

MANITOBA NON-PROFIT HOUSING ASSOCIATION
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
MARCH 31, 2022

DRAFT

MANITOBA NON-PROFIT HOUSING ASSOCIATION
MARCH 31, 2022
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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 ("the Association"), which comprise the statement of financial position as at March 31, 2022, 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, 2022, 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, 2022**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 6,260,998	176,919
Housing Supports Initiative funds held in trust	-	2,560,000
Rent Relief Program funds held in trust	-	5,600,000
Rent Relief receivable	356,792	-
Accounts receivable	127,507	38,040
GST receivable	5,951	825
Prepaid expenses	<u>7,548</u>	<u>1,475</u>
	6,758,796	8,377,259
TANGIBLE CAPITAL ASSETS (Note 3)	11,077	2,512
LONG-TERM PORTION OF RENT RELIEF RECEIVABLE	<u>245,637</u>	<u>-</u>
	<u>\$ 7,015,510</u>	<u>8,379,771</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 97,524	8,592
Deferred contributions (Note 7)	150,312	67,386
Deferred Housing Supports Initiative fund (Note 8)	1,634,924	2,560,000
Deferred Rent Relief Program fund (Note 9)	<u>4,855,054</u>	<u>5,600,000</u>
	6,737,814	8,235,978
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 13)	<u>60,000</u>	<u>40,000</u>
	<u>6,797,814</u>	<u>8,275,978</u>
NET ASSETS		
Unrestricted net assets	162,696	48,793
Internally restricted net assets (Note 4)	<u>55,000</u>	<u>55,000</u>
	<u>217,696</u>	<u>103,793</u>
	<u>\$ 7,015,510</u>	<u>8,379,771</u>

APPROVED BY THE BOARD:

_____ **DIRECTOR**

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022**

	<u>Unrestricted</u>	Internally Restricted Sector		<u>Total</u> <u>2022</u>	<u>Total</u> <u>2021</u>
	<u> </u>	<u>Stabilization</u> <u>Fund</u>	<u>Transformation</u> <u>Fund</u>	<u> </u>	<u> </u>
NET ASSETS, BEGINNING OF YEAR	\$ 48,793	30,000	25,000	103,793	97,142
Excess of revenue over expenses	<u>113,903</u>	<u>-</u>	<u>-</u>	<u>113,903</u>	<u>6,651</u>
NET ASSETS, END OF YEAR	<u>\$ 162,696</u>	<u>30,000</u>	<u>25,000</u>	<u>217,696</u>	<u>103,793</u>

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**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
REVENUE		
Assisting Renters Research funding	\$ 700	8,598
Building Boards Project Facilitator grant	20,683	17,166
Canadian Centre for Policy Initiatives	800	4,200
Community Housing Transformation Centre	10,000	70,000
Conference and sponsorships	48,867	45,972
Co-op Housing Development	-	500
Donations	100	-
Housing Supports Initiative (Note 10)	925,076	-
Interest	57,898	1,222
Manitoba Housing and Renewal Corporation	70,000	70,000
Membership dues	53,976	51,350
Other grant	53,101	1,496
Rent Relief Program (Note 11)	744,946	-
Temporary wage subsidy	-	2,918
Workshops and education	4,779	899
	<u>1,990,926</u>	<u>274,321</u>
EXPENSES		
Advertising and promotion	778	1,943
Amortization of tangible capital assets	4,243	1,101
Assisting Renters Research	619	8,596
Building Boards expense	4,013	12,922
Community land trust	9,314	59,364
Conference	14,800	23,773
EOA project	6,072	-
Housing Supports Initiative (Note 10)	850,558	-
Insurance	5,641	2,211
Life Lease Education Program	2,199	-
Meetings	1,087	1,173
Office and administration	27,928	11,211
Professional fees	200,295	10,534
Rent, parking and utilities	8,814	6,489
Rent Relief Program (Note 11)	432,836	-
Research consultant	17,626	4,200
Salaries and related benefits	274,909	120,243
Telephone and telecommunications	6,798	2,394
Travel	46	48
Website	7,811	1,128
Workshops	636	340
	<u>1,877,023</u>	<u>267,670</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 113,903</u>	<u>6,651</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 113,903	6,651
Add back non-cash item:		
Amortization of tangible capital assets	4,243	1,101
	<u>118,146</u>	<u>7,752</u>
Changes in non-cash working capital:		
Rent relief receivable	(602,429)	-
Accounts receivable	(89,467)	1,927
GST receivable	(5,126)	1,337
Prepaid expenses	(6,073)	(10)
Accounts payable and accrued liabilities	88,932	2,568
Deferred contributions	82,926	41,835
	<u>(413,091)</u>	<u>55,409</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(12,808)</u>	<u>(1,283)</u>
FINANCING ACTIVITIES		
Canada Emergency Business Account loan	20,000	40,000
Deferred Housing Supports Initiative fund	(925,076)	2,560,000
Deferred Rent Relief Program fund	(744,946)	5,600,000
	<u>(1,650,022)</u>	<u>8,200,000</u>
CHANGE IN CASH	(2,075,921)	8,254,126
CASH, BEGINNING OF YEAR	<u>8,336,919</u>	<u>82,793</u>
CASH, END OF YEAR	<u>\$ 6,260,998</u>	<u>8,336,919</u>
CASH REPRESENTED BY:		
Cash	\$ 6,260,998	176,919
Housing Supports Initiative funds held in trust	-	2,560,000
Rent Relief Program funds held in trust	-	5,600,000
	<u>\$ 6,260,998</u>	<u>8,336,919</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

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 for non-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.

(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, 2022**

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>2022</u>		<u>2021</u>	
Furniture and equipment	\$ 3,453	1,274	2,116	897
Computer equipment	<u>15,226</u>	<u>6,328</u>	<u>3,755</u>	<u>2,462</u>
	<u>18,679</u>	<u>7,602</u>	<u>5,871</u>	<u>3,359</u>
Net book value	<u>\$ 11,077</u>		<u>2,512</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 \$8,250 before GST (2021 - \$5,700).

MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

7. DEFERRED CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>
Contributions		
Assiniboine Credit Union	\$ -	5,000
Canadian Mortgage and Housing Corporation:		
Indigenous Housing Provider Project	12,150	-
Community Housing Transformation	90,000	120,000
Memberships	<u>5,006</u>	<u>869</u>
	<u>107,156</u>	<u>125,869</u>
Recognized as revenue		
Assiniboine Credit Union	5,000	-
Canadian Centre for Policy Alternatives/ Manitoba Research Alliance	1,500	12,798
Community Housing Transformation	10,000	70,000
Co-op Housing Development	-	500
EOA project	6,861	-
Memberships	<u>869</u>	<u>736</u>
	<u>24,230</u>	<u>84,034</u>
Increase (decrease) during the year	82,926	41,835
Deferred contributions, beginning of year	<u>67,386</u>	<u>25,551</u>
Deferred contributions, end of year	<u>\$ 150,312</u>	<u>67,386</u>

8. DEFERRED HOUSING SUPPORTS INITIATIVE FUND

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 grant will be administered through non-profit partnering organizations that will implement projects throughout Manitoba.

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 2,560,000	-
Contributions	-	2,560,000
Recognized as revenue	<u>(925,076)</u>	<u>-</u>
Deferred revenue, end of year	<u>\$ 1,634,924</u>	<u>2,560,000</u>

9. DEFERRED RENT RELIEF PROGRAM FUND

The Rent Relief Supports grant is to be used to fund operations and administration of a rent fund for low-to-moderate income households in Manitoba to support housing stability. The fund commenced operations during the current fiscal year and will continue operating until March 31, 2023.

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 5,600,000	-
Contributions	-	5,600,000
Recognized as revenue	<u>(744,946)</u>	<u>-</u>
Deferred revenue, end of year	<u>\$ 4,855,054</u>	<u>5,600,000</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

10. HOUSING SUPPORTS INITIATIVE

	<u>2022</u>
REVENUE	<u>\$ 925,076</u>
EXPENSES	
<i>Program:</i>	
Grants for projects	<u>850,558</u>
<i>Administrative:</i>	
Meetings	75
Office and administration	2,846
Professional fees	31,644
Salaries and related benefits	<u>39,953</u>
	<u>74,518</u>
Total Expenses	<u>925,076</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>

11. RENT RELIEF PROGRAM

	<u>2022</u>
REVENUE	<u>\$ 744,946</u>
EXPENSES	
<i>Program:</i>	
Casework contractors and salaries	267,889
Bad debt	140,321
Interest and bank charges	13,168
Research consultant	11,378
Promotions	<u>80</u>
	<u>432,836</u>
<i>Administrative:</i>	
Advertising and promotion	400
Insurance	3,146
Meetings	150
Office and administration	11,116
Professional fees	148,308
Rent, parking and utilities	3,285
Salaries and related benefits	134,685
Telephone and telecommunication	4,153
Travel	33
Website	<u>6,834</u>
	<u>312,110</u>
Total Expenses	<u>744,946</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

12. 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 \$3,985 (2021 - \$5,154).

13. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

Canada Emergency Business Account with the Assiniboine Credit Union Ltd., interest free, with a limit of \$60,000. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% (\$20,000). If the loan is not repaid by December 31, 2023, it will be converted into a 2-year term loan at an annual interest rate of 5%.

	<u>2022</u>	<u>2021</u>
	\$ <u>60,000</u>	<u>40,000</u>

