

GREATER NORTH FOUNDATION
Financial Statements
Year Ended December 31, 2016

GREATER NORTH FOUNDATION
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Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Greater North Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Greater North Foundation, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 the auditor's 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, the auditor considers internal control 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 control. 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater North Foundation 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 13, 2017



CHARTERED ACCOUNTANTS

GREATER NORTH FOUNDATION
Statement of Financial Position
December 31, 2016



ASSETS	Foundation Administration Board	Special Housing Projects	Pleasant Valley Lodge		Wildrose Villa	Lacalita Lodge		2016 Total	2015 Total
			Valley Lodge	Lodge		Villa	Lodge		
CURRENT ASSETS									
Cash	\$ -	\$ 444,278	\$ -	\$ -	\$ -	\$ 77,725	\$ 522,003	\$ 422,651	\$ 20,415
Trust account for security deposits (Note 3)	-	19,787	-	-	-	-	19,787	19,787	20,415
Accounts receivable (Note 4)	586	45,422	107,638	18,195	7,643	87,880	259,721	329,629	329,629
Inventory	-	-	8,863	7,643	3,666	5,487	21,993	19,460	19,460
Prepaid expenses	38,373	-	1,243	-	-	8,094	51,376	47,978	47,978
Interfund accounts	96,651	-	-	22,028	-	49,845	168,524	77,465	77,465
	135,610	509,487	117,744	51,532	22,028	229,031	1,043,404	917,598	917,598
	1,836	1	9,914,077	109,931	10,750,087	20,775,932	21,769,494	21,769,494	21,769,494
	\$ 137,446	\$ 509,488	\$ 10,031,821	\$ 161,463	\$ 10,979,118	\$ 21,819,336	\$ 22,687,092	\$ 22,687,092	\$ 22,687,092

LIABILITIES	Pleasant Valley Lodge		Wildrose Villa	Lacalita Lodge		2016 Total	2015 Total
	Valley Lodge	Lodge		Villa	Lodge		
CURRENT LIABILITIES							
Bank indebtedness	\$ 45,257	\$ -	\$ 205,438	\$ -	\$ -	\$ 303,305	\$ 90,387
Accounts payable and accrued liabilities (Note 7)	67,377	147,991	94,643	154,404	-	635,091	674,212
Security deposits	-	19,787	-	-	-	19,787	20,415
Deferred revenue	-	112,784	6,300	33,917	-	175,804	187,233
Deferred donations	-	-	2,000	-	-	7,126	3,196
Restricted reserve (Note 8)	-	34,200	-	-	-	34,200	34,200
Restricted capital reserve (Note 9)	5,207	-	16,800	18,000	-	52,607	28,907
Due to Alberta Seniors	-	45,804	-	-	-	45,804	8
Interfund accounts	-	148,921	19,603	-	-	168,524	77,465
Current portion of long-term debt (Note 10)	-	-	557,407	833,589	-	1,390,996	1,294,367
	117,841	509,487	845,025	1,039,910	320,981	2,833,244	2,410,390
	-	-	1,392,724	-	2,091,608	3,484,332	4,868,663
	-	-	5,472,577	-	4,717,277	10,189,854	10,745,580
	117,841	509,487	7,710,326	7,848,795	320,981	16,507,430	18,024,633

NET ASSETS	Pleasant Valley Lodge		Wildrose Villa	Lacalita Lodge		2016 Total	2015 Total
	Valley Lodge	Lodge		Villa	Lodge		
Invested in property and equipment	1,836	1	2,491,369	109,931	3,107,613	5,710,750	4,860,884
Unrestricted	17,769	-	(169,874)	(269,449)	22,710	(398,844)	(198,425)
	19,605	1	2,321,495	(159,518)	3,130,323	5,311,906	4,662,459
	\$ 137,446	\$ 509,488	\$ 10,031,821	\$ 161,463	\$ 10,979,118	\$ 21,819,336	\$ 22,687,092

LONG-TERM DEBT (Note 10)
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 11)

NET ASSETS
Invested in property and equipment
Unrestricted

APPROVED BY THE BOARD


Director
Director

GREATER NORTH FOUNDATION
Statement of Operations
Year Ended December 31, 2016

	Special Housing Projects		Lodges		Total
	2016	2015	2016	2015	
REVENUE					
Lodge Assistance Program grants	\$ -	\$ -	\$ 692,384	\$ 660,883	\$ 660,883
Other grants	-	-	29,742	-	29,742
Requisitions from Municipalities (Note 12)	-	-	672,784	549,278	672,784
Rental revenue	988,375	1,018,726	2,481,715	2,527,400	3,470,090
Other	14,080	14,160	-	-	14,080
Resident services	45,852	45,442	39,616	33,357	85,468
Non-resident services	4,304	5,355	72,529	56,186	76,833
	<u>1,052,611</u>	<u>1,083,683</u>	<u>3,988,770</u>	<u>3,827,104</u>	<u>5,041,381</u>
					<u>4,910,787</u>
OPERATING EXPENSES					
Human resources	368,807	331,024	2,858,603	2,652,616	3,227,410
Food	-	-	492,322	501,431	492,322
Operating	29,177	22,666	160,825	138,883	190,002
Operating maintenance	476,198	656,904	240,473	202,423	716,671
Utilities	270,030	286,148	335,328	321,672	605,358
Taxes and land leases	-	-	100	100	100
Rent supplement	14,080	14,160	-	-	14,080
Administration (Note 13)	41,681	39,293	107,187	100,651	148,868
	<u>1,199,973</u>	<u>1,350,195</u>	<u>4,194,838</u>	<u>3,917,776</u>	<u>5,394,811</u>
	<u>(147,362)</u>	<u>(266,512)</u>	<u>(206,068)</u>	<u>(90,672)</u>	<u>(357,184)</u>
REVENUE UNDER OPERATING EXPENSES					
OTHER REVENUE AND EXPENSES					
Operating grant	135,049	157,602	-	-	135,049
Restricted grant	12,313	108,910	-	-	12,313
Capital requisitions	-	-	1,612,812	1,498,312	1,612,812
Amortization of deferred contributions related to property and equipment	-	-	555,726	642,711	555,726
Amortization of property and equipment	-	-	(21,578)	(32,834)	(21,578)
Amortization of government funded property and equipment	-	-	(1,092,023)	(1,167,559)	(1,167,559)
Loss on disposal of equipment	-	-	(2,012)	-	(2,012)
Interest on long-term debt	-	-	(197,410)	(241,737)	(197,410)
	<u>147,362</u>	<u>266,512</u>	<u>855,515</u>	<u>698,893</u>	<u>1,002,877</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,447</u>	<u>\$ 608,221</u>	<u>\$ 608,221</u>

GREATER NORTH FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2016

INVESTED IN PROPERTY AND EQUIPMENT

Foundation Administration Board	Special Housing Projects	Pleasant Valley Lodge			Wildrose Villa	Lacalfta Lodge	Total 2016	Total 2015
		Valley Lodge	Valley Lodge	Valley Lodge				
\$ 613	\$ 1	\$ 2,204,607	\$ 9,067	\$ 2,646,596	\$ 4,860,884	\$ 4,164,803		
1,695	-	1,628	119,200	-	122,523	10,319		
-	-	-	(2,012)	-	(2,012)	-		
-	-	515,081	-	772,621	1,287,702	1,243,825		
(472)	-	-	-	-	(472)	(381)		
-	-	(229,947)	(16,324)	(311,604)	(557,875)	(557,682)		
\$ 1,836	\$ 1	\$ 2,491,369	\$ 109,931	\$ 3,107,613	\$ 5,710,750	\$ 4,860,884		

BALANCE AT BEGINNING OF YEAR
Property and equipment purchases
Disposal of equipment
Repayment of long-term debt
Transfers
Revenue under expenses

BALANCE AT END OF YEAR

UNRESTRICTED

Foundation Administration Board	Special Housing Projects	Pleasant Valley Lodge			Wildrose Villa	Lacalfta Lodge	Total 2016	Total 2015
		Valley Lodge	Valley Lodge	Valley Lodge				
\$ 18,992	\$ -	\$ (144,365)	\$ (144,001)	\$ 70,949	\$ (198,425)	(110,564)		
(1,695)	-	(1,628)	(117,188)	-	(120,511)	(10,319)		
-	-	(515,081)	-	(772,621)	(1,287,702)	(1,243,825)		
472	-	-	-	-	472	380		
-	-	491,200	(8,260)	724,382	1,207,322	1,165,903		
\$ 17,769	\$ -	\$ (169,874)	\$ (269,449)	\$ 22,710	\$ (398,844)	\$ (198,425)		

BALANCE AT BEGINNING OF YEAR
Property and equipment purchases
Repayment of long-term debt
Transfers
Revenue over (under) expenses

BALANCE AT END OF YEAR

GREATER NORTH FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Revenue over expenses	\$ 649,447	\$ 608,221
Items not affecting cash:		
Loss on disposal of equipment	2,012	-
Amortization of deferred contributions related to property and equipment	(555,726)	(642,711)
Amortization	1,114,073	1,200,393
	<u>1,209,806</u>	<u>1,165,903</u>
Changes in non-cash working capital items:		
Accounts receivable	72,715	(7,266)
Inventory	(2,533)	821
Prepaid expenses	(3,398)	(7,659)
Accounts payable and accrued liabilities	(41,928)	81,209
Security deposits	(628)	800
Deferred revenue	(11,429)	87,039
Deferred donations	3,930	2,220
Restricted capital reserve	23,700	5,207
Due to Alberta Seniors	45,796	(10,387)
	<u>86,225</u>	<u>151,984</u>
	<u>1,296,031</u>	<u>1,317,887</u>
INVESTING ACTIVITY		
Purchase of property and equipment	<u>(122,523)</u>	<u>(10,319)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	<u>(1,287,702)</u>	<u>(1,243,825)</u>
(DECREASE) INCREASE IN CASH	<u>(114,194)</u>	<u>63,743</u>
Cash - beginning of year	<u>352,679</u>	<u>288,936</u>
CASH - END OF YEAR	<u>\$ 238,485</u>	<u>\$ 352,679</u>
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 4,113</u>	<u>\$ 5,524</u>
Interest paid	<u>\$ 197,410</u>	<u>\$ 241,737</u>
CASH IS COMPRISED OF		
Cash	\$ 522,003	\$ 422,651
Security deposit trust account	19,787	20,415
Bank indebtedness	(303,305)	(90,387)
	<u>\$ 238,485</u>	<u>\$ 352,679</u>

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

1. NATURE OF OPERATIONS

Greater North Foundation (the "Foundation") is a not-for-profit organization operating and managing social programs aimed at providing affordable housing to low-income Albertans who are the most in need. The Foundation operates lodges and social housing projects in Athabasca, Lac La Biche, Boyle and their surrounding areas. The Foundation is also authorized to administer rent supplement programs on behalf of the government. These financial statements include the social housing and lodge operations. The Foundation is established as a management body by the provincial ministerial order and is governed by the Alberta Housing Act and its regulations. It qualifies as a not-for-profit organization as defined in the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting dates.

Goods and Services Tax receivable

Goods and Services Tax receivable is recorded as receivable based on the rebate refundable at the time of the expenditure.

Inventory

Inventory is measured at the lower of cost or net realizable value.

Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on the straight-line method at the following rates:

Buildings	4%
Paving	10%
Furniture and fixtures	20%
Computer equipment	33%

Buildings and land owned by the provincial government are not shown in the accounting records of the Foundation.

(continues)

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Grants received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Requisitions from Municipalities are made to cover the prior year's operating deficit.

Lodge Assistance Program grants are provided by the Government of Alberta based on the number of eligible residents on an annual basis.

Housing project operating grants are based on the approved current year budget and any operating surplus is required to be repaid to Alberta Seniors.

Rental revenue is accrued at the most recent authorized rental rates.

Resident and non-resident services are recognized as the services are provided and collection is reasonably assured.

Bad debts

Bad debts are written off by Board motion if they have been outstanding for greater than one year and are determined to be uncollectible.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include amortization, accrued liabilities and deferred contributions related to property and equipment. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

The Foundation holds \$19,787 (2015--\$20,415) in a trust account as security deposits for current tenants.

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2016</u>	<u>2015</u>
Grants receivable	\$ 169,742	\$ 140,000
Accounts receivable	66,339	161,385
Goods and Services Tax rebate	23,640	28,244
	<u>\$ 259,721</u>	<u>\$ 329,629</u>

During the year, the Foundation recorded bad debts of \$1,481 (2015--\$2,610). This amount is included in operating expenses.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 675,000	\$ -	\$ 675,000	\$ 675,000
Buildings	26,846,210	6,974,748	19,871,462	20,945,310
Paving	186,878	76,505	110,373	129,060
Furniture and fixtures	1,223,879	1,111,467	112,412	18,618
Computer equipment	37,034	30,349	6,685	1,506
	<u>\$ 28,969,001</u>	<u>\$ 8,193,069</u>	<u>\$ 20,775,932</u>	<u>\$ 21,769,494</u>

6. OPERATING LOAN

The Foundation has an authorized line of credit of \$1,005,000. The interest on the line of credit is at prime and is secured by a Province of Alberta order in Council. The line of credit was not drawn on at year end.

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	<u>2016</u>	<u>2015</u>
Accounts payable	\$ 275,274	\$ 324,228
Vacation payable	215,312	196,690
Salaries payable	85,254	82,080
Accrued interest	49,980	63,180
Payroll deductions payable	6,464	6,223
Rents received in advance	2,807	1,811
	<u>\$ 635,091</u>	<u>\$ 674,212</u>

8. RESTRICTED RESERVE

The restricted reserve requires approval from Alberta Seniors for any expenditures.

9. RESTRICTED CAPITAL RESERVE

The Foundation has requisitioned funds to be set aside for capital repairs for the lodges. All expenditures must be approved by the Board. Capital reserves for administration \$5,207 (2015--\$5,207) and for Lodges \$47,400 (2015--\$23,700).

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

10. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Loan issued by Athabasca County, bearing interest at 3.497%, repayable in semi-annual blended payments of \$749,156. The loan matures March 2020 and is secured by a general security agreement.	\$ 4,875,328	\$ 6,163,030
Current portion	<u>(1,390,996)</u>	<u>(1,294,367)</u>
	<u>\$ 3,484,332</u>	<u>\$ 4,868,663</u>

Principal repayments required over the next four years are as follows:

2017	\$ 1,390,996
2018	1,388,499
2019	1,437,479
2020	<u>658,354</u>
	<u>\$ 4,875,328</u>

Interest paid on long-term debt totalled \$197,410 (2015--\$241,737).

11. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represents contributions received to fund the cost of property and equipment additions. The contributions are deferred and amortized to revenue on the same basis as the related property and equipment.

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 10,745,580	\$ 11,388,291
Amounts amortized	<u>(555,726)</u>	<u>(642,711)</u>
Balance at end of year	<u>\$ 10,189,854</u>	<u>\$ 10,745,580</u>

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

12. REQUISITIONS FROM MUNICIPALITIES

Municipal requisitions for the year are as follows:

	<u>2016</u>	<u>2015</u>
Lac La Biche County	\$ 284,988	\$ 233,991
Athabasca County	164,189	141,010
ID #349	155,523	115,423
Town of Athabasca	29,242	25,661
Municipal District of Opportunity No. 17	27,911	26,868
Village of Boyle	8,187	7,228
Summer Village of Island Lake	7,447	6,315
Summer Village of Bondiss	4,161	3,706
Summer Village of Mewatha Beach	3,803	3,260
Summer Village of Whispering Hills	3,370	2,876
Summer Village of West Baptiste	2,274	1,908
Summer Village of Sunset Beach	2,241	2,041
Summer Village of Island Lake South	1,745	1,512
Summer Village of South Baptiste	1,403	1,179
Less capital requisitions	<u>(23,700)</u>	<u>(23,700)</u>
	<u>\$ 672,784</u>	<u>\$ 549,278</u>

13. ADMINISTRATION EXPENSES

	<u>2016</u>	<u>2015</u>
Insurance	\$ 37,249	\$ 37,134
Travel	35,881	25,927
Audit fees	21,180	21,925
Office and sundry	18,729	7,612
Board expenses	11,491	17,010
Office equipment and repairs	8,721	9,158
Other	6,800	6,607
Conferences, dues and training	5,679	8,665
Telephone	2,800	2,664
Legal and collection fees	338	3,242
	<u>\$ 148,868</u>	<u>\$ 139,944</u>

GREATER NORTH FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

14. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, security deposits, accounts receivable, accounts payable and accrued liabilities and long-term debt.

The Foundation is exposed to the following risks through its financial instruments:

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 or there is a concentration of transactions carried out with the same party. The Foundation's main credit risk relates to accounts receivable. Accounts receivable are generally rent receivable from tenants and amounts due from government agencies. The Foundation's tenants are numerous which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of December 31, 2016.

Liquidity risk

Liquidity risk arises from the possibility that the Foundation might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2016.

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 Foundation is exposed to interest rate risk arising on its interest bearing assets. The Foundation is also exposed to interest rate cash flow risk on its long-term debt. The Foundation has managed this risk by obtaining fixed interest rate debt.
