

**GARNEAU UNITED ASSISTED LIVING PLACE**

**Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

**GARNEAU UNITED ASSISTED LIVING PLACE**

**Index to Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

---

	Page
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14

## 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, 2023 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.

### ***Emphasis of Matters***

As described in Note 15, subsequent to the year end Garneau United Assisted Living Place is ceasing operations and selling the land and building.

As of the year ended March 31, 2023, Garneau United Assisted Living Place is also in default with respect to its mortgage, as described in Note 7. Due to the sale of the land and building, as described in Note 15, the mortgage has not been called by the lender.

### ***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, 2023, 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 13, 2023

*Peterson Walker LLP*

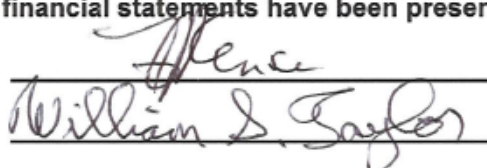
CHARTERED PROFESSIONAL ACCOUNTANTS

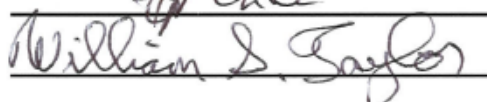
**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Financial Position****March 31, 2023***(Unaudited)*

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 220,848	\$ 407,154
Accounts receivable	5,509	14,004
Prepaid expenses	12,301	15,629
	<u>238,658</u>	<u>436,787</u>
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	<u>6,513,335</u>	<u>6,819,068</u>
	<u>\$ 6,751,993</u>	<u>\$ 7,255,855</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 144,523	\$ 981,909
Security deposits	144,007	185,947
Due to investors <i>(Note 6)</i>	424,316	580,809
Current portion of long-term debt <i>(Note 7)</i>	4,224,998	484,460
	<u>4,937,844</u>	<u>2,233,125</u>
LONG-TERM DEBT <i>(Note 7)</i>	<u>1,093,750</u>	<u>3,770,518</u>
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT <i>(Note 8)</i>	<u>23,838</u>	<u>30,349</u>
	<u>6,055,432</u>	<u>6,033,992</u>
<b>NET ASSETS</b>		
Share capital <i>(Note 9)</i>	1	1
Invested in property and equipment	1,930,260	1,952,932
Unrestricted	(1,282,188)	(800,158)
Internally restricted <i>(Note 10)</i>	48,488	69,088
	<u>696,561</u>	<u>1,221,863</u>
	<u>\$ 6,751,993</u>	<u>\$ 7,255,855</u>

COMMITMENTS *(Note 14)*SUBSEQUENT EVENTS *(Note 15)*

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, 2023***(Unaudited)*

	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>		
Rents	<b>\$ 2,072,026</b>	<b>\$ 2,384,337</b>
Alberta Health Services--homecare program	<b>835,437</b>	<b>874,871</b>
Sales and services	<b>175,711</b>	<b>200,736</b>
Donations	<b>10,748</b>	<b>6,375</b>
Amortization of deferred contributions related to equipment	<b>6,511</b>	<b>7,834</b>
Interest	<b>2,157</b>	<b>1,593</b>
Canada Emergency Wage Subsidy	<b>-</b>	<b>200,762</b>
Alberta Critical Worker Benefit	<b>-</b>	<b>55,553</b>
	<b>3,102,590</b>	<b>3,732,061</b>
<b>EXPENSES</b>		
Wages and benefits	<b>2,173,748</b>	<b>2,554,737</b>
Utilities	<b>438,646</b>	<b>400,012</b>
Amortization	<b>305,732</b>	<b>308,049</b>
Food and supplies	<b>271,994</b>	<b>267,649</b>
Interest on long-term debt and financing	<b>183,356</b>	<b>144,269</b>
Repairs and maintenance	<b>169,185</b>	<b>194,554</b>
Administrative ( <i>Note 11</i> )	<b>85,231</b>	<b>240,909</b>
Donation to Edmonton Community Foundation ( <i>Note 12</i> )	<b>-</b>	<b>1,525</b>
	<b>3,627,892</b>	<b>4,111,704</b>
<b>REVENUE UNDER EXPENSES</b>	<b>\$ (525,302)</b>	<b>\$ (379,643)</b>

**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Changes in Net Assets****Year Ended March 31, 2023***(Unaudited)*

	Invested in Property and Equipment	Unrestricted	Internally Restricted	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,952,932	\$ (800,158)	\$ 69,088	<b>\$ 1,221,862</b>	\$ 1,601,505
Revenue under expenses	(299,221)	(226,081)	-	<b>(525,302)</b>	(379,643)
Transfer (Note 10)	-	20,600	(20,600)	-	-
Net repayment of long-term debt	120,056	(120,056)	-	-	-
Repayment to investors	156,493	(156,493)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,930,260</b>	<b>\$ (1,282,188)</b>	<b>\$ 48,488</b>	<b>\$ 696,560</b>	<b>\$ 1,221,862</b>

**GARNEAU UNITED ASSISTED LIVING PLACE****Statement of Cash Flows****Year Ended March 31, 2023***(Unaudited)*

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Revenue under expenses	\$ (525,302)	\$ (379,643)
Items not affecting cash:		
Amortization	305,732	308,049
Amortization of deferred contributions related to equipment	(6,511)	(7,834)
	<u>(226,081)</u>	<u>(79,428)</u>
Changes in non-cash working capital:		
Accounts receivable	8,495	303
Prepaid expenses	3,328	7,358
Accounts payable and accrued liabilities	(837,385)	(102,563)
Security deposits	(41,940)	(9,745)
	<u>(867,502)</u>	<u>(104,647)</u>
	<u>(1,093,583)</u>	<u>(184,075)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	1,183,826	-
Repayment of long-term debt	(120,056)	(473,012)
Net repayments to investors	(156,493)	-
	<u>907,277</u>	<u>(473,012)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(186,306)</u>	<u>(657,087)</u>
Cash and cash equivalents - beginning of year	<u>407,154</u>	<u>1,064,241</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 220,848</u>	<u>\$ 407,154</u>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF</b>		
Cash	\$ 172,360	\$ 220,647
High interest savings account	<u>48,488</u>	<u>186,507</u>
	<u>\$ 220,848</u>	<u>\$ 407,154</u>

# **GARNEAU UNITED ASSISTED LIVING PLACE**

## **Notes to Financial Statements**

**Year Ended March 31, 2023**

*(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 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.

*(continues)*

---



## GARNEAU UNITED ASSISTED LIVING PLACE

### Notes to Financial Statements

Year Ended March 31, 2023

(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 useful life of property and equipment, 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 \$144,007 (2022--\$185,947).

#### 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 512,536	\$ -	\$ 512,536	\$ 512,536
Building	11,292,734	5,416,171	5,876,563	6,158,882
Equipment	407,654	308,175	99,479	110,029
Automotive	81,085	59,129	21,956	34,119
Computer equipment	19,489	16,688	2,801	3,502
	<u>\$ 12,313,498</u>	<u>\$ 5,800,163</u>	<u>\$ 6,513,335</u>	<u>\$ 6,819,068</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, 2023**

*(Unaudited)*

---

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

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

	<u>2023</u>	<u>2022</u>
Canada Emergency Wage Subsidy	<u>\$ -</u>	<u>\$ 851,015</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>2023</u>	<u>2022</u>
Individual non-RRSP loans	<u>\$ 424,316</u>	<u>\$ 580,809</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 non-RRSP loans are \$424,316 (2022--\$406,084) due to current board members. Interest expensed on the loans to board members totalled \$20,210 (2022--\$19,750).

Interest expensed to all investors totalled \$22,276 (2022--\$28,129).

---

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

#### **7. LONG-TERM DEBT**

	<b>2023</b>	<b>2022</b>
First National Financial LP Mortgage--bearing interest of 2.59%, due in monthly installments of \$53,500 blended principal and interest through December 2024, secured by land and building carried at \$6,389,099 (2022--\$6,671,418), a general security agreement on all property, and assignment of rents.	<b>\$ 4,224,998</b>	\$ 4,254,978
The United Church of Canada Mortgage--bearing interest of 5%, with no fixed payment terms with a maturity date of December 2024 secured by land and building carried at \$6,389,099. Failure to repay by December 15, 2024 will result in a penalty of \$50,000.	<b>1,093,750</b>	-
	<b>5,318,748</b>	4,254,978
Amounts payable within one year	<b>(4,224,998)</b>	(484,460)
	<b>\$ 1,093,750</b>	\$ 3,770,518

The First National Financial LP mortgage has been in default since July 1, 2022. The organization has a forbearance agreement in place which has allowed for no principal or interest payments to have been made since that time. Interest is continuing to accrue at 2.59%.

Subsequent to the year end, starting May 1, 2023, the organization is also paying a forbearance fee of \$3,000 a month until the mortgage is fully repaid to First National Financial LP and they will also advance to the organization \$150,000 for operating expenses, as required, until the sale of the building is completed.

The First National Financial LP mortgage includes the principal portion of \$4,170,544 and accrued interest of \$54,454.

The United Church of Canada mortgage is held by 817004 Alberta Ltd. on behalf of The United Church of Canada. 817004 Alberta Ltd. is a bare trustee whose sole purpose is the holding of mortgages. The United Church of Canada mortgage includes the principal portion of \$1,050,000 and accrued interest of \$43,750.

Interest expensed on long-term debt amounted to \$161,058 (2022--\$116,140).

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

---

#### **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:

	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ 30,349	\$ 38,183
Amounts recognized as revenue	<u>(6,511)</u>	<u>(7,834)</u>
	<b><u>\$ 23,838</u></b>	<b><u>\$ 30,349</u></b>

---

#### **9. SHARE CAPITAL**

	<b>2023</b>	<b>2022</b>
Issued:		
12 Shares	<b><u>\$ 1</u></b>	<b><u>\$ 1</u></b>

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.

---

#### **10. 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 \$0 (2022--\$870).

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 approved transfers of \$20,600 (2022--\$0) from the fund to unrestricted. The balance in the legacy fund is \$48,488 (2022--\$68,218).

---

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

#### **11. ADMINISTRATIVE EXPENSES**

	<b>2023</b>	<b>2022</b>
Insurance	\$ <b>36,004</b>	\$ 33,525
Consulting	<b>28,967</b>	-
Management fees	<b>22,452</b>	24,600
Advertising	<b>19,953</b>	43,786
Office supplies	<b>19,462</b>	27,511
Accounting and legal	<b>16,747</b>	8,051
Equipment rental	<b>10,225</b>	13,741
Membership dues	<b>1,290</b>	1,591
Bank charges	<b>937</b>	1,182
Board	<b>371</b>	1,323
Chaplaincy	-	1,936
Interest expense (recovery)	<b>(71,177)</b>	83,663
	<b>\$ 85,231</b>	<b>\$ 240,909</b>

#### **12. ENDOWMENT FUND**

The Edmonton Community Foundation holds two endowment funds that benefit the organization on an ongoing basis. At December 31, 2022, the fair value of these funds was \$42,951 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 \$0 (2022--\$1,525) 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.

#### **13. 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, 2023.

*(continues)*

## **GARNEAU UNITED ASSISTED LIVING PLACE**

### **Notes to Financial Statements**

**Year Ended March 31, 2023**

*(Unaudited)*

---

#### **13. 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 liquidity risk because current liabilities exceed current assets. The organization has mitigated this risk by obtaining financing through First National Financial LP to assist with operational losses and the sale of the land and building will provide proceeds to meet financial liabilities.

##### 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.

---

#### **14. COMMITMENTS**

The organization is obligated under the terms of various agreements, with various expiry dates to April 2025.

	Automobile lease	Consulting agreement	Total
2024	\$ 7,463	\$ 10,500	\$ 17,963
2025	7,463	-	7,463
2026	622	-	622
	<u>\$ 15,548</u>	<u>\$ 10,500</u>	<u>\$ 26,048</u>

---

#### **15. SUBSEQUENT EVENTS**

On August 22, 2023, the organization entered into an agreement to sell the land and building. The proceeds from the sale will be utilized to repay long-term debt, investors and outstanding trade payable obligations.

On August 31, 2023, the organization also announced the ceasing of operations of the assisted living residence as of November 30, 2023. This will result in an elimination of all revenue earned by the organization.

---