

Mountain View Seniors' Housing

**Independent Auditor's Report and
Financial Statements**

December 31, 2017

Mountain View Seniors' Housing
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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Mountain View Seniors' Housing:

We have audited the accompanying financial statements of Mountain View Seniors' Housing, which comprises the statement of financial position as at December 31, 2017 and the statements of operations, 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 public sector accounting standards, 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 in our audit 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 Mountain View Seniors' Housing as at December 31, 2017, and the results of its operations, net assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow Red Deer LLP

March 29, 2018
Red Deer County, Alberta

Chartered Professional Accountants

Mountain View Seniors' Housing
Statement of Financial Position
As at December 31, 2017

	Lodges & Life Lease	Housing	2017	2016
ASSETS				
Current assets				
Cash and cash equivalents (Note 3)	\$ -	\$ -	\$ -	\$ 14,781
Restricted cash (Note 3)	713,640	50,010	763,650	585,290
Accounts receivable	141,760	11,450	153,210	116,592
Prepaid Expenses	9,431	-	9,431	7,862
Due from Mountain View Seniors' Housing Foundation	15,862	-	15,862	-
Goods and Services Taxes receivable	100,741	26,085	126,826	141,349
	<u>981,434</u>	<u>87,545</u>	<u>1,068,979</u>	<u>865,874</u>
Security deposit (Note 4)	10,875	-	10,875	10,875
Resident security deposits (Note 5)	209,131	67,854	276,985	262,253
Investments (Note 6)	51,450	-	51,450	50,670
Capital assets (Note 7)	58,918,467	-	58,918,467	59,355,258
	<u>\$ 60,171,358</u>	<u>\$ 155,399</u>	<u>\$ 60,326,757</u>	<u>\$ 60,544,930</u>
LIABILITIES				
Current liabilities				
Bank indebtedness (Note 3)	\$ 1,050,363	\$ (102,360)	\$ 948,004	\$ -
Accounts payable and accruals	853,770	133,739	987,509	889,449
Restricted by Alberta Social Housing (Note 8)	-	6,565	6,565	85,248
Due to Mountain View Seniors' Housing Foundation	-	-	-	6,658
Deferred revenue (Note 9)	2,391	15,000	17,391	17,778
Callable debt	-	-	-	250,000
Current portion of long-term debt (Note 10)	1,385,479	-	1,385,479	1,230,861
	<u>3,292,003</u>	<u>52,945</u>	<u>3,344,948</u>	<u>2,479,994</u>
Resident security deposits (Note 5)	209,131	67,854	276,985	262,360
Life Lease fee (Note 11)	4,449,170	-	4,449,170	4,054,090
Restricted operating reserve fund (Note 12)	-	34,600	34,600	34,600
Long-term debt (Note 10)	26,577,967	-	26,577,967	27,347,147
Unamortized capital contributions (Note 13)	22,663,274	-	22,663,274	23,153,424
	<u>\$ 57,191,545</u>	<u>\$ 155,399</u>	<u>57,346,944</u>	<u>57,331,615</u>
NET ASSETS				
Unrestricted (Note 14)	2,511,990	-	2,511,990	2,957,301
Restricted (Note 15)	467,823	-	467,823	256,014
	<u>2,979,813</u>	<u>-</u>	<u>2,979,813</u>	<u>3,213,315</u>
	<u>\$ 60,171,358</u>	<u>\$ 155,399</u>	<u>\$ 60,326,757</u>	<u>\$ 60,544,930</u>

Approved by the Board:


 _____ Director


 _____ Director

Mountain View Seniors' Housing
Statement of Net Assets
For the year ended December 31, 2017

	<u>Unrestricted (Note 14)</u>	<u>Restricted (Note 15)</u>	<u>Total 2017</u>	<u>Total 2016</u>
Net assets, beginning of year	2,957,301	256,014	3,213,315	3,283,652
Deficiency of revenue over expenditures	(233,502)	-	(233,502)	(70,337)
Transfers to capital reserve	(229,557)	229,557	-	
Transfer to Life Lease capital and maintenance reserve	17,748	(17,748)	-	
Net assets, end of year	<u>2,511,990</u>	<u>467,823</u>	<u>2,979,813</u>	<u>3,213,315</u>

Mountain View Seniors' Housing
Statement of Operations
For the year ended December 31, 2017

	<u>Lodges</u> (page 5)	<u>Housing</u>	<u>Life Lease</u>	<u>2017</u>	<u>2016</u>
Revenues					
Rent revenue and service fees	\$ 6,608,827	\$ 958,065	\$ 487,187	\$ 8,054,080	\$ 7,381,863
MVSH Subsidy for Low Income Residents	(873,924)	-	-	(873,924)	(886,933)
Health Authority grants	4,336,634	-	-	4,336,634	3,466,970
Requisitions - Municipalities (Note 16)	1,122,345	-	-	1,122,345	1,068,900
Insurance Proceeds (Note 21)	187,272	-	6,322	193,594	-
Alberta Seniors' & Housing grants (Note 20)	866,752	101,324	-	882,828	828,340
Amortization of deferred capital contributions	542,018	-	-	542,018	260,907
Other grants and donations	65,800	3,101	-	154,149	56,852
Utility recovery	-	68,038	-	68,038	66,927
Interest	13,759	125	50,247	64,131	41,166
Sundry	45,260	5,779	-	51,039	105,473
	<u>12,914,744</u>	<u>1,136,431</u>	<u>543,757</u>	<u>14,594,933</u>	<u>12,390,465</u>
Expenditures (Note 17)					
Salaries, wages and benefits	\$ 7,560,470	\$ 134,948	\$ 155,000	\$ 7,850,418	\$ 6,915,312
Amortization	1,428,089	-	141,634	1,569,724	779,630
Maintenance and facility services	774,084	589,422	84,211	1,447,716	1,130,502
Interest and bank charges	1,063,665	46	43,205	1,106,916	773,660
Telephone and utilities	674,259	289,329	62,679	1,026,266	893,528
Food, kitchen and linen supplies	796,480	-	12,430	808,910	765,770
Purchased services	424,865	58,313	-	483,177	450,027
Staff training, travel and memberships	114,748	19,656	-	134,404	182,914
Office and miscellaneous	89,449	7,034	38,124	134,607	122,233
Insurance	117,501	4,583	-	122,085	113,079
Rent	66,033	24,000	-	90,033	84,668
Resident travel and activities	80,015	3,101	-	83,116	80,270
Resident Care contracts and health care supplies	62,456	-	-	62,456	56,149
Property taxes	-	-	24,223	24,223	13,453
Audit	17,900	6,000	-	23,900	24,750
Directors' expenses	14,699	-	-	14,699	12,868
Bad Debt	-	-	-	-	19,086
	<u>13,284,712</u>	<u>1,136,431</u>	<u>561,505</u>	<u>14,982,649</u>	<u>12,417,899</u>
Deficiency of revenue over expenditures before other income	\$ (369,968)	\$ -	\$ (17,748)	\$ (387,717)	\$ (27,434)
Other Income (Expenditures)					
Unamortized Capital Contributions	162,046	-	-	162,046	-
Loss on disposal of assets	(7,832)	-	-	(7,832)	(42,903)
Total gain on assets (Note 21)	<u>154,214</u>	<u>-</u>	<u>-</u>	<u>154,214</u>	<u>(42,903)</u>
Deficiency of revenue over expenditures	\$ (215,754)	\$ -	\$ (17,748)	\$ (233,502)	\$ (70,337)

Mountain View Seniors' Housing
Statement of Cash Flows
For the year ended December 31, 2017

CASH PROVIDED BY (USED FOR)	<u>2017</u>	<u>2016</u>
Operating activities		
Cash receipts from tenants, donations and grants	\$ 14,212,500	\$ 14,047,175
Cash paid to suppliers and employees	(12,219,143)	(10,427,475)
Interest received	14,841	5,631
Interest paid	(1,057,784)	(693,650)
	<u>950,414</u>	<u>2,931,681</u>
Investing activities		
Capital contributions	213,914	2,669,323
Insurance proceeds for capital replacement	161,920	-
Purchase of capital assets	(1,252,333)	(9,007,127)
Purchase of short-term investment	(780)	(1,237)
	<u>(877,279)</u>	<u>(6,339,041)</u>
Financing activities		
Advances of callable debt	-	250,000
Repayment of callable debt	(250,000)	(450,000)
Advances of long-term debt	673,162	5,934,922
Repayment of long-term debt	(1,280,771)	(9,136,018)
Advances (repayments) of bank indebtedness	962,785	(1,244,609)
	<u>105,176</u>	<u>(4,645,705)</u>
Increase in cash	178,311	(8,053,065)
Cash, beginning of year	<u>862,324</u>	<u>8,915,389</u>
Cash, end of year	<u>\$ 1,040,635</u>	<u>\$ 862,324</u>
Cash consists of:		
Cash & cash equivalents	-	14,781
Restricted cash	763,650	585,290
Cash held in trust for security deposits payable	276,985	262,253
	<u>\$ 1,040,635</u>	<u>\$ 862,324</u>

Excluded from the statement of cash flows is nil (2016 - \$11,115) of donated equipment.

Excluded from the statement of cash flows are purchased capital assets which remain in accounts payable and accruals in the amount of \$141,599 (2016 - \$109,381)

**Mountain View Seniors' Housing
Statement of Lodge Operations
For the year ended December 31, 2017**

	Aspen Ridge Lodge	Chinook Winds Lodge	Mount View Lodge	Sundre Lodge	2017 Total	2016 Total
Revenues						
Rent revenue and service fees	\$1,577,749	\$744,008	\$2,119,030	2,168,041	\$6,608,827	\$6,080,616
MVSH Subsidy for Low Income Residents	(102,661)	(138,964)	(375,312)	(256,987)	(873,924)	(886,933)
Health Authority Grants	1,965,987	-	209,341	2,161,307	4,336,634	3,466,970
Requisitions - Municipalities (Note 16)	165,398	248,097	448,938	259,911	1,122,345	1,088,900
Insurance proceeds	2,081	185,192	-	-	187,272	-
Alberta Seniors' & Housing grants	118,542	171,678	335,157	241,374	866,752	852,846
Amortization of deferred capital contributions	25,414	23,808	238,164	254,632	542,018	260,907
Other Grants and donations	18,873	7,705	16,890	22,332	65,800	31,989
Interest	3,069	2,223	4,022	4,445	13,759	5,201
Sundry	9,948	7,031	14,164	14,117	45,260	99,766
	3,784,401	1,250,777	3,010,393	4,869,173	\$12,914,744	10,980,262
Expenditures						
Salaries, wages and benefits	2,476,959	708,915	1,341,020	3,033,577	7,560,470	6,703,415
Amortization	172,078	49,123	502,872	704,015	1,428,089	722,656
Maintenance and facility services	180,962	154,800	183,885	254,437	774,084	624,471
Interest and bank charges	142,516	18,416	251,220	651,514	1,063,665	746,424
Telephone & utilities	168,747	95,841	195,258	214,413	674,259	591,070
Food, kitchen and linen supplies	197,906	90,199	219,758	288,617	796,480	754,908
Purchased services	100,241	70,876	115,431	138,318	424,865	394,666
Staff training, travel & memberships	30,445	20,563	29,275	34,464	114,748	160,220
Office & miscellaneous	26,453	12,117	22,423	28,456	89,449	79,987
Insurance	15,091	5,761	47,048	49,601	117,501	90,270
Rent	14,730	10,667	19,302	21,334	66,033	60,668
Resident travel and activities	21,745	10,927	17,973	29,370	80,015	61,782
Resident care contracts and health care supplies	26,039	3,018	11,840	21,559	62,456	56,149
Audit	6,557	2,358	4,268	4,717	17,900	15,250
Directors' expenses	3,279	2,375	4,297	4,749	14,699	12,868
Bad debt	-	-	-	-	-	1,942
	3,583,747	1,255,956	2,965,868	5,479,140	13,284,712	11,076,746
Deficiency of revenue over expenditures before other income	\$ 200,654	\$ (5,179)	\$ 44,525	\$ (609,967)	\$ (369,968)	\$ (96,484)
Other Income (Expenditures)						
Unamortized Capital Contributions	-	162,046	-	-	162,046	-
Loss on disposal of assets	-	(7,832)	-	-	(7,832)	(42,903)
Total gain on assets (Note 21)	-	154,214	-	-	154,214	-
Excess (Deficiency) of revenue over expenditures	\$ 200,654	\$ 149,036	\$ 44,525	\$ (609,967)	\$ (215,754)	\$ (139,387)

Mountain View Seniors' Housing
Notes to the Financial Statements
As at December 31, 2017

Note 1 Nature of Operations

Mountain View Seniors' Housing is a not-for-profit organization with the objective of providing affordable accommodations for seniors who require a supportive living environment and housing for low-income families.

The organization was established as a management body by authority of the Alberta Housing Act under a provincial ministerial order effective February 1, 1995. The organization is a registered charity under the Income Tax Act and is therefore exempt from income tax in accordance with Section 149 of the Income Tax Act.

Note 2 Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Chartered Professional Accountants of Canada Public Sector Accounting Standards (PSA Standards), including standards for Government Not-For-Profit Organizations. The significant policies are detailed as follows:

(a) Measurement Uncertainty

The preparation of financial statements in conformity with the PSA Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of estimates include: allowance for doubtful accounts, estimated useful lives of capital assets and impairment of long-lived assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

(b) Investments

Investments are carried at cost.

(c) Capital Assets

Amortization of capital assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	50 years
Furniture and equipment	10 years
Business systems	10 years
Leasehold improvements	10 years
Computer hardware	4 years
Capital WIP	see note below

No amortization is taken in the year of acquisition.

Capital WIP is work in progress and no amortization is taken on the amount spent until one year after the asset is put into use.

Note 2 Significant Accounting Policies (continued)

(d) Contributed Goods and Services

The organization benefits from contributed services in the form of volunteer time to assist the organization in carrying out its activities. Due to the difficulty in determining the fair value of this time, the contributed services are not recognized in the financial statements. Donations of goods are recognized when the goods would otherwise have been purchased and fair market value can be reasonably estimated.

(e) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental and service package revenue for Lodge residents is recorded at the start of each month the service is provided.

Capital contributions are recorded as unamortized capital contributions and amortized to revenue using the same amortization rates as the funded capital asset. Capital contributions that have not been utilized to acquire a related capital asset are recorded as deferred capital contributions. No amortization is taken in the year an asset is acquired.

(f) Cash and cash equivalents

Cash and equivalents include cash on deposit and temporary bank overdrafts which form an integral part of the organization's cash management.

Note 3 Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Bank balance (overdraft) over funds on deposit	\$ (163,684)	\$ 784,599
Restricted cash	(763,650)	(585,290)
Net outstanding deposits (cheques)	<u>(20,670)</u>	<u>(184,528)</u>
Unrestricted cash (deficiency)	<u>\$ (948,004)</u>	<u>\$ 14,781</u>

Included in the bank balance are the following restricted cash balances:

- \$34,600 representing the restricted operating reserve fund (note 12)
- \$15,000 representing funds received from Alberta Housing and Urban Affairs to pay subsidies to eligible tenants to assist with rental costs for housing units (note 9).

Note 3 Cash and Cash Equivalents (continued)

Restricted cash includes:

• Cash held in a separate bank account that has been internally restricted for Life Lease reserve funds and Life Lease deposits	\$ 359,130
• Cash held in a separate bank account which has been restricted for Housing use.	50,010
Cash held in separate bank accounts which has been restricted for lodge capital use.	354,492
• Cash held in separate bank account and internally restricted for a Lodge Maintenance Reserve	19
	<u>\$ 763,650</u>

The organization has an available line of credit to a maximum of \$1,200,000 bearing interest at Mountain View Credit Union prime (currently 3.45%) less .20%. Security is provided by a General Security Agreement.

As part of the organization's current credit facility agreements with Mountain View Credit Union, the organization is required to monitor and maintain a minimum Debt Service Ratio of 1:1. At year-end the organization was not in compliance with this covenant.

These financial statements have not been adjusted to reflect any action that may be taken by the organization's lenders due to this covenant breach. Mountain View Credit Union is aware of the covenant violation and has no current plans to change the terms of repayment on the outstanding long-term debt.

Note 4 Security Deposit

This security deposit was paid in 2013 for the administration office lease.

Note 5 Resident Security Deposits

Resident security deposits are held in a separate bank account.

Note 6 Investments

Investments consist of shares in Mountain View Credit Union.

Note 7 Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net</u>	<u>2016 Net</u>
Land	\$ 1,281,148	\$ -	\$ 1,281,148	\$ 1,281,148
Buildings and improvements	59,474,317	6,016,359	53,457,958	54,362,343
Furniture and equipment	4,311,092	793,292	3,517,799	3,305,499
Business systems	229,934	112,042	117,892	140,886
Leasehold improvements	63,716	13,410	50,305	56,677
Computer hardware	82,245	35,665	46,579	43,089
Capital WIP	446,785	-	446,785	165,616
	<u>\$ 65,889,236</u>	<u>\$ 6,970,769</u>	<u>\$ 58,918,467</u>	<u>\$ 59,355,258</u>

Note 8 Restricted by Alberta Social Housing

Subsequent to year end, the organization has requested approval from Alberta Seniors and Housing to carryover the 2017 surplus of \$6,565 for use in the 2018 year (2016 - \$85,248).

Note 9 Deferred Revenue

	Opening Balance	Contributions Received	Contributions Recognized as Revenue or Capital Contributions	Ending Balance
As at December 31, 2017				
Direct Rent Supplement (note 3)	15,000	-	-	15,000
Other	2,778	2,391	2,778	2,391
	<u>\$ 17,778</u>	<u>\$ 2,391</u>	<u>\$ 2,778</u>	<u>\$ 17,391</u>

Note 10 Long-term Debt

	2017	2016
Mountain View County ACFA debentures repayable in annual installments totaling \$1,039,715 including interest at 2.8% to 6.0%, final instalments due March 2025 to September 2029. Collateral provided by future municipal requisitions.	\$ 7,872,820	\$ 8,561,284
Mountain View Credit Union non-revolving mortgage. Payment in monthly installments of \$2,128 including principal and interest at a rate of 3.56%. Mortgage is a 60 month fixed term to be renewed October 1, 2022 and is amortized over 25 years ending May 2038. Collateral provided by first charge mortgage over the land and buildings of Mount View Lodge and assignment of rents.	371,095	383,645
Mountain View Credit Union non-revolving mortgage. Payment in monthly installments of \$15,561 including principal and interest at a rate of 3.68%. Mortgage is a 60 month fixed term to be renewed October 2022 and is amortized over 25 years ending May 2038. Collateral provided by first charge mortgage over the land and buildings of Mount View Lodge and assignment of rents.	2,685,188	2,775,784
Mountain View Credit Union non-revolving mortgage. Payment in monthly installments of \$80,600 including principal and interest at a rate of 3.5%. Mortgage is a 60 month fixed term to be renewed August 2021 and is amortized over 25 years ending August 2041. Collateral provided by first charge mortgage over the land and buildings of Sundre Seniors' Supportive Living Facility and assignment of rents.	15,549,644	15,964,850
Mountain View Credit Union non-revolving mortgage. Payment in monthly installments of 4,506 including principal and interest at a rate of 3.5%. Mortgage is a 60 month fixed term to be renewed August 2021 and is amortized over 25 years ending August 2041. Collateral provided by first charge mortgage over the land and buildings of Sundre Seniors' Supportive Living Facility and assignment of rents.	869,235	892,445
Mountain View Credit Union loan. Payment in monthly installments of \$5,758 including principal and interest at a rate of prime plus 3%. Loan is a 5 year term ending July 1, 2022. Collateral provided by assignment of rents and general security agreement.	277,150	-
Mountain View Credit Union loan. Payment in monthly installments of \$7,030 including principal and interest at a rate of prime plus 3%. Loan is a 5 year term ending July 1, 2022. Collateral provided by assignment of rents and general security agreement.	338,315	-
	<u>27,963,446</u>	<u>28,578,008</u>
Current portion	<u>(1,385,479)</u>	<u>(1,230,861)</u>
	<u>\$ 26,577,967</u>	<u>\$ 27,347,147</u>

Note 10 Long-term Debt, continued

See Note 3 for details of financial covenants.

Assuming similar renewal terms upon term renewals, the estimated principal repayments are as follows.

2018	1,385,479
2019	1,442,517
2020	1,502,034
2021	1,564,145
2022	1,570,518
Subsequent	20,498,753
	<u>\$ 27,963,446</u>

Note 11 Life Lease Fee

The organization has leased 9 Life Lease suites in Olds and 15 Life Lease suites in Sundre that can be occupied by entering a life lease agreement. On termination of the lease of a Life Lease suite the fee is to be repaid to the tenant without interest and after deducting an amount as described below.

Upon termination of the Life Lease Agreement the amount of the lease fee refunded is calculated as follows:

One year or less	Fee less 1%
Greater than one year to two years	Fee less 2%
Greater than two years to three years	Fee less 3%
Greater than three years to four years	Fee less 4%
Greater than four years to five years	Fee less 5%
Greater than five years to six years	Fee less 6%
Greater than six years to seven years	Fee less 7%
Greater than seven years	Fee less 8%

Note 12 Restricted Operating Reserve Fund

The fund represents an amount restricted by the Alberta Government. The funds are not to be used to address unbudgeted expenditures and any use of the funds must have approval from the Alberta Government.

Note 13 Unamortized Capital Contributions

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$23,153,424	\$20,824,297
Contributions received during the year:		
Affordable Supportive Living Initiative	-	380,000
CMHC Grant	-	1,896,296
Mountain View Housing Foundation	-	143,051
Lodge Renewal Funding Initiative	-	181,029
Alberta Health Services start up funding	-	70,000
Interest earned on Sundre project funds	-	21,380
ASHC Capital Improvement grant	195,000	-
New Horizons for Seniors grant	18,914	-
Amortization of assets acquired from capital contributions	(542,018)	(260,907)
Amortization of assets disposed of during the year	(162,046)	(101,722)
Balance, end of year	<u>\$22,663,274</u>	<u>\$23,153,424</u>

Included in unamortized capital contributions is \$213,914 (2016 - \$12,480,207) that has been spent but not amortized.

Note 14 Unrestricted Net Assets

Mountain View Seniors' Housing has Unrestricted Net Assets in the amount of \$2,511,990 (2016 - \$2,957,301) which is comprised of funds invested in capital assets and accumulation of operating surpluses (deficits).

Note 15 Restricted Net Assets

The Mountain View Seniors' Housing board has approved the restriction of any surplus of funds for the Life Lease operations for future capital and maintenance for Life Lease.

Olds Life Lease

	<u>2017</u>	<u>2016</u>
Life Lease surplus	\$ 12,630	\$ 16,012
Transfer to Life Lease Capital reserve	<u>(12,630)</u>	<u>(16,012)</u>
	<u>\$ -</u>	<u>\$ -</u>
Restricted reserve, opening balance	202,974	186,963
Transfer from Life Lease surplus	<u>12,630</u>	<u>16,011</u>
Restricted reserve, ending balance	<u>\$ 215,604</u>	<u>\$ 202,974</u>

Sundre Life Lease

	<u>2017</u>	<u>2016</u>
Life Lease surplus (deficit)	\$ (30,377)	\$ 53,040
Transfer (to) from Life Lease Capital reserve	<u>30,377</u>	<u>(53,040)</u>
	<u>\$ -</u>	<u>\$ -</u>
Restricted reserve, opening balance	53,040	-
Transfer to (from) Life Lease surplus (deficit)	<u>(30,380)</u>	<u>53,040</u>
Restricted reserve, ending balance	<u>\$ 22,660</u>	<u>\$ 53,040</u>
Total Life Leases	<u>\$ 238,264</u>	<u>\$ 256,014</u>

Capital Reserve

During the 2017 year, the Mountain View Seniors' Housing board has approved the restriction of \$229,557 of funds on hand to be held as a capital reserve.

Note 16 Municipal Requisitions

	<u>2017</u>	<u>2016</u>
Mountain View County	\$ 683,014	\$ 661,306
Town of Olds	208,684	190,687
Town of Didsbury	85,318	80,452
Town of Sundre	54,882	53,361
Town of Carstairs	83,933	76,551
Village of Cremona	<u>6,515</u>	<u>6,543</u>
	<u>\$ 1,122,345</u>	<u>\$ 1,068,900</u>

Note 17 Administrative Expenses

Included in expenditures is administrative expenses in the amount of \$1,889,457 (2016 - \$1,630,611).

Note 18 Transactions with Mountain View Seniors' Housing Foundation

Mountain View Seniors' Housing Foundation is a society which was established in 2002. The Foundation was set up to be the fundraiser for the benefit of Mountain View Seniors' Housing. During the year, the organization received nil (2016 - \$143,051) in capital contributions from Mountain View Seniors' Housing Foundation and \$27,029 (2016 - \$30,321) in operating contributions.

Note 19 Commitments

The organization has committed to contracts for management and administration consulting services, information technology services, Chief Administrative Officer services, general construction contractor services, administration office lease and maintenance services contracts expiring from May 31, 2018 to October 2023. Expected payments are as follows:

2018	1,068,567
2019	845,707
2020	687,058
2021	100,250
2022	93,713
Thereafter	78,093
	\$ 2,873,388

The organization has a contract, expiring October 2018, to purchase natural gas at a fixed rate of \$4.62/GJ. Total commitment is based on usage and is therefore not determinable.

The organization has a contract, expiring May 2018, to purchase electricity at fixed rate of \$58.69/MWh. Total commitment is based on usage and is therefore not determinable.

Note 20 Alberta Seniors' & Housing grant

	<u>2017</u>	<u>2016</u>
Deficit funding received in the current year	\$ 22,641	\$ 22,641
2016 surplus carried forward	85,248	38,101
Surplus SSC rental income generated	(6,565)	(85,248)
Balance, end of the year	101,324	(24,506)

Note 21 Insurance Proceeds

On June 19, 2017, the basement of the provincially owned Chinook Winds Lodge flooded. Residents were relocated until September 26, 2017 when repairs were completed. The provincial Risk Management fund covered the costs for repairs to the building and replacement of the mechanical and electrical systems. Mountain View Seniors' Housing's insurance policies covered the replacement of the nurse call system, contents destroyed and business interruption losses incurred. In addition, two smaller claims occurred at Aspen Ridge Lodge and the Sundre Seniors' Supportive Living Facility Life Lease.

\$ 105,829	Business interruption loss reimbursement for lost rent revenue
39,686	Contents settlement
48,080	Reimbursement for costs
193,594	Insurance Proceeds

(169,752)	Nurse call system - written off
161,920	Insurance proceeds
(7,832)	Loss on disposal of assets
162,046	Unamortized capital contribution written off on nurse call system
154,214	Total gain on assets

Note 22 Comparative Amounts

Certain comparative figures have been reclassified to conform with the current year's presentation. Net income reported previously has not been affected by this reclassification.