8, 2016

Twigg & Company
Chartered Accountants

QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2016

	Operating Fund	Reserve Fund	Capital Fund	2016	2015
ASSETS					
Current assets:					
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 99,565
Short-term investments *(Note 5)*	-	403,014	-	403,014	793,700
Accounts receivable *(Note 3)*	107,031	-	-	107,031	75,959
Inventory	-	-	-	-	27,009
Due from operating fund	-	-	-	-	126,063
Due from related parties *(Note 4)*	4,104	-	-	4,104	18,751
Prepaid expenses	20,895	-	-	20,895	30,669
	132,030	403,014	-	535,044	1,171,716
Long-term investments *(Note 5)*	150,000	400,042	-	550,042	551,082
Investment in Mosaic Renewal Corporation *(Note 6)*	100	-	-	100	100
Capital assets *(Note 7)*	-	-	5,712,320	5,712,320	5,300,866
	$ 282,130	$ 803,056	$ 5,712,320	$ 6,797,506	$ 7,023,764
LIABILITIES					
Current liabilities:					
Bank indebtedness	$ 241,247	$ -	$ -	$ 241,247	$ -
Accounts payable and accrued liabilities *(Note 8)*	117,733	-	-	117,733	150,725
Due to the reserve fund	-	-	-	-	126,063
Current portion of long-term debt	-	-	45,000	45,000	41,940
Deferred contributions and revenue *(Note 9)*	88,563	-	-	88,563	80,519
	447,543	-	45,000	492,543	399,247
Long-term debt *(Note 10)*	-	-	694,805	694,805	740,733
	447,543	-	739,805	1,187,348	1,139,980
FUND BALANCES *(Note 2(a))*					
External restrictions	-	185,872	-	185,872	226,099
Internal restrictions	-	617,184	4,972,515	5,589,699	5,612,939
Unrestricted	(165,413)	-	-	(165,413)	44,746
	(165,413)	803,056	4,972,515	5,610,158	5,883,784
	$ 282,130	$ 803,056	$ 5,712,320	$ 6,797,506	$ 7,023,764

Approved by the Board:

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended March 31, 2016

		Restricted					
	Operating fund	**Externally restricted reserves** *(Schedule 1)*	**Internally restricted reserves** *(Schedule 2)*	**Total Reserve fund**	**Capital Fund**	**2016**	**2015**
Balance, beginning of year	$ 44,746	$ 226,099	$ 1,094,746	$ 1,320,845	$ 4,518,193	$ 5,883,784	$ 6,166,902
Excess of revenue over expenses	106,442	-	-	-	(301,364)	(194,922)	(283,118)
Interfund transfers:							
Purchase of capital assets	(712,818)	-	-	-	712,818	-	-
Repayment of debt	(8,729)	-	(34,139)	(34,139)	42,868	-	-
Transfers from Operating fund	(64,125)	58,307	5,818	64,125	-	-	-
Transfers to Operating fund	567,988	(99,425)	(468,563)	(567,988)	-	-	-
Interest on reserve funds	(20,213)	891	19,322	20,213	-	-	-
Funding recovered by the MSS	(78,704)	-	-	-	-	(78,704)	
Balance, end of year	**$ (165,413)**	**$ 185,872**	**$ 617,184**	**$ 803,056**	**$ 4,972,515**	**$ 5,610,158**	**$ 5,883,784**

QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS

for the year ended March 31, 2016

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE:								
Grant funding *(Note 12)*	1,512,761	$ 1,330,043	5,460	5,460	-	-	1,518,221	$ 1,335,503
Donations	35	25	-	-	-	-	35	25
Interest and investment income	22,646	22,951	-	-	-	-	22,646	22,951
Rental and property management	554,039	567,686	-	-	-	-	554,039	567,686
Other	27,376	30,920	-	-	-	-	27,376	30,920
	2,116,857	1,951,625	5,460	5,460	-	-	2,122,317	1,957,085
EXPENSES:								
Administration	338,025	321,573	-	-	-	-	338,025	321,573
Board of directors	4,308	2,080	-	-	-	-	4,308	2,080
Interest and loan fees	32,330	33,771	-	-	-	-	32,330	33,771
Program and participant costs	93,561	74,869	1,380	1,380	-	-	94,941	76,249
Property management	435,906	397,396	4,080	4,080	-	-	439,986	401,476
Vehicle and transportation	16,189	11,795	-	-	-	-	16,189	11,795
Wages and benefits	1,641,671	1,533,781	-	-	-	-	1,641,671	1,533,781
	2,561,990	2,375,265	5,460	5,460	-	-	2,567,450	2,380,725
Excess (deficiency) of revenue over expenses before amortization and allocations	(445,133)	(423,640)	-	-	-	-	(445,133)	(423,640)
Allocations: *(Note 16)*								
Revenue Allocation of costs to other programs	468,921	451,872	-	-	-	-	468,921	451,872
Excess (deficiency) of revenue over expenses before the undernoted	23,788	28,232	-	-	-	-	23,788	28,232
Gain on disposition of property	82,654	-	-	-	-	-	82,654	-
Amortization	-	-	-	-	(301,364)	(311,350)	(301,364)	(311,350)
Excess (deficiency) of revenues over expense for the year	$ **106,442**	$ **28,232**	$ **-**	$ **-**	$ **(301,364)**	$ **(311,350)**	$ **(194,922)**	$ **(283,118)**

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2016

	Operating Fund		Reserve Fund		Capital Fund		Total	
OPERATING ACTIVITIES:	2016	2015	2016	2015	2016	2015	2016	2015
Excess of revenue over expenses for the year	$ 106,442	$ 28,232	$ -	$ -	$ (301,364)	$ (311,350)	$ (194,922)	$ (283,118)
Add non-cash items:								
Amortization	-	-	-	-	301,364	311,350	301,364	311,350
	106,442	28,232	-	-	-	-	106,442	28,232
Change in non-cash working capital balances related to operations								
Accounts receivable	(31,072)	(15,798)	-	-	-	-	(31,072)	(15,798)
Inventory	27,009	(27,009)	-	-	-	-	27,009	(27,009)
Due from related parties	14,647	51,544	-	-	-	-	14,647	51,544
Prepaid expenses	9,774	(11,426)	-	-	-	-	9,774	(11,426)
Accounts payable and accrued charges	(32,992)	49,363	-	-	-	-	(32,992)	49,363
Deferred revenue	8,044	21,888	-	-	-	-	8,044	21,888
Funding recovered by the MSS	(78,704)	-	-	-	-	-	(78,704)	-
	(83,294)	68,562	-	-	-	-	(83,294)	68,562
Total from operating activities	23,148	96,794	-	-	-	-	23,148	96,794
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(712,818)	(60,658)	(712,818)	(60,658)
Redemption (purchase) of investments	-	-	391,726	(102,244)	-	-	391,726	(102,244)
Total from investing activities	-	-	391,726	(102,244)	(712,818)	(60,658)	(321,092)	(162,902)
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	(42,868)	(40,611)	(42,868)	(40,611)
Total from financing activities	-	-	-	-	(42,868)	(40,611)	(42,868)	(40,611)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR	23,148	96,794	391,726	(102,244)	(755,686)	(101,269)	(340,812)	(106,719)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	99,565	206,284	-	-	-	-	99,565	206,284
INTERFUND TRANSFERS	(363,960)	(203,513)	(391,726)	102,244	755,686	101,269	-	-
CASH AND EQUIVALENTS, END OF YEAR	$ (241,247)	$ 99,565	$ -	$ -	$ -	$ -	$ (241,247)	$ 99,565
CASH AND EQUIVALENTS CONSIST OF:			-					
Cash and cash equivalents (bank indebtedness)	(241,247)	99,565	-	-	-	-	(241,247)	99,565
SUPPLEMENTAL CASH FLOW DISCLOSURE:								
Interest paid	32,330	33,771	-	-	-	-	32,330	33,771

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

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) 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, 2016

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, 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.

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.

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:

	2016	2015
Trade accounts receivable	$ 13,029	$ 33,486
Grants receivable	70,000	42,110
GST receivable	3,552	363
Refundable deposits	20,450	-
	$ 107,031	**$ 75,959**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

4. DUE FROM RELATED PARTIES:

	2016	2015
Community First Development Fund of Saskatoon Inc.	$ 176	$ 176
Millennium Housing Cooperative Ltd.	3,928	18,575
	$ 4,104	**$ 18,751**

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:

	2016	2015
Reserve fund investments		
Short-Term		
Guaranteed investment certificate bearing interest at 1.00%, maturing January 5, 2016	$ -	$ 90,000
Guaranteed investment certificate bearing interest at 6.00%, maturing January 5, 2016	-	200,000
Guaranteed investment certificate bearing interest at 1.84%, maturing March 28, 2016	-	200,000
Guaranteed investment certificate bearing interest at 2.28%, maturing January 5, 2017	200,000	-
Savings account	201,940	-
Guaranteed investment certificate bearing interest at 1.00%, maturing January 9, 2016	-	300,000
Accrued interest	1,074	3,700
Total short-term reserve fund investments	**$ 403,014**	**$793,700**
Reserve fund investments		
Long-Term		
Guaranteed investment certificate bearing interest at 1.40%, maturing March 28, 2019	$ 200,000	$ 200,000
Guaranteed investment certificate bearing interest at 2.28%, maturing January 5, 2017	-	200,000
Guaranteed investment certificate bearing interest at 1.15%, maturing March 28, 2018	200,000	-
Accrued interest	42	1,082
Total long-term reserve fund investments	**$ 400,042**	**$ 401,082**
Operating fund investments		
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**	**$ 150,000**

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2016	2015
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.

7. CAPITAL ASSETS:

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$1,222,569	$ -	$ 1,222,569	$ 565,045
Buildings	6,341,821	1,898,438	4,443,383	4,641,763
Furniture, fixtures and equipment	233,556	230,187	3,369	27,506
Leasehold improvements	59,713	25,710	34,003	45,945
Vehicles	40,552	32,042	8,510	18,520
Computer equipment	76,963	76,477	486	2,087
	$7,975,174	$ 2,262,854	$ 5,712,320	$ 5,300,866

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

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

	2016	2015
Accounts payable	$ 47,664	$ 78,300
Accrued liabilities	70,069	72,425
	$ 117,733	**$ 150,725**

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, 2016

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, 2015 to September 30, 2016. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

	2016	2015
Deferred contributions and revenue, beginning of year	**$ 80,519**	**$ 58,631**
Contributions and revenue received during the year:		
Core Neighbourhoods at Work	421,106	421,105
Prepaid apartment rents	18,379	10,335
Less:		
Amounts recognized as grant revenue	(421,106)	(397,900)
Amounts recognized as rental revenue	(10,335)	(11,652)
Deferred contributions and revenue, end of year	**$ 88,563**	**$ 80,519**

The deferred contributions and revenue relates to the following:

	2016	2015
Core Neighbourhoods at work	$ 70,184	$ 70,184
Prepaid apartment rents	18,379	10,335
Deferred contributions and revenue, end of year	**$ 88,563**	**$ 80,519**

10. LONG-TERM DEBT:

The Corporation's long-term debt obligations as at March 31, 2016 consist of the following:

	2016	2015
(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 [redacted] with a net book value of $1,097,086. The mortgage matures on September 1, 2017.	$ 42,404	$ 44,017

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

10. LONG-TERM DEBT (continued):

	2016	2015
(b) Affinity Credit Union mortgage repayable in monthly instalments of $293 including principal and interest at 2.89% per annum. The original amount of the mortgage is $40,300. The mortgage is secured by related land at [redacted] with a net book value of $63,321. The mortgage matures on November 1, 2016.	26,933	29,338
(c) Affinity Credit Union mortgage repayable in monthly instalments of $944 including principal and interest at 2.95% per annum. The mortgage is secured by related land and building at [redacted] with a net book value of $157,949. The mortgage matures on May 1, 2017.	82,230	90,958
(d) Affinity Credit Union mortgage repayable in monthly instalments of $256 including principal and interest at 2.95% 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 $488,234. The mortgage matures on November 15, 2017.	23,460	25,717
(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 at [redacted] with a net book value of $72,579. The mortgage matures on March 1, 2016 and was paid in full on May 3, 2016	45,899	48,218
(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 $74,486. The mortgage matures on November 1, 2016.	45,045	47,700
(g) Affinity Credit Union mortgage repayable in monthly instalments of $217 including principal and interest at 2.89% 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 $41,431. The mortgage matures on July 1, 2016.	30,613	32,190

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

10. LONG-TERM DEBT (continued):

	2016	2015
(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 $1,304,345. The mortgage matures on December 1, 2016.	$ 412,753	$ 431,916
(i) Affinity Credit Union mortgage repayable in monthly instalments of $263 including principal and interest at 2.89% 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 $47,254. The mortgage matures on July 1, 2016.	30,468	32,619
	739,805	782,673
Less: Current portion	45,000	41,940
	694,805	740,733

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

2017	45,000
2018	46,733
2019	48,536
2020	50,411
2021	52,362
Thereafter	496,763
	$ 739,805

11. EXTERNALLY-RESTRICTED NET ASSETS:

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

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

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

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

12. GRANT FUNDING:

The grant funding is composed of the following:

	2016	2015
Ministry of Social Services	1,121,063	926,786
Ministry of the Economy	386,218	387,777
Affinity Credit Union	-	15,000
Other	5,480	480
Total Grant Funding (Operating fund)	**1,512,761**	**$ 1,330,043**

	2016	2015
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:	
2017	$ 50,501
2018	12,718
	$ 63,219

(b) Operating leases:

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

Year ending March 31:	
2017	$ 2,995
2018	2,996
	$ 5,991

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 $5,895 ($5,568- 2015) 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 $20,541 ($1,949 – 2015) to the Corporation.

15. FINANCIAL INSTRUMENTS:

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

Credit Risk

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

Interest rate risk

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

Liquidity risk

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

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

16. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged $112,989 ($98,131 - 2015) 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	-	29,623	112,989	142,612
Core Neighbourhoods at Work	44,456	34,923	-	79,379
Pleasant Hill Place	42,283	5,087	-	47,370
Rentals	-	74,226	-	74,226
Youth Lodge	38,683	17,697	-	56,380
Leadership	68,954	-	-	68,954
Total Cost Allocations and Internal Charges	**194,376**	**161,556**	**112,989**	**468,921**

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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

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. 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 transfer from reserves (2013-2014 vacancy loss)	$ (7,157)	$ (13,564)	$ -	$ (20,721)
Approved transfer from reserves (2015 vacancy loss)	(15,869)	-	-	(15,869)
Approved transfer from reserves (Reserves Maximum exceeded)	-	(62,835)	-	(62,835)
Current year's surplus from operations	16,918	39,669	1,720	58,307
	$ (6,108)	**$ (36,730)**	**$ 1,720**	**$ (41,118)**

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – EXTERNALLY RESTRICTED – Schedule 1

for the year ended March 31, 2016

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	85,704	-	-	(6,108)	370	79,966
Ministry of Social Services – Pleasant Hill Place						
Maintenance reserve	-	1,100	(1,100)	-	-	-
Equipment reserve	-	560	(560)	-	-	-
Furnishings reserve	-	1,100	(1,100)	-	-	-
Other	131,017	-	-	(36,730)	484	94,771
Ministry of Social Services – Leadership	9,378	-	-	1,720	37	11,135
Total Reserve Fund - Externally restricted	$ 226,099	$ 5,460	$ (5,460)	$ (41,118)	$ 891	$ 185,872

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2016

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	$ 69,698	$ -	$ -	$ -	$ 1,169	$ 70,867
Operating	5,120	-	-	-	86	5,206
Payroll Liability	32,562	-	-	-	546	33,108
Affordable Housing expansion	600,000	-	-	(468,563)	10,059	141,496
Kitchen reserve	6,836	-	-	-	115	6,951
Capital Maintenance						
[redacted]	(22,500)	(3,821)	(2,406)	-	-	(28,727)
[redacted]	74,261	(20,480)	-	-	1,245	55,026
[redacted]	139,350	5,002	(2,257)	-	2,336	144,431
[redacted]	1,739	(8,456)	(2,319)	-	29	(9,007)
[redacted]	13,162	5,214	(1,577)	-	221	17,020
[redacted]	154,577	5,026	(1,613)	-	2,592	160,582
[redacted]	(29,715)	3,354	(2,150)	-	-	(28,511)
[redacted]	55,177	13,847	(19,163)	-	925	50,786
[redacted]	(5,521)	6,132	(2,655)	-	-	(2,044)
Total Reserve Fund - Internally restricted	$ 1,094,746	$ 5,818	$ (34,140)	$(468,563)	$ 19,323	$ 617,184

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2016

	Affordable Housing Program	Leadership	Pleasant Hill Place	Pleasant Hill Place (income security)	Core Neighbourhoods at work
Revenue:					
Grant funding *(Note 12)*	$ -	$ 134,982	$ 458,709	$ -	$ 386,218
Donations	-	-	-	-	-
Interest	-	30	1,147	-	-
Rental and property management	4,212	-	-	19,975	-
Other	670	-	11,132	-	-
	4,882	135,012	470,988	19,975	386,218
Expenses:					
Administration	30,936	844	7,191	1,565	52,435
Board of directors	-	-	-	-	-
Interest and loan fees	-	-	-	2,600	-
Program and participant costs	-	-	22,201	-	39,873
Property management	2,613	-	15,130	7,041	12,728
Vehicle and transportation	1,530	-	4,513	-	-
Wages and benefits	81,928	132,448	382,284	-	326,033
	117,007	133,292	431,319	11,206	431,069
Excess (deficiency) of revenue over expenses before the undernoted	(112,125)	1,720	39,669	8,769	(44,851)
Revenue – allocation of costs to other programs *(Note 16)*	112,989	-	-	-	-
Gain on disposition of properties	-	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	**$ 864**	**$ 1,720**	**$ 39,669**	**$8,769**	**$ (44,851)**
Externally restricted	$ -	$ 1,720	$ 39,669	$ -	$ -
Internally restricted	-	-	-	-	-
Unrestricted	864	-	-	8,769	(44,851)
	$ 864	**$ 1,720**	**$ 39,669**	**$ 8,769**	**$ (44,851)**

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 (c)*.

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3 (continued)

for the year ended March 31, 2016

	Youth Lodge	Rentals	Quint Admin	2016 Total	2015 Total
Revenue:					
Grant funding *(Note 12)*	$ 527,372	$ 480	$ 5,000	$ 1,512,761	$ 1,330,043
Donations	35	-	-	35	25
Interest	847	-	20,622	22,646	22,951
Rental and property management	-	527,372	2,480	554,039	567,686
Other	-	-	15,574	27,376	30,920
	528,254	527,852	43,676	2,116,857	1,951,625
Expenses:					
Administration	22,572	76,740	145,742	338,025	321,573
Board of directors	-	-	4,308	4,308	2,080
Interest and loan fees	-	28,229	1,501	32,330	33,771
Program and participant costs	31,487	-	-	93,561	74,869
Property management	25,023	371,520	1,851	435,906	397,396
Vehicle and transportation	10,090	-	56	16,189	11,795
Wages and benefits	422,164	46,036	250,778	1,641,671	1,533,781
	511,336	522,525	404,236	2,561,990	2,375,265
Excess (deficiency) of revenue over expenses before allocations	16,918	5,327	(360,560)	(445,133)	(423,640)
Revenue – allocation of costs to other programs *(Note 16)*	-	-	355,932	468,921	451,872
Gain on disposition of properties	-	-	82,654	82,654	-
Excess (deficiency) of revenue over expenses for the year	**$ 16,918**	**$ 5,327**	**$ 78,026**	**$ 106,442**	**$ 28,232**
Externally restricted	$ 16,918	$ -	$ -	$ 58,307	274
Internally restricted	-	5,818	-	5,818	69,644
Unrestricted	-	(491)	78,026	42,317	(41,686)
	$ 16,918	**$ 5,327**	**$ 78,026**	**$ 106,442**	**$ 28,232**