

DRAFT Consolidated Financial Statements of

**TABER AND DISTRICT
HOUSING FOUNDATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020

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, 2020
- 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, 2020 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 Consolidated 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.

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.

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.

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Chartered Professional Accountants

Lethbridge, Canada

TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	Housing	Clearview Lodge	Total 2020	Total 2019
Assets				
Current assets:				
Cash and short-term investments (note 2)	\$ 165,881	\$ 752,517	\$ 918,398	\$ 829,799
Accounts receivable (note 8)	13,650	155,896	169,546	76,360
Goods and services tax recoverable	19,627	27,045	46,672	24,386
Security deposits	36,551	--	36,551	33,925
Food and supplies inventory	--	48,055	48,055	27,049
Prepaid expenses	13,750	17,384	31,134	27,506
	249,459	1,000,897	1,250,356	1,019,025
Capital assets (note 3):				
Capital assets	39,942	7,658,323	7,698,265	7,652,273
Less accumulated amortization	29,824	2,639,319	2,669,143	2,471,884
	10,118	5,019,004	5,029,122	5,180,389
	\$ 259,577	\$ 6,019,901	\$ 6,279,478	\$ 6,199,414
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 8)	\$ 142,123	\$ 201,734	\$ 343,857	\$ 225,278
Government remittances payable	--	71,400	71,400	40,467
Deferred revenue (note 4)	--	42,084	42,084	9,298
Deferred capital contributions (note 6)	28,800	18,645	47,445	47,445
Deposits payable	33,485	--	33,485	33,339
Due to Alberta Social Housing Corporation (note 5)	44,831	--	44,831	10,418
	249,239	333,863	583,102	366,245
Unamortized deferred capital contributions (note 7)	--	3,096,327	3,096,327	3,207,239
Net assets:				
Investment in capital assets	10,118	1,922,677	1,932,796	1,973,151
Available accumulated excess of revenue over expenses	220	667,034	667,254	652,779
	10,338	2,589,711	2,600,049	2,625,930
	\$ 259,577	\$ 6,019,901	\$ 6,279,478	\$ 6,199,414

See accompanying notes to consolidated financial statements.

DATE: _____

CHAIR OF THE BOARD OF DIRECTORS: _____

TABER, ALBERTA

MANAGEMENT BODY: TABER AND DISTRICT HOUSING FOUNDATION

TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Operating Surplus (Deficit)

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Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Operating surplus (deficit) for the year:		
Clearview Lodge	\$ (24,757)	\$ 31,357
Housing	(1,124)	(1,343)
Consolidated operating surplus (deficit)	\$ (25,881)	\$ 30,014

See accompanying notes to consolidated financial statements.

TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Changes in Net Assets

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Year ended December 31, 2020, with comparative information for 2019

	Investment in capital assets	Available accumulated excess of revenue over expense	Total 2020	Total 2019
Balance, beginning of year	\$ 1,973,151	\$ 652,779	\$ 2,625,930	\$ 2,595,916
Consolidated operating surplus (deficit)	-	(25,881)	(25,881)	30,014
Transfers:				
- Amortization of capital assets	(210,053)	210,053	-	-
- Amortization of deferred capital contributions	110,912	(110,912)	-	-
Change in capital assets	58,785	(58,785)	-	-
Balance, end of year	\$ 1,932,795	\$ 667,254	\$ 2,600,049	\$ 2,625,930

See accompanying notes to consolidated financial statements.

TABER AND DISTRICT HOUSING FOUNDATION

Consolidated Statement of Cash Flows

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Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Consolidated operating surplus (deficit)	\$ (25,881)	\$ 30,014
Items not involving cash:		
Amortization of capital assets	210,053	205,209
Amortization of deferred capital contributions	(110,912)	(112,213)
Gain on disposal of capital assets	(2,780)	-
	70,480	123,010
Changes in non-cash operating working capital:		
Accounts receivable	(93,186)	234,721
Goods and services tax recoverable	(22,286)	64,371
Security deposits	(2,626)	34
Food and supplies inventory	(21,007)	189
Prepaid expenses	(3,628)	(1,426)
Accounts payable and accrued liabilities	118,579	(246,504)
Government remittances payable	30,933	3,215
Deferred revenue	32,786	535
Deferred contributions	-	(68,903)
Deposits payable	146	951
Due to Alberta Social Housing Corporation	34,413	4,592
	144,604	114,785
Financing:		
Capital contributions received	-	68,903
Investing:		
Purchase of capital assets, with internal funds	(59,005)	(68,903)
Proceeds on disposal of capital assets	3,000	-
	(56,005)	(68,903)
Increase in cash	88,599	114,785
Cash, beginning of year	829,799	715,014
Cash, end of year	\$ 918,398	\$ 829,799

See accompanying notes to consolidated financial statements.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements

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Year ended December 31, 2020

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.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

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.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

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.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

2. Cash and short-term investment:

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

	2020	2019
Cash	\$ 889,598	\$ 800,999
Guaranteed investment certificates	28,800	28,800
	\$ 918,398	\$ 829,799

The cashable Guaranteed Investment Certificate bears an interest rate of 0.1% (2019 - 0.5%) and matures December 8, 2021.

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

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

3. Capital assets:

2020			
	Cost	Accumulated amortization	Net book value
Land	\$ 4,115	\$ -	\$ 4,115
Building	6,893,188	2,214,515	4,678,673
Equipment	684,163	382,612	301,551
Furniture	53,191	43,193	9,998
Paving	63,608	28,823	34,785
	\$ 7,698,265	\$ 2,669,143	\$ 5,029,122
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

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

4. Deferred revenue:

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

	Balance, beginning of year	Contributions received and receivable	Contributions recognized	Balance, end of year
Alberta Health Services COVID-19 2021 advance	\$ -	\$ 24,460	\$ -	\$ 24,460
Alberta Health Services COVID-19 2020 funding	-	158,261	148,810	9,451
Alberta Social Housing Corporation COVID-19 incremental funding	-	120,461	120,461	-
Federal government COVID- 19 Temporary wage subsidy	-	25,000	25,000	-
Lodge Assistance Grant	-	270,421	270,421	-
Other grants and contributions	9,298	80,713	81,839	8,173
	<u>\$ 9,298</u>	<u>\$ 679,316</u>	<u>\$ 646,531</u>	<u>\$ 42,084</u>

Included in accounts receivable is \$61,886 of ASHC incremental funding.

5. 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 2020 surplus, plus non-allowable amortization expense repayable to ASHC at the end of 2020 is \$44,831 (2019 - \$10,418).

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

6. Deferred capital contributions:

Deferred capital contributions represents the portion of the unspent contributions for future capital projects.

	2020	2019
Balance, beginning of year	\$ 47,445	\$ 116,348
Contributions:		
Contributions transferred to unamortized deferred capital contributions	-	(68,903)
	\$ 47,445	\$ 47,445

7. 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:

	2020	2019
Balance, beginning of year	\$ 3,207,239	\$ 3,250,549
Contributions transferred from deferred capital contributions for capital projects	-	68,903
	3,207,239	3,319,452
Amount recognized as revenue	(110,912)	(112,213)
	\$ 3,096,327	\$ 3,207,239

8. Related party transactions:

At December 31, 2020, there was a balance payable from the Housing division to Clearview Lodge of \$82,952 (2019- \$46,906). These balances are not eliminated in the consolidated statement of financial position.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

9. 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.

10. COVID-19 impact:

The World Health Organization declared a global pandemic for the COVID-19 disease on March 11, 2020. Consequently, on March 17, 2020, the Government of Alberta declared a state of public health emergency over the COVID-19 pandemic and enacted measures for its citizens and businesses to follow, intended to minimize the impact of the disease.

On March 17, 2020, the Foundation closed its facilities to the public based on health recommendations and access is restricted to essential visitors only. The Foundation has the tools in place to allow for alternative working arrangements for administration staff to ensure continuity of business operations.

During the year, the Foundation met the eligibility requirements for Federal funding under the Temporary Wage Subsidy ("TWS") and received \$25,000 (2019- \$nil) which is included in Federal grant revenue.

The Foundation also received additional funding during 2020 from the Provincial government to assist with incremental expenses related to the COVID-19 pandemic. The Foundation received \$58,575 of COVID-19 incremental funding from Alberta Social Housing Corporation ("ASHC") and a further \$61,886 for the 2020 year is receivable at the year end. The funding is included in ASHC incremental COVID-19 funding.

Alberta Health Services ("AHS") provided the Foundation with COVID-19 funding of \$158,261 of which \$148,810 is included in AHS COVID-19 funding and \$9,451 is included in deferred revenue. Further, an additional \$24,460 COVID-19 advance was received and is included in deferred revenue.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the operating results and financial position of the Foundation in the future. There are also other factors which may present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

The situation is changing rapidly and the future impact on the Foundation is not readily determinable.

TABER AND DISTRICT HOUSING FOUNDATION

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2020

11. 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. The COVID-19 pandemic may affect liquidity risk (note 10).

(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. The COVID-19 pandemic may affect liquidity risk (note 10).

(c) Other risks:

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

TABER AND DISTRICT HOUSING FOUNDATION

Statement of Operations - Housing

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Resident Rent	\$ 724,703	\$ 699,685
Resident Services	43,146	43,704
Non-resident Services	47,921	51,304
Other grants	37,469	--
Gain on sale of capital assets	2,780	--
	856,019	794,693
Expenses:		
Human resources	361,341	376,104
Operating	49,610	39,800
Operating Maintenance	238,184	217,662
Utilities	213,492	215,309
Administration	55,367	64,094
Amortization	1,124	1,343
	919,119	914,312
Expenses over revenue before ASHC funding	63,096	119,619
ASHC - funding received	96,403	122,868
ASHC - funding carryforward from prior year	10,400	5,826
Transfer to ASHC	(44,831)	(10,418)
Operating deficit	\$ (1,124)	\$ (1,343)

TABER AND DISTRICT HOUSING FOUNDATION

Statement of Operations - Clear View Lodge

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Rent	\$ 1,385,718	1,381,998
Resident services	35,650	33,767
Non-resident services	70,103	58,739
Alberta health services	547,031	546,550
Municipal requisitions	353,810	330,664
Lodge Assistance Grant	270,421	304,224
Management and administration	9,111	4,676
Investment income	5,867	12,759
Other grants	39,077	5,250
Donations	10,682	595
ASHC COVID-19 incremental funding	120,461	-
Federal COVID-19 Temporary wage subsidy	25,000	-
AHS COVID-19 funding	148,810	-
Amortization of deferred capital contributions	110,912	112,214
	3,132,653	2,791,436
Expenses:		
Human resources	1,540,429	1,338,499
Health	718,675	580,239
Food	238,353	249,955
Operating	96,389	82,282
Maintenance	96,410	91,161
Utilities	139,768	142,049
Administration	118,457	72,028
Amortization	208,929	203,866
	3,157,410	2,760,079
Operating surplus (deficit)	\$ (24,757)	\$ 31,357