

## 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 May 3, 2018. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred after May 3, 2018.

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  
May 3, 2018



Chartered Professional Accountants, Licensed Public Accountants

**Victoria Park Community Homes Inc.**  
**Summary Annual Financial Statement**

*December 31, 2017*

<b>Statement of Financial Position</b>	2017	2016
<b>Current Assets</b>		
Cash	\$ 2,429,511	\$ 406,174
Receivables	1,431,557	936,119
Prepaid expenses	689,838	315,374
<b>Total Current</b>	4,550,906	1,657,667
<b>Investments</b>	11,931,784	1,901,381
<b>Capital Assets</b>	41,154,565	44,965,596
	<hr/> 57,637,255	<hr/> 48,524,644
<b>Current Liabilities</b>		
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
<b>Total Current</b>	3,097,939	3,051,249
<b>Tenants' Security Deposits</b>	926,909	898,744
<b>Mortgages Payable</b>	44,860,550	37,990,534
<b>Due to Regional Municipality of Waterloo</b>	236,345	236,345
<b>Deferred Contributions Related to Rental Properties</b>	1,401,400	1,447,600
<b>Loan Payable To VPAHC</b>	3,179,931	3,282,422
<b>Bank loan</b>	173,682	179,225
<b>Total Liabilities</b>	<hr/> 53,876,756	<hr/> 47,086,119
<b>Net Assets, per statement</b>		
Externally restricted	1,911,958	1,444,429
Internally restricted	1,364,680	1,243,695
Unrestricted	483,861	(1,249,599)
	<hr/> 3,760,499	<hr/> 1,438,525
	<hr/> 57,637,255	<hr/> 48,524,644

**Victoria Park Community Homes Inc.**  
**Summary Annual Financial Statement**

*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)
<b><i>Balance December 31</i></b>	<b>1,911,958</b>	<b>1,364,680</b>	<b>483,861</b>	<b>3,760,499</b>	<b>1,438,525</b>

**Victoria Park Community Homes Inc.**  
**Summary Annual Financial Statement**

*Year ended December 31, 2017*

<b>Statement of Operations</b>	2017	2016
<b>Revenues</b>		
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
	21,940,167	22,242,195
<b>Expenses</b>		
Mortgage interest	1,457,488	1,600,607
Less: federal interest reduction grant	(312,894)	(855,941)
	1,144,594	744,666
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
	19,619,404	21,115,860
<b><i>Excess of Revenues Over Expenditures Before Direct Subsidies</i></b>	2,320,763	1,126,335
Direct subsidies	(49,371)	(833,722)
<b><i>Excess of Revenues Over Expenditures Before Other</i></b>	2,271,392	292,613
<b>Other</b>		
Prior year subsidy adjustments	9,435	(37,979)
Gain on sale of properties	0	490,235
<b><i>Excess of Revenues Over Expenditures</i></b>	2,280,827	744,869

**Victoria Park Community Homes Inc.**  
**Summary Annual Financial Statement**

*Year ended December 31, 2017*

<b>Statement of Cash Flows</b>	2017	2016
<b>Cash Provided By (Used For)</b>		
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
<b>Cash Position End of Year</b>	<b>2,429,511</b>	<b>406,174</b>

**Victoria Park Community Homes Inc.**  
**Summary Annual Financial Statement**

*December 31, 2017*

**Notes to Summary Annual Financial Statements**

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**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.