

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

CO-OPERATIVE HOUSING FEDERATION OF CANADA

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Co-operative Housing Federation of Canada

Opinion

We have audited the non-consolidated financial statements of the Co-operative Housing Federation of Canada ("the Federation"), which comprise the non-consolidated statement of financial position as at December 31, 2019, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2019, 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

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

Other Information

Management is responsible for the other information. The other information comprises the annual report, but does not include the non-consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.



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

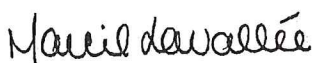
Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation'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 Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
March 27, 2020

Marcil Lavallée

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

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	Budget (Note 3)	CHF Canada Operating Fund	Internal Restriction Invested in a Related Entity	Internal Restrictions Invested in Reserves (Page 21)	Internal Restrictions (Page 22)	External Restrictions (Page 23)	2019 Total	2018 Total
REVENUE								
Membership dues	\$ 3,018,000	\$ 2,963,972	\$ -	\$ -	\$ -	\$ 68,084	\$ 3,032,056	\$ 2,960,905
Insurance, Asset and Financial Services	1,286,100	1,389,643	-	-	-	-	1,389,643	1,332,725
Pooled investment income	583,900	216,202	-	-	509,846	13,944	739,992	871,067
Annual General Meeting	669,000	566,047	-	-	-	-	566,047	645,399
Federations' Conference – Registration	-	-	-	-	-	-	-	17,250
Co-operators Loyalty Program	465,000	580,946	-	-	-	-	580,946	620,019
Contributions	80,000	16,269	-	1,684	-	65,000	82,953	73,892
Other	109,100	147,448	-	-	-	52,792	200,240	165,374
Allocations to federations and regions	(115,000)	(127,608)	-	-	-	-	(127,608)	(119,000)
	6,096,100	5,752,919	-	1,684	509,846	199,820	6,464,269	6,567,631
EXPENSES								
Member Services (Note 4)	2,699,800	2,307,404	-	-	-	-	2,307,404	2,802,560
Communications, advocacy and development (Note 5)	478,700	471,175	-	-	-	-	471,175	451,543
Finance and Corporate Services (Note 6)	332,100	252,381	-	-	-	-	252,381	330,179
Regional Services	85,500	14,316	-	-	-	50,487	64,803	23,101
Personnel and administration (Note 7)	3,275,100	3,163,804	-	-	-	257,492	3,421,296	3,364,222
Other	94,900	-	-	75,000	5,111	13,448	93,559	81,845
Amortization of capital and intangible assets	132,800	107,191	-	-	-	-	107,191	105,494
	7,098,900	6,316,271	-	75,000	5,111	321,427	6,717,809	7,158,944
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING:	(1,002,800)	(563,352)	-	(73,316)	504,735	(121,607)	(253,540)	(591,313)
INCOME FROM INVESTMENT IN ENCASA FINANCIAL INC., a company subject to significant influence	-	33,413	-	-	71,383	1,006	105,802	59,376
INCOME FROM INTEREST IN THE COMMUNITY HOUSING MANAGEMENT NETWORK CO-OPERATIVE, a controlled profit- oriented entity	-	-	108,584	-	-	-	108,584	134,185
UNREALIZED GAIN (LOSS) ON INVESTMENTS	-	397,148	-	-	1,053,106	45,872	1,496,126	(1,391,662)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (1,002,800)	\$ (132,791)	\$ 108,584	\$ (73,316)	\$ 1,629,224	\$ (74,729)	\$ 1,456,972	\$ (1,789,414)

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2019

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	Unrestricted	Internal Restriction Invested in Capital and Intangible Assets	Internal Restriction Invested in a Related Entity	Internal Restrictions Invested in Reserves (Page 21)	Internal Restrictions (Page 22)	External Restrictions (Page 24)	2019 Total	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 422,666	\$ 199,866	\$ 402,071	\$ 3,617,256	\$ 10,229,236	\$ 325,410	\$ 15,196,505	\$ 16,985,919
Excess (deficiency) of revenue over expenses	(25,600)	(107,191)	108,584	(73,316)	1,629,224	(74,729)	1,456,972	(1,789,414)
Interfund transfers	454,771	-	-	(70,544)	(506,330)	122,103	-	-
Acquisition of capital and intangible assets	(76,843)	76,843	-	-	-	-	-	-
BALANCE, END OF YEAR	\$ 774,994	\$ 169,518	\$ 510,655	\$ 3,473,396	\$ 11,352,130	\$ 372,784	\$ 16,653,477	\$ 15,196,505

CO-OPERATIVE HOUSING FEDERATION OF CANADA

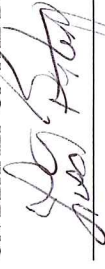
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

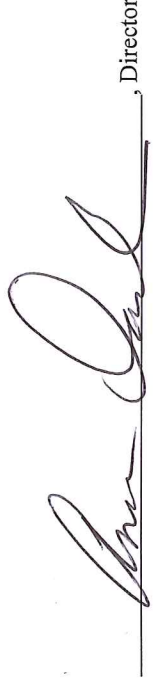
DECEMBER 31, 2019

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	CHF Canada Operating Fund	Internal Restrictions (Page 25)	External Restrictions (Page 26)	2019 Total	2018 Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 1,115,076	\$ -	\$ -	\$ 1,115,076	\$ 188,373
Accounts receivable (Note 8)	319,539	-	16,250	335,789	387,136
Loans receivable, 4.99% (2018: 4.5%) maturing in December 2020	33,027	-	-	33,027	19,871
Promissory note to Compass Non-Profit Homes Inc., 0% (2018: 8%) (Note 12)	100,000	-	-	100,000	25,000
Prepaid expenses	123,303	-	-	123,303	210,386
Current portion of promissory note to the Community Housing Management Network Co-operative (Note 12)	25,000	-	-	25,000	25,000
Current portion of investments (Note 9)	525,688	-	-	525,688	-
	2,241,633	-	16,250	2,257,883	855,766
LOANS RECEIVABLE, 0% - 4.99%					
	88,786	-	-	88,786	120,292
LONG-TERM INVESTMENTS (Note 9)					
	14,259,710	-	351,296	14,611,006	13,969,052
CAPITAL AND INTANGIBLE ASSETS (Note 10)					
	169,518	-	-	169,518	199,866
INTEREST IN CONTROLLED PROFIT-ORIENTED ENTITIES (Note 11)					
	510,655	-	-	510,655	402,071
PROMISSORY NOTE TO THE COMMUNITY HOUSING MANAGEMENT NETWORK CO-OPERATIVE (Note 12)					
	-	-	-	-	100,000
PROMISSORY NOTES TO ESSEX NON-PROFIT HOMES INC., 0% - 4.5%, no specific collection terms (Note 12)					
	120,000	-	-	120,000	120,000
	15,148,669	-	351,296	15,499,965	14,911,281
	\$ 17,390,302	\$ -	\$ 367,546	\$ 17,757,848	\$ 15,767,047

ON BEHALF OF THE BOARD

 , Director

 , Director

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

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	CHF Canada Operating Fund	Internal Restrictions (Page 25)	External Restrictions (Page 26)	2019 Total	2018 Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 306,960	\$ -	\$ -	\$ 306,960	\$ 346,216
Membership dues and fees received in advance	714,291	-	-	714,291	143,700
Due to Fund participants (Note 16(a))	-	-	83,120	83,120	80,626
	1,021,251	-	83,120	1,104,371	570,542
INTERFUND LOANS, without interest	11,440,488	(11,352,130)	(88,358)	-	-
	12,461,739	(11,352,130)	(5,238)	1,104,371	570,542
FUND BALANCES					
Unrestricted	774,994	-	-	774,994	422,666
Internal restrictions invested in reserves (Note 13 and Page 21)	3,473,396	-	-	3,473,396	3,617,256
Internal restriction invested in a related entity (Note 15)	510,655	-	-	510,655	402,071
Internal restriction invested in capital and intangible assets (Note 15)	169,518	-	-	169,518	199,866
Internal restrictions (Note 14 and Page 22)	-	11,352,130	-	11,352,130	10,229,236
External restrictions (Note 16 and Page 24)	-	-	372,784	372,784	325,410
	4,928,563	11,352,130	372,784	16,653,477	15,196,505
	\$ 17,390,302	\$ -	\$ 367,546	\$ 17,757,848	\$ 15,767,047

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 1,456,972	\$ (1,789,414)
Adjustments for:		
Amortization of capital and intangible assets	107,191	105,494
Unrealized loss (gain) on investments	(1,496,126)	1,391,662
Income from investment in Encasa Financial Inc.	(105,802)	(59,376)
Income from interest in The Community Housing Management Network	(108,584)	(134,185)
	(146,349)	(485,819)
Net change in cash working capital items:		
Accounts receivable	51,347	(52,973)
Loans receivable	18,350	(8,865)
Prepaid expenses	87,083	13,748
Accounts payable and accrued liabilities	(39,256)	(216,906)
Membership dues and fees received in advance	570,591	(548,148)
	541,766	(1,298,963)
INVESTING ACTIVITIES		
Promissory note to Compass Non-Profit Homes Inc.	(75,000)	(25,000)
Due to Fund participants	2,494	-
Acquisition of capital and intangible assets	(76,843)	(5,995)
Net change in investments	434,286	416,266
Promissory note collection	100,000	100,000
	384,937	485,271
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	926,703	(813,692)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	188,373	1,002,065
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,115,076	\$ 188,373

Cash and cash equivalents consist of cash.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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1. STATUTE AND NATURE OF OPERATIONS

The Co-operative Housing Federation of Canada is incorporated under the *Canada Cooperatives Act* without share capital and is a non-profit corporation as described in paragraph 149(1)(l) of the *Income Tax Act*. As such, the Federation is not subject to income tax.

The Federation works to promote the growth, stability and independence of the co-operative housing movement in Canada. The Ontario and Manitoba Regions of the Federation are responsible for matters that affect only Ontario and Manitoba members respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The Federation applies Canadian accounting standards for not-for-profit organizations (ASNFP) in accordance with Part III of the CPA Canada Handbook – Accounting.

Fund accounting

The Federation uses fund accounting to account for its operations, activities and programs, as described in Notes 13 through 16 to the financial statements.

The Federation combines the following three unrestricted funds in the CHF Canada Operating Fund: the Ontario Operating Fund, the Manitoba Operation Fund and the Southwestern Ontario Operating Fund.

Use of estimates

The preparation of financial statements in compliance with the ASNFP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

Revenue recognition

Membership dues are recognized when collection is reasonably assured. Revenue received relating to membership dues that pertain to subsequent years are deferred and recognized as revenue in the period to which they relate.

Co-operators Loyalty Program distributions are recognized when received due to the uncertainty of this revenue.

Pooled investment income and other revenue are recognized when earned. Investment revenue generated by pooled investment assets are recorded in the CHF Canada Operating Fund and the Internal Restrictions Funds according to their opening balances.

Revenue from Insurance, Asset and Financial Services, Annual General Meeting and Federations' Conference-Registration is recognized when the service has been rendered and collection is reasonably assured.

Contributions restricted for future period expenses are deferred and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. These contributions may be repayable if not utilized within their respective programs. Unrestricted contributions are recognized as revenue, when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant receivable

A grant receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Investments

The Federation's other investments are initially and subsequently measured at fair value. Changes in fair value are recognized in net income in the period incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in net income in the period incurred.

Interest in profit-oriented entities

The Federation's investment in its wholly-owned private corporation, Rooftops Financial Services Inc., its interest in a controlled profit-oriented entity, The Community Housing Management Network Co-operative, and its 20% of shares of a company subject to significant influence, Encasa Financial Inc., are accounted for using the equity method.

The equity method is a basis of accounting whereby the Federation includes in income its share of the net income or loss of its subsidiaries, its company under significant influence, and reduces the investment account for dividends received. In the event the accumulated losses exceed the original cost of the shares in question, the investment is carried at the nominal value of \$1.

Interest in controlled non-profit entities

The Federation has control over Essex Non-Profit Homes Inc., the Agency for Co-operative Housing and Compass Non-Profit Homes Inc. The financial results of these entities are not consolidated in the financial statements of the Federation as controlled non-profit entities are not required to be consolidated. Interested readers have access to the controlled entities' financial statements.

Capital and intangible assets

Capital and intangible assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method and the following periods:

Leasehold improvements	Remaining term of lease
Furniture and equipment	7 years
Computer equipment	3-5 years
Software	3-5 years

Write-down of capital assets

When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Federation initially measures its financial assets and financial liabilities at fair value.

The Federation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and financial instruments designated at fair value at initial recognition, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable, loans receivable, promissory note to Compass Non-Profit Homes Inc., promissory note to The Community Housing Management Network Co-operative Inc. and promissory notes to Essex Non-Profit Homes Inc.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to Fund participants.

Financial assets measured at fair value include investments, except for the interest in Encasa Financial Inc. which is measured as per the equity method.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Federation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, 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 operations.

Transaction costs

The Federation recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. An investment qualifies as a cash equivalent when it has a maturity of three months or less from the date of acquisition. Bank overdrafts are included as a component of cash and cash equivalents when the bank balance fluctuates frequently from being positive to overdrawn.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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3. BUDGET

The budget figures presented in the non-consolidated financial statements were provided by the Federation and have not been audited.

4. MEMBER SERVICES

	Budget (Note 3)	2019	2018
Annual General Meeting	\$ 1,044,400	\$ 793,298	\$ 1,081,768
Ontario members meetings	4,000	883	7,405
Membership development	78,000	94,152	79,273
Insurance programs	274,600	163,225	219,980
Financial planning services	497,700	465,260	417,954
Asset planning services	511,800	565,481	577,345
Federations support	11,300	802	1,131
Federation and co-op services	146,400	116,640	183,974
Federations' Conference	-	-	76,787
Special projects	-	-	32,966
Education program	91,800	73,790	91,610
Research	18,000	9,577	13,360
Other direct expenses	21,800	24,296	19,007
	\$ 2,699,800	\$ 2,307,404	\$ 2,802,560

5. COMMUNICATIONS, ADVOCACY AND DEVELOPMENT

	Budget (Note 3)	2019	2018
Communications	\$ 148,600	\$ 128,279	\$ 169,944
External relations	142,900	137,899	134,972
Government relations	120,300	82,830	120,316
Development	35,000	111,539	-
Other direct expenses	31,900	10,628	26,311
	\$ 478,700	\$ 471,175	\$ 451,543

6. FINANCE AND CORPORATE SERVICES

	Budget (Note 3)	2019	2018
Board of Directors	\$ 242,800	\$ 198,298	\$ 221,790
Ontario Council	48,300	32,009	55,280
Legal	41,000	22,074	53,109
	\$ 332,100	\$ 252,381	\$ 330,179

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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7. PERSONNEL AND ADMINISTRATION

	Budget (Note 3)	CHF Canada Operating Fund	External Restrictions	2019 Total	2018 Total
Personnel costs	\$ 2,990,500	\$ 2,840,508	\$ 211,010	\$ 3,051,518	\$ 3,025,532
Office and administration - Ottawa	633,500	595,534	-	595,534	626,512
Office and administration - Toronto	180,200	169,760	-	169,790	193,819
Office expenses – Vancouver	59,800	55,480	-	55,480	56,380
Office and administration - Atlantic	48,000	-	46,482	46,482	45,201
	3,912,000	3,661,282	257,492	3,918,804	3,947,444
Personnel and administration reallocated	(636,900)	(497,478)	-	(497,478)	(583,222)
	\$ 3,275,100	\$ 3,163,804	\$ 257,492	\$ 3,421,296	\$ 3,364,222

8. ACCOUNTS RECEIVABLE

	2019	2018
CHF Canada Operating Fund		
Membership dues	\$ 46,277	\$ 30,143
Trade accounts	197,884	295,175
Sales taxes	47,842	31,965
Compass Non-Profit Homes Inc., without interest	4,009	-
The Community Housing Management Network Co-operative, without interest	9,922	23,524
Essex Non-Profit Homes Inc., without interest	44,235	46,652
	350,169	427,459
Allowance for doubtful accounts on dues and trade accounts	(30,630)	(56,573)
	319,539	370,886
External Restrictions		
Grant receivable	16,250	16,250
	\$ 335,789	\$ 387,136

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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9. INVESTMENTS

	CHF Canada Operating Fund	External Restrictions Risk Underwriting Fund	2019 Total	2018 Total
Investment securities measured at fair value				
Corporate equity	\$ 14,288,764	\$ -	\$ 14,288,764	\$ 13,265,600
Social Housing Investment funds, fixed income and equity holdings	13,414	351,296	364,710	326,034
Corporate debt	-	-	-	-
Interest in a company subject to significant influence measured as per the equity method				
20% interest in Encasa Financial Inc.	483,220	-	483,220	377,418
	14,785,398	351,296	15,136,694	13,969,052
Current portion of investments	525,688	-	525,688	-
	\$ 14,259,710	\$ 351,296	\$ 14,611,006	\$ 13,969,052

10. CAPITAL AND INTANGIBLE ASSETS

	Cost	Accumulated Amortization	2019	2018
Capital assets				
Leasehold improvements	\$ 320,921	\$ 279,517	\$ 41,404	\$ 74,491
Furniture and equipment	115,853	72,420	43,433	18,841
Computer equipment	95,796	66,846	28,950	31,440
	532,570	418,783	113,787	124,772
Intangible assets				
Software	168,345	112,614	55,731	75,094
	\$ 700,915	\$ 531,397	\$ 169,518	\$ 199,866

Net change in capital and intangible assets

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 199,866	\$ 299,365
Acquisition of capital and intangible assets	76,843	5,995
Amortization of capital and intangible assets	(107,191)	(105,494)
Net change	(30,348)	(99,499)
BALANCE, END OF YEAR	\$ 169,518	\$ 199,866

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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11. INTEREST IN CONTROLLED PROFIT-ORIENTED ENTITIES

	2019	2018
The Community Housing Management Network Co-operative	\$ 510,655	\$ 402,071
Rooftops Financial Services Inc.	-	-
	\$ 510,655	\$ 402,071

12. RELATED PARTIES

Interest/control in profit-oriented entities

The Community Housing Management Network (The Network)

The Network is an entity controlled by the Federation.

The Federation is the sole member of The Community Housing Management Network Co-operative and appoints four of five of the Network's Board of Directors. The Network is incorporated under the *Canada Cooperatives Act*. The Network helps co-operatives in financial difficulty to fill gaps in local management services and provides services to non-profit housing providers upon request.

The summary of the Network's non-audited financial statements is as follows:

	2019	2018
Statement of financial position		
Assets	\$ 624,667	\$ 633,619
Liabilities	\$ 113,912	\$ 231,448
Retained earnings	\$ 510,755	\$ 402,171
Statement of operations		
Revenue	\$ 2,184,245	\$ 2,123,521
Expenses	\$ 2,075,661	\$ 1,983,245
Statement of cash flows		
Operating activities	\$ 131,240	\$ 122,564
Investing activities	\$ (15,489)	\$ (25,415)
Financing activity	\$ (100,000)	\$ (75,000)

An agreement was signed for the Network's outstanding loan with the Federation in the form of a promissory note, maturing December 31, 2022, at an annual and no-compounding interest rate of 4.25%, payable at a minimum rate of \$25,000 per calendar year. The Network paid interest for an amount of \$3,365 in 2019 (2018: \$6,348). These revenues are included in Pooled investment income in the Federation's non-consolidated statement of operations under Operating Fund.

The Network also paid \$7,358 to the Federation in management fees (2018: \$7,185). These revenues are included in Other Revenue in the Federation's non-consolidated statement of operations under Operating Fund.

These transactions were concluded in the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed by the related parties.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

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12. RELATED PARTIES (continued)

Interest/control in profit-oriented entities (continued)

Rooftops Financial Services Inc.

The Federation is the sole shareholder of Rooftops Financial Services Inc. The Corporation is incorporated under the *Canada Business Corporations Act* and is currently inactive.

Rooftops Financial Services Inc. owes an amount of \$223,201 to the Federation. Due to the inactivity, it is not expected that the Federation will recover this amount in the near future. Therefore, an allowance of \$223,201 was provided for many years ago, bringing the balance in the Federation's non-consolidated statement of financial position to zero.

Controlled non-profit-oriented entities

Compass Non-Profit Homes Inc. (Compass)

The Federation initiated the creation of this Co-operative and controls the entity by way of appointing its Board members. The Co-operative was incorporated under the *Ontario Co-operative Corporations Act*, and, as such, is exempt from income tax under the *Income Tax Act*. Compass has leased the land owned by Essex Non-Profit Homes Inc. (ENPH) and entrusted the management of operations of the project to ENPH under the terms of a management agreement.

Compass owes an amount of \$100,000 (2018: \$25,000) to the Federation, payable on demand, at an annual interest rate of 0% (2018: 8%)

The summary of Compass' non-audited financial statements is as follows:

	2019
Statement of financial position	
Assets	\$ 99,273
Liabilities	\$ 104,010
Net assets	\$ (4,737)
Statement of operations	
Revenue	\$ -
Expenses	\$ 4,737
Statement of cash flows	
Operating activities	\$ (90,694)
Investing activities	\$ -
Financing activities	\$ 100,000

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

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12. RELATED PARTIES (continued)

Controlled non-profit-oriented entities (continued)

The Agency for Co-operative Housing

The Federation is the sole member of The Agency for Co-operative Housing and appoints all of the Agency's Board of Directors. The Agency is incorporated under the *Canada Cooperatives Act* without share capital. The Agency was established to provide co-operative housing program management services to Canada Mortgage and Housing Corporation (CMHC) and, potentially, other government clients. As a not-for-profit Corporation as described in paragraph 149(1)(1) of the *Income Tax Act*, the Agency is exempt from income tax. The assets, liabilities and results of operations of the Agency are not included in these non-consolidated financial statements.

The summary of the Agency's audited financial statements is as follows:

	2019	2018
Statement of financial position		
Assets	\$ 3,819,322	\$ 3,536,745
Liabilities	\$ 3,165,757	\$ 3,008,072
Fund balances	\$ 653,565	\$ 528,673
Statement of operations		
Revenue	\$ 7,650,840	\$ 7,444,454
Expenses	\$ 7,525,948	\$ 7,429,835
Statement of cash flows		
Operating activities	\$ 621,105	\$ 731,333
Investing activities	\$ (694,163)	\$ (591,753)
Financing activities	\$ -	\$ -

The Federation signed a memorandum of understanding (MOU) with the Agency concerning a grant program for environmental action. The Agency contributed \$14,400 (2018: \$15,000) to the program during the year. These contributions are included in other revenue in the Federation's non-consolidated financial statement of operations under Operating Fund.

Essex Non-Profit Homes Inc. (ENPH)

The Federation is the founding member of ENPH and appoints all of the members of its Board of Directors. ENPH is a non-profit housing corporation incorporated under the *Ontario Corporations Act* and, as such, it is exempt from income tax under the *Income Tax Act*. ENPH has leased the land it owns to Compass Non-Profit Co-operative Homes Inc. (Compass) and act as the manager of the operations of the project on behalf of Compass under a management agreement. The assets, liabilities and results of operations of ENPH are not included in these non-consolidated financial statements.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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12. RELATED PARTIES (continued)

Controlled non-profit-oriented entities (continued)

Essex Non-Profit Homes Inc. (ENPH) (continued)

The summary of the Organization's non-audited financial statements is as follows:

	2019	2018
Statement of financial position		
Assets	\$ 8,197,104	\$ 8,171,229
Liabilities	\$ 8,549,509	\$ 8,587,600
Net assets deficiency	\$ (352,405)	\$ (416,371)
Statement of operations		
Revenue	\$ 1,459,625	\$ 1,345,981
Expenses	\$ 1,395,659	\$ 1,333,524
Statement of cash flows		
Operating activities	\$ 258,465	\$ 411,867
Investing activity	\$ (334,028)	\$ (486,224)
Financing activities	\$ 61,053	\$ 76,923

ENPH paid \$39,258 (2018: \$41,926) to the Federation in asset management fees. These revenues are included in Insurance, asset and financial services in the Federation's non-consolidated statement of operations under Operating Fund.

ENPH owes an amount of \$100,000 to the Federation, payable on demand, at an annual interest rate of 4.5%. ENPH also owes an amount of \$20,000 to the Federation, payable on demand and without interest. ENPH paid \$4,500 in interest in 2019 (2018: \$4,500). These revenues are included in Pooled investment income in the Federation's non-consolidated statement of operations under Operating Fund.

These transactions were concluded in the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed by the related parties.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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13. INTERNAL RESTRICTIONS INVESTED IN RESERVES – NATIONAL AND ONTARIO OPERATING FUND

The Federation has created reserves through the transfer of funds from the CHF Canada Operating Fund balance and the receipt of external contributions to fund expenditures related to regional education programs, lobbying, co-operative housing staff development programs, assisting co-ops with premature building envelope failure, special initiatives in support of long-term strategic purposes and contingencies arising from future operating requirements, assisting co-ops with legal matters, offsetting of continuing administration and oversight associated with monitoring refinancing loans over time and providing guarantees for housing co-op microfunding in Africa.

The Ontario Region of the Federation has created reserves through the transfer of funds from its Operating Fund balance to fund contingencies arising from future operating requirements, expenditures related to co-operative housing staff development programs.

14. INTERNAL RESTRICTIONS

Internal restrictions include the National Endowment Fund, the Ontario Endowment Fund and the Special Assistance Fund.

a) National Endowment Fund

The National Endowment Fund was established with that portion of sector support contributions from federally funded housing co-operatives exceeding 1/2 of 1% of the project capital costs of the contributing co-operative. The principal portion of this fund may only be encumbered or spent by resolution of the general membership. The Federation has established a policy of setting the amount of income available from the Fund for spending at a predetermined rate of the moving average fair value of the Fund over a three-year period. For the year ended December 31, 2019, the rate was established at 4.0% (2018: 4.0%).

b) Ontario Endowment Fund

The Ontario Endowment Fund was established with a portion of sector support contributions received from housing co-operatives funded under Ontario government programs. The principal portion of this fund may only be encumbered or spent by resolution of the Ontario members of the Federation. The Federation has established a policy of setting the amount of income available from the Fund for spending on Ontario programs at a predetermined rate of the moving average fair value of the Fund over a three-year period. For the year ended December 31, 2019, the rate was established at 4.0% (2018: 4.0%).

c) Special Assistance Fund

The Special Assistance Fund provides working capital loans and loan guarantees to members of the Federation that are not housing co-ops.

The loans receivable of \$0 as at December 31, 2019 (2018: \$0) have been reduced by an allowance for doubtful loans of \$0 (2018: \$0).

As at December 31, 2019, there were no loan guarantees outstanding.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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15. OTHER INTERNAL RESTRICTIONS

a) Internal restrictions invested in capital and intangible assets

The Federation accounts for transactions related to its capital and intangible assets in this Fund.

b) Internal restriction invested in a related entity

The Federation accounts for its investment in its wholly-owned subsidiary, The Community Housing Management Network Co-operative, in this Fund.

16. EXTERNAL RESTRICTIONS

External restrictions include the Risk Underwriting Fund, the Nova Scotia Fund and the Student Housing Fund.

a) Risk Underwriting Fund

The Risk Underwriting Fund was established to guarantee loans on behalf of housing co-operatives. The maximum principal amount that may be guaranteed is the lesser of \$100,000 or 20% of the total amount of the Fund. The Federation is responsible for the first \$50,000 in losses in any financial year. Any losses in excess of \$50,000 are shared by Fund participants in proportion to their share of deposits and indemnities in the Fund. The balance of funds available to lend of \$446,336 (2018: \$420,294) is supported by participants' deposits held in trust, a deposit from the CHF Canada Operating Fund and by indemnities from Fund participants.

The total Risk Underwriting Fund is allocated as follows as at December 31:

	2019	2018
Balance of funds available	\$ 446,336	\$ 420,294
Deposit from CHF Canada Operating Fund	(203,216)	(179,668)
Indemnities pledged	(160,000)	(160,000)
Due to Fund participants	\$ 83,120	\$ 80,626

The amounts in this fund can be called upon at any time.

b) Nova Scotia Fund

This fund represents the Federation's Nova Scotia management support and education program, supported in part by the Province of Nova Scotia.

c) Student Housing Fund

The Student Housing Fund consists of funds settled on the Federation by Concentra Financial for the purpose of encouraging, developing or establishing co-operative housing for university students.

The Fund provides loans and loan guarantees. Earnings of the Fund accumulate within the Fund and may be used to provide grants to eligible recipients.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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17. FINANCIAL INSTRUMENTS

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 Federation's main credit risks relate to its accounts receivable. The Federation provides credit to its members in the normal course of its operations.

Also, the Federation continuously reviews the financial situation of its members and examines the credit history of all new members. The Federation establishes allowances for doubtful accounts while keeping in mind the specific credit risk of members, their historic tendencies and economic situation. Approximately 21% of the total trade accounts is to be received from one organization. The Federation considers that no risk arises from that situation.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Federation's investment securities expose the Federation to market risk as such investments are subject to price changes in the open market. The Federation does not use derivative financial instruments to alter the effects of this risk.

18. CONTRACTUAL OBLIGATIONS

The Federation is committed under four long-term leases for the rental of its office spaces and must pay a minimum base rent as follows, plus an additional rent for its proportionate share of operating costs:

Office Location	Expiry Date	Minimum Total Base Rent
Ottawa	March 31, 2020	\$ 185,340
Vancouver	November 30, 2022	\$ 145,212
Ontario Region Office	August 31, 2021	\$ 404,595
Nova Scotia	July 31, 2024	\$ 43,500

Also, the Federation has issued a guarantee on a mortgage loan contracted by Essex Non-profit Homes Inc. The maximum risk resulting from this endorsement is \$100,000. The Federation believes that the risk of having to incur significant costs as a result of this endorsement is low.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES – INTERNAL RESTRICTIONS INVESTED IN RESERVES (Note 14)

FOR THE YEAR ENDED DECEMBER 31, 2019

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	NATIONAL OPERATING FUND		ONTARIO OPERATING FUND		
	Budget (Note 3)	Actual	Budget (Note 3)	Actual	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 3,024,872	\$ 3,024,871	\$ 592,385	\$ 592,385	\$ 3,617,256
Contributions	-	1,684	-	-	1,684
Expenses	(85,348)	(75,000)	-	-	(84,562)
Deficiency of revenue over expenses	(85,348)	(73,316)	-	-	(82,678)
Interfund transfers	(606,328)	(60,162)	(285,900)	(10,382)	(999,196)
NET DECREASE OF FUND BALANCE	(691,676)	(133,478)	(285,900)	(10,382)	(1,081,874)
BALANCE, END OF YEAR	\$ 2,333,196	\$ 2,891,393	\$ 306,485	\$ 582,003	\$ 3,473,396
					\$ 3,617,256

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES – INTERNAL RESTRICTIONS (Note 14) FOR THE YEAR ENDED DECEMBER 31, 2019

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	Budget (Note 3)	National Endowment Fund	Ontario Endowment Fund	Special Assistance Fund	2019 Total	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 10,229,237	\$ 4,042,448	\$ 5,906,547	\$ 280,241	\$ 10,229,236	\$ 10,916,435
Pooled investment income	409,800	207,158	302,688	-	509,846	577,021
Other expenses	(8,100)	(2,077)	(3,034)	-	(5,111)	(4,972)
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING:						
	401,700	205,081	299,654	-	504,735	572,049
INCOME FROM INVESTMENT IN ENCASA FINANCIAL INC., a company subject to significant influence	-	29,004	42,379	-	71,383	40,060
UNREALIZED GAIN (LOSS) ON INVESTMENTS	-	427,895	625,211	-	1,053,106	(905,108)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	401,700	661,980	967,244	-	1,629,224	(292,999)
Interfund transfers	(414,600)	(214,265)	(292,065)	-	(506,330)	(394,200)
NET INCREASE (DECREASE) IN FUND BALANCE	(12,900)	447,715	675,179	-	1,122,894	(687,199)
BALANCE, END OF YEAR	\$ 10,216,337	\$ 4,490,163	\$ 6,581,726	\$ 280,241	\$ 11,352,130	\$ 10,229,236

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF OPERATIONS – EXTERNAL RESTRICTIONS (Note 16)

FOR THE YEAR ENDED DECEMBER 31, 2019

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	Budget (Note 3)	Student Housing Fund	Risk Underwriting Fund	Nova Scotia Fund	2019 Total	2018 Total
REVENUE						
Memberships dues	\$ 71,700	\$ -	\$ -	\$ 68,084	\$ 68,084	\$ 66,095
Pooled investment income	14,800	7,394	6,550	-	13,944	8,060
Contributions	65,000	-	-	65,000	65,000	65,000
Other	50,000	-	-	52,792	52,792	59,706
	201,500	7,394	6,550	185,876	199,820	198,861
EXPENSES						
Regional services	55,000	-	-	50,487	50,487	19,033
Personnel and administration (Note 7)	251,200	-	-	257,492	257,492	231,822
Other	9,600	-	13,448	-	13,448	-
	315,800	-	13,448	307,979	321,427	250,855
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING:	(114,300)	7,394	(6,898)	(122,103)	(121,607)	(51,994)
INCOME FROM INVESTMENT IN ENCASA FINANCIAL INC., a company subject to significant influence	-	1,006	-	-	1,006	564
UNREALIZED GAIN (LOSS) ON INVESTMENTS	-	15,427	30,445	-	45,872	(62,888)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (114,300)	\$ 23,827	\$ 23,547	\$ (122,103)	\$ (74,729)	\$ (114,318)

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES – EXTERNAL RESTRICTIONS FOR THE YEAR ENDED DECEMBER 31, 2019

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	Student Housing Fund	Risk Underwriting Fund	Nova Scotia Fund	2019 Total	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 145,742	\$ 179,668	\$ -	\$ 325,410	\$ 345,750
Excess (deficiency) of revenue over expenses	23,827	23,547	(122,103)	(74,729)	(114,318)
Interfund transfers	-	-	122,103	122,103	93,978
NET INCREASE (DECREASE) IN FUND BALANCES	23,827	23,547	-	47,374	(20,340)
BALANCE, END OF YEAR	\$ 169,569	\$ 203,215	\$ -	\$ 372,784	\$ 325,410

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION – INTERNAL RESTRICTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

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	National Endowment Fund	Ontario Endowment Fund	Special Assistance Fund	2019 Total	2018 Total
LIABILITIES					
INTERFUND LOANS, without interest	\$ (4,490,163)	\$ (6,581,726)	\$ (280,241)	\$ (11,352,130)	\$ (10,229,236)
FUND BALANCES	4,490,163	6,581,726	280,241	11,352,130	10,229,236
	\$ -	\$ -	\$ -	\$ -	\$ -

CO-OPERATIVE HOUSING FEDERATION OF CANADA

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EXTERNAL RESTRICTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

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	Student Housing Fund	Risk Underwriting Fund	Nova Scotia Fund	2019 Total	2018 Total
ASSETS					
CURRENT ASSETS					
Accounts receivable (Note 8)	\$ -	\$ -	\$ 16,250	\$ 16,250	\$ 16,250
LONG-TERM INVESTMENTS (Note 9)	-	351,296	-	351,296	314,300
	\$ -	\$ 351,296	\$ 16,250	\$ 367,546	\$ 330,550
LIABILITIES					
CURRENT LIABILITIES					
Due to Fund participants	\$ -	\$ 83,120	\$ -	\$ 83,120	\$ 80,626
	-	83,120	-	83,120	80,626
INTERFUND LOANS, without interest	(169,569)	64,961	16,250	(88,358)	75,486
	(169,569)	148,081	16,250	(5,238)	5,140
FUND BALANCES	169,569	203,215	-	372,784	325,410
	\$ -	\$ 351,296	\$ 16,250	\$ 367,546	\$ 330,550