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## INDEPENDENT AUDITORS' REPORT

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To the Members of

### *Opinion*

We have audited the financial statements of the organization, which comprise the statement of financial position as at September 30, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Independent Auditors' Report to the Members of *(continued)*

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 Organization 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.

## *Exchange*

Chartered Professional Accountants LLP  
Winnipeg, Manitoba  
December 18, 2019

# Balance Sheet

## Assets

**Cash and Short-Term Deposits:** Includes petty cash, unrestricted cash in bank and short-term deposits.

**Accounts Receivable:** Includes uncollected rents for occupancy and parking spaces. Any allowance for uncollected rents should be disclosed separately.

**Other Receivables:** Includes accrued Manitoba Housing subsidy and bank interest.

**Prepaid Expenses:** Includes prepaid taxes, insurance and contract fees.

**Land and Building:** Usually as stated in statement of final capital costs net of capital grants and donations. Land and Building are combined since both are usually financed by long-term debt and depreciated by an amount equal to the annual repayment of principal. Major repairs/replacements are charged directly against the replacement reserve account. Donated property should be recorded at fair value when fair value can be reasonably estimated.

**Furniture and Equipment:** Usually as stated in statement of final capital costs net of capital grants. Donated furniture and equipment should be recorded at fair value when fair value can be reasonably estimated. Replacements are charged directly against the replacement reserve account.

**Accumulated Amortization:** Total principal repaid as at statement date.

**Other Assets:** Includes monies held in trust.

## Liabilities

**Accounts Payable and Accrued Liabilities:** Includes accrued expenses (interest, taxes, insurance) and unpaid bills.

**Other Liabilities:** Includes prepaid rents, security deposits, key deposits, monies held in trust, etc.

**Current Portion of Long-Term Debt:** Principal portion of mortgage payments due during the next period.

# Statement of Operations

## Revenue

**Revenue - Rent (41112):** All revenues generated as a result of charging rents, including all amenities.

**Revenue - Sundry (41819):** All monies received other than rental revenue (i.e. coin operated laundry equipment, interest earned on unrestricted cash and deposits, grants/subsidies from agencies other than Manitoba Housing).

**Uncollectables (41911):** Total tenant accounts that have been designated uncollectible by staff and approved by Manitoba Housing for write-off.

**Manitoba Housing Subsidy:** Includes amortization/principal, interest, property taxes and any additional expenses approved by Manitoba Housing. In most cases Manitoba Housing subsidy should equal principal, interest, and taxes.

## Expenditures

**Amortization & Interest (55211) –** For Manitoba Housing's purposes principal reduction equals amortization. The annual mortgage payment is comprised of two parts amortization/principal and interest.

**Insurance Premiums (55312) –** The following is a listing of some of the premiums that can be included in this expense category.

Fire insurance, public liability insurance, boiler and heating plant insurance, rental loss insurance, and any other types normally carried in a housing project.

## Utilities

Heat - Gas (52511)

Heat - Oil (52512)

Hydro (52521)

Water & Sewer (52531)

This Includes any utility charges paid directly by the housing project.

## Replacement Reserve (52811)

- All purchases require approval from Manitoba Housing prior to acquisition unless an approved Replacement Reserve plan is in place.
- Allocations to the Replacement Reserve Fund should reflect the actual annual transfer to the fund.
- Replacement Reserves were established to cover the following expenditures:
  - a) **Replacements:** Items having a shorter life span than the building structure, e.g. stoves, refrigerators, hot water tanks, roof membranes, boilers, including suite turn over costs such as flooring, windows, cupboards, counters, etc.
  - b) **Modernization:** This involves the "upgrading" of the items in (a) to current standards, e.g. replacing an old carpet with a higher quality new one that will save money in the long run because of lower maintenance costs.
  - c) **Improvements:** Necessary and cost-effective structural changes which increases the economic life of the project, e.g. foundation work that will save maintenance costs and increase the useful life of the project.

## Property Taxes (55111)

# Schedule of Repairs and Maintenance Expenditures

## Repairs & Maintenance

### Building - Exterior (52111)

- Building Maintenance and Labour.
- Materials - lumber, eaves troughing, flashing, bricks, railings, door frames, windows, screens, steps, stoops, chimneys, roof repair or replacement, etc.
- Supplies - nails, consumable items.

### Building - Interior (52112)

- Building Maintenance and Labour.
- Remodelling, repairs to floors, walls, ceilings, kitchens, bathrooms, basements, storage rooms, tenant recreation rooms and recreation areas, public areas such as laundry rooms, etc.

### Heating - Maintenance (52121)

- Repairs and replacements.
- Chimney and equipment cleaning (boiler tubes, tanks).
- Lubrication - (fans, motors, etc.).
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Burners and controls - service, repairs and replacement.
- Minor furnace repairs, service and replacement.
- Service contracts.

### Ventilation - Maintenance (52131)

- Repairs and replacements.
- Exhaust equipment service, repairs, replacement (minor).
- Lubrication - (fans, motors, etc.).
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Burners and controls - service, repairs and replacement.
- Service contracts.

### Plumbing - Maintenance (52141)

- Repairs and replacements.
- Drains, catch basins, traps, stacks, cleaning and service.
- Repair or servicing hot water tanks, cleaning.
- Septic pools, plumbing equipment – service and repairs.
- Insulation and coding on piping and valves.
- Corrosion proofing of systems.
- Wells.
- Service contracts.

### Appliance Repairs (52151)

- Service and repairs.
- Refrigerators - electric/gas.
- Stoves - electric/gas.
- Dryers - electric/gas.
- Washers - services and repairs.

### Electrical Systems - Maintenance (52161)

- Repair and replacement (switchgear, motors, controls, transformers).
- Repairs and replacement (lights, fixtures, wiring, bulbs, sockets, switches, etc.).
- Repair and replacement (emergency generators, batteries, etc.).
- Rental of Cherry Picker for parking lot light service.
- Service contracts.

### Elevators (52171)

- Repairs.
- Inspection and licence fees.
- Elevator telephone.
- Service contracts.

## Repairs And Maintenance

### Fire Protection (52181)

- Service contracts.
- Fire alarms, smoke and heat detectors.
- Fire-fighting hoses, extinguishers, sprinklers, smoke alarms.

### Painting - Exterior (52211)

- Contracts; material and labour.

### Painting - Interior, Public Areas (52212)

- Contracts; material and labour.

### Painting - Tenant Areas (52213)

- Contracts; material and labour.

### Janitorial - Labour (52221)

- This includes labour relating to janitorial work and would also include the salaries of employees or the labour costs of this service if it is contracted out.
- If a housing unit is provided to the janitor or caretaker at a reduced rate or rent-free, then the cost of this reduction should be included as an expense here, with the gross rent included as revenue.

### Janitorial – Material (52222)

- Cleaning supplies and materials.
- Brushes, mops, pails, and other consumable items.
- It would also include the material costs of this service if it is contracted out.

### Grounds - General (52231)

- Labour and materials for the upkeep of the grounds and landscaping.
- Parking lot repairs, underground garages (patching, paving).
- Sidewalks, curbs, striping.
- Salt, sand, etc.
- Catch basin, drainage (flushing, pumping, repairs).
- Fencing, repairs and maintenance.
- Playground areas, paving, equipment repairs.

### Grounds - Snow Removal (52232)

- Snow removal contracts or hiring an outside firm to do snow removal, on a need basis.

### Equipment (52241)

- Small equipment that is needed for maintenance, janitorial or grounds-keeping purposes. Examples would be lawnmowers, snow blower, floor polishers, and vacuums.
- Repair and replacement of this equipment.
- Also included would be the cost of vehicles, such as trucks, that would be used for maintenance etc.

### Waste Removal (52251)

- The cost of waste removal and any recycling and waste reduction programs are covered, whether undertaken by the municipality or by private companies. Where this is done by the former, such costs will normally be included in the property taxes.
- Repairs to equipment (Packers, incinerators, chutes).
- Dumping charges.

### Security (52281)

- Security costs include guards (either employees or from a security agency), "hardware" costs or security equipment such as locks, cameras, and other equipment.

### Sundry (52291)

- Miscellaneous items not found in any other category, including Social and Recreational Facilities. Social and Recreational facilities includes the costs of operating social and recreational facilities such as community meeting space or playground equipment. It does not include the costs of any staffing or associated programs, such as summer youth programs or seniors programs, which must be covered from other sources.

### GST Paid (52292)

- The amount of GST paid to suppliers for goods and services.

### GST Rebate (52292)

- The amount of GST that has been received.

(Non-Profit Corporation)  
**Statement of Operations**  
**For the Year Ended March 31, 2017**  
 (With comparative figures for 2016)

Project No. No. of Units	Budget 2017	Actual 2017	Actual 2016
<b>Revenue</b>			
Rental Revenue			
Other Revenue			
Less: Uncollectables			
Net Revenue			
Subsidy From Manitoba Housing – Schedule B3			
<b>Total Revenue</b>			
<b>Expenditures</b>			
Administration (Schedule A1)			
Grants To Tenant Associations			
Repairs And Maintenance (Schedule A3)			
Heat			
Electricity			
Water			
* Allocation To Replacement			
Property Taxes			
* Amortization			
Mortgage Interest			
Insurance Premiums (Note 7)			
Other (Specify)			
<b>Total Expenditures</b>			
<b>Excess (Deficiency) Of Revenue Over Expenditure For The Year</b>			

**(Non-Profit Corporation)**  
**Balance Sheet**  
**March 31, 2017**  
(With comparative figures for 2016)

	2017	2016
<b>Assets</b>		
Current Assets		
Cash & Short Term Deposits (Note 1)		
Accounts Receivable (Note 2)		
Prepaid Expenses		
Subsidy Due From Manitoba Housing (Note 3 and Schedule B3)		
<b>Total Current Assets</b>		
Restricted Cash And Deposits		
Replacement Reserve Fund		
Capital Assets (Note 4)		
<b>Total Assets</b>		
<b>Liabilities and Fund Balances</b>		
Current Liabilities		
Accounts Payable And Accrued Liabilities (Note 5)		
Subsidy Due To Manitoba Housing (Note 3)		
Current Portion Of Long-Term Debt (Note 5)		
<b>Total Current Liabilities</b>		
Long-Term Debt (Note 5)		
<b>Total Liabilities</b>		
<b>Fund Balances</b>		
Externally Restricted		
Replacement Reserve		
Subsidy Surplus		
Unrestricted		
Invested In Capital Assets		
<b>Total Fund Balances</b>		
<b>Total Liabilities And Fund Balance</b>		

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

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Director

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Director

(See Accompanying Notes)