

## **Independent Auditor's Report**

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**To the Board of Directors of:**

**Oi Kwan Foundation (the management body for Wai Kwan Manor)**

### ***Opinion***

I have audited the financial statements of **Wai Kwan Manor - an unincorporated housing project (the Project)**, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Project as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

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

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 Project'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 Project'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 Project's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Project 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.

I 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 I identify during my audit.

Calgary, Alberta  
March 27, 2019

  
Chartered Professional Accountant,  
Chartered Accountant

## REPORT ON RESULTS OF SPECIFIED PROCEDURES

To the Board of Directors of:

**Oi Kwan Foundation (the management body for Wai Kwan Manor)**

As requested by Alberta Seniors and Housing, I have performed the specified procedure of verifying tenant incomes in accordance with established incomes and the Provincial rent-to-income scale for all programs administered. I comply with this request as required by Section 14 of the *Alberta Housing Act*.

*The specified procedure was applied to a sample of files for the 2018 tenants of Wai Kwan Manor. For each of the sample tenant files I verified, without exception, the tenant's income and that the rents charged were in accordance with the rent-to-income scale.*

Calgary, Alberta  
March 27, 2019



Chartered Professional Accountant,  
Chartered Accountant

## CERTIFICATION BY MANAGEMENT BODY

To the best of my knowledge and belief, the Statements and Schedules included in this report are true and correct, as at DECEMBER 31, 2018 for the management body legally known as:

**Oi Kwan Foundation**

To the best of my knowledge and belief, all assets and liabilities of the management body are fairly stated in the Statement of Financial Position included herein.

To the best of my knowledge and belief, tenant incomes have been verified and rentals charged are in accordance with the established incomes and the applicable rent-to-income scale.

In addition, I certify that the above named Management Body is legally incorporated under the Alberta Housing Act and is in good standing at this date.

DATE:

March 28, 2019

SIGNED:

CHAIRMAN OF THE BOARD OF DIRECTORS:

Pamela Won  
(Print Name Below)

MANAGEMENT BODY:

Pamela Won  
Oi Kwan Foundation

\* Both the Board & Representative from HMB must sign

**STATEMENT OF FINANCIAL POSITION**  
**For Year Ended December 31, 2018**

Organization Name: **Oi Kwan Foundation**

		2018	2017
100210-105020	Cash and Cash Equivalents.....	266,379.00	380,137.00
100180	Security Deposit in Trust.....	24,594.00	23,295.00
120020-120510	Accounts Receivable.....	19,981.00	25,363.00
120620-127010	Other Current Assets.....	3,890.00	4,572.00
147010-162010	Long Term Receivables.....		
166010-171010 except AA acco	Capital Assets.....	-	
166110-170110 AA accounts or	Less: Accumulated Amortization - Capital Assets.....	-	
165010	Buildings.....	-	
165110	Less: Accumulated Amortization - Buildings.....	-	
164010	Land.....	-	
	<b>Total Assets</b>	<b>314,844.00</b>	<b>433,367.00</b>
<b>LIABILITIES</b>			
200010-207010 except 206010,	Short Term Liabilities.....	534,155.00	652,678.00
200010-261110	Long Term Liabilities.....		
262000	Restricted Operating Reserve Fund.....	36,400.00	36,400.00
206010	Deferred Operating Reserve Fund.....		
205010	Rent Supplement Advance.....		
	<b>Total Liabilities</b>	<b>570,555.00</b>	<b>689,078.00</b>
<b>NET ASSETS</b>			
385000	Accumulated Surplus.....	(255,711.00)	(255,711.00)
380010-381110	Restricted Net Assets.....	-	
380010	Invested in Capital Assets (Including Donated Capital).....	-	
	<b>Total Net Assets</b>	<b>(255,711.00)</b>	<b>(255,711.00)</b>
	<b>Total Liabilities &amp; Net Assets</b>	<b>314,844.00</b>	<b>433,367.00</b>

**Statement of Operations  
For Year Ended December 31, 2018**

**Organization Name:** Oi Kwan Foundation  
**Do Not Enter Any Information on this Sheet**

<b>REVENUE</b>		<b>2018</b>	<b>2017</b>
400000	Rent	877,302.00	859,404.00
410000	Resident Services	120,686.00	111,568.00
410091	Electricity Recovery	82,819.00	-
470040	Cable Recovery	37,867.00	-
420000	Non-Resident Services	-	-
<b>Grants:</b>			
430010	ASHC - Deficit Funding	-	-
430040	ASHC - Grants for Restricted Purposes (Carryover, YARDI, CO Alarms, CMR Capital Grants)	-	4,000.00
430060	ASHC - Rent Supplement Admin fees received	-	-
430120	Provincial - Other Grants	-	-
433000	Other	-	-
<b>Operational Revenue:</b>			
450030	Other (Please specify)	-	200.00
470000	Management and Administration Fees	-	-
475000	Investment Income	47.00	6,396.00
	<b>Total Revenue</b>	<b>998,035.00</b>	<b>981,568.00</b>
<b>EXPENSES</b>			
550000	Human Resources	246,866.00	305,166.00
520000	Operating	54,739.00	61,301.00
530000	Operating Maintenance	161,777.00	138,337.00
510000	Utilities	264,669.00	265,231.00
510010	Electricity	73,901.00	-
510005	Heating	76,690.00	-
510020	Water/Sewer	80,388.00	-
510050	Cable	33,690.00	-
500000	Taxes and Land Leases	-	-
560000	Administration	20,760.00	20,025.00
	<b>Total Expenses</b>	<b>748,811.00</b>	<b>790,060.00</b>
	<b>Net Excess (Deficiency) of Revenue over Expenses</b>	<b>249,224.00</b>	<b>191,508.00</b>
<b>OTHER EXPENSES</b>			
591000	Extraordinary expense*	-	-
	<b>Net Excess (Deficiency)</b>	<b>249,224.00</b>	<b>191,508.00</b>

\*Specify Please

**STATEMENT OF CHANGES IN NET ASSETS**  
**For Year Ended December 31, 2018**

**MANAGEMENT BODY:**

Oi Kwan Foundation

	Accumulated Surplus	Restricted Net Assets	Invested In Capital Assets (Included Donated Capital)
Balance at Beginning of Year	(255,711.00)	-	-
Current Year Net Excess (Deficiency) of Revenue over Expenses	249,224.00		
Sub-Total - 2018	(6,487.00)	-	-
Remittance to the Department (Schedule II)	(249,224.00)		
Adjustments			
Balance at End of Year*	(255,711.00)	-	-

\*Note: Should be zero.

**STATEMENT OF CASH FLOWS**  
For Year Ended December 31, 2018

MANAGEMENT BODY:

Oi Kwan Foundation

	2018	2017
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	249,224.00	191,508.00
Net Change in non-cash working capital:		
Decrease (increase) in current assets	6,064.00	(1,783.00)
Increase (decrease) in liabilities	(118,523.00)	190,897.00
Payable to Alberta Social Housing Corporation (-)	(249,224.00)	(191,508.00)
<b>Net cash generated (used) in operating activities</b>	<b>(112,459.00)</b>	<b>189,114.00</b>
<b>Financing and Investing Activities</b>		
Purchase of capital assets		
Contributed capital assets		
Contributed capital assets put into service (-)		
Operating and Capital grants received		
Special grant received	-	
Special grant used	-	
HAL/YARDI grant received	-	
HAL/YARDI grant used	-	
<b>Net cash generated (used) in financing and investing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(112,459.00)</b>	<b>189,114.00</b>
Cash, beginning of year	403,432.00	214,318.00
Cash, end of year	<b>290,973.00</b>	<b>403,432.00</b>

**Cash and Cash Equivalents Represented By:**

Cash	266,379.00	380,137.00
Short Term Investments		
Trust Accounts for Security Deposits	24,594.00	23,295.00
	<b>290,973.00</b>	<b>403,432.00</b>



## NOTES TO THE FINANCIAL STATEMENTS

For Year Ended December 31, 2018

Organization:

Oi Kwan Foundation

### SIGNIFICANT ACCOUNTING POLICIES

#### 1 Organization

Wai Kwan Manor, (the Project) is an unincorporated Calgary housing project which rents 126 suites to senior citizens under the provisions of the Alberta Housing Act. The Project is managed by its own staff.

Oi Kwan Foundation (the Foundation), a non-profit organization, has stewardship of the Project under the guidelines of the Alberta Social Housing Corporation (ASHC) which determines the selection criteria of the renters and the rents charged. Rental and related income, after deduction of expenses, is remitted to ASHC.

These financial statements include only the operating assets, revenues and expenses; the land and building are owned by the ASHC and consequently are not recorded in these financial statements.

The project is not subject to income taxes or required to file an income tax return and no provision for income taxes has been made in these financial statements. The project recovers the Goods and Services Tax (GST) paid on its expenditures.

#### 2 Significant accounting policies

The Foundation has an elected Board of Directors who had these financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations within reasonable limits of materiality using the accounting policies summarized below.

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses disclosed during reporting periods. Actual amounts may differ from these estimates.

##### i. Equipment

Equipment in excess of \$5,000 would be capitalized; there were no such purchases in 2017 or 2018.

##### ii. Cash

Cash comprises daily interest bank accounts.

##### iii. Contributed services

The Foundation has a volunteer Board of Directors. Due to the difficulty of determining their fair values, contributed services are not recognized in the financial statements.

##### iv. Revenue recognition

Rental income and resident services are recognized as income on the first day of each month. Laundry income is recognized as it is collected and interest income is accrued daily.

**NOTES TO THE FINANCIAL STATEMENTS**

For Year Ended December 31, 2018

Organization:

Oi Kwan Foundation

v. Financial instruments

Financial assets and financial liabilities are initially measured at fair value and subsequently, at each year end, cash, accounts receivable, accounts payable, and accrued liabilities are measured at amortized cost.

3 Accounts Receivable

Details of "Accounts Receivable" are as follows:

	2018	2017
GST Receivable	19,981.00	21,363.00
<b>TOTAL</b>	<b>19,981.00</b>	<b>21,363.00</b>

4 Short Term Liabilities

Details of "Short Term Liabilities" are as follows:

	2018	2017
Trades Payable	68,829.00	42,705.00
Tenant Security Deposits Payable	24,594.00	23,295.00
Payable to ASHC	440,732.00	582,678.00
<b>TOTAL</b>	<b>534,155.00</b>	<b>648,678.00</b>

5 Financial instruments

The financial instruments are categorized as follows:

Financial asset or liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Short term liabilities	Other financial liabilities	Amortized cost

**Fair value:**

The fair value of a financial instrument is the estimated amount that would be received or paid to settle a financial asset or liability as at the year-end date.

The fair values of the accounts receivable and short term liabilities approximate their carrying values due to their capacity for prompt liquidation.