

TWIGG & COMPANY
CHARTERED ACCOUNTANTS

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QUINT DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

for the year ended March 31, 2017



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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, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Continued on next page

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Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Quint Development Corporation as at March 31, 2017 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
May 30, 2017

Twigg & Company
Chartered Accountants

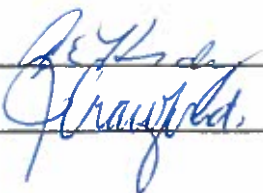


QUINT DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

as at March 31, 2017

	Operating Fund	Reserve Fund	Capital Fund	2017	2016
ASSETS					
Current assets:					
Short-term investments (Note 5)	\$ 150,000	\$ 228,104	\$ -	\$ 378,104	\$ 403,014
Accounts receivable (Note 3)	138,879	-	-	138,879	107,031
Due from operating fund	-	207,974	-	207,974	-
Due from related parties (Note 4)	2,755	-	-	2,755	4,104
Prepaid expenses	25,507	-	-	25,507	20,895
	<u>317,141</u>	<u>436,078</u>	<u>-</u>	<u>753,219</u>	<u>535,044</u>
Long-term investments (Note 5)	-	400,752	-	400,752	550,042
Investment in Mosaic Renewal Corporation (Note 6)	100	-	-	100	100
Capital assets (Note 7)	-	-	5,661,278	5,661,278	5,712,320
	<u>\$ 317,241</u>	<u>\$ 836,830</u>	<u>\$ 5,661,278</u>	<u>\$ 6,815,349</u>	<u>\$ 6,797,506</u>
LIABILITIES					
Current liabilities:					
Bank indebtedness	\$ 185,015	\$ -	\$ -	\$ 185,015	\$ 241,247
Accounts payable and accrued liabilities (Note 8)	124,505	-	-	124,505	117,733
Due to the reserve fund	207,974	-	-	207,974	-
Current portion of long-term debt	-	-	227,318	227,318	45,000
Deferred contributions and revenue (Note 9)	92,412	-	-	92,412	88,563
	<u>609,906</u>	<u>-</u>	<u>227,318</u>	<u>837,224</u>	<u>492,543</u>
Long-term debt (Note 10)	-	-	370,539	370,539	694,805
	<u>609,906</u>	<u>-</u>	<u>597,857</u>	<u>1,207,763</u>	<u>1,187,348</u>
FUND BALANCES (Note 2(a))					
External restrictions	-	225,806	-	225,806	185,872
Internal restrictions	-	611,024	5,063,421	5,674,445	5,589,699
Unrestricted	(292,665)	-	-	(292,665)	(165,413)
	<u>(292,665)</u>	<u>836,830</u>	<u>5,063,421</u>	<u>5,607,586</u>	<u>5,610,158</u>
	<u>\$ 317,241</u>	<u>\$ 836,830</u>	<u>\$ 5,661,278</u>	<u>\$ 6,815,349</u>	<u>\$ 6,797,506</u>

Approved by the Board:



QUINT DEVELOPMENT CORPORATION
 STATEMENT OF CHANGES IN FUND BALANCES
 for the year ended March 31, 2017

	Restricted		Capital Fund	2017	2016		
	Externally restricted reserves	Internally restricted reserves				Total Reserve fund	
Balance, beginning of year	\$ (165,413)	\$ 185,872	\$ 617,184	\$ 803,056	\$ 4,972,515	\$ 5,610,158	\$ 5,883,784
Excess of revenue over expenses	281,536	-	-	-	(271,418)	10,118	(194,922)
<i>Interfund transfers:</i>							
Purchase of capital assets	(396,352)	-	-	-	396,352	-	-
Disposals of capital assets	175,976	-	-	-	(175,976)	-	-
Repayment of debt	(9,042)	-	(132,906)	-	141,948	-	-
Transfers from Operating fund	(170,631)	51,460	119,171	170,631	-	-	-
Transfers to Operating fund	-	-	-	-	-	-	-
Interest on reserve funds	(8,739)	1,164	7,575	8,739	-	-	-
Funding recovered by the MSS	-	(12,690)	-	(12,690)	-	(12,690)	(78,704)
Balance, end of year	\$ (292,665)	\$ 225,806	\$ 611,024	\$ 836,830	\$ 5,063,421	\$ 5,607,586	\$ 5,610,158

QUINT DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS

for the year ended March 31, 2017

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE:								
Grant funding (Note 12)	1,678,846	1,512,761	5,460	5,460	-	-	1,684,306	\$ 1,518,221
Donations	194	35	-	-	-	-	194	35
Interest and investment income	22,727	22,646	-	-	-	-	22,727	22,646
Rental and property management	558,840	554,039	-	-	-	-	558,840	554,039
Other	29,556	27,376	-	-	-	-	29,556	27,376
	2,290,163	2,116,857	5,460	5,460	-	-	2,295,623	2,122,317
EXPENSES:								
Administration	307,650	338,025	-	-	-	-	307,650	338,025
Board of directors	1,830	4,308	-	-	-	-	1,830	4,308
Interest and loan fees	28,912	32,330	-	-	-	-	28,912	32,330
Program and participant costs	96,411	93,561	1,380	1,380	-	-	97,791	94,941
Property management	429,124	435,906	4,080	4,080	-	-	433,204	439,986
Vehicle and transportation	15,791	16,189	-	-	-	-	15,791	16,189
Wages and benefits	1,651,425	1,641,671	-	-	-	-	1,651,425	1,641,671
	2,531,143	2,561,990	5,460	5,460	-	-	2,536,603	2,567,450
Excess (deficiency) of revenue over expenses before amortization and allocations	(240,980)	(445,133)	-	-	-	-	(240,980)	(445,133)
Allocations: (Note 16)								
Revenue Allocation of costs to other programs	479,495	468,921	-	-	-	-	479,495	468,921
Excess (deficiency) of revenue over expenses before the undernoted	238,515	23,788	-	-	-	-	238,515	23,788
Gain on disposition of property	43,021	82,654	-	-	-	-	43,021	82,654
Amortization	-	-	-	-	(271,418)	(301,364)	(271,418)	(301,364)
Excess (deficiency) of revenues over expense for the year	\$ 281,536	\$ 106,442	\$ -	\$ -	\$ (271,418)	\$ (301,364)	\$ 10,118	\$ (194,922)

QUINT DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS

for the year ended March 31, 2017

	Operating Fund		Reserve Fund		Capital Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
OPERATING ACTIVITIES:								
Excess of revenue over expenses for the year	\$ 281,536	\$ 106,442	\$ -	\$ -	\$ (271,418)	\$ (301,364)	\$ 10,118	\$ (194,922)
Add non-cash items:								
Amortization	-	-	-	-	271,418	301,364	271,418	301,364
Gain on disposition of property	(43,021)	-	-	-	-	-	(43,021)	-
	238,515	106,442	-	-	-	-	238,515	106,442
Change in non-cash working capital balances related to operations								
Accounts receivable	(31,848)	(31,072)	-	-	-	-	(31,848)	(31,072)
Inventory	-	27,009	-	-	-	-	-	27,009
Due from related parties	1,349	14,647	-	-	-	-	1,349	14,647
Prepaid expenses	(4,612)	9,774	-	-	-	-	(4,612)	9,774
Accounts payable and accrued charges	6,772	(32,992)	-	-	-	-	6,772	(32,992)
Deferred revenue	3,849	8,044	-	-	-	-	3,849	8,044
Funding recovered by the MSS	(12,690)	(78,704)	-	-	-	-	(12,690)	(78,704)
	(37,180)	(83,294)	-	-	-	-	(37,180)	(83,294)
Total from operating activities	201,335	23,148	-	-	-	-	201,335	23,148
INVESTING ACTIVITIES:								
Capital asset purchases	-	-	-	-	(396,352)	(712,818)	(396,352)	(712,818)
Proceeds from disposal of assets	-	-	-	-	218,997	-	218,997	-
Redemption (purchase) of investments	-	-	174,200	391,726	-	-	174,200	391,726
Total from investing activities	-	-	174,200	391,726	(177,355)	(712,818)	(3,155)	(321,092)
FINANCING ACTIVITIES:								
Long-term loans received	-	-	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	(141,948)	(42,868)	(141,948)	(42,868)
Total from financing activities	-	-	-	-	(141,948)	(42,868)	(141,948)	(42,868)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR THE YEAR	201,335	23,148	174,200	391,726	(319,303)	(755,686)	56,232	(340,812)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	(241,247)	99,565	-	-	-	-	(241,247)	99,565
INTERFUND TRANSFERS	(145,103)	(363,960)	(174,200)	(391,726)	319,303	755,686	-	-
CASH AND EQUIVALENTS, END OF YEAR	\$ (185,015)	\$ (241,247)	\$ -	\$ -	\$ -	\$ -	\$ (185,015)	\$ (241,247)
CASH AND EQUIVALENTS CONSIST OF:								
Cash and cash equivalents (bank indebtedness)	(185,015)	(241,247)	-	-	-	-	(185,015)	(241,247)

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

1. NATURE OF OPERATIONS:

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

2. SIGNIFICANT ACCOUNTING POLICIES:

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

a) Restricted fund accounting

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

(i) Operating fund

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

(ii) Reserve fund

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

(iii) Capital asset fund

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

b) Cash and cash equivalents

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

c) Short-term investments

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

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

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:

	2017	2016
Trade accounts receivable	\$ 19,110	\$ 13,029
Grants receivable	85,956	70,000
GST receivable	14,163	3,552
Refundable deposits	19,650	20,450
	<u>\$ 138,879</u>	<u>\$ 107,031</u>

QUINT DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

4. **DUE FROM RELATED PARTIES:**

	2017	2016
Community First Development Fund of Saskatoon Inc.	\$ -	\$ 176
Millennium Housing Cooperative Ltd.	2,755	3,928
	\$ 2,755	\$ 4,104

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:**

	2017	2016
<u>Reserve fund investments</u>		
<i>Short-Term</i>		
Guaranteed investment certificate bearing interest at 2.28%, maturing January 5, 2017	\$ -	\$ 200,000
Savings account	203,104	201,940
Guaranteed investment certificate bearing interest at 0.60%, maturing March 28, 2018	25,000	-
Accrued interest	-	1,074
Total short-term reserve fund investments	\$ 228,104	\$ 403,014

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 short-term operating fund investments	\$ 150,000	\$ 150,000

Reserve fund investments

<i>Long-Term</i>		
Guaranteed investment certificate bearing interest at 2.65%, maturing March 28, 2019	\$ 200,000	\$ 200,000
Guaranteed investment certificate bearing interest at 1.49%, maturing January 5, 2019	200,000	200,000
Accrued interest	752	42
Total long-term reserve fund investments	\$ 400,752	\$ 400,042

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

6. INVESTMENT IN MOSAIC RENEWAL CORPORATION:

	2017	2016
Investment in Mosaic Renewal Corporation	\$ 100	\$ 100
	\$ 100	\$ 100

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

7. CAPITAL ASSETS:

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$1,582,046	\$ -	\$ 1,582,046	\$ 1,222,569
Buildings	6,152,038	2,108,930	4,043,108	4,443,383
Furniture, fixtures and equipment	233,556	233,556	-	3,369
Leasehold improvements	73,591	39,040	34,551	34,003
Vehicles	36,552	36,552	-	8,510
Computer equipment	78,461	76,888	1,573	486
	\$8,156,244	\$ 2,494,966	\$ 5,661,278	\$ 5,712,320

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

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

	2017	2016
Accounts payable	\$ 47,065	\$ 47,664
Accrued liabilities	77,440	70,069
	\$ 124,505	\$ 117,733

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, 2017

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, 2016 to September 30, 2017. Deferred contributions related to expenses of future periods represent unspent externally restricted funding for the purposes of paying operating expenditures in future periods.

	2017	2016
Deferred contributions and revenue, beginning of year	\$ 88,563	\$ 80,519
<i>Contributions and revenue received during the year:</i>		
Core Neighbourhoods at Work	429,780	421,106
Prepaid apartment rents	22,228	18,379
<i>Less:</i>		
Amounts recognized as grant revenue	(429,780)	(421,106)
Amounts recognized as rental revenue	(18,379)	(10,335)
Deferred contributions and revenue, end of year	\$ 92,412	\$ 88,563

The deferred contributions and revenue relates to the following:

	2017	2016
Core Neighbourhoods at work	\$ 70,184	\$ 70,184
Prepaid apartment rents	22,228	18,379
Deferred contributions and revenue, end of year	\$ 92,412	\$ 88,563

10. LONG-TERM DEBT:

The Corporation's long-term debt obligations as at March 31, 2017 consist of the following:

	2017	2016
(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 \$1,050,917. The mortgage matures on September 1, 2017.	\$ 40,732	\$ 42,404

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

10. LONG-TERM DEBT (continued):

	2017	2016
(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 119 and 121 Avenue T South with a net book value of \$Nil. The mortgage matured on November 1, 2016.	-	26,933
(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 130 Avenue O South with a net book value of \$148,216. The mortgage matures on May 1, 2017.	73,187	82,230
(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 137 Avenue T South with a net book value of \$458,974. The mortgage matures on November 15, 2017.	21,048	23,460
(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 216 Avenue O South with a net book value of \$Nil. The mortgage matured on March 1, 2016 and was paid in full on May 3, 2016	-	45,899
(f) Affinity Credit Union mortgage repayable in monthly instalments of \$359 including principal and interest at 3.09% per annum. The original amount of the mortgage is \$51,200. The mortgage is secured by related land and building at 334 Avenue G South with a net book value of \$71,893. The mortgage matures on November 1, 2016.	42,213	45,045
(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 436 Avenue T South with a net book value of \$Nil. The mortgage matured on July 1, 2016.	-	30,613

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

10. LONG-TERM DEBT (continued):

	2017	2016
(h) Affinity Credit Union mortgage repayable in monthly instalments of \$3,070 including principal and interest at 3.89% per annum. The original amount of the mortgage is \$505,430. The mortgage is secured by related land and buildings at 315 Ave N South, 1505 19 th Street West and 1507 19 th Street West with a net book value of \$1,239,828. The mortgage matures on January 1, 2019.	\$ 392,495	\$ 412,753
(i) Affinity Credit Union mortgage repayable in monthly instalments of \$263 including principal and interest at 2.99% per annum. The original amount of the mortgage is \$37,500. The mortgage is secured by related land and building at 425 Avenue I South with a net book value of \$45,958. The mortgage matures on July 1, 2017.	<u>28,182</u>	<u>30,468</u>
	597,857	739,805
Less: Current portion	<u>227,318</u>	<u>45,000</u>
	<u>370,539</u>	<u>694,805</u>

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

2018	227,318
2019	<u>370,539</u>
	<u>\$ 597,857</u>

11. EXTERNALLY-RESTRICTED NET ASSETS:

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

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

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

QUINT DEVELOPMENT CORPORATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

12. GRANT FUNDING:

The grant funding is composed of the following:

	2017	2016
Ministry of Social Services	\$ 1,121,119	\$ 1,121,063
Ministry of the Economy	437,727	386,218
Community First Foundation	90,000	-
Other	30,000	5,480
Total Grant Funding (Operating fund)	\$ 1,678,846	\$ 1,512,761

	2017	2016
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:	
2018	\$ 12,718

(b) Operating leases:

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

Year ending March 31:	
2018	\$ 2,996

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

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 \$3,175 (\$5,895- 2016) in management fees from Millennium Housing Cooperative Ltd. ("Millennium"), an organization under common management. These fees were used to pay administration and support costs associated with the operations of the co-operative. Quint Development Corporation also provides interim financing, at no cost, to the housing co-operative to cover costs related to the purchase and renovation of houses owned by the co-operative. During the current year Millennium made payments of \$4,348 (\$20,541 – 2016) 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, 2017

16. COST ALLOCATIONS AND INTERNAL CHARGES:

During the year, the affordable housing program charged \$120,514 (\$112,989 - 2016) 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	-	30,789	120,514	151,303
Core Neighbourhoods at Work	49,434	30,227	-	79,661
Pleasant Hill Place	44,133	4,789	-	48,922
Rentals	-	76,186	-	76,186
Youth Lodge	36,942	17,551	-	54,493
Leadership	68,930	-	-	68,930
Total Cost Allocations and Internal Charges	199,439	159,542	120,514	479,495

17. CONTINGENT LIABILITIES:

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.

QUINT DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

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 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.

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 (2015-2016 vacancy loss)	\$ (12,690)	\$ -	\$ -	\$ (12,690)
Current year's surplus from operations	39,307	9,041	3,112	51,460
	\$ 26,617	\$ 9,041	\$ 3,112	\$ 38,770

19. SUBSEQUENT EVENT:

Subsequent to year-end the Corporation entered into a Project Development and operating agreement with Saskatchewan Housing Corporation to develop an affordable rental housing project on Ave O South, Saskatoon, Saskatchewan.

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – EXTERNALLY RESTRICTED – Schedule 1

for the year ended March 31, 2017

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	79,966	-	-	26,617	500	107,083
Ministry of Social Services – Pleasant Hill Place						
Maintenance reserve	-	1,100	(1,100)	-	-	-
Equipment reserve	-	560	(560)	-	-	-
Furnishings reserve	-	1,100	(1,100)	-	-	-
Other	94,771	-	-	9,041	594	104,406
Ministry of Social Services – Leadership	11,135	-	-	3,112	70	14,317
Total Reserve Fund - Externally restricted	\$ 185,872	\$ 5,460	\$ (5,460)	\$ 38,770	\$ 1,164	\$ 225,806

QUINT DEVELOPMENT CORPORATION

RESERVE FUND – INTERNALLY RESTRICTED – Schedule 2

for the year ended March 31, 2017

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	\$ 70,867	\$ (15,170)	\$ -	\$ -	\$ 783	\$ 56,480
Operating	5,206	-	-	-	58	5,264
Payroll Liability	33,108	-	-	-	365	33,473
Affordable Housing expansion	141,496	-	-	-	1,564	143,060
Kitchen reserve	6,951	-	-	-	77	7,028
<i>Capital Maintenance</i>						
119 and 121 Ave T South	(28,727)	-	(26,932)	55,659	-	-
136 Ave U South	55,026	9,810	-	-	608	65,444
137 Ave T South	144,431	10,217	(2,412)	-	1,597	153,833
216 Ave O South	(9,007)	(65,269)	(45,899)	-	-	(120,175)
436 Ave T South	17,020	-	(30,613)	13,406	187	-
522 Ave J South	160,582	13,873	(1,673)	-	1,775	174,557
425 Ave I South	(28,511)	(10,628)	(2,287)	-	-	(41,426)
Condominiums	50,786	32,438	(20,258)	-	561	63,527
200 Avenue O	-	85,695	-	-	-	85,695
334 Ave G South	(2,044)	(10,860)	(2,832)	-	-	(15,736)
Total Reserve Fund -						
Internally restricted	\$ 617,184	\$ 50,106	\$ (132,906)	\$ 69,065	\$ 7,575	\$ 611,024

QUINT DEVELOPMENT CORPORATION

PROGRAM OPERATIONS – Schedule 3

for the year ended March 31, 2017

	Affordable Housing Program	Leadership	Pleasant Hill Place	Pleasant Hill Place (income security)	Core Neighbourhoods at work
Revenue:					
Grant funding (Note 12)	\$ 15,000	\$ 134,981	\$ 470,454	\$ -	\$ 437,727
Donations	-	-	-	-	-
Interest	-	47	675	-	-
Rental and property management	2,955	-	-	21,060	-
Other	4,659	-	252	-	-
	22,614	135,028	471,381	21,060	437,727
Expenses:					
Administration	32,610	540	7,688	1,237	39,791
Board of directors	-	-	-	-	-
Interest and loan fees	-	-	-	2,071	-
Program and participant costs	-	-	27,985	-	45,798
Property management	1,918	-	41,288	8,488	1,775
Vehicle and transportation	3,234	-	5,764	-	-
Wages and benefits	120,356	131,376	379,615	-	332,258
	158,118	131,916	462,340	11,796	419,622
Excess (deficiency) of revenue over expenses before the undernoted	(135,504)	3,112	9,041	9,264	18,105
Revenue – allocation of costs to other programs (Note 16)	120,514	-	-	-	-
Gain on disposition of properties	(180)	-	-	-	-
Excess (deficiency) of revenue over expenses for the year	\$ (15,170)	\$ 3,112	\$ 9,041	\$ 9,264	\$ 18,105
Externally restricted	\$ -	\$ 3,112	\$ 9,041	\$ -	\$ -
Internally restricted	(15,170)	-	-	-	-
Unrestricted	-	-	-	9,264	18,105
	\$ (15,170)	\$ 3,112	\$ 9,041	\$ 9,264	\$ 18,105

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, 2017

	Youth Lodge	Rentals	Quint Admin	2017 Total	2016 Total
Revenue:					
Grant funding (Note 12)	\$ 522,604	\$ 98,080	\$ -	\$ 1,678,846	\$ 1,512,761
Donations	160	-	34	194	35
Interest	443	-	21,562	22,727	22,646
Rental and property management	-	531,836	2,989	558,840	554,039
Other	-	225	24,420	29,556	27,376
	<u>523,207</u>	<u>630,141</u>	<u>49,005</u>	<u>2,290,163</u>	<u>2,116,857</u>
Expenses:					
Administration	23,929	79,505	122,350	307,650	338,025
Board of directors	-	-	1,830	1,830	4,308
Interest and loan fees	-	26,841	-	28,912	32,330
Program and participant costs	22,628	-	-	96,411	93,561
Property management	19,458	354,791	1,406	429,124	435,906
Vehicle and transportation	6,579	-	214	15,791	16,189
Wages and benefits	411,306	43,209	233,305	1,651,425	1,641,671
	<u>483,900</u>	<u>504,346</u>	<u>359,105</u>	<u>2,531,143</u>	<u>2,561,990</u>
Excess (deficiency) of revenue over expenses before allocations	39,307	125,795	(310,100)	(240,980)	(445,133)
Revenue – allocation of costs to other programs (Note 16)	-	-	358,981	479,495	468,921
Gain on disposition of properties	-	43,201	-	43,021	82,654
Excess (deficiency) of revenue over expenses for the year	<u>\$ 39,307</u>	<u>\$ 168,996</u>	<u>\$ 48,881</u>	<u>\$ 281,536</u>	<u>\$ 106,442</u>
Externally restricted	\$ 39,307	\$ -	\$ -	\$ 51,460	\$ 58,307
Internally restricted	-	65,274	-	50,104	5,818
Unrestricted	-	103,722	48,881	179,972	42,317
	<u>\$ 39,307</u>	<u>\$ 168,996</u>	<u>\$ 48,881</u>	<u>\$ 281,536</u>	<u>\$ 106,442</u>