

**GREATER NORTH FOUNDATION**  
**Financial Statements**  
**Year Ended December 31, 2018**

**GREATER NORTH FOUNDATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2018**

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	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Greater North Foundation

**Opinion**

We have audited the financial statements of Greater North Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2018, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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 Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 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 Foundation'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 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.

(continues)

***Auditor's Responsibilities 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 auditor's 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 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 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 auditor's 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 auditor's 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 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.

Edmonton, Alberta  
March 25, 2019

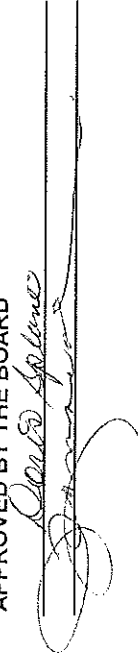
*Peterson Walker LLP*  
CHARTERED ACCOUNTANTS

**GREATER NORTH FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2018**

2018

	Foundation Administration Board	Special Housing Projects	Pleasant Valley Lodge		Wildrose Villa	Lacaita Lodge		Total	2017 Total
			Valley Lodge	Lodge		Villa	Lodge		
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash	\$ -	\$ 419,799	\$ -	\$ -	\$ -	\$ 345,716	\$ 765,515	\$ 534,403	
Trust account for security deposits (Note 3)	-	33,171	-	-	-	-	33,171	19,629	
Accounts receivable (Note 4)	616	50,768	19,205	21,931	18,592	111,112	111,112	103,629	
Inventory	-	-	10,001	15,047	7,692	32,740	32,740	26,839	
Prepaid expenses	34,458	-	5,330	6,420	11,023	57,231	57,231	50,916	
Interfund accounts	103,073	-	31,754	34,340	32,104	201,271	201,271	92,923	
	138,147	503,738	66,290	77,738	415,127	1,201,040	1,201,040	828,339	
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	749	1	8,872,886	155,922	9,613,429	18,642,987	19,717,977		
	\$ 138,896	\$ 503,739	\$ 8,939,176	\$ 233,660	\$ 10,028,556	\$ 19,844,027	\$ 20,546,316		
<b>LIABILITIES</b>									
<b>CURRENT LIABILITIES</b>									
Bank indebtedness	\$ 28,234	\$ -	\$ 42,378	\$ 125,397	\$ -	\$ 196,009	\$ 263,268		
Accounts payable and accrued liabilities (Note 7)	73,011	167,161	186,216	133,346	137,466	697,200	634,786		
Security deposits	-	33,171	-	-	-	33,171	19,629		
Deferred revenue	-	60,000	79,755	18,868	89,979	248,602	273,174		
Deferred donations	-	-	1,499	2,000	-	3,499	5,014		
Restricted reserve (Note 8)	-	34,200	-	-	-	34,200	34,200		
Restricted capital reserve (Note 9)	18,046	-	36,400	30,300	39,000	123,746	89,146		
Due to Alberta Seniors	-	7,935	-	-	-	7,935	6,831		
Interfund accounts	-	201,271	-	-	-	201,271	92,923		
Current portion of long-term debt (Note 10)	-	-	583,204	-	874,807	1,458,011	1,418,398		
	119,291	503,738	929,452	309,911	1,141,252	3,003,644	2,837,369		
<b>LONG-TERM DEBT (Note 10)</b>	-	-	281,616	-	422,423	704,039	2,123,805		
<b>DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 11)</b>	-	-	4,880,947	-	4,197,455	9,078,402	9,634,128		
	119,291	503,738	6,092,015	309,911	5,761,130	12,786,085	14,595,302		
<b>NET ASSETS</b>									
Invested in property and equipment	749	1	3,127,119	155,922	4,118,744	7,402,535	6,541,646		
Unrestricted	18,856	-	(279,958)	(232,173)	148,682	(344,593)	(590,632)		
	19,605	1	2,847,161	(76,251)	4,267,426	7,057,942	5,951,014		
	\$ 138,896	\$ 503,739	\$ 8,939,176	\$ 233,660	\$ 10,028,556	\$ 19,844,027	\$ 20,546,316		

Director  
 Director

APPROVED BY THE BOARD  


GREATER NORTH FOUNDATION  
Statement of Operations  
Year Ended December 31, 2018

	Special Housing Projects			Lodges		Total
	2018	2017	2018	2017	2018	
<b>REVENUE</b>						
Lodge Assistance Program grants	\$ -	\$ -	\$ 640,721	\$ 664,900	\$ 640,721	\$ 664,900
Other grants	-	-	40,021	-	40,021	-
Requisitions from Municipalities (Note 12)	-	-	1,113,199	900,429	1,113,199	900,429
Rental revenue	991,765	950,366	3,082,048	2,570,726	4,073,813	3,521,092
Other	21,173	20,832	-	-	21,173	20,832
Resident services	41,044	42,482	49,124	43,181	90,168	85,663
Non-resident services	6,900	4,019	66,489	71,952	73,389	75,971
	<u>1,060,882</u>	<u>1,017,699</u>	<u>4,991,602</u>	<u>4,251,188</u>	<u>6,052,484</u>	<u>5,268,887</u>
<b>OPERATING EXPENSES</b>						
Human resources	417,610	381,364	3,184,509	3,019,255	3,602,119	3,400,619
Food	-	-	554,588	507,735	554,588	507,735
Operating	66,071	44,824	199,610	158,490	265,681	203,314
Operating maintenance	412,911	529,095	280,214	265,637	693,125	794,732
Utilities	321,846	301,706	437,949	382,239	759,795	683,945
Taxes and land leases	-	-	100	100	100	100
Rent supplement	21,173	20,832	-	-	21,173	20,832
Administration (Note 13)	31,992	40,558	95,811	111,879	127,803	152,437
	<u>1,271,603</u>	<u>1,318,379</u>	<u>4,752,781</u>	<u>4,445,335</u>	<u>6,024,384</u>	<u>5,763,714</u>
	<b>(210,721)</b>	<b>(300,680)</b>	<b>238,821</b>	<b>(194,147)</b>	<b>28,100</b>	<b>(494,827)</b>
<b>OTHER REVENUE AND EXPENSES</b>						
Operating grant	210,721	177,763	-	-	210,721	177,763
Restricted grant	-	122,917	-	-	-	122,917
Capital requisitions	-	-	1,556,795	1,557,094	1,556,795	1,557,094
Amortization of deferred contributions related to property and equipment	-	-	555,726	555,726	555,726	555,726
Amortization of property and equipment	-	-	(20,293)	(18,623)	(20,293)	(18,623)
Amortization of government funded property and equipment	-	-	(1,120,111)	(1,109,422)	(1,120,111)	(1,109,422)
Loss on disposal of equipment	-	-	(104,010)	(151,520)	(104,010)	(151,520)
Interest on long-term debt	-	-	868,107	833,255	1,078,828	1,133,935
	<u>210,721</u>	<u>300,680</u>	<u>868,107</u>	<u>833,255</u>	<u>1,078,828</u>	<u>1,133,935</u>
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,106,928</b>	<b>\$ 639,108</b>	<b>\$ 1,106,928</b>	<b>\$ 639,108</b>

**GREATER NORTH FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

**INVESTED IN PROPERTY AND EQUIPMENT**

Foundation Administration Board	Special Housing Projects	Pleasant Valley Lodge			Wildrose Villa	Lacalita Lodge	Total 2018	Total 2017
		Valley Lodge	Lodge					
\$ 1,121	\$ 1	\$ 2,804,075	\$ 136,481	\$ 3,599,968	\$ 6,541,646	\$ 5,710,750		
-	-	809	62,949	2,028	65,786	70,805		
-	-	552,061	-	828,092	1,380,153	1,333,125		
(372)	-	-	-	(372)	(372)	(715)		
-	-	(229,826)	(43,508)	(311,344)	(584,678)	(572,319)		
<b>\$ 749</b>	<b>\$ 1</b>	<b>\$ 3,127,119</b>	<b>\$ 155,922</b>	<b>\$ 4,118,744</b>	<b>\$ 7,402,535</b>	<b>\$ 6,541,646</b>		

**BALANCE AT BEGINNING OF YEAR**  
Property and equipment purchases  
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	Lacalita Lodge	Total 2018	Total 2017
		Valley Lodge	Lodge					
\$ 18,484	\$ -	\$ (242,805)	\$ (415,318)	\$ 49,007	\$ (590,632)	(398,844)		
-	-	(809)	(62,949)	(2,028)	(65,786)	(70,805)		
-	-	(552,061)	-	(828,092)	(1,380,153)	(1,333,125)		
372	-	-	-	-	372	715		
-	-	515,717	246,094	929,795	1,691,606	1,211,427		
<b>\$ 18,856</b>	<b>\$ -</b>	<b>\$ (279,958)</b>	<b>\$ (232,173)</b>	<b>\$ 148,682</b>	<b>\$ (344,533)</b>	<b>\$ (590,632)</b>		

**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, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses	\$ 1,106,928	\$ 639,108
Items not affecting cash:		
Loss on disposal of equipment	-	-
Amortization of deferred contributions related to property and equipment	(555,726)	(555,726)
Amortization	1,140,776	1,128,760
	<u>1,691,978</u>	<u>1,212,142</u>
Changes in non-cash working capital items:		
Accounts receivable	(7,483)	156,092
Inventory	(5,901)	(4,846)
Prepaid expenses	(6,315)	460
Accounts payable and accrued liabilities	62,414	(305)
Security deposits	13,542	(158)
Deferred revenue	(24,572)	97,370
Deferred donations	(1,515)	(2,112)
Restricted capital reserve	34,600	36,539
Due to Alberta Seniors	1,104	(38,973)
	<u>65,874</u>	<u>244,067</u>
	<u>1,757,852</u>	<u>1,456,209</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	(65,786)	(70,805)
<b>FINANCING ACTIVITY</b>		
Repayment of long-term debt	(1,380,153)	(1,333,125)
<b>INCREASE IN CASH</b>	311,913	52,279
Cash - beginning of year	290,764	238,485
<b>CASH - END OF YEAR</b>	<u>\$ 602,677</u>	<u>\$ 290,764</u>
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 4,118	\$ 5,190
Interest paid	\$ 104,010	\$ 151,520
<b>CASH IS COMPRISED OF</b>		
Cash	\$ 765,515	\$ 534,403
Security deposit trust account	33,171	19,629
Bank indebtedness	(196,009)	(263,268)
	<u>\$ 602,677</u>	<u>\$ 290,764</u>



# GREATER NORTH FOUNDATION

## Notes to Financial Statements

Year Ended December 31, 2018

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### 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.

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### 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 and net realizable value with the cost being determined on a first-in, first-out basis.

#### 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.

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**GREATER NORTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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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 collectibility of receivables, 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.

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3. RESTRICTED CASH

The Foundation holds \$33,171 (2017--\$19,629) in a trust account as security deposits for current tenants.

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**GREATER NORTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 103,840	\$ 102,414
Goods and Services Tax rebate	27,299	23,204
	<u>131,139</u>	<u>125,618</u>
Allowance for doubtful accounts	(20,027)	(21,989)
	<u>\$ 111,112</u>	<u>\$ 103,629</u>

During the year, the Foundation recorded bad debts of \$20,040 (2017--\$21,989). This amount is included in operating expenses.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 675,000	\$ -	\$ 675,000	\$ 675,000
Buildings	26,851,209	9,122,744	17,728,465	18,802,513
Paving	186,878	113,881	72,997	91,684
Furniture and fixtures	1,351,748	1,188,981	162,767	142,884
Computer equipment	41,118	37,360	3,758	5,896
	<u>\$ 29,105,953</u>	<u>\$ 10,462,966</u>	<u>\$ 18,642,987</u>	<u>\$ 19,717,977</u>

6. OPERATING LOAN

The Foundation has an authorized line of credit of \$1,000,000. 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 balance at year end was \$0 (2017--\$24,300).

**GREATER NORTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 330,367	\$ 278,634
Vacation payable	245,502	225,351
Salaries payable	90,322	85,690
Accrued interest	22,164	36,313
Payroll deductions payable	6,571	6,198
Rents received in advance	2,274	2,600
	<u>\$ 697,200</u>	<u>\$ 634,786</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 \$18,046 (2017--\$18,046) and for Lodges \$105,700 (2017--\$71,100).

**10. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</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.	\$ 2,162,050	\$ 3,542,203
Current portion	<u>(1,458,011)</u>	<u>(1,418,398)</u>
	<u>\$ 704,039</u>	<u>\$ 2,123,805</u>

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

2019	\$ 1,458,011
2020	<u>704,039</u>
	<u>\$ 2,162,050</u>

Interest paid on long-term debt totalled \$104,010 (2017--\$151,520).

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**GREATER NORTH FOUNDATION**

***(Lodge Operations)***

**Notes to Financial Statements**

**Year Ended December 31, 2018**

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10. REQUISITIONS FROM MUNICIPALITIES

Municipal requisitions for the year are as follows:

	<u>2018</u>	<u>2017</u>
Lac La Biche County	\$ 550,266	\$ 417,226
ID #349	224,076	210,509
Athabasca County	239,984	191,143
Town of Athabasca	43,501	33,155
Municipal District of Opportunity No. 17	37,895	31,671
Village of Boyle	12,010	9,615
Summer Village of Island Lake	10,957	8,533
Summer Village of Sunset Beach	3,348	2,664
Summer Village of Bondiss	6,394	4,816
Summer Village of Mewatha Beach	5,959	4,492
Summer Village of Whispering Hills	5,055	3,952
Summer Village of Island Lake South	2,669	2,010
Summer Village of South Baptiste	2,142	1,713
Summer Village of West Baptiste	3,543	2,630
Less capital requisitions	<u>(34,600)</u>	<u>(23,700)</u>
	<u>\$ 1,113,199</u>	<u>\$ 900,429</u>

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**GREATER NORTH FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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13. ADMINISTRATION EXPENSES

	<u>2018</u>	<u>2017</u>
Vehicle and travel	\$ 46,110	\$ 39,029
Professional fees	22,482	22,115
Office	22,248	19,872
Board expenses	16,170	13,667
Office equipment and repairs	11,601	9,663
Other	3,939	41,164
Association fees	3,689	5,915
IT services	1,564	1,012
	<u>\$ 127,803</u>	<u>\$ 152,437</u>

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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, 2018.

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, 2018.

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.

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