

Here are some comments for the Board meeting:

Per our audit findings letter addressed to the Board, the audit process went well and we have no issues or concerns to bring forward to the Board's attention. All of the information we asked for was provided and we had no problems completing the audit work. Based on what we saw during the year end audit process, it is our impression that the transition from Pat to Henry has gone smoothly.

Our audit report is attached to the financial statements.

The audit report and audit findings letter cover the required communications between auditors and Boards. Obviously we would prefer to be there in person to discuss any questions, as we have done in the past. If there any questions or concerns please contact me any time.

Curt

Curtis Friesen, CPA, CA | Partner



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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Draft

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the 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, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and memberships, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and memberships revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

(continues)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Chartered Professional Accountants

Edmonton, Alberta
March 25, 2020

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS					
Current					
Cash and cash equivalents (Note 3)\$	985,950	\$ 270,470	\$ 92,432	\$ -	\$ 1,348,852
Accounts receivable (Note 4)	96,176	-	-	-	96,176
Inventory	12,948	-	-	-	12,948
Prepaid expenses	<u>130,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,495</u>
	1,225,569	270,470	92,432	-	1,588,471
Capital assets (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,712,587</u>	<u>31,712,587</u>
	\$ 1,225,569	\$ 270,470	\$ 92,432	\$ 31,712,587	\$ 33,301,058
LIABILITIES AND NET ASSETS					
Current					
Accounts payable and accrued liabilities (Note 6)	\$ 475,203	\$ -	\$ -	\$ 2,787,671	\$ 3,262,874
Deferred revenue (Note 7)	89,744	-	-	-	89,744
Damage deposits	176,270	-	-	-	176,270
Callable debt due within one year (Note 8)	-	-	-	18,564,519	18,564,519
Current portion of long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,356</u>	<u>196,356</u>
	741,217	-	-	21,548,546	22,289,763
Long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,007,012</u>	<u>2,007,012</u>
	741,217	-	-	23,555,558	24,296,775
Net assets	<u>484,352</u>	<u>270,470</u>	<u>92,432</u>	<u>8,157,029</u>	<u>9,004,283</u>
	\$ 1,225,569	\$ 270,470	\$ 92,432	\$ 31,712,587	\$ 33,301,058

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS					
Current					
Cash and cash equivalents (Note 3)\$	874,650	\$ 251,012	\$ 83,326	\$ -	\$ 1,208,988
Accounts receivable (Note 4)	186,017	-	-	-	186,017
Inventory	18,322	-	-	-	18,322
Prepaid expenses	<u>25,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,431</u>
	1,104,420	251,012	83,326	-	1,438,758
Capital assets (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,953,714</u>	<u>20,953,714</u>
	\$ 1,104,420	\$ 251,012	\$ 83,326	\$ 20,953,714	\$ 22,392,472
LIABILITIES AND NET ASSETS					
Current					
Accounts payable and accrued liabilities (Note 6)	\$ 322,002	\$ -	\$ -	\$ 2,181,644	\$ 2,503,646
Deferred revenue (Note 7)	54,664	-	-	-	54,664
Damage deposits	172,479	-	-	-	172,479
Callable debt due within one year (Note 8)	-	-	-	201,215	201,215
Current portion of long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,337</u>	<u>194,337</u>
	549,145	-	-	2,577,196	3,126,341
Callable debt due beyond one year (Note 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,055,484</u>	<u>8,055,484</u>
	549,145	-	-	10,632,680	11,181,825
Long-term debt (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,203,368</u>	<u>2,203,368</u>
	549,145	-	-	12,836,048	13,385,193
Net assets	<u>555,275</u>	<u>251,012</u>	<u>83,326</u>	<u>8,117,666</u>	<u>9,007,279</u>
	\$ 1,104,420	\$ 251,012	\$ 83,326	\$ 20,953,714	\$ 22,392,472

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<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	\$ 555,275	\$ 251,012	\$ 83,326	\$ 8,117,666	\$ 9,007,279
Excess of revenue over expenses	426,776	(50,207)	862	(380,427)	(2,996)
Purchase of capital assets	(11,075,525)	(50,335)	(13,440)	11,139,300	-
Issuance of long-term and callable debt	10,509,035	-	-	(10,509,035)	-
Payables related to capital assets	606,027	-	-	(606,027)	-
Repayment of long-term debt and callable debt	(395,552)	-	-	395,552	-
Externally imposed capital restriction	(21,684)	-	21,684	-	-
Reserve transfers	<u>(120,000)</u>	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 484,352</u>	<u>\$ 270,470</u>	<u>\$ 92,432</u>	<u>\$ 8,157,029</u>	<u>\$ 9,004,283</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	<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	\$ 456,320	\$ 208,283	\$ 60,789	\$ 7,745,404	\$ 8,470,796
Excess of revenue over expenses	969,891	(38,574)	853	(395,687)	536,483
Purchase of capital assets	(5,986,793)	(8,697)	-	5,995,490	-
Issuance of long-term and callable debt	3,503,269	-	-	(3,503,269)	-
Payables related to capital assets	2,181,645	-	-	(2,181,645)	-
Repayment of long-term debt and callable debt	(457,373)	-	-	457,373	-
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>\$ 555,275</u>	<u>\$ 251,012</u>	<u>\$ 83,326</u>	<u>\$ 8,117,666</u>	<u>\$ 9,007,279</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Rent	\$ 2,411,486	\$ 2,343,949
Alberta government grants		
Health programs	889,992	867,331
Other grants	79,880	315,488
Meals	288,664	288,529
Residential services	87,206	80,532
Other income	39,241	22,293
Parking	23,333	26,928
CMHC seed grant	<u>-</u>	<u>35,000</u>
	<u>3,819,802</u>	<u>3,980,050</u>
Expenses		
Salaries and benefits		
General operations	1,316,300	1,091,340
Health programs	797,768	808,788
Amortization	380,427	395,687
Repairs and maintenance	346,346	278,398
Electricity	214,315	209,784
Interest	196,707	194,964
Food	183,889	173,370
Office and supplies	85,631	87,138
Property tax	81,992	80,669
Heating	67,460	52,481
Cable	58,925	56,478
Insurance	48,664	45,667
Recreation and projects	44,295	14,950
Professional fees	20,577	18,776
Housekeeping supplies	14,719	8,846
Telephone	12,400	11,896
Health programs	<u>12,319</u>	<u>10,307</u>
	<u>3,882,734</u>	<u>3,539,539</u>
Excess of revenue over expenses	(62,932)	440,511
Society operations (Schedule 1)		
Unrestricted	59,074	95,119
Replacement reserve fund	<u>862</u>	<u>853</u>
Excess of revenue over expenses	\$ <u>(2,996)</u>	\$ <u>536,483</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Operating Activities		
Excess of revenue over expenses	\$ (2,996)	\$ 536,483
Items not affecting cash and cash equivalents:		
Amortization of capital assets	<u>380,427</u>	<u>395,687</u>
	377,431	932,170
Changes in non-cash working capital:		
Accounts receivable	89,841	(145,015)
Inventory	5,374	(364)
Prepaid expenses	(105,064)	350,205
Accounts payable and accrued liabilities	759,229	2,253,825
Damage deposits	3,791	4,042
Deferred revenue	<u>35,079</u>	<u>27,924</u>
Cash flow from (used by) operating activities	<u>1,165,681</u>	<u>3,422,787</u>
Investing Activities		
Purchase of capital assets	<u>(11,139,300)</u>	<u>(5,995,490)</u>
Financing activities		
Issuance of callable debt and long-term debt	10,509,035	3,503,269
Principal repayment on callable and long-term debt	<u>(395,552)</u>	<u>(457,373)</u>
Cash flow from (used by) financing activities	<u>10,113,483</u>	<u>3,045,896</u>
Net increase (decrease) in cash and cash equivalents	139,864	473,193
Cash and cash equivalents, beginning of year	<u>1,208,988</u>	<u>735,795</u>
Cash and cash equivalents, end of year	<u>\$ 1,348,852</u>	<u>\$ 1,208,988</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and Cash Equivalents

Cash and cash equivalents includes chequing and savings accounts and petty cash amounts. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

(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 and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, callable debt and 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.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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, 2019

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 to support health programs 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, 2019

3. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Unrestricted funds	\$ 985,950	\$ 874,650
Internally restricted reserves	270,470	251,012
Externally restricted reserves	<u>92,432</u>	<u>83,326</u>
Total	<u>\$ 1,348,852</u>	<u>\$ 1,208,988</u>

4. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Goods and Services Tax receivable	\$ 72,255	\$ 121,010
Trade accounts receivable	23,921	64,110
Interest receivable	<u>-</u>	<u>897</u>
	<u>\$ 96,176</u>	<u>\$ 186,017</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Land	\$ 1,189,212	\$ -	\$ 1,189,212	\$ 1,189,212
Buildings	35,271,806	4,955,595	30,316,211	19,582,427
Asphalt and parking areas	78,358	50,679	27,679	30,754
Furniture and equipment	478,010	332,257	145,753	131,615
Automotive equipment	79,853	66,059	13,794	19,706
Computer equipment	33,182	13,244	19,938	-
Organ	15,525	15,525	-	-
Computer software	33,684	33,684	-	-
	<u>\$ 37,179,630</u>	<u>\$ 5,467,043</u>	<u>\$ 31,712,587</u>	<u>\$ 20,953,714</u>

Cost includes construction in progress of \$16,988,326 (2018 - \$5,912,802). This amount will not be amortized until the building project is complete and in use.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade accounts payable	\$ 1,655,531	\$ 1,823,078
Construction holdbacks payable	1,373,632	516,994
Salaries and vacation payable	133,264	104,120
Interest payable	60,646	25,377
Other accrued liabilities	18,450	18,450
Government remittances payable	21,351	15,627
	<u>\$ 3,262,874</u>	<u>\$ 2,503,646</u>

7. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Donations	\$ 73,370	\$ 41,201
Recreation	15,867	12,512
Garden fund	507	951
	<u>\$ 89,744</u>	<u>\$ 54,664</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. CALLABLE DEBT

	<u>2019</u>	<u>2018</u>
Christian Credit Union loan payable, repayable in monthly instalments of \$31,219 including interest at 3.72% per annum, maturing in July 2020.	\$ 4,552,215	\$ 4,753,430
Christian Credit Union construction loan payable to a maximum of \$20,500,000 with interest only payments at 5.2% per annum, maturing in August 2020.	13,912,304	3,403,269
CMHC no interest construction loan, repayable in full upon completion of the construction project in 2020.	<u>100,000</u>	<u>100,000</u>
	18,564,519	8,256,699
Less: callable debt due within one year	<u>(18,564,519)</u>	<u>(201,215)</u>
Callable debt due beyond one year	\$ <u>-</u>	\$ <u>8,055,484</u>

The callable debt is secured by land and buildings, including, a collateral mortgage registered against the buildings, a general security agreement and an assignment of all rents and leases on the buildings.

9. LONG-TERM DEBT

	<u>2019</u>	<u>2018</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.	\$ 2,203,368	\$ 2,397,705
Less: current portion	<u>(196,356)</u>	<u>(194,337)</u>
Long-term portion	\$ <u>2,007,012</u>	\$ <u>2,203,368</u>

Principal repayments to maturity are estimated as follows:

2020	\$ 196,356
2021	<u>2,007,012</u>
	<u>\$ 2,203,368</u>

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 83,326	\$ 60,789
Interfund transfer	21,684	21,684
Interest earned	862	853
Capital asset additions funded from reserve	<u>(13,440)</u>	<u>-</u>
Balance, end of year	\$ <u>92,432</u>	\$ <u>83,326</u>

12. DEFINED CONTRIBUTION PLAN

The Society maintains a defined RRSP contribution plan. RRSP contributions, included in salaries and benefits, amounted to \$ 50,750 (2018 - \$ 49,550).

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 cash equivalents 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 debt and long-term debt. The lender has not requested the repayment of the callable debt.

14. COMMITMENTS

The Society has entered contracts for new building construction for a total of \$19,359,395. Total project spending to December 31, 2019 is \$16,988,326.

CHRISTIAN SENIOR CITIZENS HOMES SOCIETY OF NORTHERN ALBERTA

SCHEDULE 1

SCHEDULE OF SOCIETY OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
REVENUE			
Donations	\$ 30,433	\$ -	\$ 30,433
Interest	15,011	862	15,873
Memberships	<u>13,630</u>	<u>-</u>	<u>13,630</u>
	<u>\$ 59,074</u>	<u>\$ 862</u>	<u>\$ 59,936</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted</u>	<u>Replacement Reserve</u>	<u>Total</u>
REVENUE			
Donations	\$ 73,836	\$ -	\$ 73,836
Memberships	12,750	-	12,750
Interest	<u>8,533</u>	<u>853</u>	<u>9,386</u>
	<u>\$ 95,119</u>	<u>\$ 853</u>	<u>\$ 95,972</u>