

Financial Statements of

**MARCH OF DIMES CANADA
NON-PROFIT HOUSING
CORPORATION**

Year ended March 31, 2014



KPMG LLP
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of March of Dimes Canada
Non-Profit Housing Corporation

We have audited the accompanying financial statements of March of Dimes Canada Non-Profit Housing Corporation, which comprise the balance sheet as at March 31, 2014, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider internal control relevant to the entity's preparation 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of March of Dimes Canada Non-Profit Housing Corporation as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton.

Basis of Accounting

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton. As a result, the financial statements may not be suitable for another purpose.

Restriction on Use

Our report is intended solely for the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation and the Regional Municipality of Halton and should not be used by parties other than the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation or the Regional Municipality of Halton.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 22, 2014
Toronto, Canada

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Balance Sheet

March 31, 2014, with comparative information for 2013

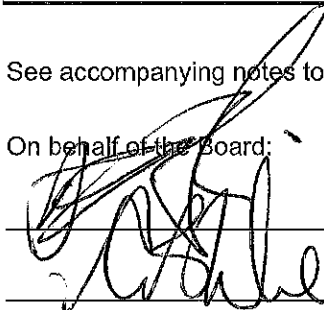
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 66,466	\$ 70,957
Restricted cash and cash equivalents (note 2)	691,200	611,945
	757,666	682,902
Accounts receivable	81,139	72,826
Prepaid expenses	31,853	29,629
	870,658	785,357
Capital assets (note 3)	8,718,463	9,090,913
	\$ 9,589,121	\$ 9,876,270


Liabilities, Deferred Capital Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 408,735	\$ 329,198
Current portion of mortgage payable (note 5)	238,171	227,388
	646,906	556,586
Long-term mortgage payable (note 5)	5,279,794	5,517,965
Deferred capital contributions (note 6)	3,089,404	3,174,742
Fund balances:		
Invested in capital assets	(3)	3,369
Unrestricted funds	10,089	94,614
Capital reserve	562,931	528,994
	573,017	626,977
Commitments (note 8)		
	\$ 9,589,121	\$ 9,876,270

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Revenue and Expenses

Year ended March 31, 2014, with comparative information for 2013

						2014	2013
	Jean and Howard Caine Apartments	Jason's House	Meynell House	Standing Oaks	Wade Hampton House	Total	Total
Revenue:							
Grant subsidy	\$ 639,139	\$ 14,640	\$ -	\$ 23,760	\$ -	\$ 677,539	\$ 677,376
Rent	322,598	5,539	62,791	9,007	67,200	467,135	464,303
Parking and laundry	21,861	-	-	-	-	21,861	20,865
Utilities	-	6,150	-	-	-	6,150	5,510
Miscellaneous	7,601	387	376	4,989	334	13,687	13,376
Fundraising	-	-	25	-	-	25	59
Amortization of deferred capital contributions (note 6)	16,460	2,805	24,975	20,176	103,864	168,280	165,650
	1,007,659	29,521	88,167	57,932	171,398	1,354,677	1,347,139
Expenses:							
Mortgage interest	261,906	-	-	-	-	261,906	272,201
Building materials, services and rent	100,597	4,393	56,125	7,222	14,922	183,259	182,405
Utilities	106,025	6,173	-	7,913	31,609	151,720	139,552
Special investigation	115,172	-	-	-	-	115,172	-
Property taxes	100,270	-	-	-	-	100,270	96,019
Labour-related	75,460	2,391	4,457	4,457	2,389	89,154	93,721
Other operating and miscellaneous	21,183	1,887	14,070	415	9,532	47,087	63,732
Administrative and professional services	24,419	2,159	2,389	2,797	4,881	36,645	39,804
Insurance	11,186	1,152	-	3,648	5,903	21,889	20,959
Interest	-	-	-	-	8,867	8,867	9,378
Bad debts	-	-	-	-	-	-	1,182
	816,218	18,155	77,041	26,452	78,103	1,015,969	918,953
Transfer to capital reserve funds	37,111	5,400	-	8,760	-	51,271	50,816
	853,329	23,555	77,041	35,212	78,103	1,067,240	969,769
Excess of revenue over expenses before the undemoted	154,330	5,966	11,126	22,720	93,295	287,437	377,370
Amortization	233,111	1,953	11,565	19,775	108,930	375,334	364,841
Excess of revenue over expenses (expenses over revenue)	\$ (78,781)	\$ 4,013	\$ (439)	\$ 2,945	\$ (15,635)	\$ (87,897)	\$ 12,529

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

					2014	2013
	Invested in capital assets	Unrestricted funds	Capital reserve		Total	Total
			Jean and Howard Caine Apartments	Pooled Capital Fund		
Fund balances, beginning of year	\$ 3,369	\$ 94,614	\$ 381,902	\$ 147,092	\$ 626,977	\$ 573,289
Excess of revenue over expenses (expenses over revenue)	(207,054)	119,157	--	--	(87,897)	12,529
Transfer of capital reserve contributions (note 7)	--	--	37,111	14,160	51,271	50,816
Interest on capital reserve investments	--	--	--	1,821	1,821	1,137
Unrealized gain on capital reserve investments	--	--	4,813	--	4,813	8,601
Withdrawals from capital reserve	--	--	(23,968)	--	(23,968)	(19,395)
Interfund transfers:						
Purchase of capital assets	2,884	(2,884)	--	--	--	--
Deferred capital contribution	(36,650)	36,650	--	--	--	--
Accounts payable	10,060	(10,060)	--	--	--	--
Mortgage payable	227,388	(227,388)	--	--	--	--
Fund balances, end of year	\$ (3)	\$ 10,089	\$ 399,858	\$ 163,073	\$ 573,017	\$ 626,977

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (87,897)	\$ 12,529
Items not involving cash:		
Amortization	375,334	364,841
Amortization of deferred capital contributions	(168,280)	(165,650)
Unrealized gain on capital reserve investments	4,813	8,601
Change in non-cash operating working capital:		
Accounts receivable	(8,313)	19,300
Prepaid expenses	(2,224)	(5,955)
Accounts payable and accrued liabilities	79,537	(29,315)
	192,970	204,351
Financing activities:		
Deferred capital contributions	82,942	64,512
Mortgage principal repayments	(227,388)	(217,093)
	(144,446)	(152,581)
Investing activities:		
Capital reserve contributions	51,271	50,816
Interest on capital reserve	1,821	1,137
Withdrawals from capital reserve	(23,968)	(19,395)
Investment in capital assets	(2,884)	(7,146)
	26,240	25,412
Increase in cash and cash equivalents	74,764	77,182
Cash and cash equivalents, beginning of year	682,902	605,720
Cash and cash equivalents, end of year	\$ 757,666	\$ 682,902
Supplemental cash flow information:		
Interest received	\$ 2,362	\$ 2,123
Interest paid	270,773	281,579

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements

Year ended March 31, 2014

Ontario March of Dimes Non-Profit Housing Corporation ("NPHC") was incorporated without share capital on June 2, 1992. NPHC was formed to provide and operate housing accommodation, with or without any public space, recreational facilities, and commercial space or buildings appropriate thereto primarily to accommodate persons with physical disabilities. In 2013, NPHC applied for continuance under the Canada Not-For-Profit Corporations Act. The application was approved in May 2013 and the corporation is now known as March of Dimes Canada Non-Profit Housing Corporation.

NPHC is classified as a registered charity under the Income Tax Act (Canada) (the "Act") and, as such, is not subject to income taxes, provided it complies with certain requirements, as specified by the Act.

NPHC owns and operates four properties: Jean and Howard Caine Apartments, located in Oakville, Ontario; Jason's House, located in Hamilton, Ontario; Standing Oaks, located in Sarnia, Ontario and Wade Hampton House, located in Sudbury, Ontario. NPHC also leases and operates an additional property, Meynell House, located in Toronto, Ontario.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the prescribed accounting policies to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton ("Halton Region"). The basis of accounting used in these financial statements materially differs from Canadian standards for not-for-profit organizations due to the following:

(i) Capital reserve funds:

Under the terms of the operating agreement with Halton Region, NPHC is required to establish capital reserve funds for the purpose of funding major asset repairs and replacement. Transfers to the capital reserve funds from the designated funds are shown in the statement of revenue and expenses. Additions to the capital reserve funds represent grants received from Halton Region for specific capital projects and are recorded directly in the capital reserve funds and not on the statement of revenue and expenses. Expenses made from capital reserve funds are reported within these funds and not on the statement of revenue and expenses.

Interest income earned and unrealized loss on capital reserve funds are recorded directly to the capital reserve funds and are not reported on the statement of revenue and expenses.

The cash and investments of the capital reserve fund for the Jean and Howard Caine Apartments that is funded under the Housing Services Act are restricted and can only be used for capital expenses, as defined in the Halton Region's Guide to the Annual Information Return.

Additional capital reserve funds have been established for the other properties by the Board of Directors. These pooled funds are restricted in that they may only be used for capital expenses, but no specific amounts are designated for individual properties.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(ii) Amortization:

Amortization on the Jean and Howard Caine Apartments is charged in an amount equal to the principal repayment on the mortgage (which is financing both the land and the building).

(b) Capital assets:

Buildings and building additions are stated at cost less accumulated amortization.

Amortization on Jason's House, Wade Hampton House and Standing Oaks is charged over a period of 40 years using the straight-line method.

Furniture and equipment are being amortized over a period of 5 to 10 years using the straight-line method.

(c) Revenue recognition:

NPHC follows the accrual method of recognizing rental revenue and grant subsidies.

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.

Capital contributions are amortized over the life of the related capital asset. Capital contributions that relate to expenses not capitalized are recognized as revenue when the expenditure is made.

Investment income is recognized on the accrual basis.

(d) Financial instruments:

Cash and cash equivalents and restricted cash and cash equivalents are measured at fair value. Changes in fair value are recorded as unrealized loss on capital reserve and are recorded directly in the capital reserve funds and not on the statement of revenue and expenses, as described in note 1(a)(i). Accounts receivable, accounts payable and accrued liabilities and mortgage payable are measured at amortized cost.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

Investments are in money market funds, consisting of cash and cash equivalents.

The carrying values of cash and cash equivalents and restricted cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The fair value of the mortgage payable is described in note 5.

Unless otherwise noted, it is management's opinion that NPHC is not exposed to significant interest, currency, market or credit risks arising from financial instruments.

(e) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to estimates and assumptions include the carrying amount of capital assets and deferred capital contributions. Actual results could differ from those estimates.

2. Restricted cash and cash equivalents:

	2014	2013
Capital reserve funds	\$ 562,931	\$ 528,994
Tenant deposits	19,030	20,004
Unspent deferred capital contributions (note 6)	109,239	62,947
	<u>\$ 691,200</u>	<u>\$ 611,945</u>

Included in restricted cash and cash equivalents is \$386,715 (2013 - \$351,636) of investments held with SHSC Financial Inc.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

3. Capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Jean and Howard Caine Apartments:				
Land	\$ 1,790,603	\$ -	\$ 1,790,603	\$ 1,790,603
Building	6,402,615	2,670,485	3,732,130	3,959,518
Furniture and equipment	151,938	145,245	6,693	12,416
	<u>8,345,156</u>	<u>2,815,730</u>	<u>5,529,426</u>	<u>5,762,537</u>
Jason's House:				
Building	26,332	13,925	12,407	13,604
Furniture and equipment	4,818	3,237	1,581	2,337
	<u>31,150</u>	<u>17,162</u>	<u>13,988</u>	<u>15,941</u>
Standing Oaks:				
Building	782,443	198,871	583,572	603,133
Furniture and equipment	1,071	964	107	321
	<u>783,514</u>	<u>199,835</u>	<u>583,679</u>	<u>603,454</u>
Meynell House:				
Furniture and equipment	66,973	41,510	25,463	34,875
Leasehold improvements	27,984	7,307	20,677	22,830
	<u>94,957</u>	<u>48,817</u>	<u>46,140</u>	<u>57,705</u>
Wade Hampton House:				
Land	200,631	-	200,631	200,631
Building	2,247,634	149,671	2,097,963	2,154,157
Furniture and equipment	377,948	131,312	246,636	296,488
	<u>2,826,213</u>	<u>280,983</u>	<u>2,545,230</u>	<u>2,651,276</u>
	<u>\$ 12,080,990</u>	<u>\$ 3,362,527</u>	<u>\$ 8,718,463</u>	<u>\$ 9,090,913</u>

4. March of Dimes Canada:

MODC has the mandate to maximize the independence, personal empowerment and community participation of people with physical disabilities. This is accomplished through several programs, including Assistive Devices, Employment Services and Independent Living Services. MODC is a registered charitable organization and, as such, is exempt from income taxes provided that certain disbursement criteria are met.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

4. March of Dimes Canada (continued):

MODC provides financial and administrative services, including governance support. Oversight is provided on property management, tenant relations, direct community and public relations and coordination of legal, audit and insurance. MODC is not reimbursed for the value of the services provided for the Jean and Howard Caine Apartments.

MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$28,946 (2013 - \$28,560).

The net amount payable by NPHC to MODC as at March 31, 2014 is \$277,079 (2013 - \$230,396). Included in this balance are \$56,742 of expenses paid for on behalf of NPHC and a promissory note payable in the amount of \$206,382 (2013 - \$216,441), bearing interest at prime plus 1% and repayable on demand. Interest of \$13,955 (2013 - \$13,955) is included in the amount payable to MODC.

5. Mortgage payable:

The mortgage payable is secured by the Oakville land and building and is guaranteed by Canada Mortgage and Housing Corporation. The mortgage balance of \$5,517,965 is being repaid over a 22-year amortization period in 10-year terms. The rate for the 10-year term ending March 1, 2018 (the maturity date) is 4.6872%. Monthly blended repayments of principal and interest are \$40,775.

Principal repayments over the next four years until the maturity date of March 1, 2018 are as follows:

2015	\$	238,171
2016		249,466
2017		261,295
2018		4,769,033
		<hr/>
	\$	5,517,965

The fair value of the mortgage payable is approximately \$5,518,000 (2013 - \$5,609,000).

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

6. Deferred capital contributions:

Deferred capital contributions represent contributions received for capital purposes. The changes in the deferred capital contributions balance for the year are as follows:

	2014	2013
Balance, beginning of year	\$ 3,174,742	\$ 3,275,880
Contributed	82,942	64,512
	3,257,684	3,340,392
Less amounts amortized to revenue	168,280	165,650
Balance, end of year	\$ 3,089,404	\$ 3,174,742

As at March 31, 2014, there was \$109,239 (2013 - \$62,947) of deferred capital contributions which was received and not spent.

7. Repayment of grant subsidy:

During 2014, pursuant to instructions received from Halton Region, NPHC received \$11,124 (2013 - repaid \$8,764) from/to Halton Region relating to prior year grant subsidy deficit (surpluses) and accrued an amount payable of \$14,743 (2013 - nil) for the current year subsidy adjustment.

8. Commitments:

NPHC has commitments for leased premises for Meynell House. The approximate future minimum annual lease payments are as follows:

2015	\$ 55,500
2016	55,500
2017	55,500
2018	55,500
2019	55,500
2020 to 2023	222,000
	\$ 499,500

Financial Statements and Supplementary Information
for the Jean and Howard Caine Apartments of

**MARCH OF DIMES CANADA
NON-PROFIT HOUSING
CORPORATION**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of March of Dimes Canada
Non-Profit Housing Corporation

We have audited the accompanying financial statements of March of Dimes Canada Non-Profit Housing Corporation, which comprise the balance sheet as at March 31, 2014, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information prepared to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton and expressed an unmodified opinion on the financial statements on July 22, 2014.

Opinion

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Restriction on Use

The financial statements are prepared to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation and the Regional Municipality of Halton and should not be used by parties other than the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation or the Regional Municipality of Halton.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 22, 2014
Toronto, Canada

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Schedule of Jean and Howard Caine Apartments - Balance Sheet

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 38,882	\$ 47,748
Restricted cash and cash equivalents	414,545	370,001
Accounts receivable	5,070	249
Prepaid expenses	30,622	28,174
Subsidy receivable	53,563	53,353
Harmonized sales taxes receivable	14,602	13,196
	<u>557,284</u>	<u>512,721</u>
Capital assets	5,529,426	5,762,537
	<u>\$ 6,086,710</u>	<u>\$ 6,275,258</u>

Liabilities, Deferred Capital Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 167,735	\$ 84,744
Current portion of mortgage payable	238,171	227,388
	<u>405,906</u>	<u>312,132</u>
Long-term mortgage payable	5,279,794	5,517,965
Deferred capital contributions ⁽¹⁾	40,746	24,072
Fund balances:		
Capital reserve	399,858	381,902
Surplus (deficit)	(39,594)	39,187
	<u>360,264</u>	<u>421,089</u>
	<u>\$ 6,086,710</u>	<u>\$ 6,275,258</u>

⁽¹⁾ As at March 31, 2014, there was \$35,251 (2013 - \$13,314) of deferred capital contributions which was received and not spent.

Financial Statements of

**MARCH OF DIMES CANADA
NON-PROFIT HOUSING
CORPORATION**

Year ended March 31, 2014



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Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider internal control relevant to the entity's preparation 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

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KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 22, 2014
Toronto, Canada

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Balance Sheet

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 66,466	\$ 70,957
Restricted cash and cash equivalents (note 2)	691,200	611,945
	757,666	682,902
Accounts receivable	81,139	72,826
Prepaid expenses	31,853	29,629
	870,658	785,357
Capital assets (note 3)	8,718,463	9,090,913
	\$ 9,589,121	\$ 9,876,270

Liabilities, Deferred Capital Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 408,735	\$ 329,198
Current portion of mortgage payable (note 5)	238,171	227,388
	646,906	556,586
Long-term mortgage payable (note 5)	5,279,794	5,517,965
Deferred capital contributions (note 6)	3,089,404	3,174,742
Fund balances:		
Invested in capital assets	(3)	3,369
Unrestricted funds	10,089	94,614
Capital reserve	562,931	528,994
	573,017	626,977
Commitments (note 8)		
	\$ 9,589,121	\$ 9,876,270

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Revenue and Expenses

Year ended March 31, 2014, with comparative information for 2013

						2014	2013
	Jean and Howard Caine Apartments	Jason's House	Meynell House	Standing Oaks	Wade Hampton House	Total	Total
Revenue:							
Grant subsidy	\$ 639,139	\$ 14,640	\$ -	\$ 23,760	\$ -	\$ 677,539	\$ 677,376
Rent	322,598	5,539	62,791	9,007	67,200	467,135	464,303
Parking and laundry	21,861	-	-	-	-	21,861	20,865
Utilities	-	6,150	-	-	-	6,150	5,510
Miscellaneous	7,601	387	376	4,989	334	13,687	13,376
Fundraising	-	-	25	-	-	25	59
Amortization of deferred capital contributions (note 6)	16,460	2,805	24,975	20,176	103,864	168,280	165,650
	1,007,659	29,521	88,167	57,932	171,398	1,354,677	1,347,139
Expenses:							
Mortgage interest	261,906	-	-	-	-	261,906	272,201
Building materials, services and rent	100,597	4,393	56,125	7,222	14,922	183,259	182,405
Utilities	106,025	6,173	-	7,913	31,609	151,720	139,552
Special investigation	115,172	-	-	-	-	115,172	-
Property taxes	100,270	-	-	-	-	100,270	96,019
Labour-related	75,460	2,391	4,457	4,457	2,389	89,154	93,721
Other operating and miscellaneous	21,183	1,887	14,070	415	9,532	47,087	63,732
Administrative and professional services	24,419	2,159	2,389	2,797	4,881	36,645	39,804
Insurance	11,186	1,152	-	3,648	5,903	21,889	20,959
Interest	-	-	-	-	8,867	8,867	9,378
Bad debts	-	-	-	-	-	-	1,182
	816,218	18,155	77,041	26,452	78,103	1,015,969	918,953
Transfer to capital reserve funds	37,111	5,400	-	8,760	-	51,271	50,816
	853,329	23,555	77,041	35,212	78,103	1,067,240	969,769
Excess of revenue over expenses before the undernoted	154,330	5,966	11,126	22,720	93,295	287,437	377,370
Amortization	233,111	1,953	11,565	19,775	108,930	375,334	364,841
Excess of revenue over expenses (expenses over revenue)	\$ (78,781)	\$ 4,013	\$ (439)	\$ 2,945	\$ (15,635)	\$ (87,897)	\$ 12,529

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

					2014	2013
	Invested in capital assets	Unrestricted funds	Capital reserve		Total	Total
			Jean and Howard Caine Apartments	Pooled Capital Fund		
Fund balances, beginning of year	\$ 3,369	\$ 94,614	\$ 381,902	\$ 147,092	\$ 626,977	\$ 573,289
Excess of revenue over expenses (expenses over revenue)	(207,054)	119,157	-	-	(87,897)	12,529
Transfer of capital reserve contributions (note 7)	-	-	37,111	14,160	51,271	50,816
Interest on capital reserve investments	-	-	-	1,821	1,821	1,137
Unrealized gain on capital reserve investments	-	-	4,813	-	4,813	8,601
Withdrawals from capital reserve	-	-	(23,968)	-	(23,968)	(19,395)
Interfund transfers:						
Purchase of capital assets	2,884	(2,884)	-	-	-	-
Deferred capital contribution	(36,650)	36,650	-	-	-	-
Accounts payable	10,060	(10,060)	-	-	-	-
Mortgage payable	227,388	(227,388)	-	-	-	-
Fund balances, end of year	\$ (3)	\$ 10,089	\$ 399,858	\$ 163,073	\$ 573,017	\$ 626,977

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue)	\$ (87,897)	\$ 12,529
Items not involving cash:		
Amortization	375,334	364,841
Amortization of deferred capital contributions	(168,280)	(165,650)
Unrealized gain on capital reserve investments	4,813	8,601
Change in non-cash operating working capital:		
Accounts receivable	(8,313)	19,300
Prepaid expenses	(2,224)	(5,955)
Accounts payable and accrued liabilities	79,537	(29,315)
	192,970	204,351
Financing activities:		
Deferred capital contributions	82,942	64,512
Mortgage principal repayments	(227,388)	(217,093)
	(144,446)	(152,581)
Investing activities:		
Capital reserve contributions	51,271	50,816
Interest on capital reserve	1,821	1,137
Withdrawals from capital reserve	(23,968)	(19,395)
Investment in capital assets	(2,884)	(7,146)
	26,240	25,412
Increase in cash and cash equivalents	74,764	77,182
Cash and cash equivalents, beginning of year	682,902	605,720
Cash and cash equivalents, end of year	\$ 757,666	\$ 682,902
Supplemental cash flow information:		
Interest received	\$ 2,362	\$ 2,123
Interest paid	270,773	281,579

See accompanying notes to financial statements.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements

Year ended March 31, 2014

Ontario March of Dimes Non-Profit Housing Corporation ("NPHC") was incorporated without share capital on June 2, 1992. NPHC was formed to provide and operate housing accommodation, with or without any public space, recreational facilities, and commercial space or buildings appropriate thereto primarily to accommodate persons with physical disabilities. In 2013, NPHC applied for continuance under the Canada Not-For-Profit Corporations Act. The application was approved in May 2013 and the corporation is now known as March of Dimes Canada Non-Profit Housing Corporation.

NPHC is classified as a registered charity under the Income Tax Act (Canada) (the "Act") and, as such, is not subject to income taxes, provided it complies with certain requirements, as specified by the Act.

NPHC owns and operates four properties: Jean and Howard Caine Apartments, located in Oakville, Ontario; Jason's House, located in Hamilton, Ontario; Standing Oaks, located in Sarnia, Ontario and Wade Hampton House, located in Sudbury, Ontario. NPHC also leases and operates an additional property, Meynell House, located in Toronto, Ontario.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with the prescribed accounting policies to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton ("Halton Region"). The basis of accounting used in these financial statements materially differs from Canadian standards for not-for-profit organizations due to the following:

(i) Capital reserve funds:

Under the terms of the operating agreement with Halton Region, NPHC is required to establish capital reserve funds for the purpose of funding major asset repairs and replacement. Transfers to the capital reserve funds from the designated funds are shown in the statement of revenue and expenses. Additions to the capital reserve funds represent grants received from Halton Region for specific capital projects and are recorded directly in the capital reserve funds and not on the statement of revenue and expenses. Expenses made from capital reserve funds are reported within these funds and not on the statement of revenue and expenses.

Interest income earned and unrealized loss on capital reserve funds are recorded directly to the capital reserve funds and are not reported on the statement of revenue and expenses.

The cash and investments of the capital reserve fund for the Jean and Howard Caine Apartments that is funded under the Housing Services Act are restricted and can only be used for capital expenses, as defined in the Halton Region's Guide to the Annual Information Return.

Additional capital reserve funds have been established for the other properties by the Board of Directors. These pooled funds are restricted in that they may only be used for capital expenses, but no specific amounts are designated for individual properties.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(ii) Amortization:

Amortization on the Jean and Howard Caine Apartments is charged in an amount equal to the principal repayment on the mortgage (which is financing both the land and the building).

(b) Capital assets:

Buildings and building additions are stated at cost less accumulated amortization.

Amortization on Jason's House, Wade Hampton House and Standing Oaks is charged over a period of 40 years using the straight-line method.

Furniture and equipment are being amortized over a period of 5 to 10 years using the straight-line method.

(c) Revenue recognition:

NPHC follows the accrual method of recognizing rental revenue and grant subsidies.

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.

Capital contributions are amortized over the life of the related capital asset. Capital contributions that relate to expenses not capitalized are recognized as revenue when the expenditure is made.

Investment income is recognized on the accrual basis.

(d) Financial instruments:

Cash and cash equivalents and restricted cash and cash equivalents are measured at fair value. Changes in fair value are recorded as unrealized loss on capital reserve and are recorded directly in the capital reserve funds and not on the statement of revenue and expenses, as described in note 1(a)(i). Accounts receivable, accounts payable and accrued liabilities and mortgage payable are measured at amortized cost.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

Investments are in money market funds, consisting of cash and cash equivalents.

The carrying values of cash and cash equivalents and restricted cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The fair value of the mortgage payable is described in note 5.

Unless otherwise noted, it is management's opinion that NPHC is not exposed to significant interest, currency, market or credit risks arising from financial instruments.

(e) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to estimates and assumptions include the carrying amount of capital assets and deferred capital contributions. Actual results could differ from those estimates.

2. Restricted cash and cash equivalents:

	2014	2013
Capital reserve funds	\$ 562,931	\$ 528,994
Tenant deposits	19,030	20,004
Unspent deferred capital contributions (note 6)	109,239	62,947
	<u>\$ 691,200</u>	<u>\$ 611,945</u>

Included in restricted cash and cash equivalents is \$386,715 (2013 - \$351,636) of investments held with SHSC Financial Inc.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

3. Capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Jean and Howard Caine Apartments:				
Land	\$ 1,790,603	\$ -	\$ 1,790,603	\$ 1,790,603
Building	6,402,615	2,670,485	3,732,130	3,959,518
Furniture and equipment	151,938	145,245	6,693	12,416
	8,345,156	2,815,730	5,529,426	5,762,537
Jason's House:				
Building	26,332	13,925	12,407	13,604
Furniture and equipment	4,818	3,237	1,581	2,337
	31,150	17,162	13,988	15,941
Standing Oaks:				
Building	782,443	198,871	583,572	603,133
Furniture and equipment	1,071	964	107	321
	783,514	199,835	583,679	603,454
Meynell House:				
Furniture and equipment	66,973	41,510	25,463	34,875
Leasehold improvements	27,984	7,307	20,677	22,830
	94,957	48,817	46,140	57,705
Wade Hampton House:				
Land	200,631	-	200,631	200,631
Building	2,247,634	149,671	2,097,963	2,154,157
Furniture and equipment	377,948	131,312	246,636	296,488
	2,826,213	280,983	2,545,230	2,651,276
	\$ 12,080,990	\$ 3,362,527	\$ 8,718,463	\$ 9,090,913

4. March of Dimes Canada:

MODC has the mandate to maximize the independence, personal empowerment and community participation of people with physical disabilities. This is accomplished through several programs, including Assistive Devices, Employment Services and Independent Living Services. MODC is a registered charitable organization and, as such, is exempt from income taxes provided that certain disbursement criteria are met.

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

4. March of Dimes Canada (continued):

MODC provides financial and administrative services, including governance support. Oversight is provided on property management, tenant relations, direct community and public relations and coordination of legal, audit and insurance. MODC is not reimbursed for the value of the services provided for the Jean and Howard Caine Apartments.

MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$28,946 (2013 - \$28,560).

The net amount payable by NPHC to MODC as at March 31, 2014 is \$277,079 (2013 - \$230,396). Included in this balance are \$56,742 of expenses paid for on behalf of NPHC and a promissory note payable in the amount of \$206,382 (2013 - \$216,441), bearing interest at prime plus 1% and repayable on demand. Interest of \$13,955 (2013 - \$13,955) is included in the amount payable to MODC.

5. Mortgage payable:

The mortgage payable is secured by the Oakville land and building and is guaranteed by Canada Mortgage and Housing Corporation. The mortgage balance of \$5,517,965 is being repaid over a 22-year amortization period in 10-year terms. The rate for the 10-year term ending March 1, 2018 (the maturity date) is 4.6872%. Monthly blended repayments of principal and interest are \$40,775.

Principal repayments over the next four years until the maturity date of March 1, 2018 are as follows:

2015	\$ 238,171
2016	249,466
2017	261,295
2018	4,769,033
	<hr/>
	\$ 5,517,965

The fair value of the mortgage payable is approximately \$5,518,000 (2013 - \$5,609,000).

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

6. Deferred capital contributions:

Deferred capital contributions represent contributions received for capital purposes. The changes in the deferred capital contributions balance for the year are as follows:

	2014	2013
Balance, beginning of year	\$ 3,174,742	\$ 3,275,880
Contributed	82,942	64,512
	<u>3,257,684</u>	<u>3,340,392</u>
Less amounts amortized to revenue	168,280	165,650
Balance, end of year	<u>\$ 3,089,404</u>	<u>\$ 3,174,742</u>

As at March 31, 2014, there was \$109,239 (2013 - \$62,947) of deferred capital contributions which was received and not spent.

7. Repayment of grant subsidy:

During 2014, pursuant to instructions received from Halton Region, NPHC received \$11,124 (2013 - repaid \$8,764) from/to Halton Region relating to prior year grant subsidy deficit (surpluses) and accrued an amount payable of \$14,743 (2013 - nil) for the current year subsidy adjustment.

8. Commitments:

NPHC has commitments for leased premises for Meynell House. The approximate future minimum annual lease payments are as follows:

2015	\$ 55,500
2016	55,500
2017	55,500
2018	55,500
2019	55,500
2020 to 2023	222,000
	<u>\$ 499,500</u>

Financial Statements and Supplementary Information
for the Jean and Howard Caine Apartments of

**MARCH OF DIMES CANADA
NON-PROFIT HOUSING
CORPORATION**

Year ended March 31, 2014



KPMG LLP
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of March of Dimes Canada
Non-Profit Housing Corporation

We have audited the accompanying financial statements of March of Dimes Canada Non-Profit Housing Corporation, which comprise the balance sheet as at March 31, 2014, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information prepared to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton and expressed an unmodified opinion on the financial statements on July 22, 2014.

Opinion

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Restriction on Use

The financial statements are prepared to comply with Section 80(2) of the Housing Services Act and guidance in its application issued by Housing and Residential Services Division of the Regional Municipality of Halton. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation and the Regional Municipality of Halton and should not be used by parties other than the Board of Directors of March of Dimes Canada Non-Profit Housing Corporation or the Regional Municipality of Halton.

Chartered Professional Accountants, Licensed Public Accountants

July 22, 2014
Toronto, Canada

MARCH OF DIMES CANADA NON-PROFIT HOUSING CORPORATION

Schedule of Jean and Howard Caine Apartments - Balance Sheet

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 38,882	\$ 47,748
Restricted cash and cash equivalents	414,545	370,001
Accounts receivable	5,070	249
Prepaid expenses	30,622	28,174
Subsidy receivable	53,563	53,353
Harmonized sales taxes receivable	14,602	13,196
	<u>557,284</u>	<u>512,721</u>
Capital assets	5,529,426	5,762,537
	<u>\$ 6,086,710</u>	<u>\$ 6,275,258</u>

Liabilities, Deferred Capital Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 167,735	\$ 84,744
Current portion of mortgage payable	238,171	227,388
	<u>405,906</u>	<u>312,132</u>
Long-term mortgage payable	5,279,794	5,517,965
Deferred capital contributions ⁽¹⁾	40,746	24,072
Fund balances:		
Capital reserve	399,858	381,902
Surplus (deficit)	(39,594)	39,187
	<u>360,264</u>	<u>421,089</u>
	<u>\$ 6,086,710</u>	<u>\$ 6,275,258</u>

⁽¹⁾ As at March 31, 2014, there was \$35,251 (2013 - \$13,314) of deferred capital contributions which was received and not spent.