

GARNEAU UNITED ASSISTED LIVING PLACE

Financial Statements

Year Ended March 31, 2020

(Unaudited)

GARNEAU UNITED ASSISTED LIVING PLACE

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Year Ended March 31, 2020

(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, 2020 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, 2020, 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.


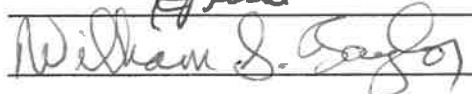
Edmonton, Alberta
October 22, 2020

Peterson Walker LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Financial Position****March 31, 2020***(Unaudited)*

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 412,916	\$ 361,656
Accounts receivable	13,074	6,311
Prepaid expenses	16,340	10,000
	<u>442,330</u>	<u>377,967</u>
PROPERTY AND EQUIPMENT (Note 4)	<u>7,423,925</u>	<u>7,746,400</u>
	<u>\$ 7,866,255</u>	<u>\$ 8,124,367</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 106,288	\$ 100,461
Security deposits	231,146	229,406
Due to investors (Note 5)	914,522	983,833
Current portion of long-term debt (Note 6)	460,896	450,195
	<u>1,712,852</u>	<u>1,763,895</u>
LONG-TERM DEBT (Note 6)	<u>4,727,975</u>	<u>5,189,377</u>
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT (Note 7)	<u>50,002</u>	<u>61,822</u>
	<u>6,490,829</u>	<u>7,015,094</u>
NET ASSETS		
Share capital (Note 8)	1	1
Invested in property and equipment	1,270,530	1,061,173
Unrestricted	52,239	33,579
Internally restricted (Note 9)	52,656	14,520
	<u>1,375,426</u>	<u>1,109,273</u>
	<u>\$ 7,866,255</u>	<u>\$ 8,124,367</u>

The following Directors of the Garneau United 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, 2020***(Unaudited)*

	2020	2019
REVENUE		
Rents	\$ 2,999,647	\$ 2,995,800
Alberta Health Services--homecare program	1,026,793	1,084,736
Sales and services	219,087	245,529
Donations	52,548	4,013
Amortization of deferred contributions related to equipment	11,820	11,820
Interest	733	2,958
Gain on disposal of equipment	-	10,500
	<u>4,310,628</u>	<u>4,355,356</u>
EXPENSES		
Wages and benefits	2,577,468	2,815,158
Amortization	322,474	320,990
Food and supplies	320,078	321,644
Utilities	289,367	291,724
Repairs and maintenance	222,708	251,687
Interest	181,369	195,260
Administrative (Note 10)	116,699	107,911
Donation to Edmonton Community Foundation (Note 11)	14,312	-
	<u>4,044,475</u>	<u>4,304,374</u>
REVENUE OVER EXPENSES	<u>\$ 266,153</u>	<u>\$ 50,982</u>

GARNEAU UNITED ASSISTED LIVING PLACE

Statement of Changes in Net Assets

Year Ended March 31, 2020

(Unaudited)

	Invested in Property and Equipment	Unrestricted	Internally Restricted	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 1,061,173	\$ 33,579	\$ 14,520	\$ 1,109,272	\$ 1,058,290
Revenue over (under) expenses	(310,655)	576,808	-	266,153	50,982
Transfer (Note 9)	-	(38,136)	38,136	-	-
Repayment of long-term debt	450,701	(450,701)	-	-	-
Net contributions from investors	69,311	(69,311)	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 1,270,530</u>	<u>\$ 52,239</u>	<u>\$ 52,656</u>	<u>\$ 1,375,425</u>	<u>\$ 1,109,272</u>

GARNEAU UNITED ASSISTED LIVING PLACE**Statement of Cash Flows****Year Ended March 31, 2020***(Unaudited)*

	2020	2019
OPERATING ACTIVITIES		
Revenue over expenses	\$ 266,153	\$ 50,982
Items not affecting cash:		
Amortization	322,474	320,990
Amortization of deferred contributions related to equipment	(11,820)	(11,820)
Gain on disposal of equipment	-	(10,500)
	<u>576,807</u>	<u>349,652</u>
Changes in non-cash working capital:		
Accounts receivable	(6,763)	12,005
Prepaid expenses	(6,340)	10,000
Accounts payable and accrued liabilities	5,828	4,221
Security deposits	1,740	(2,253)
	<u>(5,535)</u>	<u>23,973</u>
	<u>571,272</u>	<u>373,625</u>
INVESTING ACTIVITIES		
Purchase of equipment	-	(182,488)
Proceeds on disposal of equipment	-	10,500
	<u>-</u>	<u>(171,988)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(450,701)	(439,784)
Proceeds from investors	65,000	50,000
Repayments to investors	(134,311)	(75,453)
	<u>(520,012)</u>	<u>(465,237)</u>
INCREASE (DECREASE) IN CASH	51,260	(263,600)
Cash and cash equivalents - beginning of year	<u>361,656</u>	<u>625,256</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 412,916	\$ 361,656
CASH AND CASH EQUIVALENTS CONSISTS OF		
Cash	\$ 379,750	\$ 224,220
High interest savings account	<u>33,166</u>	<u>137,436</u>
	<u>\$ 412,916</u>	<u>\$ 361,656</u>

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2020

(Unaudited)

1. NATURE OF OPERATIONS

Garneau United Assisted Living Place, known as Ashbourne ("the organization"), 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.

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GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2020

(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 organizations 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 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 and cash equivalents are tenant security deposits of \$231,146 (2019--\$229,406).

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 512,536	\$ -	\$ 512,536	\$ 512,536
Buildings	11,292,734	4,569,216	6,723,518	7,005,837
Equipment	380,353	256,397	123,956	150,581
Automotive	81,085	22,641	58,444	70,607
Computer equipment	19,489	14,018	5,471	6,839
	\$ 12,286,197	\$ 4,862,272	\$ 7,423,925	\$ 7,746,400

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, 2020

(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.

	2020	2019
Individual non-RRSP loans	\$ 914,522	\$ 833,366
Individual RRSP loans	-	150,467
	\$ 914,522	\$ 983,833

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 \$406,084 (2019--\$491,318) due to current board members. Interest expensed on the loans totalled \$16,500 (2019--\$11,920).

Interest expensed to investors totalled \$48,041 (2019--\$47,908).

6. LONG-TERM DEBT

	2020	2019
Mortgage--bearing interest of 2.59%, due in monthly installments of \$49,096 blended principal and interest through December 2024, secured by land and building carried at \$7,236,054 (2019--\$7,518,373).	\$ 5,188,871	\$ 5,639,572
Amounts payable within one year	(460,896)	(450,195)
	\$ 4,727,975	\$ 5,189,377

Principal repayments are approximately:

2021	\$ 460,896
2022	472,911
2023	485,239
2024	497,888
Thereafter	3,271,937
	\$ 5,188,871

Interest expensed on long-term debt amounted to \$133,328 (2019--\$147,352).

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

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(Unaudited)

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:

	2020	2019
Balance at beginning of year	\$ 61,822	\$ 73,642
Amounts recognized as revenue	(11,820)	(11,820)
	\$ 50,002	\$ 61,822

8. SHARE CAPITAL

	2020	2019
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 The United Church of Canada.

9. INTERNALLY RESTRICTED FUND

The Garneau United Assisted Living Place has two internally restricted funds, the reserve fund and the legacy fund. These funds have been created by the Board of Directors.

The reserve fund is established to provide funding necessary for major repairs and replacement of property of Garneau United Assisted Living Place on a long-term basis. The amounts transferred to the fund are calculated 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, the board motioned to not restrict any funds (2019--\$4,359) from unrestricted to the restricted fund. The balance in the reserve fund is \$14,520 (2019--\$14,520).

The legacy fund is established to provide for the future stability of the programs and services offered by Garneau United Assisted Living Place. During the year, the board motioned to restrict \$38,136 (2019--\$0). The balance in the legacy fund is \$38,136 (2019--\$0).

GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2020

(Unaudited)

10. ADMINISTRATIVE EXPENSES

	2020	2019
Insurance	\$ 28,670	\$ 25,202
Management fees	24,600	24,600
Advertising	22,209	13,950
Office supplies	15,819	15,347
Accounting and legal	6,683	5,909
Staff appreciation	4,520	7,179
Bad debts	3,770	-
Board	2,866	4,395
Equipment rental	2,804	2,689
Chaplaincy	2,394	7,230
Membership dues	1,710	636
Bank charges	654	774
	\$ 116,699	\$ 107,911

11. ENDOWMENT FUND

Garneau United Assisted Living Place has established a permanent endowment with the Edmonton Community Foundation, Ashbourne Fund. The endowment is held and administered by the Edmonton Community Foundation. Garneau United Assisted Living Place is the specified recipient of the income earned on the fund, but has no access to the principal amount of the investment.

12. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, security deposits, due to investors 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, 2020.

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GARNEAU UNITED ASSISTED LIVING PLACE

Notes to Financial Statements

Year Ended March 31, 2020

(Unaudited)

12. FINANCIAL INSTRUMENTS *(continued)*

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. The organization is exposed to a liquidity risk because current liabilities exceed current assets.

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.

13. COMPARATIVE FIGURES

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation adopted in the current year's financial statements.
