

# Multifaith Housing Initiative



## Financial Statements

For the year ended October 31, 2015



**Multifaith Housing Initiative**  
**Financial Statements**  
For the year ended October 31, 2015

**Contents**

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<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Financial Statements	11
Schedule of Rental Operations	19

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## Independent Auditor's Report

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### To the Members of Multifaith Housing Initiative

#### Report on Financial Statements

We have audited the accompanying financial statements of Multifaith Housing Initiative, which comprise the statement of financial position as at October 31, 2015 and the statements of operations, changes in fund balances and cash flows for the year then ended, 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

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 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.

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

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## Independent Auditor's Report (continued)

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### Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Our audit opinion on the financial statements for the year ended October 31, 2014 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, deficiency of revenue over expenses for the years ended October 31, 2015 and 2014, assets as at October 31, 2015 and 2014, and net assets at both the beginning and end of the October 31, 2015 and 2014 years.

### Qualified Opinion

In our opinion, except for the 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 the organization as at October 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Collins Barrow Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
February 25, 2016  
Ottawa, Ontario

## Multifaith Housing Initiative Statement of Financial Position

October 31			2015	2014
	General Fund	Capital Asset Fund	Total	Total
<b>Assets</b>				
<b>Current</b>				
Cash (Note 1)	\$ 516,604	\$ 39,663	\$ 556,267	\$ 316,950
Accounts receivable (Note 2)	681,333	-	681,333	60,823
Prepaid expenses	6,488	-	6,488	9,401
	1,204,425	39,663	1,244,088	387,174
<b>Assets under construction</b> (Note 3)	-	1,142,601	1,142,601	-
<b>Tangible capital assets</b> (Note 4)	-	6,374,075	6,374,075	4,108,727
	\$ 1,204,425	7,556,339	\$ 8,760,764	4,495,901

## Multifaith Housing Initiative Statement of Financial Position

October 31 2015 2014

	General Fund	Capital Asset Fund	Total	Total
<b>Liabilities and Net Assets</b>				
<b>Current</b>				
Accounts payable and accrued liabilities (Note 5)	\$ 173,329	\$ 125,246	\$ 298,575	\$ 63,926
Deferred contributions (Note 6)	259	-	259	42,064
Deferred contributions for capital fund (Note 7)	664,256	-	664,256	298,349
Current portion of promissory notes payable (Note 8)	-	33,000	33,000	155,000
Current portion of long-term debt (Note 10)	-	32,267	32,267	30,768
Interfund (receivable)/payable (Note 7)	(103,535)	103,535	-	-
	<b>734,309</b>	<b>294,048</b>	<b>1,028,357</b>	<b>590,107</b>
<b>Promissory notes payable</b> (Note 8)	-	<b>344,000</b>	<b>344,000</b>	<b>307,000</b>
<b>CMHC RRAP loan</b> (Note 9)	<b>7,473</b>	-	<b>7,473</b>	<b>13,877</b>
<b>Mortgages payable</b> (Note 10)	<b>27,872</b>	<b>1,844,371</b>	<b>1,872,243</b>	<b>1,898,288</b>
<b>Deferred contributions related to assets under construction</b> (Note 3)	-	<b>1,017,355</b>	<b>1,017,355</b>	-
<b>Deferred contributions related to capital assets</b> (Note 11)	-	<b>1,549,427</b>	<b>1,549,427</b>	<b>1,595,952</b>
<b>Deferred contributions related to mortgage repayment</b> (Note 12)	<b>503,881</b>	-	<b>503,881</b>	-
	<b>1,273,535</b>	<b>5,049,201</b>	<b>6,322,736</b>	<b>4,405,224</b>
<b>Fund Balances</b>				
Capital reserves (Note 14)	-	39,663	39,663	48,404
Internally restricted for fundraising reserve	-	-	-	8,136
Internally restricted for capital fund reserve	9,244	-	9,244	13,435
Internally restricted for invested in tangible capital assets (Note 14)	-	2,467,475	2,467,475	39,310
Unrestricted	(78,354)	-	(78,354)	(18,608)
	<b>(69,110)</b>	<b>2,507,138</b>	<b>2,438,028</b>	<b>90,677</b>
	<b>\$ 1,204,425</b>	<b>7,556,339</b>	<b>\$ 8,760,764</b>	<b>4,495,901</b>

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Multifaith Housing Initiative Statement of Changes in Fund Balances

For the year ended October 31

	General Fund					Capital Asset Fund (Note 14)			
	Internally Restricted				Total 2015	Total 2014	2015	2014	
	Fundraising Reserve	Capital Fund Reserve	Community Engagement	Unrestricted					
<b>Balance</b> , beginning of year	\$ 8,136	\$ 13,435	\$ -	\$ (18,608)	\$ 2,963	\$ 61,067	\$ 87,714	\$ 102,427	
<b>Excess (deficiency) of revenue over expenses for the year</b>	(12,327)	-	(2,249)	80,987	66,411	(1,555)	(83,500)	(71,262)	
<b>Invested in capital assets</b>									
Net Increase (decrease) of mortgages payable and promissory notes	-	-	-	(116,292)	(116,292)	(36,840)	116,292	36,840	
Contribution of land	-	-	-	-	-	-	2,364,440	-	
Additions to capital assets	-	-	-	(3,292)	(3,292)	-	3,292	-	
<b>Inter-fund transfers</b> (Note 13)	4,191	(4,191)	2,249	(2,249)	-	-	-	-	
<b>Net transfer from Unrestricted to Capital Reserve</b> (Note 14)	-	-	-	(18,900)	(18,900)	(19,709)	18,900	19,709	
<b>Balance</b> , end of year	\$ -	\$ 9,244	\$ -	(78,354)	\$ (69,110)	\$ 2,963	\$ 2,507,138	\$ 87,714	

# Multifaith Housing Initiative Statement of Operations

For the year ended October 31

	General Fund				Capital Asset Fund				
	Unrestricted	Fundraising Fund	Community Engagement	Total 2015	Total 2014	Invested in Capital Assets	Capital Reserve	Total 2015	Total 2014
<b>Revenue</b>									
Rental operations (Schedule)	\$ 438,065	\$ -	\$ -	\$ 438,065	\$ 433,155	\$ -	\$ -	\$ -	\$ -
Trillium contribution	-	-	31,260	31,260	32,429	-	-	-	-
United Way contribution	-	-	-	-	1,845	-	-	-	-
Summer student contribution	-	-	-	-	2,986	-	-	-	-
Other contributions (Note 15)	39,338	-	-	39,338	39,073	-	-	-	-
Donations and fundraising (Note 16)	52,652	58,854	-	111,506	42,995	-	-	-	-
Interest	2,440	-	-	2,440	3,306	-	729	729	-
Principal membership	6,100	-	-	6,100	6,600	-	-	-	-
Amortization of deferred contributions related to mortgage repayment	18,204	-	-	18,204	-	-	-	-	-
Other	1,928	-	-	1,928	3,134	-	-	-	-
	<b>558,727</b>	<b>58,854</b>	<b>31,260</b>	<b>648,841</b>	<b>565,523</b>	<b>-</b>	<b>729</b>	<b>729</b>	<b>-</b>
<b>Expenses</b>									
Bank charges	816	-	-	816	1,480	-	-	-	-
Projects (Note 15)	39,338	-	-	39,338	39,073	-	-	-	-
Insurance	3,952	-	-	3,952	3,663	-	-	-	-
Management services	42,813	-	-	42,813	41,999	-	-	-	-
Marketing and communications	1,140	-	-	1,140	2,541	-	-	-	-
Donations and fundraising	605	37,139	-	37,744	2,367	-	-	-	-
Office	25,098	-	-	25,098	22,573	-	-	-	-
Professional fees	24,898	-	-	24,898	33,551	-	-	-	-
Rental operations (Schedule)	267,991	-	-	267,991	298,295	-	28,370	28,370	19,418
Salaries and benefits	77,493	34,042	33,509	145,044	127,940	-	-	-	-
	<b>484,144</b>	<b>71,181</b>	<b>33,509</b>	<b>588,834</b>	<b>573,482</b>	<b>-</b>	<b>28,370</b>	<b>28,370</b>	<b>19,418</b>
<b>Excess (deficiency) of revenue over expenses before items below</b>	<b>74,583</b>	<b>(12,327)</b>	<b>(2,249)</b>	<b>60,007</b>	<b>(7,959)</b>	<b>-</b>	<b>(27,641)</b>	<b>(27,641)</b>	<b>(19,418)</b>
Amortization of RRAP loan (Note 9)	6,404	-	-	6,404	6,404	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-	(102,384)	-	(102,384)	(98,369)
Amortization of deferred contributions related to tangible capital assets	-	-	-	-	-	46,525	-	46,525	46,525
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 80,987</b>	<b>\$ (12,327)</b>	<b>\$ (2,249)</b>	<b>\$ 66,411</b>	<b>\$ (1,555)</b>	<b>\$ (55,859)</b>	<b>\$ (27,641)</b>	<b>\$ (83,500)</b>	<b>\$ (71,262)</b>

The accompanying summary of significant accounting policies, notes and schedule are an integral part of these financial statements

## Multifaith Housing Initiative Statement of Cash Flows

For the year ended October 31	2015	2014
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year		
General fund	\$ 66,411	\$ (1,555)
Capital asset fund	(83,500)	(71,262)
Adjustments for		
Amortization of tangible capital assets	102,384	98,369
Amortization of deferred contributions related to tangible capital assets	(46,525)	(46,525)
Amortization of RRAP loan	(6,404)	(6,404)
Amortization of deferred contributions related to mortgage repayment	(18,204)	-
	14,162	(27,377)
Changes in non-cash working capital items		
Accounts receivables	(620,510)	(38,949)
Prepaid expenses	2,913	(3,977)
Accounts payable and accrued liabilities	234,649	15,509
Deferred contributions	(41,805)	(14,278)
Deferred contributions for capital fund	295,907	164,162
	(114,684)	95,090
<b>Cash flows from investing activities</b>		
Additions to tangible capital assets	(36,732)	(334,271)
Assets under construction	(1,142,601)	-
	(1,179,333)	(334,271)
<b>Cash flows from financing activities</b>		
Additions to deferred contributions	1,539,440	-
Addition to long-term mortgage interest payable	6,223	5,186
Additions to promissory notes payable	5,000	-
Promissory notes principal repayments	(20,000)	(5,000)
Addition to mortgages payable	-	1,485,000
Mortgage financing and transaction fees	-	(15,699)
Mortgage principal repayments	(30,769)	(1,285,581)
Contributions to land	33,440	-
	1,533,334	183,906
<b>Increase (decrease) in cash during the year</b>	<b>239,317</b>	<b>(55,275)</b>
<b>Cash, beginning of year</b>	<b>316,950</b>	<b>372,225</b>
<b>Cash, end of year</b>	<b>\$ 556,267</b>	<b>\$ 316,950</b>

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## Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2015

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**Nature of Organization** Multifaith Housing Initiative (MHI) was incorporated under the laws of the Canadian Not-for-profit Corporations Act and was registered as a Charitable Organization on January 1, 2003 under the Canadian Income Tax Act. The organization was continued under the Canada Not-for-profit Corporations Act on May 30, 2014. The purpose of Multifaith Housing Initiative is to provide and to promote affordable home-space, to encourage harmonious relations amongst tenants of diverse backgrounds, and to mobilize the resources of faith communities and others for these purposes.

**Basis of Presentation** These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

**Fund Accounting** The organization follows the restricted fund method of accounting for contributions.

**The General Fund** accounts for the organization's rental operations, 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 tangible capital assets and externally and internally restricted capital reserves.

Comparative amounts in these financial statements have been reclassified to conform with the financial statement presentation adopted for the current year.

**Financial Instruments** Measurement of financial instruments  
Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial asset.

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, promissory notes payable and mortgages payable.

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## Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2015

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<b>Financial Instruments</b> (continued)	<p><u>Impairment</u></p> <p>Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.</p> <p><u>Transaction costs</u></p> <p>The organization recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The organization's estimates relate to provision for doubtful receivables and useful life to calculate amortization on tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost. Building and unit conversion costs are amortized over the estimated useful life of the assets of 40 years on a straight-line basis.</p>
<b>Deferred Contributions Related to Tangible Capital Assets</b>	<p>Deferred contributions related to capital assets are being amortized at an amount pro-rated to the annual amortization of tangible capital assets.</p>
<b>Capital Reserve</b>	<p>Under the terms of Municipal Housing Project Facilities agreement, the organization is required to annually contribute into a capital reserve for Somerset Gardens and Blake House.</p> <p>The capital reserve will only be used for:</p> <ul style="list-style-type: none"><li>a) the replacement of worn out capital items; or</li><li>b) any other capital improvements to the project approved by the City, and shall not be used for ordinary maintenance or minor repairs to the building or grounds.</li></ul> <p>The board of directors has also internally restricted a capital reserve for Kent for similar uses as above but at their discretion.</p>
<b>Internally Restricted for Invested in Tangible Capital Assets</b>	<p>Net assets invested in capital assets is comprised of the net book value of capital assets less related mortgage payable and deferred contributions related to capital assets.</p>

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## Multifaith Housing Initiative Summary of Significant Accounting Policies

October 31, 2015

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<b>Internally Restricted for Fundraising Reserve</b>	The board of directors has internally restricted a fundraising reserve to be used at their discretion.
<b>Internally Restricted for Community Engagement</b>	The board of directors has internally restricted a reserve for community engagement be used at their discretion.
<b>Internally Restricted for Capital Fund Reserve</b>	The board of directors has internally restricted a capital fund reserve to be used, in conjunction with externally restricted contributions deferred for capital fund, to purchase new properties.
<b>Revenue Recognition</b>	<p>Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets and capital reserves are recorded in the Capital Asset Fund in the year in which the related expenses are incurred.</p> <p>Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Investment income earned on resources related to the organization's capital reserves is recognized as revenue of the Capital Asset Fund. Other investment income is recognized as revenue of the General Fund when earned.</p> <p>Occupancy charges and other revenue are recognized in operations of the General Fund when earned.</p>

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

**1. Cash**

The company's bank accounts are held at one chartered bank.

**2. Accounts Receivable**

	2015	2014
Tenant receivables	\$ 16,781	\$ 678
HST receivable	137,626	59,105
Grants receivable	526,926	1,040
	\$ 681,333	\$ 60,823

**3. Assets Under Construction**

Assets under construction of \$1,142,601 are costs related to the construction of the Havens multi-unit housing project ongoing at year end. These costs will be transferred to tangible capital assets and amortization will be recognized once these assets are put into service. Final costs of the project (excluding contributed land of \$2,364,440 already recorded as tangible capital assets) is expected to be around \$19,300,000.

The organization received during the year externally restricted contributions of \$1,017,355 towards the financing of the construction costs. These contributions will be transferred to deferred contributions related to capital assets and amortized once these assets are put into service.

Further financing will come from additional government contributions, mortgage and fundraising.

**4. Tangible Capital Assets**

	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Kent House						
Land	\$ 86,750	\$ -	\$ 86,750	\$ 86,750	\$ -	\$ 86,750
Building	260,250	67,231	193,019	260,250	60,725	199,525
Somerset Gardens	1,570,286	288,838	1,281,448	1,570,286	249,580	1,320,706
Blake House						
Land	540,296	-	540,296	540,296	-	540,296
Building	1,650,864	301,600	1,349,264	1,650,864	260,328	1,390,536
Unit conversions	273,101	39,106	233,995	273,101	32,279	240,822
Renovations	334,271	12,535	321,736	334,271	4,179	330,092
The Havens						
Land	2,364,440	-	2,364,440	-	-	-
Office equipment	3,292	165	3,127	-	-	-
	\$ 7,083,550	\$ 709,475	\$ 6,374,075	\$ 4,715,818	\$ 607,091	\$ 4,108,727

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

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### 5. Accounts Payable and Accrued Liabilities

	2015	2014
Trade payables	\$ 267,193	\$ 30,531
Advance RGI subsidies	14,851	15,962
Government remittances payable	2,537	2,537
Accrued interest on mortgage	8,048	8,170
Blake last months rent	5,946	6,726
	\$ 298,575	\$ 63,926

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### 6. Deferred Contributions

Deferred contribution represents externally restricted contributions received in the current year to be spent in the subsequent year for specific types of expenses. Changes in the deferred contributions balance are as follows:

	2015	2014
Balance, beginning of year	\$ 42,064	\$ 56,342
Add: Contributions received during the year	12,500	57,225
Less: Contributions recognized as revenue for the year	(51,063)	(71,503)
Repayment of contributions	(3,242)	-
	\$ 259	\$ 42,064

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### 7. Deferred Contributions for Capital Fund

Deferred contributions for capital fund represents external contributions from donors with the understanding that the funds are to be spent in a subsequent years towards the development of new rental properties. Changes in the deferred contributions for capital fund balance is as follows:

	2015	2014
Balance, beginning of year	\$ 298,349	\$ 134,187
Add: Contributions received during the year	424,761	164,162
Less: Contributions recognized as revenue for the year	(58,854)	-
	\$ 664,256	\$ 298,349

During the 2014 fiscal year, the board of directors approved to borrow \$103,535 of these funds to pay off the mortgage on the Kent Street Property. This amount is shown as an inter-fund payable (receivable).

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

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### 8. Promissory Notes Payable

	2015	2014
Notes payable	\$ 377,000	\$ 462,000
Less: Current portion	(33,000)	(155,000)
	\$ 344,000	\$ 307,000

Promissory notes payable bear interest ranging from 0% to 4% with interest being payable semi-annually. The notes also have various maturity dates ranging from January 2016 to June 2020.

Principal payments required on notes payable for the next five years are as follows:

2016	\$ 33,000
2017	99,000
2018	80,000
2019	45,000
2020	120,000
	\$ 377,000

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### 9. CMHC RRAP Loan

In 2008, the organization received a loan from Canada Mortgage and Housing Corporation under its Rental Residential Rehabilitation Assistance Program (RRAP) to finance costs of improvements and repairs at the Kent Street property. The loan bears interest at 8% per annum. As long as the organization continues to provide the property as affordable housing, annual interest is forgiven and annual principal amount of \$6,404 is forgiven until the loan matures on January 1, 2017.

	2015	2014
Balance, beginning of year	\$ 13,877	\$ 20,281
Principal forgiven during the year	(6,404)	(6,404)
Balance, end of year	\$ 7,473	\$ 13,877

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

**10. Mortgages Payable**

	2015	2014
Mortgage payable, Infrastructure Ontario, 4.33%, net of amortized refinancing fees of \$14,652, repayable in blended monthly instalments of \$7,375, secured by Blake Boulevard property with net book value of \$2,445,291, general security agreement and assignment of rents and rent supplement agreements, due April 15, 2044.	<b>\$ 1,432,913</b>	\$ 1,457,615
Mortgage payable, First National Financial, 6.25%, repayable in blended monthly instalments of \$2,147, due December 1, 2018, secured by Somerset Gardens properties with net book value of \$1,281,448.	<b>315,927</b>	321,994
Mortgage payable, City of Ottawa and private lender, 5.5%, secured by Somerset Gardens properties with net book value of \$1,281,448, principal and interest due when properties are sold.		
Principal	<b>113,146</b>	113,146
Accumulated accrued interest payable	<b>42,524</b>	36,301
	<b>1,904,510</b>	1,929,056
Less: Current portion	<b>32,267</b>	30,768
	<b>\$ 1,872,243</b>	\$ 1,898,288

In addition, the organization is required by Infrastructure Ontario to maintain a debt service coverage ratio of 1.15. As at October 31, 2015, the organization has met this covenant.

Principal payments required on mortgages payable for the next five years and thereafter are as follows:

2016	\$ 32,267
2017	33,840
2018	35,491
2019	324,782
2020	30,787
Thereafter	1,447,343
	<b>\$ 1,904,510</b>

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

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### 11. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions with which the organization's capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	2015	2014
Beginning balance	\$ 1,595,952	\$ 1,642,477
Less: Amounts amortized to revenue	(46,525)	(46,525)
Ending balance	\$ 1,549,427	\$ 1,595,952

Original contributions included amounts from Federal, Provincial and Municipal government sources of \$900,000 which has been recorded as a mortgage on the property at municipal address 138 Somerset Street West, Ottawa, Ontario. Should the organization continue to provide affordable housing units for 25 years (until 2034), then the amount will be forgiven at that time.

Original contributions included amounts from Federal, Provincial and Municipal government sources of \$840,000 which has been recorded as a mortgage on the property at municipal address 372, 376 and 380 Blake Boulevard, Ottawa, Ontario. As long as the organization continues to provide the property as affordable housing, annual interest is forgiven and annual principal amount is forgiven on a straight-line basis until the loan matures in 2029. As at October 31, 2015, the estimated unforgiven amount is \$588,000.

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### 12. Deferred Contribution Related to Mortgage Repayment

Deferred contributions related to capital assets represent restricted contributions with which the organization's capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	2015	2014
Beginning balance	\$ -	\$ -
Add: Contributions received during the year	522,085	-
Less: Amounts amortized to revenue	(18,204)	-
Ending balance	\$ 503,881	\$ -

Original contributions included amounts from Federal, Provincial and Municipal government sources which has been recorded as a mortgage on the property at municipal address 372, 376 and 380 Blake Boulevard, Ottawa, Ontario. As long as the organization continues to provide the property as affordable housing, annual interest is forgiven and annual principal amount is forgiven on a straight-line basis until the loan matures in 2029. As at October 31, 2015, the estimated unforgiven amount is \$509,000.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

### 13. Inter-fund Transfers

During the year, the Board of Directors approved a transfer of \$4,191 from Capital Fund Reserve to Fundraising Reserve. The Board of Directors also approved to transfers \$2,249 from Unrestricted net assets to Community Engagement Fund.

### 14. Capital Asset Fund

#### Capital Reserves

					2015	2014
	Kent	Somerset	Blake	Other	Total	Total
Balance, beginning of year	\$ 1,806	\$ 17,231	\$ 10,496	\$ 18,871	\$ 48,404	\$ 48,113
Deficiency of revenue over expenses for the year	(4,206)	(1,794)	(20,379)	(1,262)	(27,641)	(19,418)
Transfer from unrestricted General Fund Appropriation for the period	2,400	3,200	13,300	-	18,900	19,709
	(1,806)	1,406	(7,079)	(1,262)	(8,741)	291
Balance, end of year	\$ -	\$ 18,637	\$ 3,417	\$ 17,609	\$ 39,663	\$ 48,404

#### Invested in Capital Assets

	2015	2014
Balance, beginning of year	\$ 39,310	\$ 54,314
Deficiency of revenue over expenses for the year	(55,859)	(51,844)
Net decrease of mortgages payable and promissory notes	116,292	36,840
Contribution of land	2,364,440	-
Additions to capital assets	3,292	-
Balance, end of year	\$ 2,467,475	\$ 39,310

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

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**15. Other Contributions and Projects Expense**

	2015		2014	
	Revenue	Expense	Revenue	Expense
Brighter Tomorrow	\$ 17,134	\$ 17,134	\$ 26,533	\$ 26,533
Clear Skies	21,463	21,463	12,540	12,540
Children's Library	741	741	-	-
	<b>\$ 39,338</b>	<b>\$ 39,338</b>	<b>\$ 39,073</b>	<b>\$ 39,073</b>

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**16. Donations and Fundraising Revenue**

	2015		2014	
	Donations	\$ 83,940	\$ 20,902	
Tulipathon	27,566	22,093		
	<b>\$ 111,506</b>	<b>\$ 42,995</b>		

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**17. Commitments**

The organization is committed to an office lease with minimum lease payments of \$4,951 and property management services of \$34,890 for 2016.

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**18. Risks and Concentrations**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at October 31, 2015. The organization is not involved in any hedging relationships through its operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, promissory notes payable and mortgages payable.

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 organization's main credit risks relate to its accounts receivable.

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## Multifaith Housing Initiative Notes to Financial Statements

**October 31, 2015**

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18. **Risks and Concentrations** (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 on its fixed interest rate mortgages payable.

Changes in risk

There have been no changes in the organization's risk exposures from the prior year.

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## Multifaith Housing Initiative Schedule of Rental Operations

<b>For the year ended October 31</b>	<b>2015</b>				<b>2014</b>			
	<b>Kent Street</b>	<b>Somerset Gardens</b>	<b>Blake Boulevard</b>	<b>Total</b>	<b>Kent Street</b>	<b>Somerset Gardens</b>	<b>Blake Boulevard</b>	<b>Total</b>
<b>Revenue</b>								
Gross rents	\$ 44,104	\$ 72,928	\$ 212,334	\$ 329,366	\$ 43,536	\$ 83,692	\$ 191,682	\$ 318,910
Rent subsidies	7,724	31,336	126,492	165,552	7,584	19,187	143,552	170,323
Less internal subsidies	(12,105)	(11,803)	(34,636)	(58,544)	(12,828)	(17,993)	(28,727)	(59,548)
Less vacancy losses	(77)	(187)	(1,164)	(1,428)	-	-	(1,819)	(1,819)
	<b>39,646</b>	<b>92,274</b>	<b>303,026</b>	<b>434,946</b>	<b>38,292</b>	<b>84,886</b>	<b>304,688</b>	<b>427,866</b>
Parking	-	-	800	800	-	-	2,100	2,100
Laundry	300	-	2,019	2,319	346	-	2,843	3,189
	<b>39,946</b>	<b>92,274</b>	<b>305,845</b>	<b>438,065</b>	<b>38,638</b>	<b>84,886</b>	<b>309,631</b>	<b>433,155</b>
<b>Expenses</b>								
Bad debt	-	-	-	-	-	-	3,360	3,360
Condo fees	-	37,363	-	37,363	-	40,181	-	40,181
Insurance	919	1,091	3,114	5,124	843	1,012	2,844	4,699
Interest on promissory notes	1,363	3,149	10,961	15,473	1,344	2,952	10,754	15,050
Mortgage interest	-	25,890	63,184	89,074	2,611	25,216	65,319	93,146
Municipal taxes	410	6,194	3,362	9,966	410	6,299	3,400	10,109
Repairs and maintenance	8,549	8,761	50,857	68,167	12,120	3,895	72,307	88,322
Superintendent	-	-	2,760	2,760	-	-	8,753	8,753
Utilities	2,527	-	37,537	40,064	3,526	-	31,149	34,675
	<b>13,768</b>	<b>82,448</b>	<b>171,775</b>	<b>267,991</b>	<b>20,854</b>	<b>79,555</b>	<b>197,886</b>	<b>298,295</b>
<b>Net rental income</b>	<b>\$ 26,178</b>	<b>\$ 9,826</b>	<b>\$ 134,070</b>	<b>\$ 170,074</b>	<b>\$ 17,784</b>	<b>\$ 5,331</b>	<b>\$ 111,745</b>	<b>\$ 134,860</b>
<b>Capital reserve expense</b>	<b>\$ 6,197</b>	<b>\$ 1,794</b>	<b>\$ 20,379</b>	<b>\$ 28,370</b>	<b>\$ 1,490</b>	<b>\$ 1,013</b>	<b>\$ 16,915</b>	<b>\$ 19,418</b>