Consolidated Financial Statements of

TABER AND DISTRICT HOUSING FOUNDATION

And Independent Auditors' Report thereon

Year ended December 31, 2019

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KPMG LLP
500 Lethbridge Centre Tower
400-4th Avenue South
Lethbridge AB T1J 4E1
Canada
Tel 403-380-5700
Fax 403-380-5760

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Taber and District Housing Foundation

Opinion

We have audited the consolidated financial statements of Taber and District Housing Foundation, (the Foundation) which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operating surplus (deficit) for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- the statement of operations for Clearview Lodge and Housing for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as at December 31, 2019 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 auditors' report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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KPMG Canada provides services to KPMG LLP.

Emphasis of Matter - Comparative Financial Statements

The consolidated financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on March 21, 2019. For the year ended December 31, 2018 the consolidated financial statements reported a repayment of an operating surplus of $5,826 and amortization of capital assets of $1,522 for total expenses of $7,348 as a direct decrease to net assets, rather than an expense. This qualified opinion was a result of the departure from Canadian accounting standards for not-for-proift organizations that requires the amounts to be reported as expenses.

The comparative information for the year ended December 31, 2018 reports the $7,348 as expenses to comply with Canadian accounting standards for not-for-profit organizations.

Our opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 the consolidated 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.

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We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Foundation's internal control.

- Evaluate the appropriateness of accounting policies used 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 Foundation'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 consolidated 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 Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- 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.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

March 19, 2020

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TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	Housing	Clearview Lodge	Total 2019	Total 2018
Assets				
Current assets:				
Cash and short-term investments (note 2)	$ 106,985	$ 722,814	$ 829,799	$ 715,014
Accounts receivable (note 7)	11,899	64,461	76,360	311,081
Goods and services tax recoverable	11,333	13,053	24,386	88,757
Security deposits	33,925	--	33,925	33,959
Food and supplies inventory	--	27,049	27,049	27,238
Prepaid expenses	9,539	17,967	27,506	26,080
	173,681	845,344	1,019,025	1,202,129
Capital assets (note 4):				
Capital assets	52,955	7,599,318	7,652,273	7,583,370
Less accumulated amortization	41,493	2,430,391	2,471,884	2,266,675
	11,462	5,168,927	5,180,389	5,316,695
	$ 185,143	$ 6,014,271	$ 6,199,414	$ 6,518,824
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$ 91,826	$ 133,452	$ 225,278	$ 471,782
Government remittances payable	--	40,467	40,467	37,252
Deferred revenue	9,298	--	9,298	8,763
Deferred capital contributions (note 5)	28,800	18,645	47,445	116,348
Deposits payable	33,339	--	33,339	32,388
Due to Alberta Social Housing Corporation (note 3)	10,418	--	10,418	5,826
	173,681	192,564	366,245	672,359
Unamortized deferred capital contributions (note 6)	--	3,207,239	3,207,239	3,250,549
Net assets:				
Investment in capital assets	11,462	1,961,689	1,973,151	2,066,147
Available accumulated excess of revenue over expenses	--	652,779	652,779	529,769
	11,462	2,614,468	2,625,930	2,595,916
	$ 185,143	$ 6,014,271	$ 6,199,414	$ 6,518,824

See accompanying notes to consolidated financial statements.

DATE: _____

CHAIR OF THE BOARD OF DIRECTORS: _____

TABER, ALBERTA

MANAGEMENT BODY: TABER AND DISTRICT HOUSING FOUNDATION

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TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Operating Surplus (Deficit)

Year ended December 31, 2019, with comparative information for 2018

		2019		2018
Operating surplus (deficit) for the year:				
Clearview Lodge	$	31,357	$	(18,561)
Housing		(1,343)		(1,522)
Consolidated operating surplus (deficit)	$	30,014	$	(20,083)

See accompanying notes to consolidated financial statements.

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TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Investment in capital assets	Available accumulated excess of revenue over expense	Total 2019	Total 2018
Balance, beginning of year	$ 2,066,147	$ 529,769	$ 2,595,916	$ 2,615,999
Consolidated operating surplus (deficit)	-	30,014	30,014	(20,083)
Transfers:				
- Amortization of capital assets	(205,209)	205,209	-	-
- Amortization of deferred capital contributions	112,213	(112,213)		
			-	-
Balance, end of year	$ 1,973,151	$ 652,779	$ 2,625,930	$ 2,595,916

See accompanying notes to consolidated financial statements.

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TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

		2019		2018
Cash provided by (used in):				
Operations:				
Consolidated operating surplus deficit)	$	30,014	$	(20,083)
Items not involving cash:				
Amortization of capital assets		205,209		203,766
Amortization of deferred capital contributions		(112,213)		(110,090)
		123,010		73,593
Changes in non-cash operating working capital:				
Accounts receivable		234,721		(230,237)
Goods and services tax recoverable		64,371		(44,596)
Security deposits		34		(2,287)
Food and supplies inventory		189		(926)
Prepaid expenses		(1,426)		(4,695)
Accounts payable and accrued liabilities		(246,504)		217,492
Government remittances payable		3,215		6,013
Deferred revenue		535		88,355
Deferred contributions		(68,903)		-
Deposits payable		951		2,398
Due to Alberta Social Housing Corporation		4,592		3,021
		114,785		108,131
Financing:				
Capital contributions received		68,903		75,530
Investing:				
Purchase of capital assets, with external funds		(68,903)		(75,530)
Purchase of capital assets, with internal funds		-		(12,695)
		(68,903)		(88,225)
Increase in cash		114,785		95,436
Cash, beginning of year		715,014		619,578
Cash, end of year	$	829,799	$	715,014

See accompanying notes to consolidated financial statements.

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Nature of operations:

Taber and District Housing Foundation ("the Foundation") is incorporated under the Alberta Housing Act, and operates a senior citizens lodge and various social housing complexes. It is a public foundation and therefore is exempt from tax under the Income Tax Act. The Foundation operates two separate divisions, Clearview Lodge ("Lodge") and Housing. These consolidated financial statements present the assets, liabilities, revenues and expenses of both divisions.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The Foundation's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than three months from the date of acquisition.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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1. Significant accounting policies (continued):

(c) Food and supplies inventory:

Food and supplies inventory is valued at the lower of cost and replacement cost.

(d) Capital assets:

Capital assets purchased are stated at cost. Capital assets are amortized on a straight line and declining balance basis using the following annual rates:

Asset	Rate
Buildings	40 years
Equipment	10%
Paving	4%
Furnishings	10%

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long term service potential to the Foundation. Any such impairment is measured by a comparison of the carrying amount of an asset to estimated residual value.

(e) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions which include donations and government grants. Operating grants are recognized in the period when receivable. Operating grants received for future periods are reported as deferred contributions until that period, when they are transferred to revenue.

Assets funded by the provincial government are recorded as an asset and a corresponding credit is recorded as an unamortized deferred capital contribution. Unamortized deferred capital contributions and related interest are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded. The related portion of the amortization expense and the deferred capital contributions are matched to indicate that the related amortization expense has been funded. Land that is contributed is recorded as a direct increase to investment in capital assets.

Revenue from rent and other services is recognized when the payment is received or receivable, and the service has been provided.

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1. Significant accounting policies (continued):

(f) Related party transactions:

Monetary and non-monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations, except when the transaction is an exchange of a product or property held-for-sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(h) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts 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 year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

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2. Cash and short-term investment:

The Foundation considers deposits in banks and short-term investments as cash and cash equivalents.

	2019	2018
Cash	$ 800,999	$ 686,214
Guaranteed investment certificates	28,800	28,800
	$ 829,799	$ 715,014

The cashable Guaranteed Investment Certificate bears an interest rate of 0.5% (2018 - 0.5%) and matures December 6, 2020.

The cashable guaranteed investment certificates are held in trust for security deposits from tenants and the corresponding liability to the tenants is recorded seperately on the consolidated statement of financial position.

3. Due to Alberta Social Housing Corporation ("ASHC"):

The Housing Act which regulates the Housing operation requires that all surpluses from the Housing operation including non-allowable amortization expense, be repayable to ASHC. Therefore, the Housing 2019 surplus, plus non-allowable amortization expense repayable to ASHC at the end of 2019 is $10,418 (2018 - $5,826).

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4. Capital assets:

			2019
	Cost	Accumulated amortization	Net book value
Land	$ 4,115	$ -	$ 4,115
Building	6,884,443	2,042,295	4,842,148
Equipment	652,369	360,134	292,236
Furniture	53,191	42,081	11,109
Paving	58,155	27,374	30,781
	$ 7,652,273	$ 2,471,884	$ 5,180,389

			2018
	Cost	Accumulated amortization	Net book value
Land	$ 4,115	$ -	$ 4,115
Building	6,827,129	1,870,900	4,956,229
Equipment	640,780	328,836	311,944
Furniture	53,191	40,848	12,343
Paving	58,155	26,091	32,064
	$ 7,583,370	$ 2,266,675	$ 5,316,695

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5. Deferred capital contributions:

Deferred revenue represents the portion of the unspent contributions for future capital projects and operational funding.

		2019		2018
Balance, beginning of year	$	116,348	$	28,800
Contributions:				
Capital maintenance renewal grant		-		160,578
Other		-		2,500
Contributions transferred to unamortized deferred capital contributions		(68,903)		(75,530)
	$	47,445	$	116,348

6. Unamortized deferred capital contributions:

Unamortized deferred capital contributions represents the unamortized portion of contributions received and spent on capital projects. Changes in unamortized deferred capital contributions are as follows:

		2019		2018
Balance, beginning of year	$	3,250,549	$	3,285,109
Contributions transferred from deferred capital contributions for capital projects		68,903		75,530
		3,319,452		3,360,639
Amount recognized as revenue		(112,213)		(110,090)
	$	3,207,239	$	3,250,549

7. Related party transactions:

At December 31, 2019, there was a balance payable from the Housing division to Clearview Lodge of $46,906 (2018- $273,984). These balances are not eliminated in the consolidated statement of financial position.

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8. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

9. Financial risks and concentration of risk:

(a) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments as a result of investment in fixed interest instruments which subject the Foundation to a fair value risk, however, the risk associated is reduced to a minimum as these assets are guaranteed investment securities. There has been no change to the risk exposure from 2018.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2018.

(c) Other risks:

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant currency or credit risks.

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TABER AND DISTRICT HOUSING FOUNDATION

Statement of Operations - Housing

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Resident rent	$ 699,685	$ 690,133
Resident services	43,704	42,228
Non- resident services	51,304	47,491
Provincial grants	-	19,842
	794,693	799,694
Expenses:		
Human resources	376,104	321,266
Operating	39,800	37,631
Maintenance	217,662	161,805
Utilities	215,309	245,931
Administration	64,093	63,817
Amortization	1,343	1,522
	914,312	831,972
Expenses over revenue before ASHC funding	$ (119,619)	$ (32,278)
ASHC- funding received	122,868	36,582
ASHC- funding carryforward from prior year	5,826	-
ASHC- approved carryfoward funding	-	(5,826)
Transfer to ASHC	(10,418)	-
Operating surplus (deficit)	$ (1,343)	$ (1,522)

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TABER AND DISTRICT HOUSING FOUNDATION

Statement of Operations - Clear View Lodge

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Rent	$ 1,381,998	1,350,573
Resident services	33,767	37,415
Non-resident services	58,739	61,738
Alberta health services	546,550	544,184
Municipal requisitions	330,664	286,890
Lodge Assistance Grant Agreement	304,224	309,032
Management and administration	4,676	12,622
Investment income	12,759	12,467
Other	5,250	9,939
Donations	595	5,125
Amortization of deferred capital contributions	112,213	110,090
	2,791,436	2,740,075
Expenses:		
Human resources	1,338,499	1,316,049
Health	580,239	575,114
Food	249,955	241,141
Operating	82,282	89,972
Maintenance	91,161	107,853
Utilities	142,049	160,306
Administration	72,029	65,957
Amortization	203,866	202,244
	2,760,079	2,758,636
Operating surplus (deficit)	$ 31,357	$ (18,561)

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