



COMBINED VPCHI AND VPAHC  
**AUDIT COMMITTEE MEETING**

**11 A.M. FRIDAY, DECEMBER 11<sup>TH</sup>, 2015**

## **A G E N D A**

1. Call to Order
2. Approval of the Agenda
3. Approval of Previous Meeting Minutes
4. Audit Planning Schedule
5. Risk Assessment
6. Other Business
7. Next Meeting: *March 13, 2016 – 12:00 p.m.*
8. Adjournment

**VICTORIA PARK COMMUNITY HOMES INC.**  
**MINUTES OF THE AUDIT COMMITTEE MEETING OF FRIDAY, MARCH 14<sup>TH</sup>,**  
**2014**

**Present:**                   Garey Keith  
                                  David Martin  
                                  Steve Naylor, Chair

**Staff:**                     Colin Gage  
                                  Gabiella Ferencz  
                                  Veronica Fowler  
                                  Jennifer Booth, Recording Secretary

**1.       OPENING REMARKS**

- S. Naylor, Chair, commenced the meeting at 1:07 p.m. and welcomed committee members and staff.

**2.       APPROVAL OF AGENDA**

- *On a motion by G. Keith, seconded by D. Martin, the agenda was approved as presented, **CARRIED.***

**3.       APPROVAL OF PREVIOUS MEETING MINUTES**

- *On a motion by G. Keith, seconded by D. Martin, it was agreed that the minutes of the Audit Committee meeting of January 8<sup>th</sup>, 2014 are a true and correct record of the meeting, **CARRIED.***

**4.       REVIEW & APPROVAL OF CORRESPONDENCE FROM PRENTICE YATES AND CLARK (PYC)**

- The meeting package that was provided to the committee members and staff included copies of the following four letters from PYC:
  - Communications Process Letter;
  - Audit Planning Letter;
  - Independence Letter;
  - Engagement Letter.
- V. Fowler advised that these letters are standard and were presented to the committee members by Mr. David Robertson of PYC at the January 8<sup>th</sup>, 2014 Audit Committee meeting.
- *On a motion by G. Keith, seconded by D. Martin, it was agreed to direct S. Naylor, Chair, to sign the aforementioned four letters, **CARRIED.***

- The letters were signed by S. Naylor. They require a second Board member signature before they can be forwarded to PYC. V. Fowler will acquire the second signature.

*Action: V.  
Fowler*

- S. Naylor recommended that V. Fowler execute a Conflict of Interest Declaration indicating that there is a “perceived conflict” given that she was once employed by PYC. V. Fowler will follow up.

*Action: V.  
Fowler*

- The Fraud Questionnaire needs to be completed and submitted to PYC. V. Fowler was directed to complete the questionnaire and send it to the committee members via email for their review and approval prior to March 31<sup>st</sup>, 2014.

*Action: V.  
Fowler*

#### **4. BRIEFING ON FINANCIAL STATEMENTS**

- V. Fowler provided a Balance Sheet as well as a Budget Comparison as at December 31, 2013. She stated that she has more work to do on the Reserves and has not yet claimed the 40% funding noting that with the sales of properties, it becomes more difficult to achieve the 40%.
- V. Fowler confirmed that PYC will be performing their fieldwork on March 19<sup>th</sup>, 2014.
- She noted that the \$1,812,741 in Total Surplus indicated on the Budget Comparison sheet will be close to this following the audit.
- The draft Financial Statements will be presented at the Joint Audit/Finance Committee meeting scheduled for April 17<sup>th</sup>, 2014 at 5 p.m.

#### **5. OTHER BUSINESS**

- There was no new business.

#### **6. DATE/TIME OF NEXT MEETING**

- There will be a Joint Finance/Audit Committee meeting on Thursday, April 17<sup>th</sup>, 2014 at 5 p.m.

**7. ADJOURNMENT**

- There being no further business, the meeting was adjourned at 1:41 p.m.

December 9, 2015

The Board of Directors  
Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
L8R 2V7

Dear Members of the Board:

The following electronic items are enclosed for your review and approval:

- (1) **Communications Process Letter** - This letter summarizes the form, content and timing of expected communications.
- (2) **Audit Planning Letter** - This letter describes the Management's responsibilities, our responsibilities as auditors and the overall audit strategy.
- (3) **Independence Letter** - This letter confirms our independence.
- (4) **Engagement Letter** - This letter represents an agreement between your organization and us for audit services.
- (5) **Fraud Questionnaire** - This questionnaire is intended to gather information about the potential for fraud at your organization.

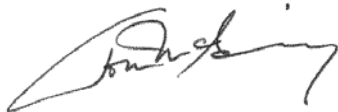
**After careful review, please print and sign all of the above documents and return them to our office.** Print additional copies for your files.

***PLEASE NOTE: IT IS IMPERATIVE THAT PYC RECEIVE THESE SIGNED LETTERS BEFORE THE FIELD AUDIT COMMENCES.***

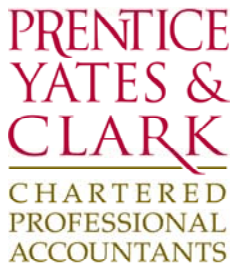
If you have any questions, please do not hesitate to contact our office.

Very truly yours,

**PRENTICE YATES & CLARK**



Tom McGivney, CPA, CA, LPA  
Partner  
TM/kb  
Encl.



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December 9, 2015

The Board of Directors  
Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
L8R 2V7

Dear Members of the Board:

Included with this letter is your year-end audit preparation package together with a number of audit communication letters.

As part of our responsibilities under Canadian Auditing Standards (CAS) we are required to both:

- Determine the appropriate person(s) within the corporation's governance structure with whom to communicate, and
- Establish a communication process including the form, content and timing of required and expected communications.

#### **Those Charged with Governance**

Our communications are to be directed to those charged with governance; that is the person(s) with responsibility for overseeing the strategic direction of the corporation and obligations related to the accountability of the entity (which includes overseeing the financial reporting process). In the context of your organization we have determined that it is the Board of Directors that is the appropriate body with whom we should communicate.

#### **Form, Content and Timing of Communications**

The CAS and Rules of Professional Conduct prescribe matters to be communicated. In this regard, the following required communications will be made in writing approximately two (2) weeks prior to the fiscal year end:

- The planned scope and timing of the Audit [this will take the form of an **Audit Planning Letter**];
- Auditor Independence [this will take the form of an **Independence Letter**];
- The auditor's Responsibilities in Relation to the Financial Statement Audit [this communication will take the form of an **Audit Engagement Letter**]; and
- Matters related to Fraud [this will take the form of an **Fraud Questionnaire**]

**COMMUNICATIONS PROCESS LETTER**

Following the conduct of the audit field work and at the time draft consolidated financial statements are delivered to the Board for review and approval the following required communications will made:

- Significant Findings from the Audit [this will take the form of an **Audit Findings Letter** – this letter will be dated on the day the draft report is delivered and may be supplemented by a Management Letter setting out matters related to internal control deficiencies];
- Written Representations from Management (or where appropriate, those charged with governance) [this will take the form of a **Letter of Management Representations** – this letter will require you to write in the date on which the draft consolidated financial statements have been approved by the Board]

During the course of the audit we may have discussions with one or more Board members. For example, in connection with the internal control questionnaire. Significant issues or matters discussed verbally will be documented by us in the form of a memorandum or other document.

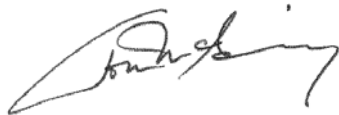
We are available at any time to meet with the Board or sub-committee to discuss any matters that you may wish to raise.

We trust the above process will establish an adequate two-way communication model on which to conduct the audit engagement.

If you have any questions, please do not hesitate to contact our office.

Very truly yours,

**PRENTICE YATES & CLARK**



Tom McGivney, CPA, CA, LPA  
Partner

**Acknowledgement of the Board of Directors:**

We have read and reviewed the above disclosures and understand the comments therein:

Victoria Park Community Homes Inc.

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_



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December 9, 2015

The Board of Directors  
Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
L8R 2V7

Dear Members of the Board:

We have been engaged to audit the consolidated financial statements of Victoria Park Community Homes Inc. for the year ending December 31, 2015. Canadian generally accepted auditing standards require that we communicate the following information with you in relation to your audit.

For the purpose of this letter those charged with governance (including having oversight responsibility for the financial reporting process (i.e. Board of Directors, Finance Committee, etc.) will be referred to as the Board of Directors.

Management, including members of the Board of Directors, is responsible for establishing and maintaining such internal control as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

### **Our Responsibility as Auditors**

As stated in the engagement letter dated December 9, 2015, our responsibility as auditors of your organization is to express an opinion on whether the consolidated financial statements, which comprise the financial position, results of operations and cash flows of the corporation are prepared, in all material respects in accordance with the financial reporting framework as required by the Housing Services Act (HSA) as described in the financial statement notes.

An audit is performed to obtain reasonable but not absolute assurance as to whether the consolidated financial statements are free of material misstatement. Due to the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements of the consolidated financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.



Our audit includes:

- Assessing the risk that the consolidated financial statements may contain misstatements that, individually or in the aggregate, are material to the consolidated financial statements taken as a whole; and
- Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements.

As part of our audit, we will obtain a sufficient understanding of the business and the internal control structure of Victoria Park Community Homes Inc. to plan the audit. This will include management's assessment of:

- The risk that the consolidated financial statements may be materially misstated as a result of fraud and error; and,
- The internal controls put in place by management to address such risks.

### **The Board of Directors' Responsibilities**

The Board of Directors' role is to act in an objective, independent capacity as a liaison between the auditors, management and the board of directors, to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The Board of Directors' responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditors as necessary and prior to release and approval of consolidated financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditors with appropriate levels of management, and reporting back to the auditors their findings;
- Making known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the consolidated financial statements or auditors' report;
- Providing guidance and direction to the auditors on any additional work they feel should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditors with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls; and

- Reviewing the draft consolidated financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approve same to be passed to directors for approval.

### **Audit Approach**

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of Victoria Park Community Homes Inc. is to assess the risks of material misstatement in the consolidated financial statements and then respond by designing audit procedures.

### **Illegal Acts, Fraud, Intentional Misstatements and Errors**

Our auditing procedures, including tests of your accounting records, are limited to those considered necessary in the circumstances and would not necessarily disclose all illegal acts, fraud, intentional misstatements or errors should any exist. We will conduct the audit in accordance with Canadian generally accepted auditing standards (GAAS), which include procedures to consider (based on the control environment, governance structure and circumstances encountered during the audit), the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor would they necessarily detect such acts or recognize them as such, even if the effect of their consequences on the consolidated financial statements is material. However, should we become aware that an illegal or possible illegal act or an act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate this information directly to the Board of Directors.

It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or the members of the Board become aware of circumstances which the Company may have been fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

### **Related Party Transactions**

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies in which these individuals have an economic interest.

We will ensure that all related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to the consolidated financial statements, recorded in accordance with Canadian accounting standards for Not-for-Profit Organizations, and have been reviewed with you. All gains and losses occurring as a result of transactions with related parties have been recorded in accordance with the recommendations of Section 4460 of Part III of the CPA Handbook. Management has advised that no other related party transactions have occurred. The Board of Directors is required to advise us if they are aware of or suspect any other related party transactions have occurred which have not been disclosed in the consolidated financial statements.

**Risk-based**

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the consolidated financial statements to an appropriately low level. This means that we focus our audit work on areas that have a higher risk of being materially misstated.

**Materiality**

Materiality in an audit is used to:

- Guide planning decisions on the nature and extent of our audit procedures;
- Assess the sufficiency of the audit evidence gathered; and
- Evaluate any misstatements found during our audit.

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or its significant misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

We plan to use an overall financial statement materiality of \$400,000.

**Audit Procedures**

In responding to our risk assessment, we will use a combination of tests of details and substantive analytical procedures. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

**Other Matters**

Audit issues arising in previous years:

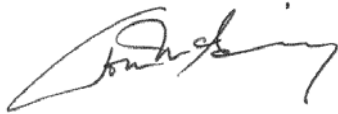
- Contingency

Based on the disclosure of a contingent liability in the prior year consolidated financial statements, we will need to determine if this contingency still exists and decide if it requires disclosure in this year's consolidated financial statements.

This communication is prepared solely for the information of the Board of Directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Very truly yours,

**PRENTICE YATES & CLARK**



Tom McGivney, CPA, CA, LPA  
Partner

**Acknowledgement of the Board of Directors:**

We have read and reviewed the above disclosures and understand the comments therein:

Victoria Park Community Homes Inc.

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_



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December 9, 2015

The Board of Directors  
Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
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Dear Members of the Board:

We have been engaged to audit the consolidated financial statements of Victoria Park Community Homes Inc. for the year ending December 31, 2015.

The purpose of this letter is to communicate with you matters or relationships between Victoria Park Community Homes Inc. and ourselves that, in our professional judgment may reasonably be thought to bear on our independence.

In determining which relationships to report, applicable assurance and professional standards require us to consider relevant rules and related interpretations, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (c) Economic dependence on a client; and
- (d) Provision of services in addition to the audit engagement.

We are not aware of any relationships between the corporation and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from December 1, 2014 to December 9, 2015. In addition, we have complied with relevant ethical requirements regarding independence.

The total fees charged to the corporation for audit services were \$30,856 and for non-audit services were \$0 during the period from January 1, 2014 to December 31, 2014.

**INDEPENDENCE LETTER**

This report is intended solely for the use of the board of directors, management and others within the corporation and should not be used for any other purposes.

We will ensure that you are notified of any new issues that may reasonably be thought to bear on the firm's independence and objectivity.

Very truly yours,

**PRENTICE YATES & CLARK**



Tom McGivney, CPA, CA, LPA  
Partner

**Acknowledgement of the Board of Directors:**

We have read and reviewed the above disclosures and understand the comments therein:

Victoria Park Community Homes Inc.

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

**PRENTICE  
YATES &  
CLARK**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

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December 9, 2015

The Board of Directors  
Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
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Dear Members of the Board:

### **The Objective and Scope of the Audit**

You have requested that we audit the consolidated financial statements of Victoria Park Community Homes Inc., which comprise the statement of financial position as at December 31, 2015 and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the consolidated financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with Canadian generally accepted auditing standards and will issue an auditors' report. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are in accordance with the financial reporting framework as required by the Housing Services Act (HSA) as described in the financial statement notes and are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to the corporation's preparation of the consolidated financial statements 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the consolidated financial statements that we have identified during the audit.

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

**Independent Auditors' Report**

To the Members of Victoria Park Community Homes Inc. and to other Specified Users as described in Note 1 to the Financial Statements:

We have audited the accompanying consolidated financial statements of Victoria Park Community Homes Inc., which comprise the statement of financial position as at December 31, 2015, and consolidated statements of changes in net assets, operations and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on financial reporting requirements of the Housing Services Act (HSA).

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated financial statements in accordance with the financial reporting requirements of the HSA, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the corporation's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Victoria Park Community Homes Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting requirements of the HSA.

continued...

<sup>1</sup>The specified users described in Note 1 of the Financial Statements include Members of the Corporation, Royal Bank of Canada, First National Financial LP and Service Managers of the City of Hamilton, the City of Brantford, the Regional Municipality of Halton and the Regional Municipality of Waterloo



**Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist Victoria Park Community Homes Inc. in complying with the financial reporting requirements referred to above. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the members of Victoria Park Community Homes Inc. and other Specified Users as described in Note 1 to the Financial Statements and should not be distributed to or used by parties other than these specified users.

Toronto, Ontario  
Date

Chartered Professional Accountants, Licensed Public Accountants

Any specific restrictions on the use or distribution of the auditors' report, and statement (if appropriate) will be set out in the auditors' report.

If we conclude that a modification of our opinion on the consolidated financial statements is necessary or we are unable to complete the audit or form an opinion, we will communicate the reasons with you in advance.

**Use and Distribution of our Report**

The examination of the consolidated financial statements and the issuance of our audit opinion are solely for the use of Victoria Park Community Homes Inc. and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these consolidated financial statements and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication when otherwise agreed to by us.

**Reproduction of Auditors' Report**

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the consolidated financial statements, the independent auditors' report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized consolidated financial statements that we have audited.

We are not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.

**Management's Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of Victoria Park Community Homes Inc.'s consolidated financial statements in accordance with the financial reporting requirements of the HSA.
- (b) Internal control that management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- (c) Providing us with:
  - (i) Unrestricted access to persons within the entity from whom we determine it is necessary to make inquiries;
  - (ii) Access to all information which management is aware that is relevant to the preparation of the consolidated financial statements such as records, documentation and other matters; and
  - (iii) Additional information that we may request from management for the purpose of the audit;

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

**Working Papers**

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

**File Inspections**

In accordance with professional regulations (and by Firm policy), our client files may periodically be reviewed by practice inspectors and by other file quality reviewers to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

**Governing Legislation**

This engagement letter is subject to and governed by the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

### **Indemnity**

Victoria Park Community Homes Inc. hereby agrees to indemnify, defend (by counsel retained and instructed by us), and hold harmless our Firm and its partners, agents or employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

- (a) The breach by Victoria Park Community Homes Inc., or its directors, officers, agents, or employees, of any of the covenants made by Victoria Park Community Homes Inc. herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the consolidated financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm; and
- (b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our Firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your corporation.

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by Victoria Park Community Homes Inc. of its obligations.

### **Fees**

Our professional fees will be based on our regular billing rates plus direct out-of-pocket expenses and applicable HST and are due when rendered. Fees for any additional services will be established separately.

### **Costs of Responding to Government or Legal Processes**

In the event we are required to respond to a subpoena, court order, government agency, or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs (including applicable HST) incurred.

### **Use of Information**

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

- (a) You represent to us that management has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- (b) We will hold all personal information in compliance with our Privacy Statement.

**Communications**

In connection with this engagement, we may communicate with you or others via telephone, facsimile, post, courier and e-mail transmission. As all communications can be intercepted or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the communications, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

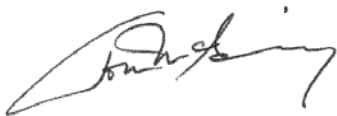
This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to Victoria Park Community Homes Inc..

Very truly yours,

**PRENTICE YATES & CLARK**



Tom McGivney, CPA, CA, LPA  
Partner

**Acknowledgement of the Board of Directors:**

We have read and reviewed the above disclosures and understand the comments therein:

Victoria Park Community Homes Inc.

Name \_\_\_\_\_

Signature \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Signature \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

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**Authorization to send *confidential* electronic communications (i.e. Financial Statements, management letter, audit adjusting entries, emails, etc.)**

Name \_\_\_\_\_

Signature \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

E-mail address \_\_\_\_\_

Draft financial statements

Final financial statements

**PLEASE NOTE: Drafts and finals will be sent by Shannette Palmer whose email address is shannette.palmer@pyc.net**

**Fraud Questionnaire**  
**Victoria Park Community Homes Inc.**

**The primary responsibility for the prevention and detection of fraud rests with those charged with governance of an organization, i.e., the Board of Directors.**

**The auditor is required to determine if management and, as appropriate those charged with governance, has assessed the risk of material misstatement of the financial statements caused by fraud.**

In order to permit us to perform this function, please review and answer the following questions prior to the start of your audit.

1. (a) Has there been any fraud or theft discovered, suspected or alleged in the organization during the year? Please describe the situation in detail and how it was resolved.

- (b) If there was fraud, what is the impact on the financial statements?

2. Are there areas of the organization that the Board considers to be particularly susceptible to fraud?

3. Has the Board discussed these areas and taken any action to reduce the risk of fraud?

**Fraud Questionnaire - continued**  
**Victoria Park Community Homes Inc.**

4. Has management identified and communicated areas susceptible to fraud and theft to the Board?

5. Has the Board considered the areas of risk that may have been described in previous management letters? If so, what actions have been taken to reduce the risk of fraud?

6. Is there a written policy concerning ethical business practices and behaviour that has been communicated to directors and employees? Please describe the policy.

**Victoria Park Community Homes Inc.**

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
Director

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
Director

Per: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
Co-ordinator/Manager