

COURT FILE NUMBER **KBG-SA-204 -2023**

COURT OF KING'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE **SASKATOON**

APPLICANTS **AFFINITY CREDIT UNION 2013
AND AFFINITY HOLDINGS INC.**

RESPONDENT **THE LIGHTHOUSE
SUPPORTED LIVING INC.**

CLERK'S STAMP

IN THE MATTER OF AN APPLICATION FOR THE APPOINTMENT OF A RECEIVER OF THE ASSETS AND UNDERTAKINGS OF THE LIGHTHOUSE SUPPORTED LIVING INC. PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, SECTION 65(1) OF *THE QUEEN'S BENCH ACT 1998*, SS 1998, c Q-1.01, AND SECTION 64(8) OF THE *PERSONAL PROPERTY SECURITY ACT*, 1993 SS 1993, c P-6.2.

AFFIDAVIT OF JUDY DU CHALARD

I, **Judy du Chalard**, of the City of Saskatoon, in the Province of Saskatchewan, Loan Rehabilitation Manager, MAKE OATH AND SAY THAT:

1. I am currently the Director of Loan Rehabilitation and Recovery for the Applicants, Affinity Credit Union 2013 ("ACU 2013") and Affinity Holdings Inc. ("AHI") (together "ACU"), in this matter. My professional designations are Certified Professional Accountant, Certified Management Accountant and Certified Credit Professional. I have personal knowledge of the facts and matters herein deposed to save where stated to be on information and belief, and where so stated, I believe the same to be true.
2. I have reviewed the Affidavit of Meagan Goodwin sworn February 23, 2023 (the "Goodwin Affidavit"), and the Supplemental Affidavit of Meagan Goodwin sworn February 23, 2023, filed in this matter. I adopt the abbreviated terms used in my Affidavit sworn February 13, 2023, and filed in KBG-SA-149-2023 (the "February Du Chalard Affidavit").

3. The amounts owing to ACU 2013 and/ or AHI pursuant to the Mortgage Loans, as identified at paragraph 8 of the Goodwin Affidavit, are as follows as at April 4, 2023:

Mortgage Loan 1 - 304 2nd Ave S

Principle Balance	\$ 861,001.46
Accrued Interest	\$ <u>8,059.27</u>
Total Amount Owing	\$ 869,060.73
Interest <i>Per Diem</i>	\$ 87.16

Mortgage Loan 2 - 215 Ave N South

Principle Balance	\$ 59,702.38
Accrued Interest	\$ <u>771.65</u>
Total Amount Owing	\$ 60,474.03
Interest <i>Per Diem</i>	\$ 7.77

Mortgage Loan 3 - 227 20th St E

Principle Balance	\$ 901,194.77
Accrued Interest	\$ <u>8,617.98</u>
Total Amount Owing	\$ 909,812.75
Interest <i>Per Diem</i> :	\$ 91.23

Mortgage Loan 4 - 119 Ave O South

Principle Balance	\$ 64,612.49
Accrued Interest	\$ <u>1,356.03</u>
Total Amount Owing	\$ 65,968.52
Interest <i>Per Diem</i>	\$ 12.42

Mortgage Loan 5 - 320 Winnipeg Ave

Principle Balance	\$ 72,247.09
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Accrued Interest	\$ 858.50
Total Amount Owing	\$ 73,105.59
Interest <i>Per Diem</i>	\$ 9.10

Mortgage Loan 6 - 2121 Wiggins Ave

Principle Balance	\$ 82,633.60
Accrued Interest	\$ 981.92
Total Amount Owing	\$ 83,615.52
Interest <i>Per Diem</i>	\$ 10.41

Mortgage Loan 7 - 2540 Melrose Ave

Principle Balance	\$ 133,404.26
Accrued Interest	\$ 1,330.32
Total Amount Owing	\$ 134,734.58
Interest <i>Per Diem</i>	\$ 14.24

Mortgage Loan 8 - 2942-2944 Cumberland Ave

Principle Balance	\$ 219,449.04
Accrued Interest	\$ 2,041.92
Total Amount Owing	\$ 221,490.96
Interest <i>Per Diem</i> :	\$ 21.61

4. The amounts owing to ACU 2013 pursuant to the LRA and the LOC Agreement, as secured by the Mortgage Amendment, are as follows at April 4, 2023:

LOC Agreement- operating account

Total Amount Owing	\$ 175,962.24
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LRA

Principle Balance	\$	22,221.32
Accrued Interest	\$	<u>84.68</u>
Total Amount Owning	\$	22,306.00
Interest <i>Per Diem</i>	\$	6.51

5. The total amount owing under the Mortgage Loans, the LOC Agreement and the LRA was \$2,616,530.92 as at April 4, 2023.

6. ACU 2013 has provided a credit facility to MNP Ltd. (the "Interim Receiver"), as the Interim Receiver of the assets, undertakings and properties of the Lighthouse and Blue Mountain Adventure park Ltd. in KBG-SA-149-2023, pursuant to an Interim Receiver's Certificate dated February 27, 2023 (the "Interim Receiver's Certificate"), and a Quick Loan Agreement dated March 8, 2023 (the "QL Agreement"). ACU advanced \$100,000.00 to the Interim Receiver pursuant to the Interim Receiver's Certificate and the QL Agreement on or about March 20, 2023. A copy of the Interim Receiver's Certificate is attached hereto and marked as Exhibit "A", and a copy of the QL Agreement is attached hereto and marked as Exhibit "B".

7. ACU does not have current financial information for the Lighthouse, but ACU has received the following financial documents:
 - (a) Financial Statements for Year Ended December 31, 2020 (the "2020 Financials"); and
 - (b) Financial Update for Year Ended March 31, 2022, draft Financial Statements to March 31, 2022, and draft Monthly Financials for April-July 2022 (the "Draft 2022 Financial Documents").

A copy of the 2020 Financials are attached hereto and marked as Exhibit "C", and a copy of the Draft 2022 Financial Documents is attached hereto and marked as Exhibit "D".

8. ACU intends to provide a credit facility in the total amount of \$500,000.00 to MNP Ltd., as the receiver of the assets, undertakings and properties of the Lighthouse, which amount will include \$100,000.00 to pay out the loan advanced to MNP Ltd. as the Interim Receiver pursuant to the Interim Receiver's Certificate and the QL Agreement.
9. I make this Affidavit in support of an application for the relief sought in the proposed Order filed in this matter.

SWORN BEFORE ME at Saskatoon,)
in the Province of Saskatchewan,)
this 5th day of April, 2023.)

M. Goshin)

A COMMISSIONER FOR OATHS
for the Province of Saskatchewan
My Commission Expires: November 30, 2026.

J. du Chalard
Judy du Chalard

CONTACT INFORMATION AND ADDRESS FOR SERVICE

This document was prepared and delivered by:

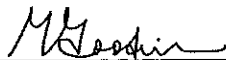
Leland Kimpinski LLP
Lawyer in charge of file: Ryan A. Pederson
336 6th Avenue North
Saskatoon, SK S7K 2S5

Telephone: (306) 653-6474
Facsimile: (306) 653-7008
E-mail: rpederson@lelandlaw.ca

The address for service for Affinity Credit Union 2013/Affinity Holdings Inc. is as above.

Our File No: RP99100.24

This page and the annexed 1 page form
Exhibit "A"
to the Affidavit of Judy du Chalard
sworn before me this 5th day of April, 2023.



A COMMISSIONER FOR OATHS
for Saskatchewan

My Commission expires: November 30, 2026

SCHEDULE "A"


INTERIM RECEIVER'S CERTIFICATE

CERTIFICATE NO. 1
AMOUNT \$ 100,000.00

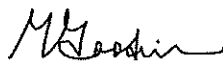
1. THIS IS TO CERTIFY that MNP Ltd. the interim receiver (the "Interim Receiver") of the assets, undertakings and properties of The Lighthouse Supported Living Inc. and Blue Mountain Adventure Park Ltd. (collectively the "Corporations ") acquired for, or used in relation to the Corporations 's business, including all proceeds thereof (the "Property") appointed by Order of the Court of King's Bench of Saskatchewan (the "Court") issued the 24 day of February, 2023 (the "Order") made in action KBG-SA-00149-2023, has received as such Interim Receiver from the holder of this certificate (the "Lender") the principal sum of \$ 100,000.00 being part of the total principal sum of \$ 100,000.00 which the Interim Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ~~(xxx)~~ monthly not in advance on the 1st day of each month] after the date hereof at a notional rate per annum equal to the rate of per cent above the prime commercial lending rate of Bank of CANADA from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at *.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Interim Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Interim Receiver does not undertake any personal liability to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 27 day of February, 2023.

MNP Ltd., solely in its capacity as Interim Receiver of the Property, and not in its personal capacity

Per: 
Name: Eric Sirrs, CIRP, LIT
Title: Senior Vice President

This page and the annexed 4 pages form
Exhibit "B"
to the Affidavit of Judy du Chalard
sworn before me this 5th day of April, 2023.



A COMMISSIONER FOR OATHS
for Saskatchewan

My Commission Expires: November 30, 2026

QUICK LOAN AGREEMENT

Account No. 2468569

Name(s) of Borrowers in Full
MNP Ltd. As Receiver Manager For The Lighthouse Supported Living Inc.
and Blue Mountain Adventure Park Ltd.

(“You”, “Yours” or the “Borrower”)

IN CONSIDERATION OF:

Affinity Credit Union 2013

(name of Credit Union or Caisse Populaire)

Box 1330 Saskatoon SK S7K 3P4

(address of Credit Union or Caisse Populaire)

(“the Credit Union”)

agreeing to lend to You money by means of a “cyclical loan” up to the identified limit (the “Credit Limit”) on the following terms and conditions, YOU COVENANT AND AGREE WITH THE CREDIT UNION AS FOLLOWS:

1. **CREDIT LIMIT:** On the terms of this agreement, You may borrow money from the Credit Union up to the Credit Limit established by the Credit Union from time to time. The Credit Limit may be adjusted at any time on notice to the Borrower.

INSERT
CREDIT
LIMIT HERE

The initial Credit Limit is the sum of \$ 100,000.00

2. **ACCESSING THE CREDIT LIMIT:** The Credit Limit may be accessed by the Borrower by the regular means of obtaining loan funds, including teleservice and any other authorized borrower initiated debit transaction as adopted or implemented by the Credit Union from time to time (all of which shall be considered an advance or a loan to the borrower under the terms of this agreement).
3. **INTEREST:** The Borrower agrees to pay interest to the Credit Union on all amounts advanced up to the Credit Limit, as well after as before maturity, default or judgment as follows:

COMPLETE
a., b or c.

- a. **Floating Rate of Interest:** at the rate of interest equal to the Prime Rate of Interest of the Credit Union declared from time to time, plus 5.00 % per annum.
- b. **Floating Rate of Interest with Minimum:** at the rate of interest equal to the Prime Rate of Interest of the Credit Union declared from time to time, plus _____ % per annum provided such rate of interest shall not be less than _____ % per annum at any time.

CURRENT
PRIME
RATE

At the date of making this agreement the Prime Rate of Interest of the Credit Union is 6.70 % per annum.

- c. **Fixed Rate of Interest:** at _____ % per annum.

4. **REPAYMENT:** You agree to repay all amounts advanced under the Credit Limit together with all interest thereon:

COMPLETE
ONLY ONE

- a. On demand; provided until demand is made by the Credit Union, interest shall be paid _____, the first instalment of interest to be made on _____, _____ and thereafter every _____.
- b. On demand; provided until demand is made by the Credit Union, the said principal and interest shall be paid by _____ instalments of \$ _____ each, the first payment to be made on the _____ day of _____, _____, and a like payment every _____ thereafter until the total amount owing (inclusive of principal and interest) has been paid.
- c. On demand; provided until demand is made by the Credit Union, the said principal and interest shall be paid by _____ instalments of \$ _____ on account of the principal, plus accrued interest to date of payment of each instalment, the first payment to be made on _____, and a like amount every _____ thereafter until _____ at which time the total amount owing (inclusive of principal and interest) shall be paid.
- d. On Demand; provided until demand is made by the Credit Union, the said principal and interest shall be paid by monthly instalments equal to _____ % of the outstanding balance as of the payment billing date, with the first payment to be made in the month following the first advance on the date or dates agreed on with the Credit Union, and thereafter each month on the date(s) agreed on until the total amount owing, inclusive of principal and interest, has been paid.

- e. On Demand; provided until demand is made by the Credit Union, the said principal and interest shall be paid by monthly instalments equal to _____% of the outstanding balance as of the payment billing date, on account of principal, plus accrued interest to date of payment of each instalment, with the first payment to be made in the month following the first advance on the date or dates agreed on with the Credit Union and thereafter each month on the date or dates agreed until the total amount owing (inclusive of principal and interest), has been paid.
- f. On Demand; provided until demand is made by the Credit Union, the said principal and interest shall be paid by _____

Minimum Payment Due (if applicable): \$ _____

Where the floating rate of interest is applicable the required instalment may fluctuate according to the changes in the Prime Rate of Interest of the Credit Union from time to time. If You are on automatic debit as a method of payment the Credit Union is authorized to deduct the required instalment as the Prime Rate changes from time to time.

5. ACKNOWLEDGEMENT AND WAIVER: You acknowledge and agree as follows:

- a. The additional terms form part of this agreement;
- b. To read the terms and conditions and to have received a copy of this agreement;
- c. You hereby waive the requirement of being provided with a copy of any financing or verification statement or other registration pertaining to this agreement or any security taken with this agreement or any renewal and expressly agree that the Credit Union is not required to provide you with copies of any such documents.

PRIVACY – Credit Union and Privacy legislation prescribe and restrict the use of personal, financial or credit information (Information) without consent. To obtain details about Credit Union policies and procedures for protecting privacy of Information and Customer rights please contact the Credit Union, Attention: Privacy Officer.

Where an electronic signature is available and used, the person using the electronic signature is adopting such signature and authorizes it to be attached to or associated with this document.

IN WITNESS WHEREOF this quick loan agreement has been signed, sealed and delivered at _____
 Saskatchewan, this 8th day of March, 2023
(month) (year)

WITNESS

IF THE BORROWER IS AN INDIVIDUAL OR PARTNERSHIP
 SIGNATURE OF BORROWER(S)

IF BORROWER IS A CORPORATION
 MNP As Receiver Manager For The Lighthouse Supported Living

Print Exact Name of Corporation

Affix Seal Here
 (if applicable)

Per: _____
(Officer or signing authority)

Per: _____
(Officer or signing authority)

NAME OF BORROWER	ADDRESS	POSTAL CODE
MNP Ltd. As Receiver Manager For	119 4th Ave South Suite 800 Saskatoon SK	S7K 5X2
The Lighthouse Supported Living Inc.	_____	_____
and Blue Mountain Adventure Park Ltd.	_____	_____

ADDITIONAL TERMS AND CONDITIONS

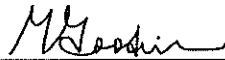
1. **COMPOUND INTEREST ON DEFAULT:** You agree to pay interest at the rates specified, compounded monthly on all overdue payments and other amounts payable from the date due until payment.
2. **PAYMENT ON DEMAND: ON DEMAND,** You shall forthwith pay all amounts owing including interest to the Credit Union. The Credit Limit may not be accessed following any demand. It is also understood and agreed that you have the right to repay all sums owing under the Credit Limit at any time without notice, bonus or penalty.
3. **TERMINATION:** The Credit Limit may also not be accessed and shall terminate: if You are in arrears on any Credit Union loan including the credit limit or if You become insolvent, commit any act of bankruptcy or in the event of Your death; or by notice to You in which case the Credit Union will advise of the date of termination. If the Credit Union gives You notice, the Credit Union can also restrict advances in the meantime or require other special arrangements to be made by You for the Credit Union to continue to allow advances on the Credit Limit. Upon termination all amounts owing including interest are immediately due and payable and if You fail to pay, the Credit Union may realize on all security for the loan. Once the Credit Limit has been terminated, it may not be accessed.
4. **LIMIT OF AGGREGATE AMOUNT ADVANCED OR REDUCE CREDIT LIMIT:** The Credit Union shall have the right at any time during the currency of this agreement, by notice to the Borrower, to limit the aggregate amount to be advanced hereunder or to reduce the Credit Limit.
5. **ADVANCES AND DEPOSITS:** All sums advanced to You on the Credit Limit shall be debited to Your Credit Limit and interest shall be charged on all sums from the date of the advance. All sums paid by You or deposited to a linked deposit account shall be credited on the date of receipt of such funds. Where the Credit Limit is linked to a deposit account all credits and debits shall be handled by means of electronic funds transfer and to the extent necessary You hereby authorize such electronic funds transfer. All deposits and electronic funds transfer to Your Credit Limit are a payment on Your Credit Limit and for the purpose of *The Personal Property Security Act* constitute a debtor initiated payment. If any cheque deposited to the account is subsequently dishonoured for any reason such payment shall for all purposes be treated as not having been made and interest shall continue to accrue and be recalculated on the full amount of the loan. Except as otherwise expressly agreed to by the Credit Union all payments or deposits shall be applied and credited firstly to interest and the balance to principal.
6. **SERVICE OF NOTICES:** Any notice that the Credit Union is required to give to You may be delivered personally or sent by ordinary mail to Your address listed in Our records. A notice sent by mail shall be deemed to be received by You forty-eight (48) hours after it was posted.
7. **LIEN ON SHARES AND DEPOSITS:** the Credit Union has a lien on any share held by You and any amount standing to Your credit for the amounts due under the Credit Limit and may enforce the lien in any manner and apply any such monies to Your Credit Limit;
8. **SECURITY GRANTED:** The security You have given to the Credit Union will be held as a continuing security for the payment and satisfaction of all monies and liabilities due under the Credit Limit whether the Credit Limit has from time to time been reduced and thereafter increase or entirely extinguish and thereafter incurred again. You agree to sign any additional security agreement as we may require any such documents shall be taken in addition to this agreement. Further, You agree to give the Credit Union such additional security as may be required by the Credit Union in the event the Credit Union deems itself insecure and in the event You fail or refuse to do so, the Credit Union may, in its discretion cease or refrain from making any further advances under the Credit Limit.
9. **REMEDIES ON DEFAULT:** If You default in any required payment or fail to perform any covenant or agreement as required, the Credit Union shall be entitled to exercise all remedies or rights available by law for collection of the amounts due under the Credit Limit. The Credit Union may enforce all remedies independently or concurrently and such action shall not operate to prevent the Credit Union from pursuing any additional remedy allowed by law including maintaining an action to collect any deficiency. All monies realized by the Credit Union from the sale of security shall be applied in repayment of the moneys owing by You and You shall be liable for and forthwith pay any deficiency remaining after realization of the security.
10. **CORPORATE WAIVER :**

And it is further agreed that the following paragraph applies only if the Borrower is a corporation body, in which case the Borrower also covenants and agrees with the Credit Union:

 - (a) That *The Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act*, with respect to this agreement.
 - (b) That *The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this agreement, any charge or other security for the payment of money made, given or created by this agreement or any agreement renewing or extending this agreement and shall in no way limit the rights, powers or remedies of the Credit Union granted.
11. **GOVERNING LAW:** This agreement is governed by the laws of the Province of Saskatchewan.

12. **PROVISIONS SEVERABLE:** Each provision of this agreement is distinct and severable. If any provision is found to be invalid or unenforceable, in whole or in part, the determination will only affect that provision and will not affect the validity or enforceability of the remaining provisions of this agreement.
13. **ADVANCES THROUGH ERROR:** In the event the Credit Union advances moneys to You through error the terms of this agreement shall apply to any such advance unless otherwise agreed.
14. **JOINT AND SEVERAL LIABILITY:** If more than one Borrower executed this agreement, the obligation of each borrower is joint and several.
15. **NOMINAL RATE:** The nominal rate method of interest calculation shall apply to the calculation and payment of interest under this agreement and the Credit Union shall not be deemed to reinvest any interest from time to time received.
16. **ASSIGNMENT:** You may not assign this agreement without the consent of the Credit Union and this agreement is binding on Your heirs, executors and assigns.
17. **PLAIN LANGUAGE:** This agreement is intended to be written in plain language easy-read format. When words or expressions of a general nature are used, it is intended that they be comprehensive, unless the context clearly dictates otherwise.
18. **ELECTRONIC DOCUMENTS AND SIGNATURE:** This document may be signed and delivered electronically or by other similar means and may be executed in counterparts, all of which shall be as effective as if signed and delivered as one original document with original signatures.

This page and the annexed 19 pages form
Exhibit "C"
to the Affidavit of Judy du Chalard
sworn before me this 5th day of April, 2023.



A COMMISSIONER FOR OATHS

for Saskatchewan

My Commission Expires: November 30, 2026

THE LIGHTHOUSE SUPPORTED LIVING INC.

Financial Statements

Year Ended December 31, 2020

THE LIGHTHOUSE SUPPORTED LIVING INC.
Index to the Financial Statements
Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LIGHTHOUSE SUPPORTED LIVING INC.

Qualified Opinion

We have audited the accompanying financial statements of THE LIGHTHOUSE SUPPORTED LIVING INC. (the "Organization"), which comprise the statement of financial position as at December 31, 2020, 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 our opinion, except for the effects and possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

Basis for Qualified Opinion

As disclosed in note 2 to the financial statements, the tower included in tangible capital assets is being amortized at the same rate as the forgivable loan which financed the tower is reduced each year, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. This is the result of a decision made by management at the start of the 2012 financial year to match the annual amortization of the tower and revenue recognized annually upon the forgiveness of the loan. Based on the declining balance method of amortization at an annual rate of 4% for the tower, tangible capital assets and forgivable debt should each be decreased \$ 1,849,350 at December 31, 2020 (2019 - \$ 1,723,124) and revenue from the forgiveness of debt and amortization of tangible capital assets should each be increased by \$ 126,226 for the year ended December 31, 2020 (2019 - \$ 203,097).

In common with many not-for-profit organizations, the Organization derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, surplus (deficit) of revenue over expenditures and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and net assets as at the beginning and the end of the years ended December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We were unable to determine the completeness of subsequent events due to a scope limitation. We were denied access to audit committee minutes and cannot verify that we have been granted full access subsequent board or other sub committee minutes. Therefore, we cannot verify that disclosures regarding subsequent events are complete and we not able to determine whether any adjustments might be necessary to the surplus (deficit) of revenues over expenditures and cash flows from operations for the year ended December 31, 2020 or the statements financial position and changes in net assets of as at December 31, 2020.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Organization to cease to continue as a going concern.

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

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

**SASKATOON, CANADA
DATE**

CHARTERED PROFESSIONAL ACCOUNTANTS

THE LIGHTHOUSE SUPPORTED LIVING INC.

Statement of Financial Position

As at December 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,197,463	\$ 110,655
Investments	2,743	2,240
Accounts receivable (note 3)	402,636	479,445
Loan receivable (note 4)	30,000	30,000
Inventory (note 5)	28,377	36,983
Prepaid expenses	77,345	60,672
	<u>1,738,564</u>	<u>719,995</u>
Patronage equity	5,711	5,305
Due from Blue Mountain Adventure Park Inc. (note 13)	261,089	154,101
Tangible capital assets (note 6)	<u>21,596,799</u>	<u>21,352,191</u>
	<u>\$ 23,602,163</u>	<u>\$ 22,231,592</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 379,127	\$ 229,706
Current portion of long term debt (note 8)	189,919	183,866
Current portion of forgivable debt (note 9)	618,144	586,464
	<u>1,187,190</u>	<u>1,000,036</u>
Long term debt (note 8)	2,627,002	2,584,665
Forgivable debt (note 9)	11,268,075	11,655,833
Deferred contributions (note 10)	<u>3,105,096</u>	<u>2,496,646</u>
	<u>18,187,363</u>	<u>17,737,180</u>
Net assets		
Unrestricted net assets	635,383	247,428
Internally restricted net assets - Invested in tangible capital assets	4,339,417	3,861,984
Externally restricted net assets - Reserves (note 12)	440,000	385,000
	<u>5,414,800</u>	<u>4,494,412</u>
	<u>\$ 23,602,163</u>	<u>\$ 22,231,592</u>

See accompanying notes to financial statements

Approved by:

Director: _____

Director: _____

THE LIGHTHOUSE SUPPORTED LIVING INC.
Statement of Changes in Net Assets
For the year ended December 31, 2020

	Unrestricted	Internally restricted	Externally restricted	2020 Total
Net assets, beginning of the year	247,428	3,861,984	385,000	4,494,412
Net surplus (deficit)	920,388	-	-	920,388
Transfers				
Reserves (note 12)	(55,000)	-	55,000	-
Purchases of tangible capital assets	(1,002,210)	1,002,210	-	-
Proceeds from sale of tangible capital assets	67,759	(67,759)	-	-
Capital grants received (note 10)	180,368	(180,368)	-	-
Capital grants recognized (note 10, 11)	(105,505)	105,505	-	-
Amortization of tangible capital assets	689,843	(689,843)	-	-
Proceeds from long term debt	465,386	(465,386)	-	-
Repayment of long term debt	(186,610)	186,610	-	-
Forgiveness of debt	(586,464)	586,464	-	-
Net assets, end of the year	\$ 635,383	\$ 4,339,417	\$ 440,000	\$ 5,414,800

	Unrestricted	Internally restricted	Externally restricted	2019 Total
Net assets, beginning of the year	374,290	3,659,306	330,000	4,363,596
Net surplus (deficit)	130,816	-	-	130,816
Transfers				
Reserves (note 12)	(55,000)	-	55,000	-
Purchases of tangible capital assets	(724,067)	724,067	-	-
Capital grants received (note 10)	70,000	(70,000)	-	-
Capital grants recognized (note 10, 11)	(144,145)	144,145	-	-
Amortization of tangible capital assets	669,784	(669,784)	-	-
Proceeds from long term debt	578,518	(578,518)	-	-
Repayment of long term debt	(175,679)	175,679	-	-
Forgiveness of debt	(477,089)	477,089	-	-
Net assets, end of the year	\$ 247,428	\$ 3,861,984	\$ 385,000	\$ 4,494,412

See accompanying notes to financial statements

THE LIGHTHOUSE SUPPORTED LIVING INC.

Statement of Operations

For the year ended December 31, 2020

	2020	2019
Revenue (note 13)		
Operating grants (note 11)	\$ 3,160,780	\$ 1,995,307
Rental and service income	3,074,756	3,074,049
Donations	1,021,988	564,591
Forgiveness of debt (note 9)	586,464	477,089
Capital grants (note 10)	105,505	144,145
Interest income	6,204	5,785
	<hr/> 7,955,697	<hr/> 6,260,966
Expenditures (note 13)		
Wages and benefits	4,060,505	3,382,111
Amortization of tangible capital assets	689,843	669,784
Telephone and utilities	558,486	487,352
Food supplies	539,148	416,062
Repairs and maintenance	332,112	300,587
Projects	191,476	245,537
Bad debts	112,678	147,690
Interest on long term debt	89,441	123,480
Property taxes	91,222	85,173
Rent and leases	86,400	30,300
Professional fees	75,866	30,477
Insurance	61,794	53,144
Advertising, promotion and fundraising	51,377	52,187
Office supplies	41,746	37,327
Vehicle operating	26,411	37,957
Interest and bank charges	14,431	9,780
Mobile outreach	12,373	21,202
	<hr/> 7,035,309	<hr/> 6,130,150
Net surplus	<hr/> \$ 920,388	<hr/> \$ 130,816

See accompanying notes to financial statements

THE LIGHTHOUSE SUPPORTED LIVING INC.

Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
Cash flow from operating activities		
Net surplus	\$ 920,388	\$ 130,816
Items not affecting cash:		
Amortization of tangible capital assets	689,843	669,784
Forgiveness of debt	(586,464)	(477,089)
Changes in non-cash working capital:		
Accounts receivable	76,809	(87,554)
Inventory	8,606	29,882
Prepaid expenses	(16,673)	(3,178)
Accounts payable and accrued liabilities	149,421	(43,635)
Deferred contributions	608,450	(168,654)
Net cash provided by operating activities	1,850,380	50,372
Cash flows from investing activities		
Purchase of tangible capital assets	(1,002,210)	(724,067)
Proceeds from sale of tangible capital assets	67,759	-
Redemptions (purchases) of investments, net	(503)	(16)
Increase in patronage equity	(406)	(5,305)
Loans and advances issued	(106,988)	(154,101)
Net cash used in investing activities	(1,042,348)	(883,489)
Cash flows from financing activities		
Proceeds from long term debt	465,386	578,518
Repayment of long term debt	(186,610)	(175,679)
Net cash provided by financing activities	278,776	402,839
Net increase (decrease) in cash	1,086,808	(430,278)
Cash at the beginning of the year	110,655	540,933
Cash at the end of the year	\$ 1,197,463	\$ 110,655

See accompanying notes to financial statements

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements
For the Year Ended December 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Lighthouse Supported Living Inc. (the "Organization") was incorporated under the Non-profit Corporations Act of Saskatchewan on June 15, 1992 and is a non-profit community based organization that provides emergency shelter, short term supported living and independent housing for at-risk and hard-to-house men, women and families. The Organization works to address the root cause of poverty through providing housing, food services and employment in a supportive community. The Organization offers 24/7 support, nutritious meals, work training, services to support recovery, wellness and life skills classes.

The Organization has operations in Saskatoon and the Battlefords area. The operations of both divisions are reflected in these statements.

The Organization is a registered charity and exempt from income tax under Section 149(1)(f) of the Income Tax Act and files a T3010 charity information return annual to maintain this status.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) set out in Part III of the CPA Canada Handbook, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions which are highly liquid and which have an initial term to maturity of less than 90 days.

Accounts receivable

Accounts receivable are stated net of an allowance for bad debts, if any.

Tangible capital assets

Purchased tangible capital assets are stated at cost. Donated tangible capital assets are recorded at fair market value at the date of contribution. Amortization is recorded using the declining balance method at the following annual rates:

	<u>Rate</u>	<u>Method</u>
Buildings	4%	declining balance
Furniture and equipment	20%	declining balance
Vehicles	30%	declining balance
Computer equipment	30%	declining balance
Computer software	100%	declining balance

Amortization is taken at one half of the above rates in the year of acquisition. The portion of the tower financed by the forgivable loan (note 9) is amortized at the same rate as the forgivable loan is reduced each year, with the remainder amortized at 4%.

The amortization rates are based on the estimated useful lives for each class of assets. Amortization commences once an asset is put into use.

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements
For the Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Estimates of future cash flows used to test the recoverability of a long-lived asset include only the net future cash flows that are directly associated with, and that are expected to arise as a result of its use and eventual disposition. An impairment loss is recognized when the carrying amount of long-lived assets is not recoverable and exceeds its fair value. Impairment losses are not reversed if fair value subsequently increases.

Inventory

The inventory is stated at the lower of cost and current replacement cost. Inventory consists of janitorial, kitchen and building supplies.

Revenue recognition

The Organization follows the deferral method of accounting. Restricted operating grants and donations are recognized as revenue in the year in which the related expenditure is incurred. Restricted capital grant revenue is recorded as deferred revenue and recognized as revenue on the same basis as the amortization of the corresponding tangible capital asset. Unrestricted operating grants, donations and all other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are recorded as revenue only when received.

Donated services

The Organization benefits from the donated services of volunteers. These donated services are not recorded in the financial statements.

Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, investments, accounts receivable loans receivable, accounts payable and long term debt.

All financial instruments are initially measured at fair value and subsequently carried at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indicators that an asset may be impaired.

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include:

- a) The accounts receivable and allowance for doubtful accounts and indirectly bad debt expense.
- b) The inventory and indirectly food and maintenance expenses.
- c) The useful lives of tangible capital assets and indirectly amortization.
- d) The accounts payable and indirectly expenses.

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements
For the Year Ended December 31, 2020

3. ACCOUNTS RECEIVABLE

	2020	2019
Rent and other	\$ 187,390	\$ 442,745
Grants receivable	188,061	30,501
GST receivable	27,185	6,199
Allowance for doubtful accounts	-	-
	<u>\$ 402,636</u>	<u>\$ 479,445</u>

4. LOAN RECEIVABLE

The demand loan receivable from Mech-EI Services Inc. was renegotiated and secured by a general security agreement signed by Pierre Trudel who is the owner of Mech-EI Services Inc. and a director of The Lighthouse Supported Living Inc. The loan was originally disbursed in June 2010, bearing interest at 15%, for the purposes of research and development by Mech-EI Services Inc. and was to be repaid upon the sale of the patent developed using the proceeds of the loan or one year, whichever came first. The Organization has continually granted extensions to Mech-EI Services Inc. to defer payment with the latest extension expiring in September 2020. No interest had been accrued on the loan due to uncertainty about the collectability of accrued interest.

In November 2021 the loan was renegotiated to be taken over by Pierre Trudel. The repayable balance was increased to \$ 41,523 recognizing \$ 11,523 accrued interest from 2010 at a rate of 3% per annum. Monthly payments of \$ 500 bearing interest at 3% are due beginning November 30, 2021. The loan has a maturity date of September 30, 2029. The \$ 11,523 increase in the loan balance will be recognized as an impairment reversal on November 8, 2021, the date the new loan agreement was signed.

5. INVENTORY

	2020	2019
Building supplies	\$ 17,030	\$ 18,229
Kitchen supplies	11,347	18,754
	<u>\$ 28,377</u>	<u>\$ 36,983</u>

6. TANGIBLE CAPITAL ASSETS

	2020	2019		
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,096,902	\$ -	\$ 2,096,902	\$ 1,836,902
Tower	13,652,092	2,348,205	11,303,887	11,571,601
Buildings	10,708,379	2,917,517	7,790,862	7,570,089
Furniture and equipment	569,083	316,489	252,594	277,438
Vehicles	369,920	232,913	137,007	79,154
Computer equipment	60,454	44,907	15,547	12,391
Computer software	7,546	7,546	-	3,773
Construction in progress	-	-	-	843
	<u>\$ 27,464,376</u>	<u>\$ 5,867,577</u>	<u>\$ 21,596,799</u>	<u>\$ 21,352,191</u>

THE LIGHTHOUSE SUPPORTED LIVING INC.
Notes to Financial Statements
For the Year Ended December 31, 2020

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade payables and accruals	\$ 219,144	\$ 106,780
Accrued vacation pay and payroll liabilities	159,983	122,926
	\$ 379,127	\$ 229,706

8. LONG TERM DEBT

	2020	2019
Affinity Credit Union mortgage, interest at 3.69%, matures December 1, 2025, repayable \$ 9,196 monthly including interest, secured by specific land and buildings with a net book value of \$ 11,303,887.	\$ 1,050,159	\$ 1,115,346
Affinity Credit Union mortgage, interest at 4.74%, matures March 1, 2021, repayable \$ 9,714 monthly including interest, secured by specific land and buildings with a net book value of \$ 5,067,246.	1,017,739	1,084,689
Affinity Credit Union mortgage, interest at 3.89%, matures September 15, 2022, repayable \$ 388 monthly including interest, secured by specific land and buildings with a net book value of \$ 351,861.	68,531	70,495
Melba Burgoyne loan, interest at 6.5%, matures December 31, 2022, repayable \$ 1,429 monthly plus interest, secured by specific land and buildings with a net book value of \$ 1,646,458.	34,300	51,450
Norman Burgoyne loan, interest at 6.5%, matures December 31, 2022, repayable \$ 1,429 monthly plus interest, secured by specific land and buildings with a net book value of \$ 1,646,458.	34,300	51,450
Affinity Credit Union mortgage, interest at 4.59%, matures August 30, 2023, repayable \$ 668 monthly including interest, secured by specific land and buildings with a net book value of \$ 319,924.	90,761	94,544
Affinity Credit Union mortgage, interest at 3.59%, matures May 20, 2025, repayable \$ 1,184 monthly including interest, secured by specific land and buildings with a net book value of \$ 447,427	231,775	-
Affinity Credit Union mortgage, interest at 4.59%, matures August 30, 2023, repayable \$ 581 monthly including interest, secured by specific land and buildings with a net book value of \$ 280,642.	79,280	82,554
Affinity Credit Union mortgage, interest at 3.89%, matures June 30, 2024, repayable \$ 767 monthly including interest, secured by specific land and buildings with a net book value of \$ 489,008.	141,201	144,864

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements
For the Year Ended December 31, 2020

8. LONG TERM DEBT (continued)

	<u>2020</u>	<u>2019</u>
Affinity Credit Union mortgage, interest at 4.74%, matures November 25, 2023, repayable \$ 635 monthly including interest, secured by specific land and buildings with a net book value of \$ 114,494.	68,875	73,139
Total debt	2,816,921	2,768,531
Current portion	<u>189,919</u>	<u>183,866</u>
Long term portion	<u>\$ 2,627,002</u>	<u>\$ 2,584,665</u>

Principal payments over the next five years, assuming renewal of debt at similar terms upon maturity, are estimated to be as follows:

2021	\$ 189,919
2022	197,251
2023	170,631
2024	178,652
2025	<u>187,096</u>
	<u>\$ 923,549</u>

9. FORGIVABLE DEBT

	<u>2020</u>	<u>2019</u>
<u>The Tower - 227 20th Street East</u> Saskatchewan Housing Corporation demand loan, without interest except in the event of default (in which case interest is charged at 5.29% per annum), secured by a collateral mortgage. Forgiven monthly, if all conditions are met, at a rate of \$ 22,309 per month up to September 2022 and from then on at a rate of \$ 44,618 per month until December 2039.	\$ 9,718,457	\$ 9,986,171
<u>Dube - 304 2nd Ave South</u> Saskatchewan Housing Corporation demand loan, without interest except in the event of default (in which case interest is charged at 4.96% per annum), secured by a collateral mortgage. Forgiven monthly in escalating amounts until July 2022.	900,000	1,200,000
<u>119 Avenue O South</u> Saskatchewan Housing Corporation demand loan, without interest except in the event of default (in which case interest is charged at 4.84% per annum), secured by a collateral mortgage. Forgiven monthly in escalating amounts until January 2025.	234,375	253,125

THE LIGHTHOUSE SUPPORTED LIVING INC.
Notes to Financial Statements
For the Year Ended December 31, 2020

9. FORGIVABLE DEBT (continued)

	2020	2019
<u>2121 Wiggins Ave & 320 Winnipeg Ave</u>		
Saskatchewan Housing Corporation demand loan, without interest except in the event of default (in which case interest is charged at 4.79% per annum), secured by a collateral mortgage. Forgiven monthly in escalating amounts until January 2028.	460,001	460,001
 <u>2540 Melrose Ave</u>		
Saskatchewan Housing Corporation demand loan, without interest except in the event of default (in which case interest is charged at 5.34% per annum), secured by a collateral mortgage. Forgiven monthly in escalating amounts until January 2028.	343,000	343,000
 <u>2942-2944 Cumberland Ave</u>		
Saskatchewan Housing Corporation forgivable advances. The terms of the loan have not yet been finalized.	230,386	-
 Total debt	11,886,219	12,242,297
 Current portion	618,144	586,464
 Long term portion	\$ 11,268,075	\$ 11,655,833

Loan forgiveness over the next five years, if all conditions are met on all forgivable loans, is scheduled to be as follows:

2021	\$ 618,144
2022	1,279,633
2023	909,956
2024	691,141
2025	760,169
	\$ 4,259,043

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements

For the Year Ended December 31, 2020

10. DEFERRED CONTRIBUTIONS

	Operating	Capital	2020
Deferred contributions- January 1, 2020	\$ 17,267	\$ 2,479,379	\$ 2,496,646
Restricted contributions held	434,715	180,368	615,083
Restricted contributions recognized	-	(105,505)	(105,505)
Prepaid rent received	98,872	-	98,872
	<hr/>	<hr/>	<hr/>
Deferred contributions- December 31, 2020	\$ 550,854	\$ 2,554,242	\$ 3,105,096
	<hr/>	<hr/>	<hr/>
	Operating	Capital	2019
Deferred contributions- January 1, 2019	\$ 111,776	\$ 2,553,524	\$ 2,665,300
Restricted contributions held	-	70,000	70,000
Restricted contributions recognized	(94,509)	(144,145)	(238,654)
	<hr/>	<hr/>	<hr/>
Deferred contributions - December 31, 2019	\$ 17,267	\$ 2,479,379	\$ 2,496,646
	<hr/>	<hr/>	<hr/>

11. OPERATING AND CAPITAL GRANTS

	2020	2019
Operating grants from Saskatoon Health Region	\$ 1,584,821	\$ 916,474
Operating grants for wage subsidies and operations	1,575,959	1,078,833
	<hr/>	<hr/>
	\$ 3,160,780	\$ 1,995,307
	<hr/>	<hr/>
Capital grants for purchases of tangible capital assets	\$ 105,505	\$ 144,145
	<hr/>	<hr/>

12. RESERVES

Under an agreement with Saskatchewan Housing Corporation, the Organization is required to provide for an annual reserve for future major repairs or replacements. The annual major repairs and replacements reserve is for a period of seventeen years from January 1, 2013 to December 31, 2029.

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements

For the Year Ended December 31, 2020

13. RELATED PARTY TRANSACTIONS

The related party transactions and balances described below are measured at carrying amounts.

Individuals

Members of the immediate family of the Organization's management lease rental houses to the Organization. Lease payments made to these individuals are for two houses with individuals rooms in the houses being rented out by the Organization to their clients. The lease payments are recorded as expenditures in the statement of operations. During the year ended December 31, 2020 lease payments were \$ 30,300 (2019 - \$ 30,300).

During the year the Organization entered into a verbal agreement with one of the Directors to lease freezer space. The Director undertook costs to make the space available and adequate for use. The Organization decided to lease space elsewhere and canceled their verbal lease. The Director was compensated \$ 3,273 for costs incurred and one months rent.

The spouse of a Director is employed to manage Blue Mountain Adventure Park Inc. which is a separate entity with Directors in common with the Organization. As part of this employment the spouse is granted use of a residence on a rent free basis in carrying out duties as an on site manager. The residence is also used by other Blue Mountain staff.

In April 2017, a Director was granted a \$ 60,000 loan from the Organization. The loan was secured by the title of the building being signed over to the Organization. While the building was titled to the Organization, the Organization paid utility, insurance, and property taxes for the building. In December 2020, the Director repaid the loan to the Organization including utility expenses, insurance, property taxes, and interest which had not previously been accounted for. The amounts repaid are as follows:

Building	\$ 60,000
Utilities	6,725
Property taxes	6,522
Interest	5,751
Insurance	<u>2,673</u>
Total repaid	<u>\$ 81,671</u>

NSW Consulting

During the year the Organization paid NSW Consulting \$ 255 (2019 - \$ 3,602) for fundraising, marketing, and consulting services. The owner of NSW consulting is an immediate family member of one of the Directors.

Donna's Country Kitchen

During the year the Organization purchased a range hood from Donna's Country Kitchen for \$ 1,575. The owner of Donna's Country Kitchen is the spouse of one of the Directors.

Mech-EI Services Inc.

Mech-EI Services Inc., referred to in note 4, is a company owned by a Director.

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements

For the Year Ended December 31, 2020

13. RELATED PARTY TRANSACTIONS *(continued)*

Blue Mountain Adventure Park Inc.

Blue Mountain Adventure Park Inc. (BMAP) is a separate legal entity with Board members in common with the Organization. Throughout the year the Organization paid expenses on behalf of BMAP for which the Organization will be reimbursed. The legal title of the land, building and equipment rests with the Organization while BMAP is responsible for covering their operating costs. At the end of the year BMAP owed \$ 261,089 (2019 - \$ 154,101)

As at the date of approval of these financial statements, there remains significant uncertainty regarding the financial statements of BMAP which the board of directors of that organization are actively working to address. In the absence of any audited financial statements for BMAP, the Board of this organization cannot be certain that the asset is accurately stated. In accordance with section 159(6) of The Non-Profit Corporations Act, 1995, each of the directors and officers of the corporation shall immediately notify the audit committee and the auditor of any error or misstatement of which he or she becomes aware.

BMAP was incorporated on January 1, 2019. Prior to 2019 the operations of BMAP were combined as part of the operations of The Lighthouse Supported Living Inc.

Pamiyisohk Steps To Independent Living Inc.

Pamiyisohk Steps To Independent Living Inc. (PSIL) is a separate not-for-profit legal entity with Board members in common with the Organization. PSIL wound down during the year and distributed its assets on dissolution. The Organization received a building in North Battleford from PSIL. The land and building were recognized as a donation at a value of \$ 180,000 with unpaid property taxes of \$ 26,828 assumed with the transfer of the land and building.

14. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Organization is exposed to various risks through its financial instruments. The following analysis describes the Organization's risk exposure at December 31, 2020

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Organization is exposed to credit risk on its accounts receivable and loan receivable; however, this risk is not concentrated in any single counterparty or group of counterparties. The Organization is exposed to a moderate amount of credit risk due to the nature of the rental services they offer.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Organization's approach to managing liquidity risk is to ensure that it has sufficient cash flows to fund its operations and to meet its obligations when due, under both normal and stressed conditions. The Organization does not consider itself to have significant exposure to liquidity risk.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk on cash and cash equivalents and long term debt.

THE LIGHTHOUSE SUPPORTED LIVING INC.

Notes to Financial Statements
For the Year Ended December 31, 2020

14. FINANCIAL RISKS AND CONCENTRATION OF RISK *(continued)*

Market and other price risk:

Market risk and other price risk are risks that the value of a financial instrument will fluctuate as the result of changes in market price. The Organization is not exposed to significant market risk or other price risk.

Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Organization is not exposed to significant currency risk.

15. ECONOMIC DEPENDENCE

The Organization receives a substantial amount of its revenue from grants. Without these grants the Organization would be unable to offer many of the programs and services they currently offer. Grantors periodically make decisions about grants based upon information and applications submitted by the Organization.

15. SUBSEQUENT EVENTS

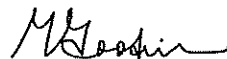
Battlefords operations

On March 31, 2021 federal funding from the Reaching Home program expired. The federal government did not renew the funding for the Battlefords location and the Organization was forced into the difficult decision of ceasing operations of their emergency shelter in North Battleford. The Organization continued to operate the shelter until the end of September 2021 with funding from Provincial Métis Housing Corporation and Métis Nation Saskatchewan. Battlefords Agency Tribal Chiefs took over operations of the building under a short term lease from October 1, 2021 to March 31, 2022 being charged \$ 5 per month by the Organization.

Legal matters

There are ongoing legal proceeding between board members regarding the governance and operations of the Organization.

This page and the annexed 11 pages form
Exhibit "D"
to the Affidavit of Judy du Chalard
sworn before me this 5th day of April, 2023.



A COMMISSIONER FOR OATHS
for Saskatchewan

My Commission Expires: November 30, 2026

Lighthouse Financial Update

Year ended March 31, 2022

The draft financial statements have been internally prepared for the purposes of internal management and board review. MNP was engaged during the year to assist in the operational accounting for the organization which included reconciliation of several months of bank reconciliations, receivables and accruals. Closing cut off of the accounts payable have been reconciled to ensure expenses were properly reflected as at March 31, 2022. Several year end adjustments are still to be made including the preparation of the audit package for the auditors in an attempt to streamline the process. Outstanding items as at March 31, 2022 include:

- Assessment of the collectability of the final Accounts receivable balance
- Adjustment to closing inventory balances, no count was conducted as at March 31 however the inventory levels were fairly consistent leading up to the year end.
- Reconciling of the advances to Blue Mountain Adventure ("BMA") for any amounts that the Lighthouse ("LH") has paid on behalf of BMA
- Calculation of the current portion of the long-term debt and forgivable debts as at year end.
- Reconciliation of the forgivable debt to loan terms and amounts to be recognized for the year
- Reconciliation of the deferred contributions and the capital grants to be recognized into income for the year.
- Final reconciliation of the net assets once the above have all been completed.

The year end audit package will include:

- Full set of lead sheets with supporting documents and general ledger for auditor to review
- Draft of all applicable returns for auditor's review
- Draft financial statements with notes disclosure for review

We will be reaching out to the auditors immediately to coordinate a meeting to discuss the wrapping up of the December 2020 and March 2021 audits and commence the planning of the 2022 audit. Will get quote on fees, timing and discussion of the package to be provided for the audit. Subsequent information to follow based on the conversations.

Highlight Items for 2022 Results

Forensic investigation commenced in summer of 2021 and resulted in significant professional costs that are included in professional fees. Legal costs for the year totalled \$83K of which \$45K relates to Robertson Stromberg LLP and \$38K to Ward Mishuk Thompson.

- o The forensic engagement conducted by MNP included costs of \$45K which are included in the 2022 results
- o As a result of the findings, several actions resulted that had immediate impact on the organization
 - As noted above, MNP was engaged for accounting assistance in March of the year, included in March expenses was \$9K.
 - March was also the first month in which the Co-ED's were operating in the LH and their accrued amounts are in March. This would be on top of the existing ED's salary which continued to be paid throughout the year and continuing currently. The amount of the ED salary that was paid while on leave totalled \$23K for the year ended March 31, 2022.
 - There was significant voluntary and involuntary employee turnover in January to March of 2022. This resulted in considerable payments of final accruals and pay in lieu of those impacted. For the 2022 fiscal year, over \$32K was paid out for accruals of departed staff and a further \$40k for pay in lieu.
- Significant R&M costs incurred in the last 4 months as a result of the fire code violations identified in December of 2021. In total, an accumulated total close to \$500K was spent on the lighthouse facility to get the building up to code. The \$500K included amounts in both the 2022 fiscal year and the current ongoing year and is included primarily in repairs and maintenance and professional fees. This had significant impact on the cash flow for the organization, the scope of the work required included:
 - Beam under supported tower needed to be replaced - caused women's shelter to be shut down and bathrooms closed. Once beam replaced, then bathrooms re done - everything and shelter painted, patched, etc
 - LSU - bathrooms gutted and re done - mould removed, etc
 - Paneled outside of back of building - insurance demanded - cover holes
 - 3rd and 4th floors IT - re done because of programming going into there
 - All of IT and ST - hallways, patched and repainted
 - All rooms in ST had to be done thru and repairs done
 - Windows in both towers - some replacement then all checked for locks and closures
 - Fire alarm system - communication to SFS and Troy - mostly as panels had to be replaced/upgraded
 - Fire plan done and posted on all floors and fire exits
 - Doors on ST to program sections replaced - needed steel doors - fire retardant
 - Sprinkler system in areas replaced as they were not working properly for fire
 - Ventilation needed to be brought back up to code
 - Camera system - brought back up to code - still an ongoing process
 - Emergency lighting system replaced in ST

Highlight Items for 2023 Results

- Continued High R&M Costs on the general upkeep of the building. The IT Infrastructure required significant upgrades. This was still largely related to the code violations identified in the building
- Outsourced security was hired in the final month of Fiscal 2022 however the main stream of those costs started to be realized in Q1 of 2023. These costs were over \$90k for the first 6 months of F2023 and \$245K till the end of December.
- After the announcement of the funding to be pulled on June 30th, there was considerable turnover in the team again, finding replacements also became a difficult task as the unknown made attracting team members to the LH difficult. Within the administrative and accounting team, the staff completely turned over and resulted in delays keeping the records up to date. Focus was on the processing of the payables and payroll in order to sustain operations and training the team to take on new tasks.
- With the turnover of team and severances for team members that were no longer needed, there was continued costs associated with final payouts. Amounts up until December 2022 of the current fiscal total \$42K of accruals paid out and \$12K of pay in lieu. The ED on leave would also be included in Salaries and benefits totalling \$66K year to date.
- Accounting assistance costs from MNIP for the YTD results total \$56k as of December 1, 2022
- Repairs include a significant accrual in July for Fire that occurred in October at Ave 1. This location had not been insured resulting in the additional cost of \$96k
- Funding adjustments
 - o Effective Dec 1, contracts for the emergency Shelter and Supported Independent Living has concluded and no more funding will be received
 - o SK Health Region, effective Dec 1 will be adjusting their funding as with approximate funding of \$140k per month

The Lighthouse Supported Living Inc.
Financial Statements
March 31, 2022

The Lighthouse Supported Living Inc.
DRAFT Statement of Financial Position
As at March 31, 2022

	2022	2021
Assets		
Current		
Cash	807,000	1,085,647
Accounts receivable	417,267	401,400
Marketable securities	2,317	2,744
Prepaid expenses and deposits	11,949	81,462
Inventory	27,887	27,887
Loans receivable	38,422	30,000
	1,304,842	1,629,140
Capital assets	21,262,528	21,837,641
Investments	6,044	5,881
Advances to Blue Mountain Adventure Park Inc.	377,221	273,388
	22,950,635	23,746,050
Liabilities		
Current		
Accounts payable and accruals	443,018	389,178
Current portion of long-term debt	171,749	171,749
Current portion of forgivable debt	1,279,663	1,279,663
	1,894,430	1,840,590
Long-term debt	2,579,791	2,801,804
Deferred contributions	2,543,807	2,574,846
Forgivable loans	8,784,996	10,304,085
	15,803,024	17,521,325
Net Assets	7,147,611	6,224,725
	22,950,635	23,746,050

The Lighthouse Supported Living Inc.

DRAFT Statement of Operations

For the year ended March 31, 2022

	12 Months Ended March 31 2022	3 Months Ended March 31 2021
Revenue		
Operating grant	3,602,538	1,178,941
Capital grant	(4,568)	27,279
Donations	618,096	162,098
Investments	11,644	40
Rental income	3,151,976	861,286
Forgiveness of debt	1,538,620	509,417
	8,918,306	2,739,061
Expenses		
Salaries and benefits	4,419,111	1,099,781
Amortization	650,875	170,716
Food Supplies	594,261	161,911
Repairs and maintenance	592,364	116,527
Utilities	586,700	154,969
Projects	232,646	17,275
Professional fees	230,176	22,449
Rent	146,941	34,125
Property Taxes	121,258	24,986
Interest on long-term debt	89,528	20,317
Insurance	84,924	21,514
Advertising	84,622	11,710
Bad debts	45,082	48,336
Office supplies	44,656	11,822
Vehicle	35,831	7,032
Bank charges and interest	33,547	3,899
Mobile Outreach	2,898	714
	7,995,420	1,928,083
Excess (deficiency) of revenue over expenses	922,886	810,978

The Lighthouse Supported Living Inc.

DRAFT Statement of Cash Flows

For the year ended March 31, 2022

March 31
2022

Cash provided by (used for) the following activities

Operating activities

Excess (deficiency) of revenues over expenses	922,886
Forgiveness of debt	(1,519,089)
Capital grant	(31,039)
Amortization	650,875

23,633

Changes in working capital accounts

Accounts receivable	(15,867)
Prepaid expenses	69,513
Accounts payable and accruals	53,840
Investments	264

131,383

Financing activities

Repayment of long-term debt	(222,013)
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Investing activities

Advances to Blue Mountain Adventure Park	(103,833)
Advances to related party	(8,422)
Purchase of capital assets	(75,762)

(188,017)

Decrease in cash resources (278,647)

Cash resources, beginning of year 1,085,647

Cash resources, end of year 807,000

The Lighthouse Supported Living Inc.
Financial Statements
Monthly Financials

The Lighthouse Supported Living Inc.
DRAFT Statement of Financial Position

As at

	<i>April 2022</i>	<i>May 2022</i>	<i>June 2022</i>	<i>July 2022</i>
Assets				
Current				
Cash	927,446	811,064	509,144	353,334
Accounts receivable	96,817	154,795	247,118	322,288
Marketable securities	2,317	2,317	2,317	2,317
Prepaid expenses and deposits	58,265	52,295	58,901	40,384
Inventory	27,887	27,887	27,887	27,887
Loans receivable	37,922	37,422	36,922	36,147
	1,150,654	1,085,781	882,289	782,358
Capital assets				
Investments	21,222,442	21,169,823	21,121,495	21,067,255
Advances to Blue Mountain Adventure Park Inc.	6,044	6,044	6,044	6,044
	388,582	422,170	422,170	422,170
	22,767,702	22,683,816	22,431,997	22,277,826
Liabilities				
Current				
Accounts payable and accruals	454,591	454,087	426,507	676,809
Long-term debt				
Deferred contributions	2,546,361	2,529,645	2,512,117	2,484,897
Forgivable loans	2,543,807	2,543,807	2,543,807	2,543,807
	10,178,404	10,105,430	10,032,457	9,959,483
	15,723,163	15,632,970	15,514,888	15,674,796
Net Assets				
	7,044,539	7,050,847	6,917,109	6,703,030
	22,767,702	22,683,816	22,431,997	22,277,826

The Lighthouse Supported Living Inc.
DRAFT Statement of Operations

For the month ended

	<i>April 2022</i>	<i>May 2022</i>	<i>June 2022</i>	<i>July 2022</i>	<i>Total</i>
Revenue					
Operating grant	235,634	249,883	226,726	228,158	940,381
Donations	6,484	46,478	9,086	2,430	64,456
Investments	-	2	163	-	165
Rental income	209,421	238,189	221,708	208,218	877,536
Forgiveness of debt	72,974	72,974	72,974	72,974	291,895
	524,494	607,504	530,856	511,780	2,174,434
Expenses					
Salaries and benefits	354,527	319,698	362,208	339,750	1,376,183
Amortization	54,240	54,240	54,240	54,240	216,958
Food Supplies	42,003	37,601	53,208	41,442	174,255
Repairs and maintenance	46,098	43,827	41,620	146,423	277,968
Utilities	41,953	39,194	35,795	37,678	154,621
Projects	1,234	3,182	5,416	5,624	15,436
Professional fees	50,991	60,438	70,366	64,850	246,645
Rent	11,325	11,325	11,325	10,225	44,200
Property Taxes	8,547	8,547	8,547	8,815	32,457
Interest on long-term debt	6,948	7,600	6,860	6,977	28,385
Insurance	6,973	6,973	6,973	6,973	27,890
Advertising	1,868	2,288	1,635	1,568	7,368
Office supplies	2,977	1,993	2,355	1,139	8,464
Vehicle	2,225	2,673	2,080	609	7,586
Bank charges and Interest	1,538	1,636	1,766	1,557	6,497
Mobile Outreach	162	-	-	-	162
	633,629	601,198	664,394	725,859	2,625,077
Excess (deficiency) of revenue over expenses	(109,135)	6,308	(133,737)	(214,079)	(450,644)

The Lighthouse Supported Living Inc.
DRAFT Statement of Cash Flows

For the month ended

	<i>April 2022</i>	<i>May 2022</i>	<i>June 2022</i>	<i>July 2022</i>
Cash provided by (used for) the following activities				
Operating activities				
Excess (deficiency) of revenues over expenses	(109,135)	6,308	(133,737)	(214,079)
Forgiveness of debt	(72,974)	(72,974)	(72,974)	(72,974)
Amortization	54,240	54,240	54,240	54,240
	(127,870)	(12,426)	(152,472)	(232,813)
Changes in working capital accounts				
Accounts receivable	320,450	(57,979)	(92,323)	(75,170)
Prepaid expenses	(43,253)	5,970	(6,606)	18,517
Accounts payable and accruals	11,573	(504)	(27,580)	150,302
	160,900	(64,938)	(278,981)	(139,165)
Financing activities				
Repayment of long-term debt	(15,460)	(16,716)	(17,528)	(17,420)
Investing activities				
Advances to Blue Mountain Adventure Park	(11,341)	(33,608)	-	-
Advances to related party	500	800	500	775
Purchase of capital assets	(14,154)	(1,620)	(5,911)	-
	(24,995)	(34,728)	(5,411)	775
Increase (decrease) in cash resources	120,445	(116,382)	(301,920)	(155,810)
Cash resources, beginning of year	807,000	927,445	811,063	509,143
Cash resources, end of year	927,445	811,063	509,143	353,333