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**JUNIPER HOUSING CORPORATION**  
**FINANCIAL STATEMENTS**  
**December 31, 2011**



**Cheryl Woloschuk,**  
**Certified General Accountant,**  
**Prof. Corp.**

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439 Lashyn Cove  
Saskatoon, SK  
S7N 4S2  
Tel: (306) 227-1972  
Fax: (306) 664-2440  
Email: [cwolos@sasktel.net](mailto:cwolos@sasktel.net)

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Juniper Housing Corporation

I have audited the accompanying financial statements of Juniper Housing Corporation, which comprise the statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the statements of operations, changes in net assets, and cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations Juniper Housing Corporation derives revenue in part, from donations, and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Juniper Housing Corporation and I was not able to determine whether any adjustments might be necessary to donation revenues, fundraising revenues, excess of income over expenses, assets and fund balances.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Juniper Housing Corporation as at December 31, 2011, December 31, 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, SK  
June 16, 2012

*Cheryl Woloschuk, CGA, Prof. Corp.*

Cheryl Woloschuk, CGA, Prof. Corp.  
Certified General Accountant

**JUNIPER HOUSING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2011

**ASSETS**

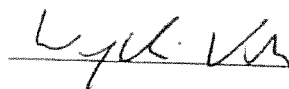
	<u>2011</u>	<u>2010</u>	<u>2010</u> (January 1)
<b>CURRENT</b>			
Cash	\$ 78,306	\$ 126,528	\$ 32,978
Accounts receivable	0	0	4,793
Prepaid expenses	2,495	2,507	2,989
Goods and Services Tax recoverable	<u>3,057</u>	<u>1,193</u>	<u>80,861</u>
	83,858	130,228	121,621
<b>INVESTMENTS (Note 4)</b>	0	13,462	13,462
<b>TANGIBLE CAPITAL ASSETS (Note 5)</b>	<u>4,578,237</u>	<u>4,661,361</u>	<u>4,751,533</u>
	<u>\$ 4,662,095</u>	<u>\$ 4,805,051</u>	<u>\$ 4,886,616</u>

**LIABILITIES**

<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 9,737	\$ 7,954	\$ 7,620
Payroll liabilities	0	1,025	2,445
Rental and damage deposits	17,840	18,383	23,950
Prepaid rent	8,235	9,555	0
Scheduled repayments of callable debt (Note 8)	<u>21,550</u>	<u>15,900</u>	<u>22,187</u>
Current liabilities before callable debt	57,362	52,817	56,202
Callable debt (Note 8)	<u>645,639</u>	<u>750,112</u>	<u>836,851</u>
	703,001	802,929	893,053
<b>DEFERRED CONTRIBUTIONS (Note 9)</b>	485,186	505,402	526,461
<b>DEFERRED FORGIVABLE HRDP LOAN</b>	<u>2,632,739</u>	<u>2,847,743</u>	<u>3,062,747</u>
	<u>3,820,926</u>	<u>4,156,074</u>	<u>4,482,261</u>
<b>NET ASSETS</b>			
Net assets invested in capital assets	512,789	261,870	237,957
Unrestricted net assets	<u>328,380</u>	<u>387,107</u>	<u>166,398</u>
	<u>841,169</u>	<u>648,977</u>	<u>404,355</u>
	<u>\$ 4,662,095</u>	<u>\$ 4,805,051</u>	<u>\$ 4,886,616</u>

Approved by the Directors:

 , Director

 , Director

See accompanying Notes to Financial Statements

**JUNIPER HOUSING CORPORATION**  
**STATEMENT OF OPERATIONS**  
For the years ended December 31, 2011

	<u>2011</u>	<u>2010</u>
<b>REVENUE</b>		
Rental income	\$ 245,638	\$ 257,288
Forgiveness of HRDP loan	215,004	215,004
Dividends	0	360
Interest	46	43
Sask. Housing Corporation funding	0	2,512
City of Saskatoon funding	4,913	14,486
Donations	5,930	2,960
Facility Rental	3,603	0
Recognition of deferred contributions	<u>20,216</u>	<u>21,058</u>
	<u>495,350</u>	<u>513,711</u>
<b>EXPENSES</b>		
Advertising and promotion	246	0
Amortization of tangible assets	103,816	105,827
Business taxes and licences	196	186
Insurance	8,306	6,863
Bank charges	221	51
Interest on long-term debt	38,852	30,758
Meals and entertainment	833	1,680
Office and general	3,034	733
Resident programs	4,281	0
Meetings	1,830	2,824
Professional fees	6,666	4,231
Property taxes	476	1,453
Repairs and maintenance	15,544	15,249
Training	0	477
Travel	114	9
Utilities	46,805	44,810
Wages and benefits	<u>71,520</u>	<u>53,938</u>
	<u>302,740</u>	<u>269,089</u>
	<u>192,610</u>	<u>244,622</u>
<b>OTHER</b>		
Gain (loss) on sale of assets	<u>(418)</u>	<u>0</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 192,192</u>	<u>\$ 244,622</u>

See accompanying Notes to Financial Statements

**JUNIPER HOUSING CORPORATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the years ended December 31, 2011

NET ASSETS	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
Balance, beginning of year	\$ 261,870	\$ 0	\$ 387,107	\$ 648,977	\$ 404,355
Excess of revenues over expenses	(104,233)	0	296,425	192,192	244,622
Investment in capital assets	21,109	0	(21,109)	0	0
Repayment of long term debt	98,823	0	(98,823)	0	0
Change in HRDP loan	215,004	0	(215,004)	0	0
Amortization of deferred contributions	<u>20,216</u>	<u>0</u>	<u>(20,216)</u>	<u>0</u>	<u>0</u>
<b>Balance, end of year</b>	<b>\$ <u>512,789</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>328,380</u></b>	<b>\$ <u>841,169</u></b>	<b>\$ <u>648,977</u></b>

See accompanying Notes to Financial Statements

**JUNIPER HOUSING CORPORATION**  
**CASH FLOW STATEMENT**  
For the years ended December 31, 2011

	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 192,192	\$ 244,622
Add (deduct):		
Charges to income not involving cash:		
Amortization	103,816	105,827
Gain on disposal of assets	<u>418</u>	<u>0</u>
	296,426	350,449
Net change in non-cash working capital balances related to operations:	<u>(2,959)</u>	<u>87,845</u>
	<u>293,467</u>	<u>438,294</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(98,823)	(93,026)
Repayment of capital lease obligations (Note 5)	(215,004)	(215,004)
Change in deferred contributions	<u>(20,216)</u>	<u>(21,058)</u>
	<u>(334,043)</u>	<u>(329,088)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(21,109)	(15,656)
Proceeds from sale of investments	<u>13,463</u>	<u>0</u>
	<u>(7,646)</u>	<u>(15,656)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(48,222)</b>	<b>93,550</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u><b>126,528</b></u>	<u><b>32,978</b></u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><b>\$ 78,306</b></u>	<u><b>\$ 126,528</b></u>

See accompanying Notes to Financial Statements



**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**1. PURPOSE OF THE ORGANIZATION**

Juniper Housing Corporation was incorporated on July 6, 2005 under the Non-Profit Corporations Act of Saskatchewan. Its primary purpose is to provide affordable and integrated housing units for lower and middle income adult persons as well as social, recreational and cultural programs in the common areas of the housing project. The Corporation is a registered charitable organization and is exempt from income taxes under section 149(1)(f) of the Income Tax Act of Canada.

**2. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

The accounts of the Organization are maintained in accordance with the restricted fund method of accounting for contributions. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets. Any donations restricted for use in the purchase of capital assets are also reported in the fund.

b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for certain items, such as useful lives of tangible capital assets, impairment of long-lived assets, and allowance for doubtful accounts. The resolution of these uncertainties will be determined by future events.

c) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue from housing units are recognized as earned.

d) Deferred Forgivable HomeFirst Rental Development Program (HRDP) Loan

The Saskatchewan Housing Corporation (SHC) has designated a forgivable loan under the HRDP program for the construction and acquisition of affordable housing units by the Corporation (see Note 7). Restricted funds for this purpose are accounted for under the deferral method whereby the loan proceeds are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

**2. ACCOUNTING POLICIES - continued**

**e) Tangible Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is recorded at the following rates, which have been established by estimates of useful lives. Additions during the current year are amortized at one-half their normal rates, and no amortization is taken in the year of disposition. Amortization expense is reported in the Capital Asset Fund.

Computer hardware	45% declining balance
Furniture, appliances and equipment	30% declining balance
Building	4% declining balance
Signs	20% declining balance
Fencing	20% declining balance
Paving	20% declining balance

**f) Donated Property, Services, and Materials**

The Organization receives a significant amount of donated materials and services from its directors and supporters.

Donated materials and services are recorded at fair value, when fair value can be reasonably estimated and when the materials and services are normally purchased. The value of donated services for which fair value can not be reasonably estimated is not reflected in these financial statements.

**g) Income Taxes**

Due to the nature of the activities as a charitable organization, the Corporation is exempt from income tax.

**3. FIRST TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

The financial statements for the year ended December 31, 2011 are the first financial statements that are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements for the year ended December 31, 2010 were previously prepared in accordance with Canadian generally accepted accounting principles (GAAP - as issued in the Handbook - Accounting Part V (Pre-changeover standards)). The Organization's date of transition to Canadian accounting standards for not-for-profit organizations is January 1, 2010. On adoption of ASNPO, an organization is permitted to selectively elect certain exemptions and choose accounting policies that may differ from the previously presented financial statement information. As the Organization did not elect to apply any exemptions upon initial adoption of ASNPO, no changes have been made to the previously presented financial statements.

**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

**4. INVESTMENTS**

Investments are reported at cost, and consist of publicly traded securities donated to the Corporation. All investments were sold during 2011. The fair market value of the shares at December 31, 2010 \$12,676.

**5. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011</u>	<u>Net Book Value</u>	
				<u>2010</u>	<u>2010</u>
					(January 1)
Computer hardware	\$ 1,395	\$ 1,395	\$ 0	\$ 0	\$ 698
Furniture, appliances and equipment	86,107	30,641	55,466	46,003	44,585
Building	4,427,727	257,178	4,170,549	4,255,662	4,338,297
Land	275,000	0	275,000	275,000	275,000
Signs	3,650	1,548	2,102	2,628	3,285
Fencing	23,661	6,412	17,249	19,165	21,295
Paving	<u>74,093</u>	<u>16,222</u>	<u>57,871</u>	<u>62,903</u>	<u>68,373</u>
	<u>\$ 4,891,633</u>	<u>\$ 313,396</u>	<u>\$ 4,578,237</u>	<u>\$ 4,661,361</u>	<u>\$ 4,751,533</u>

**6. FINANCIAL INSTRUMENTS**

The Organization's financial instruments consist of accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments. Market risks result from changes in interest rates, exchange rates or foreign currencies and market prices of financial instruments.

The Organization is exposed to financial risk that arises from the fluctuations in interest rates and in the credit quality of its tenants.

The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

Credit risk:

The Organization's credit risk consists principally of cash and cash equivalents and accounts receivable. Credit risk associated with cash is minimized substantially by ensuring that reputable and major financial institutions are used. There is no particular concentration of credit risk associated with accounts receivable because the Organization does not have any individual customers that comprise a significant portion of their total trade accounts receivable. It performs regular credit assessments and provides allowance for potentially uncollectible accounts.

Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk is not considered significant because the Organization does not regularly have transactions based in foreign currency and does not maintain a balance in foreign bank accounts.

**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

6. **FINANCIAL INSTRUMENTS - continued**

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk due to fluctuations in the market interest rates it earns on cash held in its bank accounts, on its variable rate loans, which are tied to the bank prime rate, and on its fixed rate loans, which are generally set at higher rates than the variable rate loans. The Organization does not use financial instruments to reduce its interest rate risk exposure.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to purchase goods and services on credit, borrow funds from creditors, etc. for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Organization's future net cash flows for the possibility of a negative cash flow. The Organization is exposed to this risk mainly from its long-term debt and accounts payable.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk, as described above.

7. **DEFERRED FORGIVEABLE HRDP LOAN**

The forgivable HRDP loan was advanced from the Saskatchewan Government through SHC to assist with the construction of new affordable housing units. The Corporation is responsible for maintaining certain criteria for the amount to be forgiven. Provided that an Event of Default has not occurred, the loan is forgivable over twelve years beginning in the month after the date of substantial completion which was February 9, 2009. The loan is being forgiven at a rate of \$17,917 for the First Forgiveness Period of 120 months, \$35,833 for the Second Forgiveness Period of 29 months, with the remaining balance of \$34,833 being forgiven on the first day of the month following the Second Forgiveness Period. Accordingly, the deferred amount is being recognized into income on the same basis as the amortization expense on the related property and equipment. Interest accrued at a rate of 7.29% per annum upon an even of default. The forgiveness shown in these financial statements is calculated without verification that all requirements to earn the forgiveness were met.

Funding under the HRDP forgivable loan is as follows:

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 2,847,743	\$ 3,062,747
Amortization for the year	<u>(215,004)</u>	<u>(215,004)</u>
Balance at end of year	<u>\$ 2,632,739</u>	<u>\$ 2,847,743</u>

**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**8. CALLABLE DEBT**

	<u>2011</u>	<u>2010</u>	<u>2010</u> (January 1)
Affinity Credit Union mortgage, repayable in monthly instalments of \$4,796 including interest at 5.49%. This loan matures on August 1, 2015 and is secured by a building at 408 Avenue F South, Saskatoon, Saskatchewan.	\$ <u>667,189</u>	\$ <u>766,012</u>	\$ <u>859,038</u>
Cash repayments required within 12 months	\$ <u>(21,550)</u>	\$ <u>(15,900)</u>	\$ <u>(22,187)</u>
	<u>645,639</u>	<u>750,112</u>	<u>836,851</u>

Regular principal payments required on all long-term debt for the next five years are due as follows:

2012	\$	21,550
2013		22,770
2014		24,050
2015		32,150
2016		<u>32,150</u>
	\$	<u>132,670</u>

**9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets consists of restricted contributions received by the Corporation for use in the acquisition/construction of its building and equipment. The changes in the deferred contributions balance for the period are as follows:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 505,402	\$ 526,461
Amounts amortized to revenue	<u>(20,216)</u>	<u>(21,059)</u>
Ending balance	<u>\$ 485,186</u>	<u>\$ 505,402</u>

Deferred contributions are recognized and taken into revenue on the same basis as the amortization expense related to the building and equipment acquired with the contribution. Contributions restricted and used for the acquisition of non-amortized property are recognized as a direct increase in net assets.

**10. RENTAL RESTRICTIONS**

In accordance with the forgivable HRDP loan agreement entered into with SHC, the Corporation has agreed, as a condition of CHS forgiving the loan (see Note 7), housing units will be rented to households meeting certain income restrictions, and are limited to charging a maximum rent as approved by SHC.

**JUNIPER HOUSING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

**11. SUBSEQUENT EVENT**

As a result of an audit initiated by Canada Revenue Agency, the Board of Directors of Juniper Housing Corporation signed a settlement with Canada Revenue Agency on June 14, 2012. The audit was regarding a public service bodies rebate on the self-assessment of GST on the fair market value of the building at the time construction was completed and expenses incurred in 2008 and 2009 during the construction phase of the building. The Corporation expects to receive a refund of \$5,903 in 2012 as a result of this settlement.