

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 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, 2016 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.

Edmonton, Alberta
March 30, 2017


HAWKINGS EPP DUMONT LLP
Chartered Accountants

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS					
Current					
Cash	\$ 210,742	\$ -	\$ -	\$ -	\$ 210,742
Term Deposits (Note 3)	468,228	188,179	39,895	-	696,302
Accounts receivable (Note 4)	41,725	-	-	-	41,725
Inventory	15,764	-	-	-	15,764
Prepaid expenses	<u>74,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,709</u>
	811,168	188,179	39,895	-	1,039,242
Capital assets (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,339,025</u>	<u>15,339,025</u>
	<u>\$ 811,168</u>	<u>\$ 188,179</u>	<u>\$ 39,895</u>	<u>\$ 15,339,025</u>	<u>\$ 16,378,267</u>
LIABILITIES AND NET ASSETS					
Current					
Accounts payable and accrued liabilities (Note 6)	\$ 277,907	\$ -	\$ -	\$ -	\$ 277,907
Deferred revenue (Note 7)	8,542	-	-	-	8,542
Damage deposits	164,990	-	-	-	164,990
Callable debt due within one year (Note 8)	-	-	-	305,824	305,824
Current portion of long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,354</u>	<u>190,354</u>
	451,439	-	-	496,178	947,617
Callable debt due beyond one year (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,018,500</u>	<u>5,018,500</u>
	451,439	-	-	5,514,678	5,966,117
Long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,590,036</u>	<u>2,590,036</u>
	451,439	-	-	8,104,714	8,556,153
Net assets	<u>359,729</u>	<u>188,179</u>	<u>39,895</u>	<u>7,234,311</u>	<u>7,822,114</u>
	<u>\$ 811,168</u>	<u>\$ 188,179</u>	<u>\$ 39,895</u>	<u>\$ 15,339,025</u>	<u>\$ 16,378,267</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS					
Current					
Cash	\$ 448,344	\$ -	\$ -	\$ -	\$ 448,344
Term Deposits (Note 3)	512,611	391,061	230,938	-	1,134,610
Accounts receivable (Note 4)	29,698	-	-	-	29,698
Inventory	15,988	-	-	-	15,988
Prepaid expenses	<u>29,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,369</u>
	1,036,010	391,061	230,938	-	1,658,009
Capital assets (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,706,683</u>	<u>15,706,683</u>
	\$ 1,036,010	\$ 391,061	\$ 230,938	\$ 15,706,683	\$ 17,364,692
LIABILITIES AND NET ASSETS					
Current					
Accounts payable and accrued liabilities (Note 6)	\$ 248,312	\$ -	\$ -	\$ -	\$ 248,312
Deferred revenue (Note 7)	7,704	-	-	-	7,704
Damage deposits	160,119	-	-	-	160,119
Callable debt due within one year (Note 8)	-	-	-	4,040,042	4,040,042
Current portion of long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,963,120</u>	<u>2,963,120</u>
	416,135	-	-	7,003,162	7,419,297
Callable debt due beyond one year (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,622,687</u>	<u>1,622,687</u>
	416,135	-	-	8,625,849	9,041,984
Net assets	<u>619,875</u>	<u>391,061</u>	<u>230,938</u>	<u>7,080,834</u>	<u>8,322,708</u>
	\$ 1,036,010	\$ 391,061	\$ 230,938	\$ 15,706,683	\$ 17,364,692

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Internally Restricted Contingency Reserve</u>	<u>Externally Restricted Replacement Reserve</u>	<u>Capital Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 619,875	\$ 391,061	\$ 230,938	\$ 7,080,834	\$ 8,322,708
Net excess (deficiency) of revenue over expenses	772,673	(673,207)	(212,727)	(387,333)	(500,594)
Purchase of capital assets	-	(19,675)	-	19,675	-
Repayment of long-term debt and callable debt	(521,135)	-	-	521,135	-
Externally imposed capital restriction	(21,684)	-	21,684	-	-
Reserve transfers	<u>(490,000)</u>	<u>490,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 359,729</u>	<u>\$ 188,179</u>	<u>\$ 39,895</u>	<u>\$ 7,234,311</u>	<u>\$ 7,822,114</u>

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Internally Restricted Contingency Reserve</u>	<u>Externally Restricted Replacement Reserve</u>	<u>Capital Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 559,257	\$ 445,848	\$ 217,610	\$ 6,573,721	\$ 7,796,436
Net excess of revenue over expenses	1,080,620	(144,787)	(8,356)	(401,205)	526,272
Repayment of long-term debt and callable debt	(908,318)	-	-	908,318	-
Externally imposed capital restriction	(21,684)	-	21,684	-	-
Reserve transfers	<u>(90,000)</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 619,875</u>	<u>\$ 391,061</u>	<u>\$ 230,938</u>	<u>\$ 7,080,834</u>	<u>\$ 8,322,708</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue - Facility		
Rent	\$ 2,226,153	\$ 2,155,955
Alberta government grants		
Supportive Living	507,001	494,304
Home Living	308,428	332,090
Mortgage subsidy	2,688	16,127
Other	46,355	45,442
Meals	299,947	288,133
Residential services	64,873	69,908
Parking	37,886	31,574
Recreation	13,686	15,700
Other income	5,292	5,066
Benefit of CMHC low interest loan	<u>-</u>	<u>44,707</u>
	<u>3,512,309</u>	<u>3,499,006</u>
Expenses - Facility		
Salaries and benefits		
General operations	942,092	876,271
Supportive Living	465,928	495,982
Home Living	310,924	258,000
Repairs and maintenance	892,756	351,585
Amortization	387,333	401,205
Interest	226,570	336,738
Electricity	209,899	200,623
Food and catering	152,464	144,853
Property tax	74,512	67,520
Office supplies	64,057	49,730
Cable	49,669	48,242
Heating	38,825	47,121
Insurance	33,202	32,365
Professional fees	18,151	18,156
Telephone	11,056	13,536
Housekeeping supplies	10,286	7,908
Supportive Living program costs	7,105	4,103
Home Living program costs	<u>6,819</u>	<u>2,466</u>
	<u>3,901,648</u>	<u>3,356,404</u>
Excess (deficiency) of revenue over expenses - Facility	(389,339)	142,602
Society operations (Schedule 1)		
Unrestricted	101,472	392,026
Replacement reserve fund	<u>(212,727)</u>	<u>(8,356)</u>
Excess (deficiency) of revenue over expenses	\$ <u>(500,594)</u>	\$ <u>526,272</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Operating Activities		
Excess (deficiency) of revenue over expenses	\$ (500,594)	\$ 526,272
Items not affecting cash:		
Amortization of capital assets	<u>387,333</u>	<u>401,205</u>
	(113,261)	927,477
Changes in non-cash working capital:		
Accounts receivable	(12,027)	13,865
Inventory	224	(1,924)
Prepaid expenses	(45,340)	(10,145)
Accounts payable and accrued liabilities	29,595	39,329
Damage deposits	4,871	3,963
Deferred revenue	<u>838</u>	<u>218</u>
Cash flow from (used by) operating activities	(135,100)	972,783
Investing Activities		
Net change to term deposits	438,308	(61,789)
Purchase of capital assets	<u>(19,675)</u>	<u>-</u>
Cash flow from (used by) investing activities	418,633	(61,789)
Financing activities		
Principal repayment on callable and long-term debt	<u>(521,135)</u>	<u>(908,318)</u>
Cash flow from (used by) financing activities	(521,135)	(908,318)
Net increase (decrease) in cash	(237,602)	2,676
Cash, beginning of year	<u>448,344</u>	<u>445,668</u>
Cash, end of year	\$ <u><u>210,742</u></u>	\$ <u><u>448,344</u></u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. NATURE OF OPERATIONS

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(b) Restricted Funds

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.

(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.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash

Cash includes chequing and savings accounts and petty cash amounts.

(e) 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 and the corresponding rates of amortization.

(f) Financial Instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, and subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and callable debt. Financial liabilities measured at fair value include long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(g) 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.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) 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.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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.

(k) 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.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

3. TERM DEPOSITS

Term deposits bear interest at rates between 0.7% - 0.8% (2015 - 0.7% - 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>2016</u>	<u>2015</u>
Unrestricted funds	\$ 468,228	\$ 512,611
Internally restricted reserves	188,179	391,061
Externally restricted reserves	<u>39,895</u>	<u>230,938</u>
Total term deposits	<u>\$ 696,302</u>	<u>\$ 1,134,610</u>

4. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Goods and Services Tax receivable	\$ 22,298	\$ 17,752
Trade accounts receivable	13,696	3,337
Interest receivable	<u>5,731</u>	<u>8,609</u>
	<u>\$ 41,725</u>	<u>\$ 29,698</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Land	\$ 1,189,212	\$ -	\$ 1,189,212	\$ 1,189,212
Buildings	17,860,707	3,911,427	13,949,280	14,306,954
Asphalt and parking areas	78,358	40,390	37,968	42,187
Furniture and equipment	434,520	290,625	143,895	141,679
Organ	15,525	15,323	202	252
Automotive equipment	78,577	60,446	18,131	25,901
Computer equipment	9,726	9,645	81	116
Computer software	<u>4,856</u>	<u>4,600</u>	<u>256</u>	<u>382</u>
	<u>\$ 19,671,481</u>	<u>\$ 4,332,456</u>	<u>\$ 15,339,025</u>	<u>\$ 15,706,683</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 139,638	\$ 136,091
Salaries and vacation payable	87,424	54,745
Government remittances payable	18,997	19,271
Other accrued liabilities	17,938	17,938
Interest payable	<u>13,910</u>	<u>20,267</u>
	<u>\$ 277,907</u>	<u>\$ 248,312</u>

7. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Recreation	\$ 7,010	\$ 4,190
Other	<u>1,532</u>	<u>3,514</u>
	<u>\$ 8,542</u>	<u>\$ 7,704</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

8. CALLABLE DEBT

	<u>2016</u>	<u>2015</u>
Christian Credit Union loan matured during the year.	\$ -	\$ 1,566,690
Christian Credit Union loan payable, repayable in monthly instalments of \$20,738 including interest at 2.94% per annum, maturing in July 2021.	3,701,816	2,316,136
Christian Credit Union loan payable, repayable in monthly instalments of \$18,869 including interest at 4.04% per annum, maturing in July 2018.	<u>1,622,508</u>	<u>1,779,903</u>
	5,324,324	5,662,729
Less: callable debt due within one year	<u>(305,824)</u>	<u>(4,040,042)</u>
Callable debt due beyond one year	<u>\$ 5,018,500</u>	<u>\$ 1,622,687</u>

The callable debt is secured by land and buildings with a carrying value of \$15,138,492, 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:

2017	\$ 305,824
2018	1,604,788
2019	150,523
2020	154,741
2021	<u>3,108,448</u>
	<u>\$ 5,324,324</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

9. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
CMHC mortgage payable, repayable in monthly instalments of \$18,191 including interest at 1.04%, maturing in March 2021, secured by land and buildings with a carrying value of \$15,138,492	\$ 2,780,390	\$ 2,963,120
Less: current portion	<u>(190,354)</u>	<u>(2,963,120)</u>
Long-term portion	<u>\$ 2,590,036</u>	<u>\$ -</u>

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 \$2,688 (2015 - \$16,127). As a condition of this interest subsidy, the Society is required to maintain a replacement reserve fund (see Note 11).

Principal repayments to maturity are estimated as follows:

2017	\$ 190,354
2018	192,332
2019	194,337
2020	196,356
2021	<u>2,007,011</u>
	<u>\$ 2,780,390</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

10. 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.

11. 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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 230,938	\$ 217,610
Interfund transfer	21,684	21,684
Interest earned	1,313	3,073
Repairs funded from reserve	<u>(214,040)</u>	<u>(11,429)</u>
Balance, end of year	\$ <u>39,895</u>	\$ <u>230,938</u>

12. DEFINED CONTRIBUTION PLAN

The Society maintains a defined RRSP contribution plan. RRSP contributions, included in salaries and benefits, amounted to \$ 51,450 (2015 - \$ 48,050).

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

13. 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, 2016

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
REVENUE			
Donations - cash	\$ 95,133	\$ -	\$ 95,133
Interest	11,675	1,313	12,988
Memberships	13,860	-	13,860
Van contributions	<u>5,695</u>	<u>-</u>	<u>5,695</u>
	126,363	1,313	127,676
EXPENSES			
Member communications	9,876	-	9,876
Van	15,015	-	15,015
Repairs	<u>-</u>	<u>214,040</u>	<u>214,040</u>
	<u>24,891</u>	<u>214,040</u>	<u>238,931</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>101,472</u>	\$ <u>(212,727)</u>	\$ <u>(111,255)</u>

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
REVENUE			
Donations - cash	\$ 379,306	\$ -	\$ 379,306
Interest	17,212	3,073	20,285
Memberships	12,240	-	12,240
Van contributions	<u>3,816</u>	<u>-</u>	<u>3,816</u>
	412,574	3,073	415,647
EXPENSES			
Member communications	12,569	-	12,569
Van	7,979	-	7,979
Repairs	<u>-</u>	<u>11,429</u>	<u>11,429</u>
	<u>20,548</u>	<u>11,429</u>	<u>31,977</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>392,026</u>	\$ <u>(8,356)</u>	\$ <u>383,670</u>