

**CHRISTIAN SENIOR CITIZENS HOMES  
SOCIETY OF NORTHERN ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**INDEPENDENT AUDITORS' REPORT**

To the Members of Christian Senior Citizens Homes Society of Northern Alberta

We have audited the accompanying financial statements of the Christian Senior Citizens Homes Society of Northern Alberta (the "Society"), which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

In common with many charitable organizations, the Society derives revenue from donations and memberships, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenses, current assets and net assets.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Christian Senior Citizens Homes Society of Northern Alberta as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



HAWKINGS EPP DUMONT LLP  
Chartered Accountants

Edmonton, Alberta  
March 25, 2015

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**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 445,668	\$ -	\$ -	\$ -	\$ 445,668
Term Deposits (Note 2)	409,363	445,848	217,610	-	1,072,821
Accounts receivable	43,563	-	-	-	43,563
Inventory	14,064	-	-	-	14,064
Prepaid expenses	<u>19,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,224</u>
	<b>931,882</b>	<b>445,848</b>	<b>217,610</b>	<b>-</b>	<b>1,595,340</b>
Capital assets (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,107,888</u>	<u>16,107,888</u>
	<b><u>\$ 931,882</u></b>	<b><u>\$ 445,848</u></b>	<b><u>\$ 217,610</u></b>	<b><u>\$ 16,107,888</u></b>	<b><u>\$ 17,703,228</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 208,983	\$ -	\$ -	\$ -	\$ 208,983
Deferred revenue (Note 6)	7,486	-	-	-	7,486
Damage deposits	156,156	-	-	-	156,156
Callable debt due within one year (Note 7)	-	-	-	1,914,023	1,914,023
Current portion of long-term debt (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,555</u>	<u>161,555</u>
	<b>372,625</b>	<b>-</b>	<b>-</b>	<b>2,075,578</b>	<b>2,448,203</b>
Callable debt due beyond one year (Note 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,494,952</u>	<u>4,494,952</u>
	<b>372,625</b>	<b>-</b>	<b>-</b>	<b>6,570,530</b>	<b>6,943,155</b>
Long-term debt (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,963,637</u>	<u>2,963,637</u>
	<b>372,625</b>	<b>-</b>	<b>-</b>	<b>9,534,167</b>	<b>9,906,792</b>
Net assets	<u>559,257</u>	<u>445,848</u>	<u>217,610</u>	<u>6,573,721</u>	<u>7,796,436</u>
	<b><u>\$ 931,882</u></b>	<b><u>\$ 445,848</u></b>	<b><u>\$ 217,610</u></b>	<b><u>\$ 16,107,888</u></b>	<b><u>\$ 17,703,228</u></b>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 451,377	\$ -	\$ -	\$ -	\$ 451,377
Term Deposits (Note 2)	316,381	489,732	198,695	-	1,004,808
Accounts receivable	48,128	-	-	-	48,128
Inventory	9,086	-	-	-	9,086
Prepaid expenses	<u>18,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,749</u>
	<b>843,721</b>	<b>489,732</b>	<b>198,695</b>	<b>-</b>	<b>1,532,148</b>
Mortgage receivable (Note 3)	-	-	-	393,196	393,196
Capital assets (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,463,241</u>	<u>16,463,241</u>
	<b><u>\$ 843,721</u></b>	<b><u>\$ 489,732</u></b>	<b><u>\$ 198,695</u></b>	<b><u>\$ 16,856,437</u></b>	<b><u>\$ 18,388,585</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current</b>					
Accounts payable and accrued liabilities (Note 5)	\$ 248,211	\$ -	\$ -	\$ -	\$ 248,211
Deferred revenue (Note 6)	11,302	-	-	-	11,302
Damage deposits	155,561	-	-	-	155,561
Callable debt due within one year (Note 7)	-	-	-	1,938,885	1,938,885
Current portion of long-term debt (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,158</u>	<u>157,158</u>
Current portion of obligation	<b>415,074</b>	<b>-</b>	<b>-</b>	<b>2,096,043</b>	<b>2,511,117</b>
Callable debt due beyond one year (Note 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,376,534</u>	<u>5,376,534</u>
	<b>415,074</b>	<b>-</b>	<b>-</b>	<b>7,472,577</b>	<b>7,887,651</b>
Long-term debt (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,125,740</u>	<u>3,125,740</u>
	<b>415,074</b>	<b>-</b>	<b>-</b>	<b>10,598,317</b>	<b>11,013,391</b>
Net assets	<u>428,647</u>	<u>489,732</u>	<u>198,695</u>	<u>6,258,120</u>	<u>7,375,194</u>
	<b><u>\$ 843,721</u></b>	<b><u>\$ 489,732</u></b>	<b><u>\$ 198,695</u></b>	<b><u>\$ 16,856,437</u></b>	<b><u>\$ 18,388,585</u></b>

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Internally Restricted Contingency Reserve</u>	<u>Externally Restricted Replacement Reserve</u>	<u>Capital Fund</u>	<u>Total</u>
<b>Balance, beginning of year</b>	<b>\$ 428,647</b>	<b>\$ 489,732</b>	<b>\$ 198,695</b>	<b>\$ 6,258,120</b>	<b>\$ 7,375,194</b>
Net excess of revenue over expenses	836,002	7,357	(2,769)	(419,348)	421,242
Purchase of capital assets	(12,754)	(51,241)	-	63,995	-
Collection of mortgage receivable	393,196	-	-	(393,196)	-
Repayment of long-term debt and callable debt	(1,064,150)	-	-	1,064,150	-
Externally imposed capital restriction	<u>(21,684)</u>	<u>-</u>	<u>21,684</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<b><u>\$ 559,257</u></b>	<b><u>\$ 445,848</u></b>	<b><u>\$ 217,610</u></b>	<b><u>\$ 6,573,721</u></b>	<b><u>\$ 7,796,436</u></b>

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Internally Restricted Funds</u>			<u>Externally Restricted Funds</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Expansion</u>	<u>Kitchen Expansion</u>	<u>Contingency Reserve</u>	<u>Expansion</u>	<u>Replacement Reserve</u>	<u>Capital Fund</u>
<b>Balance, beginning of year</b>	<b>\$ 383,148</b>	<b>\$ 372,275</b>	<b>\$ 152,585</b>	<b>\$ 259,600</b>	<b>\$ -</b>	<b>\$ 189,079</b>	<b>\$ 5,728,169</b>
Net excess of revenue over expenses	837,497	-	-	(116,901)	-	(9,996)	(420,262)
Purchase of capital assets	(61,499)	-	-	(139,667)	-	(2,072)	203,238
Addition of mortgage receivable	(11,446)	-	-	-	-	-	11,446
Repayment of long-term debt and callable debt	(735,529)	-	-	-	-	-	735,529
Externally imposed capital restriction	(21,684)	-	-	-	-	21,684	-
Internally imposed capital restriction (Note 9)	38,160	(372,275)	(152,585)	486,700	-	-	-
<b>Balance, end of year</b>	<b>\$ 428,647</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 489,732</b>	<b>\$ -</b>	<b>\$ 198,695</b>	<b>\$ 6,258,120</b>
							<b>\$ 7,375,194</b>

The accompanying notes are an integral part of these financial statements.

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>Revenue - Facility</b>		
Rent	\$ 2,081,972	\$ 2,008,873
Alberta government grants		
Supportive Living	490,374	407,805
Home Living	263,459	265,740
Mortgage subsidy	16,127	16,127
Other	48,443	61,238
Meals	297,512	289,662
Residential services	66,661	65,125
Benefit of CMHC low interest loan (Note 8)	52,053	52,446
Parking	30,979	30,130
Recreation	21,237	21,894
Other income	<u>5,021</u>	<u>4,908</u>
	<u><b>3,373,838</b></u>	<u><b>3,223,948</b></u>
<b>Expenses - Facility</b>		
Salaries and benefits		
General operations	813,511	802,434
Supportive Living	475,400	409,973
Home Living	228,187	245,180
Amortization	419,348	420,262
Interest on long-term debt	408,302	458,535
Repairs and maintenance	200,960	294,004
Electricity	199,136	224,483
Food and catering	136,698	136,656
Property tax	68,234	62,668
Heating	66,284	48,974
Office supplies	50,743	60,775
Cable	47,132	45,141
Insurance	29,346	28,768
Professional fees	18,668	19,319
Telephone	13,350	14,445
Housekeeping supplies	7,626	6,871
Home Living program costs	3,220	3,985
Supportive Living program costs	<u>1,522</u>	<u>2,168</u>
	<u><b>3,187,667</b></u>	<u><b>3,284,641</b></u>
<b>Excess (deficiency) of revenue over expenses - Facility</b>	<b>186,171</b>	<b>(60,693)</b>
<b>Society operations (Schedule 1)</b>		
Unrestricted	237,840	361,027
Replacement reserve fund	<u>(2,769)</u>	<u>(9,996)</u>
<b>Excess of revenue over expenses</b>	<b>\$ <u>421,242</u></b>	<b>\$ <u>290,338</u></b>

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 421,242	\$ 290,338
Items not affecting cash:		
Amortization of tangible capital assets	<u>419,348</u>	<u>420,262</u>
	<b>840,590</b>	<b>710,600</b>
Changes in non-cash working capital:		
Accounts receivable	4,565	25,164
Inventory	(4,978)	(2,039)
Prepaid expenses	(475)	(2,314)
Accounts payable and accrued liabilities	(39,228)	35,679
Damage deposits	595	1,735
Deferred revenue	<u>(3,816)</u>	<u>(40,482)</u>
Cash flow from (used by) operating activities	<b>797,253</b>	<b>728,343</b>
<b>Investing Activities</b>		
Net change to term deposits	(68,013)	369,891
Purchase of capital assets	<u>(63,995)</u>	<u>(203,238)</u>
Cash flow from (used by) investing activities	<b>(132,008)</b>	<b>166,653</b>
<b>Financing activities</b>		
Net change in debt and obligation under capital lease	(1,064,150)	(735,529)
Change in mortgage receivable	<u>393,196</u>	<u>(11,446)</u>
Cash flow from (used by) financing activities	<b>(670,954)</b>	<b>(746,975)</b>
<b>Net increase (decrease) in cash</b>	<b>(5,709)</b>	<b>148,021</b>
<b>Cash, beginning of year</b>	<u><b>451,377</b></u>	<u><b>303,356</b></u>
<b>Cash, end of year</b>	<b>\$ <u>445,668</u></b>	<b>\$ <u>451,377</u></b>



**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Purpose of Organization**

The Society was formed to provide affordable Christian Seniors housing with assisted living facilities as needed. The Society is a not-for-profit organization incorporated under the Societies Act of Alberta and is a registered charity. The Society qualifies as a non-taxable entity under the Income Tax Act.

Externally restricted funds established in support of the Society's operations can be summarized as follows:

- (i) The replacement reserve fund was created by an agreement with Alberta Social Housing Corporation (ASHC), which requires the Society to maintain a replacement reserve fund for the Centre Wing of the building.

In addition to the externally restricted funds above, the Board has also established internally restricted funds as follows:

- (ii) The contingency fund represents funds to be used for the maintenance and upkeep of the buildings.
- (iii) The capital fund reports the Society's net investment in capital assets.

**(b) Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following policies have been adopted by the Society.

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**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Contributed Services**

Volunteer services contributed on behalf of the Society in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

**(d) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods. Significant areas requiring the use of estimates include the determination of the useful life of capital assets.

**(e) Financial Instruments**

Financial Instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value, with any unrealized gains and losses reported in operations. Investment assets may include equities traded in an active market, bonds and derivatives. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each year-end date and charged to the financial instrument for those measured at amortized cost.

**(f) Inventory**

Kitchen food supplies and cleaning supplies are stated at the lower of cost and net realizable value using a first-in, first-out inventory assumption.

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**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated as follows:

Buildings	2.5% declining balance basis
Asphalt and parking areas	10% declining balance basis
Furniture and equipment	10% declining balance basis
Organ	20% declining balance basis
Automotive equipment	30% declining balance basis
Computer equipment	30% declining balance basis
Computer software	100% declining balance basis

Amortization is calculated at half the normal rate in the year of acquisition.

**(h) Revenue Recognition**

The Society uses the restricted fund method of accounting. Contributions are recognized in the year the contribution is received or receivable if the amount to be recognized can be reasonably estimated and collection is reasonably assured as follows:

- (i) Restricted contributions are recognized as revenue of the applicable restricted fund.
- (ii) Endowment contributions, representing contributions to be maintained in perpetuity as prescribed by donors, are recognized as a direct increase in net assets in the applicable restricted fund.

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*(Continues)*

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Revenue Recognition (Continued)**

The unrestricted fund accounts for the Society's operating and administrative activities. Revenue is recognized in the year received or receivable if the amount to be recognized can be reasonably estimated and collection is reasonably assured as follows:

**(iii)** Rental revenue from suites is recognized on a monthly basis based on the occupancy of the suites.

**(iv)** Related revenue from residential services, meals, laundry and parking is recognized when the services have been provided.

Deferred revenue is recognized when a commitment fee is collected from an interested tenant. The deferred revenue will be recognized in rental revenue when a suite becomes available and the tenant subsequently moves in.

**(i) Government Grants**

Government assistance received for the continual support of the Home Living Program and Supportive Living Program are recognized in the same period as the related expenses.

**(j) Defined Contribution Plan**

The Society maintains a defined RRSP contribution plan for its employees with more than one year of service. The expense for this plan is equal to the Society's required contribution for the year.

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**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**2. TERM DEPOSITS**

Term deposits bear interest at rates between 1.3% - 1.5% (2013 - 1.3% - 1.4%) and mature within one year. The Society only invests in low risk investments to mitigate the risk of loss. Term deposits are held in support of the following balances:

	<u>2014</u>	<u>2013</u>
Deferred revenue (Note 6)	\$ -	\$ 2,305
Unrestricted funds	<u>409,363</u>	<u>314,076</u>
Subtotal - unrestricted funds	409,363	316,381
Internally restricted reserves	445,848	489,732
Externally restricted reserves	<u>217,610</u>	<u>198,695</u>
Total term deposits	<u>\$ 1,072,821</u>	<u>\$ 1,004,808</u>

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**3. MORTGAGE RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Mortgage receivable collected during the year.	\$ -	\$ 393,196

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**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Land	\$ 1,189,212	\$ -	\$ 1,189,212	\$ 1,189,212
Buildings	17,860,707	3,186,908	14,673,799	15,050,050
Asphalt and parking areas	78,358	31,483	46,875	36,124
Furniture and equipment	414,845	254,898	159,947	129,283
Organ	15,525	15,210	315	394
Automotive equipment	78,577	41,576	37,001	52,860
Computer equipment	9,726	9,560	166	238
Computer software	<u>4,856</u>	<u>4,283</u>	<u>573</u>	<u>860</u>
	19,651,806	3,543,918	16,107,888	16,459,021
Assets under capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220</u>
	<u>\$ 19,651,806</u>	<u>\$ 3,543,918</u>	<u>\$ 16,107,888</u>	<u>\$ 16,463,241</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2014</u>	<u>2013</u>
Trade accounts payable	\$ 94,017	\$ 143,173
Salaries and benefits payable	47,982	43,744
Interest payable	29,158	26,382
Government remittances payable	19,888	17,487
Other accrued liabilities	<u>17,938</u>	<u>17,425</u>
	<u>\$ 208,983</u>	<u>\$ 248,211</u>

**6. DEFERRED REVENUE**

	<u>2014</u>	<u>2013</u>
Walk-a-thon	\$ -	\$ 2,217
Other deferred revenue	<u>7,486</u>	<u>9,085</u>
	<u>\$ 7,486</u>	<u>\$ 11,302</u>

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**7. CALLABLE DEBT**

	<u><b>2014</b></u>	<u><b>2013</b></u>
Christian Credit Union loan payable, repayable in monthly instalments of \$10,288 including interest at 3.35% per annum, maturing July 7, 2015.	\$ <b>1,638,967</b>	\$ 1,704,751
Christian Credit Union loan payable, repayable in monthly instalments of \$18,323 including interest at 3.689% per annum, maturing July 7, 2016.	<b>2,541,717</b>	2,954,499
Christian Credit Union loan payable, repayable in monthly instalments of \$18,869 including interest at 4.04% per annum, maturing July 7, 2018.	<u><b>2,228,291</b></u>	<u>2,656,169</u>
	<u><b>6,408,975</b></u>	<u>7,315,419</u>
Less: callable debt due within one year	<u><b>(1,914,023)</b></u>	<u>(1,938,885)</u>
<b>Callable debt due beyond one year</b>	<u><b>\$ 4,494,952</b></u>	<u><b>\$ 5,376,534</b></u>

The callable debt is secured by land and buildings with a carrying value of \$15,863,011, a collateral mortgage registered against the buildings, a general security agreement and an assignment of all rents and leases on the buildings.

Management does not believe that the demand features of the callable debt will be exercised in the current year. Assuming payment of the callable debt is not demanded, regular principal repayments to maturity are due as follows:

2015	\$ 1,914,023
2016	2,554,066
2017	150,791
2018	<u>1,790,095</u>
	<u><b>\$ 6,408,975</b></u>

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**8. LONG-TERM DEBT**

	<u><b>2014</b></u>	<u><b>2013</b></u>
CMHC mortgage payable, repayable in monthly instalments of \$20,458 including interest, maturing February 2016, secured by land and buildings with a carrying value of \$15,863,011		
Fair value of mortgage using a discount rate of 4.48% per annum.	\$ 3,064,023	\$ 3,169,676
Imputed CMHC grant with respect to reduced interest rate on mortgage.	<u>61,169</u>	<u>113,222</u>
Contractual amount of mortgage, bearing interest at 2.75% per annum.	<b>3,125,192</b>	3,282,898
Less: current portion	<u>(161,555)</u>	<u>(157,158)</u>
<b>Long-term portion</b>	<u><b>\$ 2,963,637</b></u>	<u><b>\$ 3,125,740</b></u>

The imputed CMHC grant is being amortized to operations over the five year term of the loan, with \$52,053 (2013 - \$52,446) recognized during the fiscal year.

The CMHC mortgage also qualifies for subsidy assistance provisions that provide interest expense relief from the Alberta government. The total interest subsidy received for the year was \$16,127 (2013 - \$16,127). As a condition of this interest subsidy, the Society is required to maintain a replacement reserve fund as more fully described in Note 10.

Principal repayments to maturity are estimated as follows:

2015	\$ 161,555
2016	<u>2,963,637</u>
	<u><b>\$ 3,125,192</b></u>



**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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**9. INTERNALLY RESTRICTED FUNDS**

The contingency reserve fund represents funds internally restricted by the Board, to be used for the maintenance and upkeep of the buildings. The transfers include internal restrictions determined by the Board less expenses incurred by the fund.

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**10. REPLACEMENT RESERVE FUND**

The Society has an agreement with the Alberta Social Housing Corporation (ASHC), requiring the Society to maintain a replacement reserve fund for the Centre Wing of the building. This agreement requires funding in the amount of \$ 21,684 annually. Expenditure of the funds in the account are subject to approval by the ASHC, with withdrawals being credited to accumulated interest first and then principal amounts. The balance in the reserve was determined as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 198,695	\$ 189,079
Interfund transfer	21,684	21,684
Interest earned	3,702	2,514
Capital asset additions funded from reserve	-	(2,072)
Repairs funded from reserve	<u>(6,471)</u>	<u>(12,510)</u>
<b>Balance, end of year</b>	<b>\$ <u>217,610</u></b>	<b>\$ <u>198,695</u></b>

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**11. DEFINED CONTRIBUTION PLAN**

The Society maintains a defined RRSP contribution plan. RRSP contributions, included in salaries and benefits, amounted to \$ 44,300 (2013 - \$ 32,100).

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# **CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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### **12. FINANCIAL INSTRUMENT RISKS**

#### **(a) 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 changes in market interest rates. The Society is exposed to this risk through its callable debt and long-term debt, which bear interest at fixed interest rates. The fair value of this debt may fluctuate based on changes in the prime business lending rate.

#### **(b) 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 Society is exposed to credit risk as all of the Society's cash and term deposits reside with one financial institution.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Society encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date. The Society is exposed to liquidity risk from accounts payable, callable and long-term debt. The lender has not requested the repayment of the callable debt.

**CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA**

**SCHEDULE 1**

**SCHEDULE OF SOCIETY OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
<b>REVENUE</b>			
Donations - cash	\$ 204,674	\$ -	\$ 204,674
Interest	35,718	3,702	39,420
Memberships	12,950	-	12,950
Van contributions	<u>4,674</u>	<u>-</u>	<u>4,674</u>
	<b>258,016</b>	<b>3,702</b>	<b>261,718</b>
<b>EXPENSES</b>			
Member communications	11,605	-	11,605
Miscellaneous	8,571	-	8,571
Repairs	<u>-</u>	<u>6,471</u>	<u>6,471</u>
	<b>20,176</b>	<b>6,471</b>	<b>26,647</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b><u>\$ 237,840</u></b>	<b><u>\$ (2,769)</u></b>	<b><u>\$ 235,071</u></b>

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
<b>REVENUE</b>			
Donations - cash	\$ 321,267	\$ -	\$ 321,267
Interest	35,317	2,514	37,831
Memberships	14,390	-	14,390
Van contributions	<u>9,501</u>	<u>-</u>	<u>9,501</u>
	<b>380,475</b>	<b>2,514</b>	<b>382,989</b>
<b>EXPENSES</b>			
Member communications	7,911	-	7,911
Miscellaneous	11,537	-	11,537
Repairs	<u>-</u>	<u>12,510</u>	<u>12,510</u>
	<b>19,448</b>	<b>12,510</b>	<b>31,958</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b><u>\$ 361,027</u></b>	<b><u>\$ (9,996)</u></b>	<b><u>\$ 351,031</u></b>