

SUMMARY ANNUAL FINANCIAL STATEMENTS

Victoria Park Community Homes Inc.
December 31, 2018

Report of the Independent Auditor on the Summary Financial Statements

To the Members of Victoria Park Community Homes Inc.:

Opinion

The summary financial statements, which comprise the statement of financial position as at December 31, 2018, the summary statement of changes in net assets, summary statement of operations, and summary 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, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements in accordance with the financial reporting framework of the Housing Services Act (HSA).

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated [Date of the auditors' report]. That reports also includes an Emphasis of Matter – Basis of Accounting and Restriction on Distribution section that draws attention to Note 2 to the audited financial statements, which describes the basis of accounting and an Other Matter - Comparative Information, which discusses the comparative figures. The audited financial statements are prepared to assist Victoria Park Community Homes Inc. to meet the requirements of HSA. As a result, the audited financial statements may not be suitable for another purpose. Our audited report is intended solely for the members of Victoria Park Community Homes Inc. and Specified Users as described in Note 1 of the audited financial statements and should not be distributed to parties other than the members of Victoria Park Community Homes Inc. and Specified Users as described in Note 1 of the audited financial.

Management 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.

Report of the Independent Auditor on the Summary Financial Statements - continued

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 Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Toronto, Ontario
[Date of the auditors' report]

Chartered Professional Accountants, Licensed Public Accountants

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Victoria Park Community Homes Inc.
Summary Annual Financial Statement

December 31, 2018

| Statement of Financial Position | 2018 | 2017 |
|--|-------------------|-------------------|
| Current Assets | | |
| Cash | \$ 2,469,015 | \$ 2,885,247 |
| Receivables | 3,316,584 | 1,731,032 |
| Prepaid expenses | 573,354 | 689,838 |
| Total Current | 6,358,953 | 5,306,117 |
| Investments | 11,331,595 | 12,746,044 |
| Capital Assets | 47,186,728 | 47,573,268 |
| | 64,877,276 | 65,625,429 |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 3,566,866 | 2,618,032 |
| Accrued mortgage interest | 225,622 | 226,739 |
| Prepaid rents | 379,835 | 241,110 |
| Deferred revenue | 297,981 | 299,507 |
| Current portion of loan to VPAHC | 105,570 | 102,491 |
| Total Current | 4,575,874 | 3,487,879 |
| Tenants' Security Deposits | 1,019,722 | 984,437 |
| Mortgages Payable | 46,652,811 | 51,279,253 |
| Due to Regional Municipality of Waterloo | 236,345 | 236,345 |
| Deferred Contributions Related to Rental Properties | 3,544,774 | 1,401,400 |
| Loan Payable To VPAHC | 3,074,361 | 3,179,931 |
| Bank loan | 168,063 | 173,682 |
| Total Liabilities | 59,271,950 | 60,742,927 |
| Net Assets, per statement | | |
| Externally restricted | 2,748,232 | 2,744,698 |
| Internally restricted | 1,479,737 | 1,364,680 |
| Unrestricted | 1,377,357 | 773,124 |
| | 5,605,326 | 4,882,502 |
| | 64,877,276 | 65,625,429 |

Victoria Park Community Homes Inc.
Summary Annual Financial Statement

Year ended December 31, 2018

Statement of Net Assets

| | Restricted | | Unrestricted | 2018 | 2017 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | Externally | Internally | | | |
| Balance beginning | \$ 2,744,698 | \$ 1,364,680 | \$ 773,124 | \$ 4,882,502 | \$ 2,320,770 |
| Add (deduct) | | | | | |
| Excess of revenues over expenditures | 0 | 0 | 1,173,961 | 1,173,961 | 2,290,327 |
| Net increase (decrease) in reserves | 3,534 | 115,057 | (569,728) | (451,137) | 271,405 |
| <i>Balance December 31</i> | 2,748,232 | 1,479,737 | 1,377,357 | 5,605,326 | 4,882,502 |

Victoria Park Community Homes Inc.
Summary Annual Financial Statement

Year ended December 31, 2018

| Statement of Operations | 2018 | 2017 |
|--|-------------------|-------------------|
| Revenues | | |
| Rents | \$ 16,827,652 | \$ 16,422,439 |
| Operating subsidy and provincial rent supplement | 7,973,180 | 8,121,150 |
| Commercial rental income | 41,554 | 41,507 |
| Vacancy losses | (214,642) | (244,954) |
| Amortization of deferred contributions | 46,200 | 46,200 |
| | <u>24,673,944</u> | <u>24,386,342</u> |
| Expenses | | |
| Mortgage interest | 1,701,124 | 1,224,264 |
| Less: federal interest reduction grant | (25,020) | (312,894) |
| | <u>1,676,104</u> | <u>911,370</u> |
| Harmonized sales tax | 325,610 | 202,719 |
| Property | 8,243,310 | 7,565,948 |
| Operating | 7,532,156 | 7,230,534 |
| Interest on tenants' security deposits, net | 8,117 | (2,521) |
| Amortization | 4,846,779 | 5,367,649 |
| Replacement reserve allocation | 761,223 | 780,380 |
| | <u>23,393,299</u> | <u>22,056,079</u> |
| <i>Excess of Revenues Over Expenditures Before Direct Subsidies</i> | 1,280,645 | 2,330,263 |
| Direct subsidies | (48,282) | (49,371) |
| <i>Excess of Revenues Over Expenditures Before Other</i> | 1,232,363 | 2,280,892 |
| Other | | |
| Prior year subsidy adjustments | 0 | 9,435 |
| Development costs write-off | (58,402) | 0 |
| <i>Excess of Revenues Over Expenditures</i> | <u>1,173,961</u> | <u>2,290,327</u> |

Victoria Park Community Homes Inc.
Summary Annual Financial Statement

Year ended December 31, 2018

| Statement of Cash Flows | 2018 | 2017 |
|--|------------------|------------------|
| Cash Provided By (Used In) | | |
| Operating Activities | \$ 7,504,306 | \$ 7,832,123 |
| Investing and Financing Activities | (7,803,461) | (4,793,885) |
| Reserve Fund Activities | (117,077) | (1,064,810) |
| Net cash increase (decrease) during the year | (416,232) | 1,973,428 |
| Cash position beginning of year | 2,885,247 | 911,819 |
| Cash Position End of Year | 2,469,015 | 2,885,247 |

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Victoria Park Community Homes Inc.
Summary Annual Financial Statement

December 31, 2018

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.