

MANITOBA NON-PROFIT HOUSING ASSOCIATION
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
MARCH 31, 2023

DRAFT

MANITOBA NON-PROFIT HOUSING ASSOCIATION
MARCH 31, 2023
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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, 2023, 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, 2023, 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
Approval Date

CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,111,015	6,260,998
Rent Relief receivable	373,629	356,792
Accounts receivable	81,408	127,507
GST receivable	14,165	5,951
Prepaid expenses	<u>13,021</u>	<u>7,548</u>
	4,593,238	6,758,796
TANGIBLE CAPITAL ASSETS (Note 3)	6,226	11,077
LONG-TERM PORTION OF RENT RELIEF RECEIVABLE	<u>675,102</u>	<u>245,637</u>
	<u>\$ 5,274,566</u>	<u>7,015,510</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 606,864	97,524
Deferred contributions (Note 7)	211,754	150,312
Deferred Housing Supports Initiative fund (Note 8)	259,077	1,634,924
Deferred Rent Relief Program fund (Note 9)	<u>3,868,314</u>	<u>4,855,054</u>
	4,946,009	6,737,814
CANADA EMERGENCY BUSINESS ACCOUNT LOAN (Note 13)	<u>60,000</u>	<u>60,000</u>
	<u>5,006,009</u>	<u>6,797,814</u>
NET ASSETS		
Unrestricted net assets	43,557	162,696
Internally restricted net assets (Note 4)	<u>155,000</u>	<u>55,000</u>
	<u>198,557</u>	<u>217,696</u>
	<u>\$ 5,204,566</u>	<u>7,015,510</u>

APPROVED BY THE BOARD:

_____ **DIRECTOR**

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023**

	<u>Unrestricted</u>	Internally Restricted		<u>Total 2023</u>	<u>Total 2022</u>
		<u>Stabilization Fund</u>	<u>Sector Transformation Fund</u>		
NET ASSETS, BEGINNING OF YEAR	\$ 162,696	30,000	25,000	217,696	103,793
Excess (deficiency) of revenue over expenses	(19,139)	-	-	(19,139)	113,903
Transfer (Note 4)	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 43,557</u>	<u>130,000</u>	<u>25,000</u>	<u>198,557</u>	<u>217,696</u>

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**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
REVENUE		
Assisting Renters Research funding	\$ -	700
Building Boards Project Facilitator grant	-	20,683
Canadian Centre for Policy Initiatives	-	800
Community Housing Transformation Centre	6,141	10,000
Conference and sponsorships	69,075	48,967
Housing Supports Initiative (Note 10)	1,399,254	925,076
Interest	8,664	57,898
Manitoba Housing and Renewal Corporation	-	70,000
Membership dues	51,373	53,976
Other grant	33,396	53,101
Rent Relief Program (Note 11)	1,066,768	744,946
Workshops and education	8,231	4,779
	<u>2,642,902</u>	<u>1,990,926</u>
EXPENSES		
Advertising and promotion	2,345	778
Amortization of tangible capital assets	5,383	4,243
Assisting Renters Research	-	619
Building Boards expense	491	4,013
Community land trust	6,141	9,314
Conference	46,893	14,800
EOA project	-	6,072
Housing Supports Initiative (Note 10)	1,154,504	850,558
Indigenous Housing Provider Project	10,246	-
Insurance	10,292	5,641
Life Lease Education Program	24,300	2,199
Meetings	9,019	1,087
Office and administration	29,339	27,928
Professional fees	212,097	200,295
Rent, parking and utilities	12,546	8,814
Rent Relief Program (Note 11)	835,556	432,836
Support services	-	17,626
Salaries and related benefits	274,896	274,909
Telephone and telecommunications	7,916	6,798
Travel	2,357	46
Website	8,628	7,811
Workshops	9,092	636
	<u>2,662,041</u>	<u>1,877,023</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (19,139)</u>	<u>113,903</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (19,139)	113,903
Add back non-cash item:		
Amortization of tangible capital assets	<u>5,383</u>	<u>4,243</u>
	(13,756)	118,146
Changes in non-cash working capital:		
Rent relief receivable	(446,302)	(602,429)
Accounts receivable	46,099	(89,467)
GST receivable	(8,214)	(5,126)
Prepaid expenses	(5,473)	(6,073)
Accounts payable and accrued liabilities	509,340	88,932
Deferred contributions	<u>61,442</u>	<u>82,926</u>
	<u>143,136</u>	<u>(413,091)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	<u>(533)</u>	<u>(12,808)</u>
FINANCING ACTIVITIES		
Canada Emergency Business Account loan	-	20,000
Deferred Housing Supports Initiative fund	(1,375,847)	(925,076)
Deferred Rent Relief Program fund	<u>(986,739)</u>	<u>(744,946)</u>
	<u>(2,362,586)</u>	<u>(1,650,022)</u>
CHANGE IN CASH	(2,219,983)	(2,075,921)
CASH, BEGINNING OF YEAR	<u>6,260,998</u>	<u>8,336,919</u>
CASH, END OF YEAR	<u>\$ 4,041,015</u>	<u>6,260,998</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

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 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 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, 2023**

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>2023</u>		<u>2022</u>	
Furniture and equipment	\$ 3,986	1,764	3,453	1,274
Computer equipment	<u>15,226</u>	<u>11,222</u>	<u>15,226</u>	<u>6,328</u>
	<u>19,212</u>	<u>12,986</u>	<u>18,679</u>	<u>7,602</u>
Net book value	<u>\$ 6,226</u>		<u>11,077</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 2023, the Board of Directors approved an allocation of an additional \$100,000 to the Fund, bringing the total Fund balance to \$130,000.

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 \$12,546 before GST (2022 - \$8,250).

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

7. DEFERRED CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>
Contributions		
April 2023 conference	\$ 22,700	-
Canadian Mortgage and Housing Corporation:		
Indigenous Housing Provider Project	12,150	12,150
Community Housing Transformation	45,000	90,000
Life Lease Education Project	11,520	-
Community Housing Transformation Memberships	6,040	-
	<u>-</u>	<u>5,006</u>
	<u>97,410</u>	<u>107,156</u>
Recognized as revenue		
Assiniboine Credit Union	-	5,000
Co-Op Housing Development	3,157	-
Manitoba Research Alliance	-	1,500
Community Housing Transformation	6,040	10,000
Life Lease Education Project	11,520	-
CMHC: Indigenous Housing Provider Project	10,245	-
EOA project	-	6,861
Memberships	5,006	869
	<u>35,968</u>	<u>24,230</u>
Increase (decrease) during the year	61,442	82,926
Deferred contributions, beginning of year	<u>150,312</u>	<u>67,386</u>
Deferred contributions, end of year	<u>\$ 211,754</u>	<u>150,312</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>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 1,634,924	2,560,000
Contributions	-	-
Recognized as revenue	<u>(1,375,847)</u>	<u>(925,076)</u>
Deferred revenue, end of year	<u>\$ 259,077</u>	<u>1,634,924</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>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 4,855,054	5,600,000
Contributions	-	-
Recognized as revenue	<u>(986,740)</u>	<u>(744,946)</u>
Deferred revenue, end of year	<u>\$ 3,868,314</u>	<u>4,855,054</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

10. HOUSING SUPPORTS INITIATIVE

	<u>2023</u>
REVENUE	<u>\$ 1,399,254</u>
EXPENSES	
<i>Program:</i>	
Grants for projects	<u>1,154,504</u>
<i>Administrative:</i>	
Office and administration	2,258
Professional fees	54,527
Salaries and related benefits	<u>187,965</u>
	<u>244,750</u>
Total Expenses	<u>1,399,254</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>

11. RENT RELIEF PROGRAM

	<u>2023</u>
REVENUE	<u>\$ 1,066,768</u>
EXPENSES	
<i>Program:</i>	
Casework contractors and salaries	329,757
Bad debt	398,486
Interest and bank charges	15,430
Support services	<u>91,883</u>
	<u>835,556</u>
<i>Administrative:</i>	
Advertising and promotion	142
Insurance	5,320
Meetings	728
Office and administration	5,039
Professional development	4,076
Professional fees	142,525
Rent, parking and utilities	5,100
Salaries and related benefits	61,605
Travel	6,588
Website	<u>89</u>
	<u>231,212</u>
Total Expenses	<u>1,066,768</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>

**MANITOBA NON-PROFIT HOUSING ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

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 \$7,116 (2021 - \$3,985).

13. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

Canada Emergency Business Account loan with Assiniboine Credit Union Ltd., interest free, with a limit of \$60,000. Repaying the balance of the loan on or before January 18, 2024 will result in loan forgiveness of 33% (\$20,000). If the loan is not repaid by January 18, 2024, it will be converted into a 3-year term loan at an annual interest rate of 5%.

	<u>2023</u>	<u>2022</u>
	\$ <u>60,000</u>	<u>60,000</u>

