JUNIPER HOUSING CORPORATION

FINANCIAL STATEMENTS

December 31, 2016

Cheryl Woloschuk,
Chartered Professional Accountant,
Prof. Corp.

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

INDEX

Cheryl Woloschuk,
Chartered Professional Accountant, Prof. Corp.

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

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, 2016, and the statements of operations, changes in net assets, and cash flows for the year ended December 31, 2016, 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, 2016, and its financial performance and its cash flows for the year ended December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Cheryl Woloschuk, CPA, Prof. Corp.

Saskatoon, SK
June 23, 2017

Cheryl Woloschuk, Chartered Professional Accountant, Prof. Corp.
Chartered Professional Accountant

JUNIPER HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

	2016	2015
CURRENT		
Cash	$ 3,545	$ 25,951
Accounts receivable	13	1,626
Prepaid expenses	1,112	1,603
GST recoverable	3,738	1,666
	8,408	30,846
TANGIBLE CAPITAL ASSETS (Notes 2 and 4)	4,419,468	4,501,096
	$ 4,427,876	$ 4,531,942

LIABILITIES

	2016	2015
CURRENT		
Bank operating loan (Note 3)	$ 13,516	$ 0
Accounts payable and accrued liabilities	13,584	8,817
Payroll liabilities	184	2,273
Scheduled repayments of callable debt (Note 7)	31,200	29,650
Rental and damage deposits	23,158	23,388
Prepaid rent	6,740	750
Current liabilities before callable debt	88,382	64,878
Callable debt (Note 7)	601,021	632,369
	689,403	697,247
DEFERRED CONTRIBUTIONS (Note 8)	395,607	412,091
DEFERRED FORGIVABLE HRDP LOAN (Notes 2 and 6)	1,557,719	1,772,723
	2,642,729	2,882,061

NET ASSETS

	2016	2015
Net assets invested in capital assets	1,553,588	1,373,931
Unrestricted net assets	231,559	275,950
	1,785,147	1,649,881
	$ 4,427,876	$ 4,531,942

Approved by the Directors:

Dan Weale, Director

_______________, Director

See accompanying Notes to Financial Statements

JUNIPER HOUSING CORPORATION
STATEMENT OF OPERATIONS
For the year ended December 31, 2016

	2016	2015
REVENUE		
City of Saskatoon funding	$ 344	$ 5,500
Donations	5,438	4,575
Interest	2	21
Net income on 414 Avenue F South (Schedule 1)	12,620	7,925
Rental income from main building	213,429	268,191
	231,833	286,212
EXPENSES		
Advertising and promotion	248	251
Amortization of tangible assets	93,268	94,907
Bank charges	390	201
Business taxes and licences	721	0
Insurance	10,023	9,520
Interest on long-term debt	20,935	28,356
Meetings	5,878	4,880
Office and general	1,789	1,905
Professional fees	10,753	8,627
Property taxes	16,578	16,060
Repairs and maintenance	31,686	22,144
Resident programs	0	1,000
Travel	26	11
Utilities	51,135	53,738
Wages and benefits	84,625	73,941
	328,055	315,541
NET LOSS FROM OPERATIONS	(96,222)	(29,329)
OTHER		
Forgiveness of HRDP loan	215,004	215,004
Recognition of deferred contributions (Notes 2 and 8)	16,484	17,170
	231,488	232,174
EXCESS OF REVENUE OVER EXPENSES	$ 135,266	$ 202,845

JUNIPER HOUSING CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2016

NET ASSETS Net assets, beginning of year:	**Invested in capital assets**	**Unrestricted**	**Total 2016**	**Total 2015**
Balance, beginning of year	$ 1,373,931	$ 275,950	$ 1,649,881	$ 1,447,036
Excess of revenue over expenses	0	135,266	135,266	202,845
Amortization	(93,268)	93,268	0	0
Investment in capital assets	11,639	(11,639)	0	0
Repayment of long term debt	29,798	(29,798)	0	0
Change in HRDP loan	215,004	(215,004)	0	0
Amortization of deferred contributions	16,484	(16,484)	0	0
Balance, end of year	$ 1,553,588	$ 231,559	$ 1,785,147	$ 1,649,881

See accompanying Notes to Financial Statements

JUNIPER HOUSING CORPORATION
CASH FLOW STATEMENT
For the year ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 135,266	$ 202,845
Add (deduct):		
Charges to income not involving cash:		
Amortization	93,268	94,907
	228,534	297,752
Net change in non-cash working capital balances related to operations:		
Trade receivables	1,613	(209)
Prepaid expenses	491	716
Accounts payable and accrued liabilities	4,767	(2,916)
Payroll liabilities	(2,090)	3,021
GST payable	(2,072)	(1)
Rental and damage deposits	(230)	(4,276)
Prepaid rent	5,990	(5,990)
	237,003	288,097
FINANCING ACTIVITIES		
Repayment of long-term debt	(29,798)	(90,304)
Repayment of capital lease obligations (Note 4)	(215,004)	(215,004)
Change in bank operating loan	13,516	0
Change in deferred contributions	(16,484)	(17,170)
	(247,770)	(322,478)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(11,639)	(4,185)
	(11,639)	(4,185)
DECREASE IN CASH AND CASH EQUIVALENTS	(22,406)	(38,566)
CASH AND CASH EQUIVALENTS, beginning of year	25,951	64,517
CASH AND CASH EQUIVALENTS, end of year	$ 3,545	$ 25,951

See accompanying Notes to Financial Statements

JUNIPER HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 low income senior and immigrant 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 6). 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.

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
Parking area	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. BANK OPERATING LOAN

The organization has arranged for an operating line of credit with the Affinity Credit Union authorized to $100,000. The line of credit is secured by a General Security Agreement covering all assets of the organization and interest is payable monthly on any outstanding balance at 5.2%.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Computer hardware	$ 2,995	$ 1,835	$ 1,160	$ 0
Furniture, appliances and equipment	98,278	65,073	33,205	30,317
Building	4,589,857	656,899	3,932,958	4,013,222
Land	395,000	0	395,000	395,000
Signs	7,165	2,961	4,204	4,767
Fencing	23,661	13,476	10,185	11,317
Parking area	78,707	35,951	42,756	46,473
	$ 5,195,663	$ 776,195	$ 4,419,468	$ 4,501,096

5. 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.

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.

6. 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. 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:

	2016	2015
Balance at beginning of year	$ 1,772,723	$ 1,987,727
Amortization for the year	(215,004)	(215,004)
Balance at end of year	$ 1,557,719	$ 1,772,723

7. CALLABLE DEBT

	2016	2015
Affinity Credit Union mortgage, repayable in monthly instalments of $3,688 including interest at 4.19%. This loan matures on August 1, 2020 and is secured by property at 408 Avenue F South, Saskatoon, Saskatchewan that has a net book value of $4,203,275 on December 31, 2016.	$ 489,881	$ 513,208
Affinity Credit Union mortgage, repayable in monthly instalments of $936 including interest at 2.99%. This loan matures on August 1, 2020 and is secured by property at 414 Avenue F South, Saskatoon, Saskatchewan that has a net book value of $181,138 on December 31, 2016.	142,340	148,811
	632,221	662,019
Cash repayments required within 12 months	$ (31,200)	$ (29,650)
	$ 601,021	$ 632,369

7. CALLABLE DEBT - continued

Canadian accounting standards for not-for-profit organizations require that loans that the lender can require to be repaid on demand be classified as current liabilities. Management does not believe that the demand features of the callable debt will be exercised in the current period. Assuming payment of the callable debt is not demanded and that the long-term debt is renewed upon maturity on terms that are similar to the current terms, regular principal payments required on all long-term debt for the next five years are due as follows:

2017	$ 31,200
2018	32,520
2019	33,815
2020	35,170
2021	36,575
	$ 169,280

8. 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:

	2016	2015
Beginning balance	$ 412,091	$ 429,262
Amounts amortized to revenue	(16,484)	(17,171)
Ending balance	$ 395,607	$ 412,091

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.

9. 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 6), 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
SCHEDULE OF RENTAL ACTIVITIES - 414 AVENUE F SOUTH
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 1

	2016	2015
REVENUES:		
Rental	$ 25,080	$ 24,720
EXPENDITURES:		
Electricity	989	717
Heating	874	984
Insurance	1,290	1,310
Interest on mortgage	5,327	7,348
Property taxes	1,988	1,804
Water and sewer	1,078	690
Repairs and maintenance	914	3,942
	12,460	16,795
	$ 12,620	$ 7,925

See accompanying Notes to Financial Statements