

SUMMARY ANNUAL FINANCIAL STATEMENTS

Victoria Park Community Homes Inc.
December 31, 2017

Auditors' Report on Summary Financial Statements

To the Members of Victoria Park Community Homes Inc.:

The accompanying summary financial statements, which comprise the statement of financial position as at December 31, 2017, the statement of changes in net assets, statement of operations, and statement of cash flows and related notes, are derived from the audited financial statements of the Victoria Park Community Homes Inc. for the year ended December 31, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated [Date of the auditors' report]. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred after [Date of the auditors' report].

The summary financial statements do not contain all the disclosures required by the financial reporting framework of the Housing Services Act (HSA). Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Victoria Park Community Homes Inc.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the financial reporting framework of the HSA.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Victoria Park Community Homes Inc. for the year ended December 31, 2017 are a fair summary of those financial statements, in accordance with the requirements of the HSA.

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Auditors' Report on Summary Financial Statements - continued

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the summary financial statements, which describes the basis of accounting. The audited financial statements, from which the summary financial statements were derived, are prepared to assist Victoria Park Community Homes Inc. in complying with the financial reporting requirements of the HSA. As a result, the summary financial statements may not be suitable for another purpose.

Toronto, Ontario

[Date of the auditors' report]

Chartered Professional Accountants, Licensed Public Accountants

Revised Draft - April 27, 2019

Victoria Park Community Homes Inc.
Summary Annual Financial Statement

December 31, 2017

Statement of Financial Position	2017	2016
Current Assets		
Cash	\$ 2,429,511	\$ 406,174
Receivables	1,431,557	936,119
Prepaid expenses	689,838	315,374
Total Current	4,550,906	1,657,667
Investments	11,931,784	1,901,381
Capital Assets	41,154,565	44,965,596
	57,637,255	48,524,644
Current Liabilities		
Accounts payable and accrued liabilities	2,316,546	2,289,000
Accrued mortgage interest	145,909	132,692
Prepaid rents	233,486	230,975
Deferred revenue	299,507	299,080
Current portion of loan to VPAHC	102,491	99,502
Total Current	3,097,939	3,051,249
Tenants' Security Deposits	926,909	898,744
Mortgages Payable	44,860,550	37,990,534
Due to Regional Municipality of Waterloo	236,345	236,345
Deferred Contributions Related to Rental Properties	1,401,400	1,447,600
Loan Payable To VPAHC	3,179,931	3,282,422
Bank loan	173,682	179,225
Total Liabilities	53,876,756	47,086,119
Net Assets, per statement		
Externally restricted	1,911,958	1,444,429
Internally restricted	1,364,680	1,243,695
Unrestricted	483,861	(1,249,599)
	3,760,499	1,438,525
	57,637,255	48,524,644

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Year ended December 31, 2017

Statement of Net Assets

	Restricted		Unrestricted	2017	2016
	Externally	Internally			
Balance beginning	\$ 1,444,429	\$ 1,243,695	\$ (1,249,599)	\$ 1,438,525	\$ 995,595
Add (deduct)					
Excess of revenues over expenditures	0	0	2,280,827	2,280,827	744,869
Net increase (decrease) in reserves	467,529	120,985	(547,367)	41,147	(301,939)
<i>Balance December 31</i>	1,911,958	1,364,680	483,861	3,760,499	1,438,525

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Statement of Operations	2017	2016
Revenues		
Rents	\$ 15,195,977	\$ 15,449,001
Operating subsidy and provincial rent supplement	6,872,568	6,933,679
Commercial rental income	41,507	40,919
Vacancy losses	(216,085)	(227,604)
Amortization of deferred contributions	46,200	46,200
	<u>21,940,167</u>	<u>22,242,195</u>
Expenses		
Mortgage interest	1,457,488	1,600,607
Less: federal interest reduction grant	(312,894)	(855,941)
	<u>1,144,594</u>	<u>744,666</u>
Harmonized sales tax	210,104	241,674
Property	6,865,953	7,170,657
Operating	6,579,016	6,996,031
Interest on tenants' security deposits, net	2,323	7,382
Amortization	4,164,763	5,142,255
Replacement reserve allocation	652,651	813,195
	<u>19,619,404</u>	<u>21,115,860</u>
<i>Excess of Revenues Over Expenditures Before Direct Subsidies</i>	2,320,763	1,126,335
Direct subsidies	(49,371)	(833,722)
<i>Excess of Revenues Over Expenditures Before Other</i>	2,271,392	292,613
Other		
Prior year subsidy adjustments	9,435	(37,979)
Gain on sale of properties	0	490,235
<i>Excess of Revenues Over Expenditures</i>	2,280,827	744,869

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Statement of Cash Flows	2017	2016
Cash Provided By (Used For)		
Operating Activities	\$ 6,781,675	\$ 5,685,651
Investing and Financing Activities	(3,590,999)	(5,202,236)
Reserve Fund Activities	(1,167,339)	(1,115,134)
Net cash increase (decrease) during the year	2,023,337	(631,719)
Cash position beginning of year	406,174	1,037,893
Cash Position End of Year	2,429,511	406,174

Revised Draft - April 27, 2018

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Notes to Summary Annual Financial Statements

Note 1 Criteria for the Preparation of the Summary Financial Statements

The following criteria have been applied by management in the preparation of the summary financial statements:

- (a) each financial statement presented is clearly labeled as a summary financial statement;
- (b) that the summary financial statements agrees with and can be recalculated from the related information in the audited financial statements of the organization;
- (c) in view of the purpose of the summary financial statements, contain information necessary, and at an appropriate level of aggregation, so as not to be misleading in the circumstances;
- (d) confirm that the audited financial statements be available for inspection or review by any member at the head office address of the organization during normal business hours.

Note 2 Basis of Accounting

These summary financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the financial reporting framework prescribed by the Housing Services Act. This framework requires the financial statements to be prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations subject to the following significant exceptions:

- (a) amortization of capital assets under the authority of the Service Managers includes amortization of land and is equal to the principal repaid on the mortgage rather than on the useful lives of the related assets; specifically for properties funded by the Regional Municipality of Waterloo, in determining principal repaid an accrual must be made for the amount of principal to be repaid on the first day following the Corporation's year-end;
- (b) capital expenditures may be charged to the replacement reserve rather than capitalized and amortized over their estimated useful lives;
- (c) a replacement reserve is appropriated from operations;
- (d) investment income earned on replacement reserve funds is credited directly to the reserve rather than to operations;
- (e) long-term debt secured by land and buildings is not segregated between current and long-term on the statement of financial position;
- (f) unless specifically instructed by the funder to defer a capital grant, government grants received for capital expenditures are credited directly to the replacement reserve rather than recorded as deferred contributions related to capital assets and amortized over the estimated useful life of the related capital asset.