

GARNEAU UNITED ASSISTED LIVING PLACE

Financial Statements

Year Ended March 31, 2018

(Unaudited)

GARNEAU UNITED ASSISTED LIVING PLACE
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Year Ended March 31, 2018
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
Garneau United Assisted Living Place

We have reviewed the accompanying financial statements of Garneau United Assisted Living Place that comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Garneau United Assisted Living Place as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
October 25, 2018


Peterson Walker LLP
CHARTERED ACCOUNTANTS

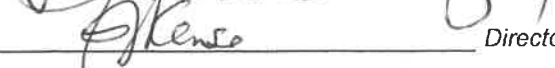
GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Financial Position****March 31, 2018***(Unaudited)*

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 625,256	\$ 702,578
Accounts receivable	18,316	98,996
Prepaid expenses	20,000	22,207
	<u>663,572</u>	<u>823,781</u>
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	<u>7,884,901</u>	<u>8,188,848</u>
	<u>\$ 8,548,473</u>	<u>\$ 9,012,629</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 96,240	\$ 108,412
Security deposits	231,659	215,016
Deferred contributions <i>(Note 5)</i>	-	17,680
Due to investors <i>(Note 6)</i>	1,009,286	1,303,322
Current portion of long-term debt <i>(Note 7)</i>	438,983	428,049
	<u>1,776,168</u>	<u>2,072,479</u>
LONG-TERM DEBT <i>(Note 7)</i>	<u>5,640,372</u>	<u>6,080,214</u>
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT <i>(Note 8)</i>	<u>73,642</u>	<u>17,824</u>
	<u>7,490,182</u>	<u>8,170,517</u>
NET ASSETS		
Share capital <i>(Note 9)</i>	1	1
Invested in property and equipment	722,618	359,439
Unrestricted	325,511	482,672
Restricted fund <i>(Note 10)</i>	10,161	-
	<u>1,058,291</u>	<u>842,112</u>
	<u>\$ 8,548,473</u>	<u>\$ 9,012,629</u>

COMMITMENT *(Note 11)*

The following Directors of the Garneau Assisted Living Place hereby certify that the financial statements have been presented and approved:


Director


Director

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Operations****Year Ended March 31, 2018***(Unaudited)*

	2018	2017
REVENUE		
Rents	\$ 2,949,860	\$ 3,031,437
Alberta Health Services--homecare program	1,228,578	1,489,724
Sales and services	158,108	136,498
Interest	3,203	2,473
Donations	3,185	3,700
Amortization of deferred contributions related to equipment	1,342	1,342
Gerontological Wellness project	-	56,841
	<u>4,344,276</u>	<u>4,722,015</u>
EXPENSES		
Wages and benefits	2,654,647	2,696,806
Food and supplies	327,431	329,216
Amortization	303,947	303,091
Utilities	274,683	255,232
Interest	216,213	234,846
Repairs and maintenance	205,623	252,309
Administrative (Note 12)	145,553	125,625
	<u>4,128,097</u>	<u>4,197,125</u>
REVENUE OVER EXPENSES	<u>\$ 216,179</u>	<u>\$ 524,890</u>

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Changes in Net Assets****Year Ended March 31, 2018***(Unaudited)*

	Invested in Property and Equipment	Unrestricted	Restricted Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 359,439	\$ 482,672	\$ -	\$ 842,111	\$ 317,221
Revenue over (under) expenses	(359,764)	575,943	-	216,179	524,890
Transfer	-	(10,161)	10,161	-	-
Repayment of long-term debt	428,907	(428,907)	-	-	-
Net contributions from investors	294,036	(294,036)	-	-	-
NET ASSETS - END OF YEAR	\$ 722,618	\$ 325,511	\$ 10,161	\$ 1,058,290	\$ 842,111

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Cash Flows****Year Ended March 31, 2018***(Unaudited)*

	2018	2017
OPERATING ACTIVITIES		
Revenue over expenses	\$ 216,179	\$ 524,890
Items not affecting cash:		
Amortization	303,947	303,091
Amortization of deferred contributions related to equipment	(1,342)	(1,342)
	518,784	826,639
Changes in non-cash working capital (Note 13)	69,678	(194,075)
	588,462	632,564
INVESTING ACTIVITY		
Purchase of equipment	-	(22,016)
FINANCING ACTIVITIES		
Repayment of long-term debt	(428,908)	(419,269)
Repayments to investors	(294,036)	(181,104)
Deferred contributions received for equipment	57,160	19,166
	(665,784)	(581,207)
(DECREASE) INCREASE IN CASH	(77,322)	29,341
Cash and cash equivalents - beginning of year	702,578	673,237
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 625,256	\$ 702,578
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 2,965	\$ 2,473
Interest paid	\$ 202,254	\$ 232,232
CASH AND CASH EQUIVALENTS CONSISTS OF		
Cash	\$ 386,356	\$ 346,804
High interest savings account	238,900	355,774
	\$ 625,256	\$ 702,578

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

1. NATURE OF OPERATIONS

Garneau United Assisted Living Place, known as Ashbourne, is a not-for-profit organization incorporated March 3, 1998 under the Alberta Companies Act. It owns a 110 suite assisted living residence with a variety of support services available to its tenants.

The organization is a registered charitable organization and is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and short-term investments are held in a high interest rate savings account.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings	2.5%	straight-line method
Equipment	7%	declining balance method
Automotive	15%	straight-line method
Computer equipment	20%	declining balance method

Revenue recognition

The organization follows the deferral method of accounting for contributions. Contributions are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Contributions received for the acquisition of equipment are deferred and amortized on the same basis as the related equipment.

Rent is recognized as revenue on a monthly basis and collection is reasonably assured.

Sales and services are recognized as revenue once the transaction has been completed and collection is reasonably assured.

(continues)

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed goods and services

Goods and services were contributed to the organization during the year. Due to the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include amortization, allowance for doubtful accounts, prepaid expenses, accrued liabilities, deferred contributions and deferred contributions related to equipment. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

Included in cash are tenant security deposits of \$231,659 (2017--\$215,016).

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 512,536	\$ -	\$ 512,536	\$ 512,536
Buildings	11,292,734	4,004,579	7,288,155	7,570,474
Equipment	278,949	203,147	75,802	95,328
Automotive	40,000	40,000	-	-
Computer equipment	19,489	11,081	8,408	10,510
	<u>\$ 12,143,708</u>	<u>\$ 4,258,807</u>	<u>\$ 7,884,901</u>	<u>\$ 8,188,848</u>

Land costs include \$1 paid to Garneau United Church for a parcel of land acquired in 1999. The sale agreement requires the organization to provide Garneau United Church with office space, meeting space, worship space and three parking stalls free of charge in exchange for the land.

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

5. DEFERRED CONTRIBUTIONS

A portion of the receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Unexpended balances are as follows:

	<u>2018</u>	<u>2017</u>
Alberta Health Services--designated assisted living program	<u>\$ -</u>	<u>\$ 17,680</u>

6. DUE TO INVESTORS

Amounts due to investors are term investments, for 3 to 6 year terms, bearing interest of 5% compounded or paid annually. The term investments can be redeemed at maturity or with 60 days written notice by the investor.

	<u>2018</u>	<u>2017</u>
Individual non-RRSP loans	<u>\$ 825,566</u>	<u>\$ 840,106</u>
Individual RRSP loans	<u>183,720</u>	<u>463,216</u>
	<u>\$ 1,009,286</u>	<u>\$ 1,303,322</u>

A second mortgage on the organization's building is held by 817004 Alberta Ltd. on behalf of the above investors. 817004 Alberta Ltd. is a bare trustee whose sole purpose is the holding of the mortgage.

Included in the individual RRSP and non-RRSP loans are \$531,903 (2017--\$624,303) due to current board members. Interest expensed on the loans totalled \$22,120 (2017--\$30,863).

Interest expensed to investors totalled \$57,984 (2017--\$66,979).

GARNEAU UNITED ASSISTED LIVING PLACE**Notes to Financial Statements****Year Ended March 31, 2018***(Unaudited)***7. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</u>
Mortgage--bearing interest of 2.52%, due in monthly installments of \$48,928 blended principal and interest through December 2019, secured by land and building carried at \$7,800,691 (2017--\$8,083,009).	\$ 6,079,355	\$ 6,508,263
Amounts payable within one year	<u>(438,983)</u>	<u>(428,049)</u>
	<u>\$ 5,640,372</u>	<u>\$ 6,080,214</u>

Principal repayments, assuming similar repayment terms, are approximately:

2019	\$ 438,983
2020	<u>5,640,372</u>
	<u>\$ 6,079,355</u>

Interest expensed on long-term debt amounted to \$158,229 (2017--\$167,867).

8. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Deferred contributions related to equipment represent contributions received to fund the cost of equipment additions. The changes in deferred contributions related to the equipment balance for the year are as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 17,824	\$ -
Contributions received	57,160	19,166
Amounts recognized as revenue	<u>(1,342)</u>	<u>(1,342)</u>
	<u>\$ 73,642</u>	<u>\$ 17,824</u>

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

9. SHARE CAPITAL

	<u>2018</u>	<u>2017</u>
Issued:		
12 Shares	\$ 1	\$ 1

Upon liquidation, winding up or bankruptcy of Garneau United Assisted Living Place, any assets otherwise available for the personal benefit of any of its members or shareholders shall be paid to Garneau United Church.

10. RESTRICTED FUND

The Board of Garneau United Assisted Living Place passed a motion to create a reserve fund. When the second mortgage principal is paid back to the investors, the interest saved that would otherwise be paid to the investors would be transferred to the restricted fund.

Cash in the amount of \$10,161 (\$2017--\$0) is restricted for the purpose of providing funding necessary for major repairs and replacement of property of Garneau United Assisted Living Place on a long-term basis.

11. COMMITMENT

The organization leases a photocopier under a lease agreement with an expiry date of February 2019 and has an operation services agreement with Shephards Care ending September, 2018.

The minimum annual lease payment is as follows:

2019	<u>\$ 12,334</u>
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GARNEAU UNITED ASSISTED LIVING PLACE**Notes to Financial Statements****Year Ended March 31, 2018***(Unaudited)***12. ADMINISTRATIVE EXPENSES**

	2018	2017
Bad debts	\$ 32,000	\$ -
Advertising	27,482	32,684
Insurance	25,591	26,437
Management fees	24,600	24,600
Office supplies	11,086	12,097
Accounting and legal	9,476	6,649
Board	5,320	5,072
Staff appreciation	4,156	5,443
Equipment rental	3,502	2,759
Chaplaincy	1,500	1,540
Bank charges	765	793
Membership dues	75	6,389
Decorative items	-	1,162
	\$ 145,553	\$ 125,625

13. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital items and their effect of increasing (decreasing) cash are as follows:

	2018	2017
Accounts receivable	\$ 80,680	\$ (20,906)
Prepaid expenses	2,207	(12,207)
Accounts payable and accrued liabilities	(12,172)	(93,916)
Security deposits	16,643	(3,514)
Deferred contributions	(17,680)	(63,532)
	\$ 69,678	\$ (194,075)

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2018

(Unaudited)

14. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deferred contributions, due to investors, deferred contributions related to equipment and long-term debt.

The organization is exposed to the following risks through its 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 organization's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from government agencies and numerous tenants, which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of March 31, 2018.

Liquidity risk

Liquidity risk arises from the possibility that the organization might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of March 31, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The organization is exposed to interest rate risk arising on its interest bearing assets. The organization is also exposed to interest rate cash flow risk on its long-term debt and amounts due to investors as the required cash flow to service the debt will fluctuate as a result of changes in market rates. The organization has managed this risk by obtaining fixed interest rates on its debt.
