



JEFFREY MARTIN CPA, CA

September 22, 2020

To the Members of Clintwood Non-Profit Housing Co-operative Inc:

Dear Members,

In lieu of an in-person AGM due to the pandemic we are all dealing with, your Board of Directors has asked me to write to you regarding the comments I would have made to you if we were able to meet as normal. Below I will summarize the audit of your financial statements for the year ended March 31, 2020;

The audit report dated July 27, 2020 expresses a clean audit opinion. This means that I was able to obtain reasonable assurance that the books and records do not contain a material error and that the financial statements present fairly, the financial position of the Co-operative.

The bookkeeping, record keeping and subsidy files that were tested were in excellent condition and very few adjustments were required to the year-end numbers.

Your reserves are funded and there is cash in the bank to pay your bills, however, as discussed with the Board of Directors, your financial position is deteriorating. I will list my concerns below;

- The Co-op is spending large amounts of its operating budget maintaining the old buildings and as such has incurred an operating loss (\$31,230)
- The Co-op has not increased housing charges consistently over the years in-line with inflationary costs with has meant that you are now getting low on operating funds as your operating costs are increasing
- The budgeting process of the Co-op each year needs to address all anticipated costs in order to build up reserves and operating funds
- The reserve balances in the Co-op sit at \$54,152 in contrast to the Building Condition Assessment that was done showing you need \$6,000,000 to maintain these aging buildings over the next 10 years

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This analysis isn't meant to scare you but is meant to be a realistic outlook. What changed from last year to this year is a significant operating loss (\$32,230), another anticipated significant loss in 2021 due to budget shortfalls and the cost of maintaining the property, as well as the building condition assessment done by CBRE which outlined the building deficiencies.

Your Board of Directors, Ms. Hele and I have begun the process of lobbying CHFT and the City of Toronto for proper funding, grants, or a reconfigured loan in order to ensure that Clintwood is able to turn a financial corner quickly, deal with the building deficiencies and flourish as it has for many years.

If you have questions regarding the financial plan for the building deficiencies, we will not have answers yet because we have just begun the lobbying process. If you have questions about the financial statement audit, please forward them to Ms. Hele and I will answer them for you.

I hope you and your families are all staying safe and are well. I look forward being able to meet in person soon.

Regards,