

QUINT DEVELOPMENT CORPORATION
Financial Statements
For the Year Ended March 31, 2023

Independent Auditor's Report to the Members of Quint Development Corporation *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Lingard + Dreger

Chartered Professional Accountants

Saskatoon, Saskatchewan
June 22, 2023



QUINT DEVELOPMENT CORPORATION
Statement of Financial Position
As at March 31, 2023

	Operating	Reserve	Capital	2023	2022
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities (Note 8)	\$ 270,304	\$ -	-	\$ 270,304	\$ 193,505
Current portion of long term debt (Note 9)	-	-	74,670	74,670	101,891
Deferred contributions and revenue (Note 10)	49,805	-	-	49,805	140,288
Due to operating fund	-	86,433	-	86,433	47,543
	320,109	86,433	74,670	481,212	483,227
LONG-TERM DEBT (Note 9)	-	-	1,266,539	1,266,539	1,311,342
	320,109	86,433	1,341,209	1,747,751	1,794,569
FUND BALANCES					
External restrictions	-	217,723	-	217,723	347,930
Internal restrictions	-	614,661	6,213,613	6,828,274	6,978,684
Unrestricted	30,165	-	-	30,165	170,277
	30,165	832,384	6,213,613	7,076,162	7,496,891
	\$ 350,274	\$ 918,817	\$ 7,554,822	\$ 8,823,913	\$ 9,291,460

APPROVED ON BEHALF OF THE BOARD


 Director


 Director

See notes to the financial statements

QUINT DEVELOPMENT CORPORATION
Statement of Changes in Fund Balances
For the Year Ended March 31, 2023

	2022 Balance	Excess (deficiency) of revenue over expenses	Contributions	Withdrawals	2023 Balance
Operating fund	\$ 170,277	\$ 78,001	\$ 154,687	\$ (372,800)	\$ 30,165
Externally restricted reserve	347,930	-	24,478	(154,685)	217,723
Internally restricted reserve	481,254	-	144,770	(11,363)	614,661
Total reserve fund	829,184	-	169,248	(166,048)	832,384
Capital fund	6,497,430	(436,742)	152,925	-	6,213,613
	\$ 7,496,891	\$ (358,741)	\$ 476,860	\$ (538,848)	\$ 7,076,162

	2021 Balance	Excess (deficiency) of revenue over expenses	Contributions	Withdrawals	2022 Balance
Operating fund	\$ (30,139)	\$ 158,204	\$ 356,444	\$ (314,232)	\$ 170,277
Externally restricted reserve	327,608	-	81,312	(60,990)	347,930
Internally restricted reserve	682,167	-	14,445	(215,358)	481,254
Total reserve fund	1,009,775	-	95,757	(276,348)	829,184
Capital fund	6,828,393	(445,945)	214,982	(100,000)	6,497,430
	\$ 7,808,029	\$ (287,741)	\$ 667,183	\$ (690,580)	\$ 7,496,891

See notes to the financial statements

QUINT DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the Year Ended March 31, 2023

1. NATURE OF OPERATIONS

Quint Development Corporation's ("The Corporation") mission is to strengthen the social and economic well-being of Saskatoon's core neighbourhoods through a community economic development approach. The Corporation was incorporated under the *Non-Profit Corporations Act, 1995* of Saskatchewan. 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. SUMMARY OF 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:

Cash and cash equivalents

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

Investments

Investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months, are carried at amortized cost.

Inventory

Inventory is measured at the lower of cost or 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.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	25 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3 years
Computer equipment	3 years
Leasehold improvements	60 months

The Corporation regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Other investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

(continues)

QUINT DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. ECONOMIC DEPENDENCE

The Corporation received a significant amount of its revenue from the Ministry of the Social Services 30.19% (2022 - 37.58%) and is therefore dependent on continued funding from the Ministry to fund its ongoing operations.

4. INVESTMENTS

	Maturity	2023	Yield	2022
Short-term investments				
Term deposits	<one year	\$ 302,775	2.00% - 2.50%	\$ 426,167
Long-term Investments				
Term deposits	1-3 years	427,006	4.00% - 4.10%	201,163
		\$ 729,781		\$ 627,330

5. ACCOUNTS RECEIVABLE

	2023	2022
Trade accounts receivable	\$ 89,988	\$ 44,254
GST receivable	3,123	2,935
Refundable deposits	11,025	-
	\$ 104,136	\$ 47,189

QUINT DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the Year Ended March 31, 2023

9. LONG-TERM DEBT

	2023	2022
Affinity Credit Union mortgage repayable in monthly instalments of \$285 including principal and interest at 5.24% 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 \$773,906 (2022 - \$820,074). The mortgage matures on October 1, 2027.	\$ 29,834	\$ 31,712
Affinity Credit Union mortgage repayable in monthly instalments of \$2,975 including principal and interest at 3.19% 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 19th Street West and 1507 19th Street West with a net book value of \$852,723 (2022 - \$917,241). The mortgage matures on January 1, 2026.	245,626	273,069
Affinity Credit Union mortgage repayable in monthly instalments of \$6,301 including principal and interest at 4.09% per annum. The mortgage is secured by related land and building at 204, 208, 212, 214 and 216 Avenue O South, Saskatoon with a net book value of \$4,432,380 (2022 - \$4,601,919). The mortgage matures on May 31, 2027.	1,052,341	1,084,173
Affinity Credit Union mortgage repayable in monthly instalments of \$973 including principal and interest at 4.19% per annum. The mortgage is secured by related land and building at 130 Avenue O South with a net book value of \$127,811 (2022 - \$139,196). The mortgage matures on May 1, 2024.	13,408	24,279
	1,341,209	1,413,233
Less: current portion	(74,670)	(101,891)
	\$ 1,266,539	\$ 1,311,342

Principal repayment terms are approximately:

2024	\$ 74,670
2025	67,858
2026	226,265
2027	39,727
2028	932,689
	<u>1,341,209</u>
	\$ 1,341,209

QUINT DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the Year Ended March 31, 2023

12. GRANT FUNDING

The grant funding is composed of the following:

	2023	2022
Ministry of Social Services	\$ 1,278,074	\$ 1,253,052
Ministry of Immigration and Career Training	819,916	572,148
Community First Foundation	-	110,833
Integrated Justice	125,000	-
Other	423,592	240,060
Grant funding (Operating Fund)	2,646,582	2,176,093
Ministry of Social Services	5,460	5,460
Grant funding (Reserve Fund)	5,460	5,460
Grant funding (Capital Fund)	-	-
Total grant funding	\$ 2,652,042	\$ 2,181,553

13. LEASE COMMITMENTS

The Corporation is committed under a lease agreement for its premises at 1120 20th Street West (Station 20 West), Saskatoon, Saskatchewan. The agreement expires on June 30, 2022. In addition, the Corporation has operating lease commitments for a photocopier. Future minimum lease payments as at March 31, 2023, are as follows:

	Building	Operating	Total
2024	\$ 76,022	\$ 632	\$ 76,654
2025	77,162	632	77,794
2026	77,542	842	78,384
2027	77,542	421	77,963
Thereafter	19,386	-	19,386
	\$ 327,654	\$ 2,527	\$ 330,181

14. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the year, the Corporation received \$1,065 (2022- \$1,065) in management fees from Millennium Housing Cooperative Ltd. ("Millennium"), an organization under common management. These fees were used to pay administration and support costs associated with the operations of the co-operative. During the current year Millennium made payments of \$1,765 (2022- \$1,065) to the Corporation.

QUINT DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the Year Ended March 31, 2023

17. CONTINGENT LIABILITY

During the year ended March 31, 2006, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$769,281 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 and has a principal balance of \$26,992 as at March 31, 2023.

During the years ended March 31, 2010 and 2011, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$1,242,223 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 and has a principal balance of \$138,021 as at March 31, 2022.

During the year ended March 31, 2011, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$1,208,592 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 and has a principal balance of \$615,259 as at March 31, 2023.

During the year ended March 31, 2017, Saskatchewan Housing Corporation granted the Corporation a forgivable loan in the amount of \$3,190,000 under the Homefirst Rental Development Program for the development of a 26 unit rental housing project located at 204, 208, 212, 214 and 216 Avenue O, Saskatoon, Saskatchewan. The loan is forgivable over seventeen years commencing on the first day of the second month following the date that the project has achieved substantial completion. The loan is secured by a second mortgage registered against the property and has a principal balance of \$2,981,503 as at March 31, 2023.

18. TRANSFERS TO EXTERNALLY RESTRICTED RESERVES (MSS)

During the current year the Corporation made the following transfers to (from) the externally restricted reserves:

	Pleasant Hill	Youth Lodge	Leadership	Total
Approved purchases from restricted reserves	\$ 29,511	\$ 9,838	\$ 2,000	\$ 41,349

19. CREDIT FACILITY

The Corporation has a credit facility with Affinity Credit Union, which includes an approved operating line that can be drawn upon to a maximum of \$400,000, which bears interest at 7.20% and is secured by real property and a General Security Agreement. As at March 31, 2023, the amount owing, which is due on demand, was \$Nil (2022 - \$Nil).

QUINT DEVELOPMENT CORPORATION
Internally Restricted Reserve Fund
For the Year Ended March 31, 2023

(Schedule 2)

	Balance, Beginning of the year	Transfers to the operating fund	Transfers from the operating fund	Interest allocation	Balance, end of the year	2022
Internally restricted reserve fund						
General reserve	\$ 95,356	\$ -	\$ 24,080	\$ 2,813	\$ 122,249	\$ 95,356
Capital replacement reserve	259,740	-	64,030	7,662	331,432	259,740
Affordable Housing expansion reserve	126,158	-	31,100	3,722	160,980	126,158
Total Internally restricted reserve fund	\$ 481,254	\$ -	\$ 119,210	\$ 14,197	\$ 614,661	\$ 481,254

See notes to the financial statements

QUINT DEVELOPMENT CORPORATION
Program Operations (Schedule 3)
For the year ended March 31, 2023

	Youth Lodge	Rentals	Build Up Saskatoon	Quint Admin	2023 Total	2022 Total
REVENUE						
Grant funding (Note 12)	618,530	-	505,505	-	2,646,582	2,176,093
Donations	-	-	1,275	1,318	5,163	1,400
Interest and investment income	2,602	-	-	14,197	17,761	15,318
Rental and property management	-	749,595	-	2,400	778,693	672,324
Build-Up Saskatoon revenue	-	-	125,413	-	125,413	434,678
Other	1,566	25,287	54	3,946	45,260	32,408
	622,698	774,882	632,247	21,861	3,618,872	3,332,221
EXPENSES						
Administration	40,362	79,056	136,158	175,672	526,201	399,172
Board of directors	-	-	-	2,880	2,880	2,040
Interest and loan fees	-	52,763	-	36	53,603	60,571
Grant expenses	-	-	-	-	99,876	-
Program and participant fees	58,185	-	69,906	-	192,017	486,072
Property management	30,770	581,095	19,013	61	705,525	659,144
Vehicle and transportation	4,357	-	11,532	-	22,926	16,316
Wages and benefits	468,111	59,031	376,255	321,484	2,584,887	2,148,721
	601,785	771,945	612,864	500,133	4,187,915	3,772,036
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE ALLOCATIONS	20,913	2,937	19,383	(478,272)	(569,043)	(439,815)
Allocations						
Revenue - allocation of costs to other programs (Note 16)	-	-	-	520,918	647,044	598,019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	20,913	2,937	19,383	42,646	78,001	158,204
Externally restricted	20,913	-	-	-	7,560	74,978
Internally restricted	-	-	-	-	-	-
Unrestricted	-	2,937	19,383	42,646	70,441	83,226