

**MANITOBA NON-PROFIT HOUSING ASSOCIATION**  
**INDEPENDENT AUDITORS' REPORT**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

DRAFT

**MANITOBA NON-PROFIT HOUSING ASSOCIATION**  
**MARCH 31, 2021**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Manitoba Non-Profit Housing Association:

### Opinion

We have audited the accompanying financial statements of Manitoba Non-Profit Housing Association, which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations, and cash flow for the year then ended, and the notes to 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 Manitoba Non-Profit Housing Association as at March 31, 2021, 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.

### 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 these 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's 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 auditor's 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 Association'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 Association'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 Association 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 representing the underlying transactions and events in a manner that achieved 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.

**Winnipeg, Manitoba**  
**DATE OF APPROVAL**

**CHARTERED PROFESSIONAL**  
**ACCOUNTANTS INC.**

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 176,919	82,793
Homelessness supports funds held in trust (Note 8)	2,560,000	-
Rent relief supports funds held in trust (Note 8)	5,600,000	-
Accounts receivable	38,040	39,966
GST receivable	825	2,162
Prepaid expenses	<u>1,475</u>	<u>1,465</u>
	8,377,259	126,386
<b>TANGIBLE CAPITAL ASSETS</b> (Notes 2(a) and 3)	<u>2,512</u>	<u>2,330</u>
	<u><u>\$ 8,379,771</u></u>	<u><u>128,716</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,592	6,023
Deferred contributions (Note 7)	67,386	25,551
Deferred homelessness supports fund (Note 8)	2,560,000	-
Deferred rent relief supports fund (Note 8)	<u>5,600,000</u>	<u>-</u>
	8,235,978	31,574
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN</b> (Note 10)	<u>40,000</u>	<u>-</u>
	<u>8,275,978</u>	<u>31,574</u>
<b>NET ASSETS</b>		
Unrestricted net assets	48,793	42,142
Internally restricted net assets (Note 4)	<u>55,000</u>	<u>55,000</u>
	<u>103,793</u>	<u>97,142</u>
	<u><u>\$ 8,379,771</u></u>	<u><u>128,716</u></u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ **DIRECTOR**

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2021**

	<u>Unrestricted</u>	<u>Internally Restricted Stabilization Fund</u>	<u>Sector Transformation Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 42,142	30,000	25,000	97,142	69,536
Excess of revenue over expenses	<u>6,651</u>	<u>-</u>	<u>-</u>	<u>6,651</u>	<u>27,606</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 48,793</u>	<u>30,000</u>	<u>25,000</u>	<u>103,793</u>	<u>97,142</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>		
Assisting Renters Research funding	\$ 8,598	60,598
Building Boards Project Facilitator grant	17,166	3,549
Canadian Centre for Policy Initiatives	4,200	-
City of Winnipeg - Indigenous Housing Provider Support grant	-	14,000
Community Housing Transformation Centre	70,000	-
Conference and sponsorships	45,972	87,736
Co-op Housing Development	500	343
Election forum	-	1,300
EOA project	-	1,419
Interest	1,222	1,754
Manitoba Housing and Renewal Corporation	70,000	70,000
Membership dues	51,350	54,423
Other grant	1,496	-
Temporary wage subsidy	2,918	-
Workshops and education	899	9,448
	<u>274,321</u>	<u>304,570</u>
<b>EXPENSES</b>		
Advertising and promotion	1,943	971
Amortization of tangible capital assets	1,101	1,367
Assisting Renters Research	8,596	49,235
Bad debts	-	134
Building Boards expense	12,922	4,472
Canadian Rental Housing Index	-	2,500
Community land trust	59,364	-
Conference	23,773	48,290
Co-op Housing Development	-	343
Election forum	-	925
EOA project	-	1,419
Indigenous Housing Support project	-	8,000
Insurance	2,211	1,828
Meetings	1,173	5,897
Office and administration	11,211	7,700
Professional fees	10,534	7,477
Rent, parking and utilities	6,489	4,015
Research consultant	4,200	-
Salaries and related benefits	120,243	120,006
Telephone and telecommunications	2,394	1,117
Travel	48	529
Website	1,128	775
Workshops	340	9,964
	<u>267,670</u>	<u>276,964</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 6,651</u>	<u>27,606</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 6,651	27,606
Add back non-cash item:		
Amortization of tangible capital assets	1,101	1,367
	<u>7,752</u>	<u>28,973</u>
Changes in non-cash working capital:		
Accounts receivable	1,927	(9,828)
Good and service taxes receivable	1,337	(7,060)
Prepaid expenses	(10)	421
Accounts payable and accrued liabilities	2,568	(2,992)
Deferred contributions	41,835	(84,062)
	<u>55,409</u>	<u>(74,548)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(1,283)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Canada Emergency Business Account loan	40,000	-
Deferred homelessness supports fund	2,560,000	-
Deferred rent relief supports fund	5,600,000	-
	<u>8,200,000</u>	<u>-</u>
<b>CHANGE IN CASH</b>	8,254,126	(74,548)
<b>CASH, BEGINNING OF YEAR</b>	<u>82,793</u>	<u>157,341</u>
<b>CASH, END OF YEAR</b>	<u>\$ 8,336,919</u>	<u>82,793</u>
<b>CASH REPRESENTED BY:</b>		
Cash	\$ 176,919	82,793
Homelessness supports funds held in trust	2,560,000	-
Rent relief supports funds held in trust	5,600,000	-
	<u>\$ 8,336,919</u>	<u>82,793</u>



**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**1. ACCOUNTING ENTITY**

Manitoba Non-Profit Housing Association Inc. ("the "Association") is a not-for profit organization incorporated, without share capital, under the Corporations Act of Manitoba on June 10, 2011. The Association was established to build, support and strengthen its members, who are diverse non-profit housing providers in Manitoba, through services, educational opportunities and advocacy. As a not-for-profit organization, the Association is not subject to income taxes under the Income Tax Act of Canada.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that the Association has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the Association.

The financial statements include the following significant accounting policies:

**(a) Tangible Capital Assets**

Tangible capital assets are recorded at cost. Amortization is provided using the following rates and methods:

Furniture and equipment	20%
Computer equipment	55%

Additions during year are amortized at one half the normal annual rate.

**(b) Revenue Recognition**

The Association follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectibility is reasonably assured.

Conference registration fees and sponsorships are recognized as revenue when the conference occurs.

Annual membership dues are recognized as revenue when earned.

Interest income is recognized as revenue when earned.

The Temporary Wage Subsidy ("TWS") has been recognized as revenue as eligible employee remuneration was paid. Amounts were received as a reduction of payroll source deductions that are remitted to the Canada Revenue Agency (CRA).

**(c) Contributed services**

Volunteers contribute a significant amount of time to the Association, the value of which is not readily determinable. As a result, contributed services are not recognized in the financial statements.

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Financial Instruments**

The Association's financial instruments consist of cash, cash held in trust, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, or credit risks.

**(e) Accounting Estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amortization and amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

**(d) Use of Estimates**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amortization and amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

**3. TANGIBLE CAPITAL ASSETS**

	<u>2021</u>		<u>2020</u>	
Furniture and equipment	\$ 2,116	897	2,116	592
Computer equipment	<u>3,755</u>	<u>2,462</u>	<u>2,472</u>	<u>1,666</u>
	<u>5,871</u>	<u>3,359</u>	<u>4,588</u>	<u>2,258</u>
Net book value	<u>\$ 2,512</u>		<u>2,330</u>	

**4. INTERNALLY RESTRICTED NET ASSETS**

During the fiscal year 2019, the Board of Directors approved the establishment of a Stabilization Fund in the amount of \$30,000. The purpose of this fund is to help to cover unforeseen financial obligations in a given year or to assist the Association for up to an one year period in the event of unforeseen loss of major funding.

During the fiscal year 2020, the Board of Directors approved the establishment of a Sector Transformation Fund in the amount of \$25,000. The purpose of this fund is to support sector transformation activities over the next five years.

**5. ECONOMIC DEPENDENCE**

The Association Inc. is economically dependent upon its funding provided by Manitoba Housing and Renewal Corporation.

**6. LEASE COMMITMENT**

The Association leases its premises on a month-to-month basis. Based on the lease agreement, total lease payments for the current year is \$5,700 before GST (2020 - \$4,472).

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**7. DEFERRED CONTRIBUTIONS**

	<u>2021</u>	<u>2020</u>
Contributions		
Assiniboine Credit Union	\$ 5,000	-
Canadian Centre for Policy Alternatives/ Manitoba Research Alliance	-	17,856
Community Housing Transformation	120,000	-
Co-op Housing Development	-	4,000
Memberships	869	-
	<u>125,869</u>	<u>21,856</u>
Recognized as revenue		
Manitoba Housing and Renewal Corporation	-	58,643
EOA project	-	1,419
CHMC	-	28,520
Canadian Centre for Policy Alternatives/ Manitoba Research Alliance	12,798	3,558
Community Housing Transformation	70,000	-
Co-op Housing Development	500	343
City of Winnipeg Indigenous Housing Project	-	11,000
Memberships	736	2,435
	<u>84,034</u>	<u>105,918</u>
Increase (decrease) during the year	41,835	(84,062)
Deferred contributions, beginning of year	<u>25,551</u>	<u>109,613</u>
Deferred contributions, end of year	<u>\$ 67,386</u>	<u>25,551</u>

**8. DEFERRED FUNDS IN TRUST**

Deferred funds consist of one time grants provided by Manitoba Housing and Renewal Corporation for rent relief and homelessness supports.

The Rent Relief Supports grant is to be used to fund operations and administration of a Rent Bank for low-to-moderate income households in Manitoba to support housing stability. The Rent Bank must commence operations by May 31, 2021 and continue operating until March 31, 2023.

The Homelessness Supports grant is to be used to increase access to affordable housing and help reduce homelessness in response to the COVID-19 pandemic. The Association shall administer the grant funding through non-profit partnering organizations that will implement projects in Winnipeg and throughout Manitoba as needed for the next two fiscal years.

**9. PENSION PLAN**

The Association has a defined contribution pension plan, whereby it matches employee contributions to a maximum of 5% employee earnings. As a defined contribution pension plan, the Association has no further liability or obligation for future contributions to fund future benefits to plan members. The Association's pension expense for the year is \$5,154 (2020 - \$3,766).

**MANITOBA NON-PROFIT HOUSING ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2021**

**10. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

	<u>2021</u>	<u>2020</u>
<p>Canada Emergency Business Account with the Assiniboine Credit Union Ltd., interest free, with a limit of \$40,000. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (\$10,000). If the loan is not repaid by December 31, 2022, it will be converted into a 3-year term loan at an annual interest rate of 5%</p>	<u>\$ 40,000</u>	<u>-</u>

Subsequent to March 31, 2021, the Association received an additional \$20,000 under the revised terms of the Canada Emergency Business Account loan.

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