

**PRENTICE  
YATES &  
CLARK**

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April 18, 2018

Board of Directors  
Kitchener Alliance Community Homes Inc.  
c/o Victoria Park Community Homes Inc.  
155 Queen Street North  
Hamilton, Ontario  
L8R 2V7

Dear Board of Directors:

We have been engaged to audit the financial statements of Kitchener Alliance Community Homes Inc. for the year ending December 31, 2017. Canadian generally accepted auditing standards require that we communicate the following information with you in relation to your audit.

**Evaluation of Internal Controls**

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

We will communicate internal control matters that we identified during our audit in our forthcoming management letter.

**Significant Accounting Policies**

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by Kitchener Alliance Community Homes Inc. are described in Note 1 of the financial statements.

**Significant Unusual Transactions**

We are not aware of any significant or unusual transactions entered into by Kitchener Alliance Community Homes Inc. of which you should be informed.

**Accounting Estimates**

Management is responsible for the accounting estimates included in the financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- calculation of accounting estimates;
- reasonability of key factors such as underlying management assumptions;
- materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- sensitivity to variation and deviation from historical patterns;
- consistency with the Organization's business plans; and
- other audit evidence.

### **Disagreements with Management**

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Organization's financial statements or independent auditors' report. Disagreements may arise over:

- selection or application of accounting principles;
- assumptions and related judgments for accounting estimates;
- financial statement disclosures;
- scope of the audit; or
- wording of the independent auditors' report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

### **Consultation with Other Accountants (Second Opinions)**

Management may consult with other accountants about auditing and accounting matters to obtain a "second opinion". When a Organization requests that another accountant provide a written report or oral advice on the application of accounting principles to a specific transaction or the type of opinion that may be rendered on the entity's financial statements, we are required to ensure that management has ensured that the reporting accountant has knowledge of all facts and circumstances and has conducted the engagement in accordance with Canadian generally accepted auditing standards on the Reports on the Application of Accounting Principles.

We are not aware of any consultations that have taken place with other accountants.

**Issues Discussed**

The auditor generally discusses, among other matters, the application of accounting principles, auditing standards and fees with management during the initial or recurring appointment of the auditor during the normal course of business. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

**Uncorrected Misstatements**

We are not aware of any uncorrected misstatements.

**Difficulties Encountered During the Audit**

We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

**Items Required to Complete the Audit**

To ensure the audit is finalized on a timely basis and to avoid late filing deadlines with regulatory bodies we require the following items (in addition to the signed *Audit Findings Letter, Letter of Representations and the Subsequent Event Questionnaire*):

1. Legal letter - Brechin & Huffman (confirmation request outstanding)
2. Mortgage confirmations for KA02 - CMHC
3. Mortgage confirmations for KA03 - CMHC
4. Mortgage confirmations for KA04 - RBC
5. Amalgamation documents
6. Signed T183 - authorization to e-file tax return
7. Completed 2017 Annual Information Return
8. Signed page A2 of the Annual Information Return
9. Board of Director minutes from September 27, 2017 to the date of financial statements approval
10. List of cheques written from March 1, 2018 to the date of financial statement approval
11. Bank statements from February 2018 (inclusive) to the date of financial statements approval

We shall be pleased to discuss with you further any matters mentioned above, at your convenience.

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.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below. Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

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:

Kitchener Alliance Community Homes Inc.

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

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