JUNIPER HOUSING CORPORATION

Independent Auditor's Report

Financial Statements

December 31, 2021

Jensen Stromberg
CHARTERED PROFESSIONAL ACCOUNTANTS

Bill Jensen, CPA, CA*
Tyler Olafson, CPA, CA*
Jared Udchic, CPA*
Dylan Peace, CPA*
*denotes professional corporation

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Juniper Housing Corporation**

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of **Juniper Housing Corporation**, which comprise the statement of financial position as at **December 31, 2021** and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **Juniper Housing Corporation** as at **December 31, 2021** and the results of its revenues, expenditures, and fund balances and change in its financial position for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, **Juniper Housing Corporation** derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of **Juniper Housing Corporation**. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenditures, and cash flows for the years ended **December 31, 2021** and **December 31, 2020**.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **Juniper Housing Corporation** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jensen Stromberg

Saskatoon, Saskatchewan
May 2, 2022

Chartered Professional Accountants

JUNIPER HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2021
with comparative figures for 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 60,809	-
Accounts receivable	865	625
Prepaid expenses	2,693	2,557
GST recoverable	811	722
Total current assets	65,178	3,904
Deferred government assistance (Note 4)	20,000	-
Tangible capital assets (Note 5)	3,173,416	3,299,649
Total assets	$ 3,258,594	3,303,553
LIABILITIES		
Current liabilities:		
Bank overdraft	$ -	10,803
Accounts payable and accrued liabilities	6,435	6,271
Rental and damage deposits	21,280	21,550
Prepaid rent	4,345	1,490
Scheduled repayments of callable debt (Note 6)	38,831	37,043
Total current liabilities before callable debt	70,891	77,157
Callable debt (Note 6)	421,519	461,152
Total current liabilities	492,410	538,309
Deferred contributions (Note 7)	322,608	336,008
Deferred forgivable HRDP loan (Note 9)	-	321,467
Long term debt (Note 8)	60,000	-
Total liabilities	875,018	1,195,784
NET ASSETS		
Unrestricted net assets	2,383,576	2,107,769
	$ 3,258,594	3,303,553

APPROVED ON BEHALF OF THE BOARD:

Rob Chan Director June 4, 2022

Wong Chi Wah Director

See accompanying notes to the financial statements.

Jensen Stromberg CHARTERED PROFESSIONAL ACCOUNTANTS

JUNIPER HOUSING CORPORATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2021
with comparative figures for 2020

	2021	2020
Revenue:		
Rental income from main building	$ 266,969	277,115
Net income on 414 Avenue F South (Schedule 1)	5,494	1,522
Donations	3,661	885
Interest income	27	-
Resident programs	-	103
	276,151	279,625
Operating expenses:		
Amortization of tangible capital assets	126,234	134,975
Utilities	72,763	75,175
Wages and benefits	71,287	85,126
Property taxes	30,142	28,878
Repairs and maintenance	19,431	21,139
Insurance	14,494	12,425
Interest on long-term debt	12,525	15,674
Professional fees	7,959	7,662
Meetings and community events	2,031	1,215
Office and general	929	1,131
Bank charges	680	157
Advertising and promotion	153	258
Business taxes and licenses	15	732
Resident programs	-	185
	358,643	384,732
Excess (deficiency) of revenues over expenses from operations	(82,492)	(105,107)
Other income (expense)		
Forgiveness of HRDP loan (Note 9)	321,467	429,996
Canada Emergency Business Account (Note 4)	20,000	-
Recognition of deferred contributions (Note 7)	13,400	14,000
Canada Emergency Wage Subsidy (Note 4)	3,431	1,890
	358,298	445,886
Excess (deficiency) of revenues over expenses	275,806	340,779
Unrestricted net assets, beginning of year	2,107,770	1,766,990
Unrestricted net assets, end of year	$ 2,383,576	2,107,769

See accompanying notes to the financial statements.

Jensen Stromberg
CHARTERED PROFESSIONAL ACCOUNTANTS

JUNIPER HOUSING CORPORATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2021
with comparative figures for 2020

	2021	2020
Operating activities:		
Excess of revenues over expenses	$ 275,806	340,779
Items not involving an outlay of cash:		
Amortization	126,234	134,975
Forgiveness of HRDP loan	(321,467)	(429,996)
Change in deferred contributions	(13,400)	(14,000)
	67,173	31,758
Changes in non-cash working capital:		
Accounts receivable	(240)	575
GST recoverable	(89)	414
Prepaid expenses	(137)	119
Accounts payable and accrued liabilities	166	(12,562)
Deferred government assistance	(20,000)	-
Rental and damage deposits	(270)	(1,995)
Prepaid rent	2,855	(3,026)
	49,458	15,283
Investing activities:		
Additions to capital assets	-	(1,533)
	-	(1,533)
Financing activities:		
Callable debt	(37,846)	(35,508)
Long-term debt	60,000	-
	22,154	(35,508)
Increase (decrease) in cash during the year	71,612	(21,758)
Cash position, beginning of year	(10,803)	10,955
Cash position, end of year	$ 60,809	(10,803)

Cash position is comprised of cash in bank less outstanding cheques.

See accompanying notes to the financial statements.

1. PURPOSE OF THE ORGANIZATION

Juniper Housing Corporation (the "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 taxes under section 149 (1)(f) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and Cash Equivalents

For the purposes of presentation on the statement of cash flows, cash and cash equivalents include cash on hand, bank overdrafts that fluctuate from being positive to overdrawn, and amounts on deposit with financial institutions which are subject to an insignificant risk of change of value.

(b) Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

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

(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 and donations are recognized as earned.

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(e) New Accounting Standards

Revenue Recognition

CPA Canada Handbook Part II Section 3400 Revenue has been amended to provide additional guidance on the recognition of revenue related to identifying the units of account, multiple-element arrangements, the percentage of completion method, reporting revenue gross or net, bill and hold arrangements, and upfront non-refundable fees or payments.

This amendment is effective for fiscal years beginning on or after January 1, 2022. The Corporation has not determined the impact of this amendment.

(f) Donated Property, Services, and Materials

The Corporation 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 cannot be reasonably estimated is not reflected in these financial statements.

(g) Financial Instruments

Financial instruments, including cash, accounts receivable, bank overdraft, accounts payable and accrued liabilities, and callable debt, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. BANK OPERATING LOAN

The Corporation 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 Corporation and interest is payable monthly on any outstanding balance at 4.95%. The balance of the operating loan on December 31, 2021 was $0 (2020: $5,596).

4. GOVERNMENT ASSISTANCE

Canada Emergency Business Account (CEBA)

The Corporation is participating in the CEBA program where eligible small businesses receive an interest-free loan of up to $60,000 from the Government of Canada. Up to $20,000 may be forgiven if the remainder is repaid in full by December 31, 2023. In accordance with the Income Tax Act, the forgivable amounts have been recorded in revenue in the year that the proceeds are received.

Canada Emergency Wage Subsidy (CEWS)

The Corporation participated in the CEWS where eligible businesses receive a subsidy from the Government of Canada of 65-85% of employee wages. This has allowed the Corporation to re-hire or retain workers previously laid off as a result of COVID-19.

The CEWS ended in October 2021.

5. CAPITAL ASSETS

	2021			2020
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 395,000	-	395,000	395,000
Buildings	4,604,556	1,863,610	2,740,946	2,855,152
Furniture, appliances and equipment	108,940	97,595	11,345	16,207
Computer hardware	10,697	9,579	1,118	2,032
Signs	3,650	3,424	226	282
Fencing	29,534	23,281	6,253	7,816
Parking area	79,771	61,243	18,528	23,160
	$ 5,232,148	2,058,732	3,173,416	3,299,649

6. CALLABLE DEBT

	2021	2020
Affinity Credit Union mortgage, repayable in monthly payments of $3,540 including interest at 3.39%. This mortgage matures in November, 2031 and is secured by property at 408 Avenue F South, Saskatoon, Saskatchewan that has a net book value of $2,604,139.	$ 355,773	385,725
Affinity Credit Union mortgage, repayable in semi-monthly payments of $474 including interest at 3.14%. This loan matures in October, 2032 and is secured by property at 414 Avenue F South, Saskatoon, Saskatchewan that has a net book value of $136,806.	104,577	112,470
	460,350	498,195
Less: cash repayments required within next 12 months	38,831	37,043
	$ 421,519	461,152

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:

2022	$ 38,831
2023	40,513
2024	41,877
2025	43,286
2026	44,743
Thereafter	251,100

7. DEFERRED CONTRIBUTIONS FOR TANGIBLE 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:

		2021	2020
Balance, beginning of year	$	336,008	350,008
Amounts amortized to revenue		(13,400)	(14,000)
Balance, end of year	$	322,608	336,008

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.

8. LONG-TERM DEBT

		2021	2020
Canada Emergency Business Account loan. $20,000 is forgiven if $40,000 is repaid in full by December 31, 2023. Balance outstanding on January 1, 2024 is converted to a 2-year term loan with interest only payments at 5% per annum with the remaining principal due in full on December 31, 2025.	$	60,000	-
Less: cash repayments required within next 12 months		-	-
	$	60,000	-

Principal payments due within each of the next four (4) years are as follows:

2022	$	-
2023		-
2024		-
2025		60,000

9. DEFERRED FORGIVABLE HOMEFIRST RENTAL DEVELOPMENT PROGRAM (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 per month for the First Forgiveness Period of 120 months, $35,833 per month 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 accrues at a rate of 7.29% per annum upon event of default. The forgiveness shown in these financial statements is calculated without verification that all requirements to earn the forgiveness were met.

	2021	2020
Balance, beginning of year	$ 321,467	751,463
Amortization for the year	(321,467)	(429,996)
Balance, end of year	$ -	321,467

10. FINANCIAL INSTRUMENTS

Risks and concentrations

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at December 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amounts of financial assets on the statement of financial position represent the Corporation's maximum exposure at the financial statement date. The credit risk on cash and investments is limited because the counterpart is a financial institution with high credit rating assigned by national credit-rating agencies. There is no particular concentration of credit risk associated with accounts receivable because the Corporation 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 amounts.

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 Corporation is mainly exposed to interest rate risk.

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 Corporation is exposed to interest rate risk on its debt.

JUNIPER HOUSING CORPORATION

SCHEDULE OF RENTAL ACTIVITIES - 414 AVENUE F SOUTH

Year ended December 31, 2021
with comparative figures for 2020

	2021	2020
Revenue:		
Rental income	$ 17,600	15,650
Expenditures:		
Interest on mortgage	3,572	3,870
Property taxes	2,426	1,952
Electricity	1,781	2,063
Insurance	1,681	1,969
Water and sewer	1,185	354
Heating	1,124	1,499
Repairs and maintenance	337	2,421
	12,106	14,128
	$ 5,494	1,522

See accompanying notes to the financial statements.