

SUMMARY ANNUAL FINANCIAL STATEMENTS

Victoria Park Community Homes Inc.
December 31, 2016

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, 2016, 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, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated May 11, 2017. The audited financial statements and the summary financial statements do not reflect the effects of events that occurred after May 11, 2017.

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, 2016 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 11, 2017



Chartered Professional Accountants, Licensed Public Accountants

Victoria Park Community Homes Inc.
Summary Annual Financial Statement

December 31, 2016

Statement of Financial Position	2016	2015
Current Assets		
Cash	\$ 406,174	\$ 1,037,893
Receivables	936,119	512,727
Prepaid expenses	315,374	314,520
Total Current	1,657,667	1,865,140
Investments	1,901,381	3,321,975
Capital Assets	44,965,596	48,348,552
	48,524,644	53,535,667
Current Liabilities		
Bank loan	179,225	184,543
Accounts payable and accrued liabilities	2,289,000	2,271,027
Accrued mortgage interest	132,692	137,287
Prepaid rents	230,975	214,661
Deferred revenue	153,737	237,271
Current portion of loan to VPAHC	99,502	96,601
Total Current	3,085,131	3,141,390
Tenants' Security Deposits	898,744	854,207
Mortgages Payable	37,990,534	42,836,012
Due to Regional Municipality of Waterloo	236,345	686,345
Deferred Contributions Related to Rental Properties	1,447,600	1,493,800
Loan Payable To VPAHC	3,282,422	3,381,924
Vehicle Loan	0	1,051
Total Liabilities	46,940,776	52,394,729
Net Assets, per statement		
Externally restricted	1,589,772	1,746,189
Internally restricted	1,243,695	708,018
Unrestricted	(1,249,599)	(1,313,269)
	1,583,868	1,140,938
	48,524,644	53,535,667

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Year ended December 31, 2016

Statement of Net Assets

	Restricted		Unrestricted	2016	2015
	Externally	Internally			
Balance beginning	\$ 1,746,189	\$ 708,018	\$ (1,313,269)	\$ 1,140,938	\$ 2,980,748
Add (deduct)					
Excess of revenues over expenditures	0	0	744,869	744,869	55,164
Net increase (decrease) in reserves	(156,417)	535,677	(681,199)	(301,939)	(1,894,974)
<i>Balance December 31</i>	1,589,772	1,243,695	(1,249,599)	1,583,868	1,140,938

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Year ended December 31, 2016

Statement of Operations	2016	2015
Revenues		
Rents	\$ 15,449,001	\$ 15,447,165
Operating subsidy and provincial rent supplement	6,933,679	6,893,308
Commercial rental income	40,919	45,334
Vacancy losses	(227,604)	(579,039)
Amortization of deferred contributions	46,200	46,200
	22,242,195	21,852,968
Expenses		
Mortgage interest	1,600,607	1,760,872
Less: federal interest reduction grant	(855,941)	(981,791)
	744,666	779,081
Harmonized sales tax	241,674	224,407
Property	7,170,657	6,947,846
Operating	6,996,031	6,883,807
Interest on tenants' security deposits, net	7,382	20,377
Amortization	5,142,255	5,110,400
Replacement reserve allocation	813,195	846,984
	21,115,860	20,812,902
<i>Excess of Revenues Over Expenditures Before Direct Subsidies</i>	1,126,335	1,040,066
Direct subsidies	(833,722)	(912,691)
<i>Excess of Revenues Over Expenditures Before Other</i>	292,613	127,375
Other		
Prior year subsidy adjustments	(37,979)	(72,211)
Gain on sale of properties	490,235	0
<i>Excess of Revenues Over Expenditures</i>	744,869	55,164

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Statement of Cash Flows	2016	2015
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Cash Provided By (Used For)		
Operating Activities	\$ 5,685,651	\$ 9,434,272
Investing and Financing Activities	(5,202,236)	(7,819,336)
Reserve Fund Activities	(1,115,134)	(1,781,921)
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Net cash decrease during the year	(631,719)	(166,985)
Cash position beginning of year	1,037,893	1,204,878
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Cash Position End of Year	406,174	1,037,893
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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;
- (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.