

**GARNEAU UNITED ASSISTED LIVING PLACE**

**Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

**GARNEAU UNITED ASSISTED LIVING PLACE**  
**Index to Financial Statements**  
**Year Ended March 31, 2022**  
*(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, 2022 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.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 3 in the financial statements, which indicates that Garneau United Assisted Living Place incurred a net loss of \$379,643 during the year ended March 31, 2022 and as of that date the organization's current liabilities exceed its total current assets by \$1,796,338. As stated in Note 3, these events may cast significant doubt on the Garneau United Assisted Living Place's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

***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, 2022, 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  
November 24, 2022



CHARTERED PROFESSIONAL ACCOUNTANTS

**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Financial Position****March 31, 2022***(Unaudited)*

	2022	2021
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents <i>(Note 4)</i>	\$ 407,154	\$ 1,064,241
Accounts receivable	14,004	14,307
Prepaid expenses	15,629	22,987
	436,787	1,101,535
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	6,819,068	7,127,116
	<u>\$ 7,255,855</u>	<u>\$ 8,228,651</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 981,909	\$ 1,084,472
Security deposits	185,947	195,692
Due to investors <i>(Note 7)</i>	580,809	580,809
Current portion of long-term debt <i>(Note 8)</i>	484,460	472,911
	2,233,125	2,333,884
LONG-TERM DEBT <i>(Note 8)</i>	3,770,518	4,255,079
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT <i>(Note 9)</i>	30,349	38,182
	<u>6,033,992</u>	<u>6,627,145</u>
NET ASSETS		
Share capital <i>(Note 10)</i>	1	1
Invested in property and equipment	1,952,932	1,780,135
Unrestricted	(800,158)	(231,286)
Internally restricted <i>(Note 11)</i>	69,088	52,656
	<u>1,221,863</u>	<u>1,601,506</u>
	<u>\$ 7,255,855</u>	<u>\$ 8,228,651</u>
COMMITMENT <i>(Note 15)</i>		
COVID-19 <i>(Note 16)</i>		
SUBSEQUENT EVENT <i>(Note 17)</i>		

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, 2022***(Unaudited)*

	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
Rents	<b>\$ 2,384,337</b>	<b>\$ 2,769,701</b>
Alberta Health Services--homecare program	<b>874,871</b>	<b>950,407</b>
Canada Emergency Wage Subsidy	<b>200,762</b>	<b>227,021</b>
Sales and services	<b>200,736</b>	<b>220,643</b>
Alberta Critical Worker Benefit	<b>55,553</b>	<b>-</b>
Amortization of deferred contributions related to equipment	<b>7,834</b>	<b>11,820</b>
Donations	<b>6,375</b>	<b>49,956</b>
Interest	<b>1,593</b>	<b>1,136</b>
	<b>3,732,061</b>	<b>4,230,684</b>
<b>EXPENSES</b>		
Wages and benefits	<b>2,554,737</b>	<b>2,593,165</b>
Utilities	<b>400,012</b>	<b>289,283</b>
Amortization	<b>308,049</b>	<b>324,111</b>
Food and supplies	<b>267,649</b>	<b>300,088</b>
Administrative ( <i>Note 12</i> )	<b>240,909</b>	<b>112,493</b>
Repairs and maintenance	<b>194,554</b>	<b>207,144</b>
Interest on long-term debt and financing	<b>144,269</b>	<b>171,194</b>
Donation to Edmonton Community Foundation ( <i>Note 13</i> )	<b>1,525</b>	<b>7,126</b>
	<b>4,111,704</b>	<b>4,004,604</b>
<b>REVENUE (UNDER) OVER EXPENSES</b>	<b>\$ (379,643)</b>	<b>\$ 226,080</b>

**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Changes in Net Assets****Year Ended March 31, 2022***(Unaudited)*

	Invested in Property and Equipment	Unrestricted	Internally Restricted	2022	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,780,135	\$ (231,286)	\$ 52,656	<b>\$ 1,601,505</b>	\$ 1,375,425
Revenue (under over expenses	(300,215)	(79,428)	-	<b>(379,643)</b>	226,080
Transfer	-	(16,432)	16,432	-	-
Repayment of long-term debt	473,012	(473,012)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,952,932</b>	<b>\$ (800,158)</b>	<b>\$ 69,088</b>	<b>\$ 1,221,862</b>	<b>\$ 1,601,505</b>

**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Cash Flows****Year Ended March 31, 2022***(Unaudited)*

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Revenue (under) over expenses	<b>\$ (379,643)</b>	<b>\$ 226,080</b>
Items not affecting cash:		
Amortization	<b>308,049</b>	<b>324,111</b>
Amortization of deferred contributions related to equipment	<b>(7,834)</b>	<b>(11,820)</b>
	<b>(79,428)</b>	<b>538,371</b>
Changes in non-cash working capital:		
Accounts receivable	<b>303</b>	<b>(1,233)</b>
Prepaid expenses	<b>7,358</b>	<b>(6,647)</b>
Accounts payable and accrued liabilities	<b>(102,563)</b>	<b>978,184</b>
Security deposits	<b>(9,745)</b>	<b>(35,454)</b>
	<b>(104,647)</b>	<b>934,850</b>
	<b>(184,075)</b>	<b>1,473,221</b>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	<b>-</b>	<b>(27,302)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<b>(473,012)</b>	<b>(460,881)</b>
Repayments to investors	<b>-</b>	<b>(333,713)</b>
	<b>(473,012)</b>	<b>(794,594)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(657,087)</b>	<b>651,325</b>
Cash and cash equivalents - beginning of year	<b>1,064,241</b>	<b>412,916</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 407,154</b>	<b>\$ 1,064,241</b>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF</b>		
Cash	<b>\$ 220,647</b>	<b>\$ 214,640</b>
High interest savings account	<b>186,507</b>	<b>849,601</b>
	<b>\$ 407,154</b>	<b>\$ 1,064,241</b>

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

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#### **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.

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#### **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 and cash equivalents are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and short-term investments 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:

Building	2.5%	straight-line method
Equipment	7%	straight-line 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, 2022**

*(Unaudited)*

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#### **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 useful life of property and equipment, 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.

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#### **3. GOING CONCERN**

The organizations financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of operations. However, the organization is experiencing increasing vacancies leading to declining cash inflows while also experiencing higher debt repayment requirements.

These conditions raise substantial doubt about the organizations ability to continue operating as it has in the past. The organization has obtained financing that does not require immediate principal repayment in order to satisfy the repayment of the Canada Emergency Wage Subsidy and management has been working on reducing overall expenditures until vacancies return to a normal level. The ability to continue as a going concern is dependent upon the success of being able to attract new tenants.

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#### **4. RESTRICTED CASH**

Included in cash and cash equivalents are tenant security deposits of \$185,947 (2021--\$195,692).

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## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

#### **5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Land	\$ 512,536	\$ -	<b>\$ 512,536</b>	\$ 512,536
Building	11,292,734	5,133,852	<b>6,158,882</b>	6,441,200
Equipment	407,654	297,625	<b>110,029</b>	122,721
Automotive	81,085	46,966	<b>34,119</b>	46,282
Computer equipment	19,489	15,987	<b>3,502</b>	4,377
	<b>\$ 12,313,498</b>	<b>\$ 5,494,430</b>	<b>\$ 6,819,068</b>	<b>\$ 7,127,116</b>

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.

#### **6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities is government remittance of:

	<b>2022</b>	2021
Canada Emergency Wage Subsidy	<b>\$ 851,015</b>	\$ 934,581

#### **7. 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.

	<b>2022</b>	2021
Individual non-RRSP loans	<b>\$ 580,809</b>	\$ 580,809

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 non-RRSP loans are \$406,084 (2021--\$406,084) due to current board members. Interest expensed on the loans to board members totalled \$19,750 (2021--\$19,750).

Interest expensed to all investors totalled \$28,129 (2021--\$42,923).

**GARNEAU UNITED ASSISTED LIVING PLACE****Notes to Financial Statements****Year Ended March 31, 2022***(Unaudited)***8. LONG-TERM DEBT**

	<b>2022</b>	2021
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 \$6,671,418 (2021--\$6,953,736).	<b>\$ 4,254,978</b>	\$ 4,727,990
Amounts payable within one year	<b>(484,460)</b>	(472,911)
	<b><u>\$ 3,770,518</u></b>	<u>\$ 4,255,079</u>

Principal repayments are approximately:

2023	\$ 484,460
2024	498,132
2025	<u>2,787,926</u>
	<b><u>\$ 3,770,518</u></b>

Interest expensed on long-term debt amounted to \$116,140 (2021--\$128,271).

**9. 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:

	<b>2022</b>	2021
Balance at beginning of year	<b>\$ 38,182</b>	\$ 50,002
Amounts recognized as revenue	<b>(7,833)</b>	(11,820)
	<b><u>\$ 30,349</u></b>	<u>\$ 38,182</u>

**10. SHARE CAPITAL**

	<b>2022</b>	2021
Issued:		
12 Shares	<b><u>\$ 1</u></b>	<u>\$ 1</u>

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.

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

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#### **11. 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. The balance in the reserve fund is \$870 (2021--\$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. The balance in the legacy fund is \$68,218 (2021--\$38,136).

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#### **12. ADMINISTRATIVE EXPENSES**

	<b>2022</b>	<b>2021</b>
Interest	<b>\$ 83,663</b>	<b>\$ -</b>
Advertising	<b>43,786</b>	21,098
Insurance	<b>33,525</b>	25,290
Office supplies	<b>27,511</b>	30,579
Management fees	<b>24,600</b>	24,502
Equipment rental	<b>13,741</b>	2,105
Accounting and legal	<b>8,051</b>	6,469
Chaplaincy	<b>1,936</b>	2,268
Membership dues	<b>1,591</b>	1,132
Board	<b>1,323</b>	2,083
Bank charges	<b>1,182</b>	737
Bad debts (recovery)	<b>-</b>	(3,770)
	<b>\$ 240,909</b>	<b>\$ 112,493</b>

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#### **13. ENDOWMENT FUND**

The Edmonton Community Foundation holds two endowment funds that benefit the organization on an ongoing basis. At December 31, 2021, the fair value of these funds was \$44,311 and provides annual support to the organization. The funds are the property of the Edmonton Community Foundation and are not recorded in the accounts of the Society. During 2022, the Society actively raised \$1,525 (2021--\$7,126) which was donated to the Edmonton Community Foundation endowment fund to continue supporting the future sustainability of the Society. The organization is the specified recipient of the income earned on the fund, but has no access to the principal amount of the investment.

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## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

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#### **14. 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, 2022.

##### 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 liquidity risk because current liabilities exceed current assets. The organization has attempted to mitigate the risk by converting \$850,000 of current payables to long-term debt subsequent to the year end.

##### 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.

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#### **15. COMMITMENT**

The organization leases an automobile under an agreement that expires April 2025. The future minimum payments will be approximately:

2023	\$	7,463
2024		7,463
2025		7,463
2026		622
		<hr/>
	\$	<u>23,011</u>

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## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2022**

*(Unaudited)*

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#### **16. COVID-19**

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. The organization continued providing assisted living and support services to residence, but they were modified to comply with government health restrictions. The impact on the organization due to the health restrictions was a decrease in rental revenue as suites could not be rented once a tenant left the residence.

The organization mitigated the reduction in the rent by receiving government assistance through the Canada Emergency Wage Subsidy program.

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#### **17. SUBSEQUENT EVENT**

On May 31, 2022, the Organization received a promissory note from The United Church of Canada in the amount of \$1,050,000. The promissory note matures on December 1, 2024. The purpose of the promissory note is to repay the outstanding Canada Emergency Wage Subsidy and to provide the organization with operational funds.

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