

GARNEAU UNITED ASSISTED LIVING PLACE

Financial Statements

Year Ended March 31, 2019

(Unaudited)

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Year Ended March 31, 2019
(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, 2019 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, 2019, 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.

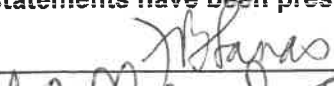
Edmonton, Alberta
September 26, 2019

Peterson Walker LLP
CHARTERED ACCOUNTANTS

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Financial Position****March 31, 2019***(Unaudited)*

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 361,656	\$ 625,256
Accounts receivable	6,311	18,316
Prepaid expenses	10,000	20,000
	<u>377,967</u>	<u>663,572</u>
PROPERTY AND EQUIPMENT (Note 4)	<u>7,746,400</u>	<u>7,884,901</u>
	<u>\$ 8,124,367</u>	<u>\$ 8,548,473</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 100,461	\$ 96,240
Security deposits	229,406	231,659
Due to investors (Note 5)	983,833	1,009,286
Current portion of long-term debt (Note 6)	450,195	438,983
	<u>1,763,895</u>	<u>1,776,168</u>
LONG-TERM DEBT (Note 6)	<u>5,189,377</u>	<u>5,640,372</u>
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT (Note 7)	<u>61,822</u>	<u>73,642</u>
	<u>7,015,094</u>	<u>7,490,182</u>
NET ASSETS		
Share capital (Note 8)	1	1
Invested in property and equipment	1,061,173	722,618
Unrestricted	33,579	325,511
Restricted fund (Note 9)	14,520	10,161
	<u>1,109,273</u>	<u>1,058,291</u>
	<u>\$ 8,124,367</u>	<u>\$ 8,548,473</u>

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



William S. Sawyer Director

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Operations****Year Ended March 31, 2019***(Unaudited)*

	2019	2018
REVENUE		
Rents	\$ 3,014,805	\$ 2,949,860
Alberta Health Services--homecare program	1,084,736	1,228,578
Sales and services	226,524	158,108
Amortization of deferred contributions related to equipment	11,820	1,342
Gain on disposal of equipment	10,500	-
Donations	4,013	3,185
Interest	2,958	3,203
	<u>4,355,356</u>	<u>4,344,276</u>
EXPENSES		
Wages and benefits	2,815,158	2,654,647
Food and supplies	321,644	327,431
Amortization	320,990	303,947
Utilities	291,724	274,683
Repairs and maintenance	251,687	205,623
Interest	195,260	216,213
Administrative (Note 10)	107,911	145,553
	<u>4,304,374</u>	<u>4,128,097</u>
REVENUE OVER EXPENSES	<u>\$ 50,982</u>	<u>\$ 216,179</u>

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Changes in Net Assets****Year Ended March 31, 2019***(Unaudited)*

	Invested in Property and Equipment	Unrestricted	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 722,618	\$ 325,511	\$ 10,161	\$ 1,058,290	\$ 842,111
Revenue over (under) expenses	(309,170)	360,152	-	50,982	216,179
Transfer	-	(4,359)	4,359	-	-
Repayment of long-term debt	439,784	(439,784)	-	-	-
Net contributions from investors	25,453	(25,453)	-	-	-
Purchase of equipment	182,488	(182,488)	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 1,061,173</u>	<u>\$ 33,579</u>	<u>\$ 14,520</u>	<u>\$ 1,109,272</u>	<u>\$ 1,058,290</u>

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Cash Flows****Year Ended March 31, 2019***(Unaudited)*

	2019	2018
OPERATING ACTIVITIES		
Revenue over expenses	\$ 50,982	\$ 216,179
Items not affecting cash:		
Amortization	320,990	303,947
Amortization of deferred contributions related to equipment	(11,820)	(1,342)
Gain on disposal of equipment	(10,500)	-
	<u>349,652</u>	<u>518,784</u>
Changes in non-cash working capital:		
Accounts receivable	12,005	80,680
Prepaid expenses	10,000	2,207
Accounts payable and accrued liabilities	4,221	(12,172)
Security deposits	(2,253)	16,643
Deferred contributions	-	(17,680)
	<u>23,973</u>	<u>69,678</u>
	<u>373,625</u>	<u>588,462</u>
INVESTING ACTIVITIES		
Purchase of equipment	(182,488)	-
Proceeds on disposal of equipment	10,500	-
	<u>(171,988)</u>	<u>-</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(439,784)	(428,908)
Proceeds from investors	50,000	-
Repayments to investors	(75,453)	(294,036)
Deferred contributions received for equipment	-	57,160
	<u>(465,237)</u>	<u>(665,784)</u>
DECREASE IN CASH	<u>(263,600)</u>	<u>(77,322)</u>
Cash and cash equivalents - beginning of year	<u>625,256</u>	<u>702,578</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 361,656</u>	<u>\$ 625,256</u>
CASH AND CASH EQUIVALENTS CONSISTS OF		
Cash	\$ 224,220	\$ 386,356
High interest savings account	<u>137,436</u>	<u>238,900</u>
	<u>\$ 361,656</u>	<u>\$ 625,256</u>

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2019

(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, 2019

(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 \$229,406 (2018--\$231,659).

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 512,536	\$ -	\$ 512,536	\$ 512,536
Buildings	11,292,734	4,286,897	7,005,837	7,288,155
Equipment	380,353	229,772	150,581	75,802
Automotive	81,085	10,478	70,607	-
Computer equipment	19,489	12,650	6,839	8,408
	<u>\$ 12,286,197</u>	<u>\$ 4,539,797</u>	<u>\$ 7,746,400</u>	<u>\$ 7,884,901</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, 2019

(Unaudited)

5. 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.

	2019	2018
Individual non-RRSP loans	\$ 833,366	\$ 825,566
Individual RRSP loans	150,467	183,720
	<u>\$ 983,833</u>	<u>\$ 1,009,286</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 \$491,318 (2018--\$531,903) due to current board members. Interest expensed on the loans totalled \$11,920 (2018--\$22,120).

Interest expensed to investors totalled \$47,908 (2018--\$57,984).

GARNEAU UNITED ASSISTED LIVING PLACE**Notes to Financial Statements****Year Ended March 31, 2019***(Unaudited)***6. LONG-TERM DEBT**

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 \$7,518,373 (2018--\$7,800,691).

	<u>2019</u>	<u>2018</u>
	\$ 5,639,572	\$ 6,079,355
	(450,195)	(438,983)
	<u>\$ 5,189,377</u>	<u>\$ 5,640,372</u>

Amounts payable within one year

Principal repayments, assuming similar repayment terms, are approximately:

2020	\$ 450,195
2021	461,672
2022	473,441
2023	485,511
Thereafter	3,768,753
	<u>\$ 5,639,572</u>

Interest expensed on long-term debt amounted to \$147,352 (2018--\$158,229).

7. 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>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 73,642	\$ 17,824
Contributions received	-	57,160
Amounts recognized as revenue	(11,820)	(1,342)
	<u>\$ 61,822</u>	<u>\$ 73,642</u>

GARNEAU UNITED ASSISTED LIVING PLACE**Notes to Financial Statements****Year Ended March 31, 2019***(Unaudited)***8. SHARE CAPITAL**

	<u>2019</u>	<u>2018</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.

9. 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. During the year, \$4,359 was transferred from unrestricted to the restricted fund.

Cash in the amount of \$14,520 (\$2018--\$10,161) 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.

10. ADMINISTRATIVE EXPENSES

	<u>2019</u>	<u>2018</u>
Insurance	\$ 25,202	\$ 25,591
Management fees	24,600	24,600
Office supplies	15,347	11,086
Advertising	13,950	27,482
Chaplaincy	7,230	1,500
Staff appreciation	7,179	4,156
Accounting and legal	5,909	9,476
Board	4,395	5,320
Equipment rental	2,689	3,502
Bank charges	774	765
Membership dues	636	75
Bad debts	-	32,000
	<u>\$ 107,911</u>	<u>\$ 145,553</u>

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2019

(Unaudited)

11. 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, 2019.

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, 2019.

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.
