

Mountain View Seniors' Housing

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

December 31, 2019

Mountain View Seniors' Housing
Table of Contents
December 31, 2019

Financial Statements	Page
Statement of Financial Position	1
Statement of Net Assets	2
Statement of Operations	3
Statement of Lodge Operations	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-13



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Mountain View Seniors' Housing (the Organization) which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets, cash flows, and lodges operations 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 Mountain View Seniors' Housing as at December 31, 2019, and its financial performance and its cash flows for the year ended December 31, 2019 in accordance with Canadian public sector accounting standards.

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 Organization 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 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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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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 Organization'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 Organization'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 Organization 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.

RSM Alberta LLP

Red Deer County, Alberta
March 26, 2020

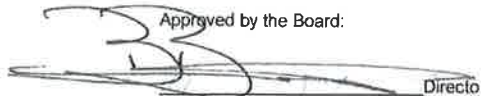
Chartered Professional Accountants




Mountain View Seniors' Housing
Statement of Financial Position
As at December 31, 2019

	Lodges & Life Lease	Housing	December 2019	December 2018
ASSETS				
Current assets				
Restricted cash (Note 3)	273,479	684,939	968,418	939,644
Accounts receivable	131,432	4,401	135,834	85,707
Prepaid Expenses	17,752	3,111	20,863	17,516
Due from Mountain View Seniors' Housing Foundation	23,151	798	23,949	-
Goods and Services Taxes receivable	79,618	19,430	99,049	115,001
	<u>525,432</u>	<u>712,680</u>	<u>1,238,112</u>	<u>1,157,868</u>
Security deposit (Note 4)	10,875	-	10,875	10,875
Resident security deposits (Note 5)	240,270	72,299	312,569	297,854
Investments (Note 6)	54,475	-	54,475	52,388
Capital assets (Note 7)	57,151,859	335,796	57,487,655	58,260,804
	<u>57,982,911</u>	<u>1,120,775</u>	<u>59,103,686</u>	<u>59,779,789</u>
LIABILITIES				
Current liabilities				
Bank indebtedness (Note 3)	198,037	-	198,037	1,853,097
Interfund transfer	119,624	(119,624)	-	-
Accounts payable and accruals	1,003,603	99,852	1,103,455	1,368,499
Restricted by Alberta Social Housing (Note 8)	-	44,935	44,935	8,972
Due to Mountain View Seniors' Housing Foundation	-	-	-	2,007
Deferred revenue (Note 9)	580,306	354,188	934,494	54,876
Current portion of long-term debt (Note 10)	1,723,257	-	1,723,257	1,526,970
Life Lease fee (Note 11)	2,952,825	-	2,952,825	4,221,300
	<u>6,577,651</u>	<u>379,351</u>	<u>6,957,003</u>	<u>9,035,721</u>
Resident security deposits (Note 5)	240,270	72,299	312,569	297,854
Restricted operating reserve fund (Note 12)	-	669,125	669,125	34,600
Long-term debt (Note 10)	27,238,491	-	27,238,491	25,971,396
Unamortized capital contributions (Note 13)	21,958,378	-	21,958,378	22,511,405
	<u>56,014,790</u>	<u>1,120,775</u>	<u>57,135,565</u>	<u>57,850,976</u>
NET ASSETS				
Unrestricted (Note 14)	1,775,750	-	1,775,750	1,620,138
Restricted (Note 15)	192,371	-	192,371	308,675
	<u>1,968,121</u>	<u>-</u>	<u>1,968,121</u>	<u>1,928,813</u>
	<u>57,982,911</u>	<u>1,120,775</u>	<u>59,103,686</u>	<u>59,779,789</u>

Approved by the Board:


 Director


 Director

Mountain View Seniors' Housing
Statement of Net Assets
For the year ended December 31, 2019

	Unrestricted	Restricted	Total 2019	Total 2018
Net assets, beginning of year	\$ 1,620,138	\$ 308,675	\$ 1,928,813	\$ 2,979,813
Excess (Deficiency) of revenue over expenditures	39,309	-	39,309	(1,051,000)
Transfers to (from) capital reserve	72,057	(72,057)	-	-
Transfer to (from) Life Lease capital and maintenance reserve	44,247	(44,247)	-	-
Net assets, end of year	\$ 1,775,750	\$ 192,371	\$ 1,968,122	\$ 1,928,813

Mountain View Seniors' Housing
Statement of Operations
For the year ended December 31, 2019

	<u>Lodges</u>	<u>Housing</u>	<u>Life Lease</u>	<u>2019</u>	<u>2018</u>
Revenues					
Rent revenue and service fees (Note 21)	7,843,530	969,870	451,564	9,264,964	\$ 8,708,721
MVSH Subsidy for Low Income Residents (Note 21)	(1,431,114)	-	-	(1,431,114)	(1,168,488)
Health Authority grants	4,407,973	-	-	4,407,973	4,339,180
Requisitions - Municipalities (Note 16)	1,950,000	-	-	1,950,000	1,278,462
Alberta Seniors' & Housing grants (Note 20)	753,316	65,749	-	819,065	756,587
Amortization of deferred capital contributions	580,862	-	-	580,862	538,361
Utility recovery	-	67,463	-	67,463	66,985
Sundry	60,773	5,590	-	66,363	66,349
Interest	11,354	201	40,467	52,022	61,838
Other grants and donations	43,698	798	-	44,496	51,805
Insurance Proceeds	4,934	-	-	4,934	23,713
	<u>14,225,325</u>	<u>1,109,671</u>	<u>492,031</u>	<u>15,827,027</u>	<u>14,723,533</u>
Expenditures (Note 17)					
Salaries, wages and benefits	8,007,703	159,673	139,694	8,307,069	8,458,406
Amortization	1,569,803	3,392	141,845	1,715,039	1,637,974
Maintenance and facility services	847,471	531,016	62,935	1,441,422	1,391,658
Interest and bank charges	1,094,857	109	64,699	1,159,655	1,126,436
Telephone and utilities	664,321	265,954	60,703	990,978	1,026,436
Food, kitchen and linen supplies	806,656	100	9,348	816,105	837,609
Purchased services	585,384	86,155	503	672,042	651,164
Staff training, travel and memberships	122,587	12,032	-	134,619	103,894
Insurance	121,469	9,243	-	130,712	128,395
Office and miscellaneous	65,474	7,700	28,135	101,309	108,658
Rent	64,898	24,000	-	88,898	88,518
Resident travel and activities	82,024	798	-	82,822	72,938
Resident Care contracts and health care supplies	52,721	-	-	52,721	69,765
Property taxes	13,800	-	28,415	42,215	27,557
Directors' expenses	39,102	-	-	39,102	21,514
Audit	3,500	9,500	-	13,000	22,000
Bad Debt	-	-	-	-	1,611
	<u>14,141,769</u>	<u>1,109,671</u>	<u>536,278</u>	<u>15,787,718</u>	<u>15,774,533</u>
Excess (Deficiency) of revenues over expenditures	<u>83,556</u>	<u>-</u>	<u>(44,247)</u>	<u>39,309</u>	<u>\$ (1,051,000)</u>

**Mountain View Seniors' Housing
Statement of Lodge Operations
For the year ended December 31, 2019**

	Aspen Ridge		Chinook		Mount View		Sundre		2019		2018	
	Lodge		Lodge		Lodge		Lodge		Total	Total	Total	Total
Revenues												
Rent revenue and service fees	1,693,407	\$	1,226,774	\$	2,418,386	\$	2,504,962	\$	7,843,530	\$	7,274,033	
MVSH Subsidy for Low Income Residents	(221,520)		(277,549)		(542,573)		(389,472)		(1,431,114)		(1,168,468)	
Health Authority Grants	1,969,669		-		251,659		2,186,645		4,407,973		4,339,180	
Requisitions - Municipalities	287,368		431,053		780,000		451,579		1,950,000		1,278,462	
Alberta Seniors' & Housing grants	120,724		164,184		270,422		197,986		753,316		736,352	
Amortization of deferred capital contributions	66,428		4,027		251,952		258,455		580,862		538,361	
Sundry	13,900		9,328		18,022		19,523		60,773		59,386	
Other Grants and donations	13,514		5,203		11,513		13,468		43,698		51,805	
Interest	2,533		1,834		3,319		3,668		11,354		12,156	
Insurance Proceeds	543		2,893		711		786		4,934		10,567	
	3,946,566		1,567,747		3,463,412		5,247,599		14,225,325		13,131,834	
Expenditures												
Salaries, wages and benefits	2,633,016		777,338		1,329,557		3,267,793		8,007,703		8,156,638	
Amortization	201,181		70,884		535,665		762,073		1,569,803		1,496,129	
Interest and bank charges	136,293		24,620		312,391		621,553		1,094,857		1,083,397	
Maintenance and facility services	213,501		144,696		194,374		294,900		847,471		823,799	
Food, kitchen and linen supplies	205,274		124,454		215,178		261,751		806,656		824,813	
Telephone and utilities	164,170		101,680		183,886		214,685		664,321		687,350	
Purchased services	108,241		78,104		158,901		240,138		585,384		576,794	
Staff training, travel and memberships	29,154		18,691		30,553		44,190		122,587		92,552	
Insurance	17,704		5,095		48,490		50,179		121,469		119,375	
Resident travel and activities	21,984		11,856		18,575		29,609		82,024		72,938	
Office and miscellaneous	18,930		7,047		15,017		24,479		65,474		77,493	
Rent	14,477		10,484		18,970		20,967		64,898		64,518	
Resident care contracts and health care supplies	20,484		298		6,463		25,476		52,721		69,765	
Directors' expenses	8,611		6,235		11,785		12,471		39,102		21,514	
Property taxes	3,078		2,229		4,034		4,458		13,600		-	
Audit	781		565		1,023		1,131		3,500		12,500	
Bad debt	-		-		-		-		-		1,611	
	3,796,880		1,384,175		3,084,861		5,875,855		14,141,769		14,181,186	
Excess (Deficiency) of revenues over expenditures	\$ 149,686		\$ 183,571		\$ 378,551		\$ (628,256)		\$ 83,556		\$ (1,049,352)	

Mountain View Seniors' Housing
Statement of Cash Flows
For the year ended December 31, 2019

CASH PROVIDED BY (USED FOR)	<u>2019</u>	<u>2018</u>
Operating activities		
Cash receipts from tenants, donations and grants	\$ 16,829,821	\$ 14,269,466
Cash paid to suppliers and employees	(13,364,904)	(12,544,868)
Interest received	(34,559)	13,847
Interest paid	(976,406)	(1,079,554)
	<u>2,453,952</u>	<u>658,891</u>
Investing activities		
Capital contributions	27,835	386,492
Purchase of capital assets	(986,057)	(1,059,726)
Purchase of short-term investment	(2,087)	(938)
	<u>(960,308)</u>	<u>(674,172)</u>
Financing activities		
Advances of long-term debt	3,000,000	953,353
Repayment of long-term debt	(1,536,618)	(1,418,433)
Advances from life lease fee	572,340	665,980
Repayments of life lease fee	(1,840,815)	(893,850)
Advances (repayment) of bank indebtedness	(1,655,061)	905,094
	<u>(1,460,154)</u>	<u>212,144</u>
Increase in cash	33,489	196,863
Cash, beginning of year	<u>1,237,498</u>	<u>1,040,635</u>
Cash, end of year	<u>\$ 1,270,987</u>	<u>\$ 1,237,498</u>
Cash consists of:		
Cash & cash equivalents	-	-
Restricted cash	958,418	939,644
Cash held in trust for security deposits payable	312,569	297,854
	<u>\$ 1,270,987</u>	<u>\$ 1,237,498</u>

Excluded from the statement of cash flows are purchased capital assets which remain in accounts payable and accruals in the amount of \$18,017 (2018 - \$62,184)

Mountain View Seniors' Housing
Notes to the Financial Statements
As at December 31, 2019

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, certain accounts payable and accruals, 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

Half-year amortization is taken in the year of acquisition.

Capital WIP is work in progress and no amortization is taken on the amount spent until the year 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. A half year of 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.

(g) Financial Instruments

The organization's financial instruments consist of restricted cash, accounts receivable, due from Mountain View Seniors' Housing Foundation, investments, bank indebtedness, accounts payable and accruals, long-term debt and life lease fee. Its management's opinion that the organization is not exposed to significant interest rate, currency, market, liquidity or credit risks arising from these financial instruments except as follows:

- Interest rate risk: the organization is exposed to interest rate cash flow risk as the bank indebtedness and certain long-term debt bear interest at variable interest rates. The organization is exposed to interest rate price risk as certain long-term debt bears interest at fixed interest rates.
- Liquidity risk: the organization has an excess of current liabilities over current assets. Management budgets for and monitors cash flows to mitigate this risk.

Note 3 Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
Bank indebtedness consists of:		
Funds on deposit	\$ 1,027,680	8,804
Line of credit/revolving loan	<u>(1,225,717)</u>	<u>(1,861,901)</u>
	<u>\$ (198,037)</u>	<u>(1,853,097)</u>
Restricted cash includes:		
• Cash held in a separate bank account that has been internally restricted for Life Lease reserve funds and Life Lease deposits	\$	243,845
• Cash held in a separate bank account which has been restricted for Housing use: direct rent supplement and operating reserve fund (note 9 and 12)		50,411
• Cash held in separate bank accounts which has been restricted for lodge capital use		28,871
• Cash held in separate bank account restricted by Alberta Social Housing Corporation (note 12)		<u>635,291</u>
		<u>\$ 958,418</u>

The organization has an available line of credit to a maximum of \$2,500,000 bearing interest at the Mountain View Financial prime rate (currently 2.95%). Security is provided by a General Security Agreement.

The organization has an available revolving loan related to its life lease fees to a maximum of \$1,500,000 bearing interest at the Mountain View Financial prime rate (currently 2.95%). As at December 31, 2019, there is \$274,284 available on this revolving loan.

As part of the organization's current credit facility agreements with Mountain View Financial, the organization is required to monitor and maintain a minimum Debt Service Ratio of 1:1. At year-end, the organization was in compliance with this covenant.

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 Financial.

Note 7 Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net</u>	<u>2018 Net</u>
Land	\$ 1,281,148	\$ -	\$ 1,281,148	\$ 1,281,148
Buildings and improvements	60,536,021	8,410,604	52,125,416	52,678,597
Furniture and equipment	4,477,029	1,294,548	3,182,482	3,487,617
Business systems	307,431	161,903	145,528	94,899
Computer hardware	159,421	59,193	100,228	86,181
Leasehold improvements	65,508	28,237	37,271	45,726
Capital WIP	615,582	-	615,582	586,637
	<u>\$ 67,442,140</u>	<u>\$ 9,954,485</u>	<u>\$ 57,487,655</u>	<u>\$ 58,260,804</u>

Note 8 Restricted by Alberta Social Housing Corporation

A surplus from housing operations of \$44,935 has been recorded a current liability restricted by Alberta Social Housing Corporation. The organization is in the process of requesting approval to carry forward the funds to the next fiscal year.

Note 9 Deferred Revenue

	Opening Balance	Contributions Received	Contributions Recognized as Revenue or Capital Contributions	Ending Balance
Direct Rent Supplement (Note 3)	15,000	-	-	15,000
2020 Lodge Requisitions		580,306		580,306
Community Housing donation		339,188		339,188
Other	39,876	-	39,876	-
	\$ 54,876	\$ 919,494	\$ 39,876	\$ 934,494

Note 10 Long-term Debt

	2019	2018
Mountain View County ACFA debentures repayable in monthly installments totaling \$102,876 including interest at 2.68% to 6.0%, final installments due March 2025 to December 2039. Collateral provided by future municipal requisitions.	\$ 9,409,533	\$ 7,155,978
Mountain View Financial 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 June 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.	345,598	358,573
Mountain View Financial 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.	2,502,997	2,595,766
Mountain View Financial 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.	14,674,678	15,119,805
Mountain View Financial 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.	820,324	845,207
Mountain View Financial loan. Payment in monthly installments of \$5,665 including principal and interest at a rate of prime (currently 2.95%). Loan is a 5 year term ending July 1, 2022. Collateral provided by assignment of rents and general security agreement.	166,699	224,577
Mountain View Financial loan. Payment in monthly installments of \$6,914 including principal and interest at a rate of prime (currently 2.95%). Loan is a 5 year term ending July 1, 2022. Collateral provided by assignment of rents and general security agreement.	203,480	274,133
Mountain View Financial loan. Payment in monthly installments of \$1,207 including principal and interest at a rate of prime (currently 2.95%). Loan is a 4 year term ending August 1, 2022. Collateral provided by assignment of rents and general security agreement.	36,620	49,225
Mountain View Financial loan. Payment in monthly installments of \$9,117 including principal and interest at a rate of prime (currently 2.95%). Loan is a 5 year term to be renewed August 1, 2023 and is amortized over 10 years ending August 1, 2028. Collateral provided by assignment of rents and general security agreement.	801,819	875,103
	28,961,748	27,498,366
Current portion	(1,723,257)	(1,526,970)
	\$ 27,238,491	\$ 25,971,396

Note 10 Long-term Debt, continued

See Note 3 for details of financial covenants. The organization also has access to \$300,000 Evergreen Capex facility, of which \$203,317 is currently being utilized.

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

2020	1,723,257
2021	1,779,428
2022	1,779,897
2023	1,748,475
2024	1,815,769
Subsequent	20,114,922
	<u>\$ 28,961,748</u>

Note 11 Life Lease Fee

The organization has leased 8 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 \$34,600 (2018 - \$34,600) restricted by the Alberta Government and is held in a separate bank account. The funds are not to be used to address unbudgeted expenditures and any use of the funds must have approval from the Alberta Government.

In 2019, Mountain View Seniors Housing and Alberta Social Housing Corporation have signed an agreement that had Mountain View Seniors Housing purchasing 9 properties (15 units) from Alberta Social Housing Corporation for a nominal amount of \$1. The conditions of the sale require that the properties or proceeds from the sale of the properties are to be used solely for the purpose of providing social and affordable housing accommodations. During the year, \$634,525 of net proceeds were received from sales of 5 units and are included in the reserve fund.

Note 13 Unamortized Capital Contributions

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$22,511,405	\$22,663,274
Contributions received during the year:		
Mountain View Seniors' Housing Foundation	27,835	24,619
ASHC Capital Improvement grants	-	340,000
New Horizons for Seniors grant	-	21,873
Amortization of assets acquired from capital contributions	<u>(580,862)</u>	<u>(538,361)</u>
Balance, end of year	<u>\$21,958,378</u>	<u>\$22,511,405</u>

Included in unamortized capital contributions is \$20,965 (2018 - \$121,166) that has been spent but not amortized.

Note 14 Unrestricted Net Assets

Mountain View Seniors' Housing has Unrestricted Net Assets in the amount of \$1,775,750 (2018 - \$1,620,138) 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>2019</u>	<u>2018</u>
Life Lease surplus (deficit)	\$ 5,156	\$ (14,862)
Transfer (to) from Life Lease Capital reserve	<u>(5,156)</u>	<u>14,862</u>
	<u>\$ -</u>	<u>\$ -</u>
Restricted reserve, opening balance	200,744	215,606
Transfer from Life Lease surplus	5,156	(14,862)
Restricted reserve, ending balance	<u>\$ 205,900</u>	<u>\$ 200,744</u>

Sundre Life Lease

	<u>2019</u>	<u>2018</u>
Life Lease surplus (deficit)	\$ (49,403)	\$ 13,214
Transfer (to) from Life Lease Capital reserve	<u>49,403</u>	<u>(13,214)</u>
	<u>\$ -</u>	<u>\$ -</u>
Restricted reserve, opening balance	35,874	22,660
Transfer to (from) Life Lease surplus (deficit)	(49,403)	13,214
Restricted reserve, ending balance	<u>\$ (13,529)</u>	<u>\$ 35,874</u>

Total Life Leases

	<u>\$ 192,371</u>	<u>\$ 236,618</u>
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Capital Reserve

During 2019, the Mountain View Seniors' Housing board approved the use of \$72,057 from the funds held as a capital reserve.

	<u>2019</u>	<u>2018</u>
Capital Reserve, opening balance	72,057	229,557
Transfer to (from) capital reserve	<u>(72,057)</u>	<u>(157,500)</u>
Capital reserve, ending balance	<u>-</u>	<u>72,057</u>

Total restricted net assets

	<u>192,371</u>	<u>308,675</u>
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Note 16 Municipal Requisitions

The Alberta Housing Act, Part 7 - Requisitions, states that a housing management body which provides lodge accommodation may requisition the municipalities for which it provides this accommodation. The requisition can be for the management body's annual deficit arising from provision of this accommodation for the previous fiscal year, and it can also be for any amounts necessary to establish or continue a reserve fund for the management body.

	<u>2019</u>	<u>2018</u>
Mountain View County	\$ 1,169,434	\$ 767,188
Town of Olds	367,280	239,863
Town of Carstairs	156,499	101,027
Town of Didsbury	151,361	99,850
Town of Sundre	93,509	62,821
Village of Cremona	11,917	7,712
	<u>\$ 1,950,000</u>	<u>\$ 1,278,462</u>

The requisitions for 2020 have been approved as follows:

	<u>2020</u>
Mountain View County	\$ 1,763,837
Town of Olds	557,386
Town of Carstairs	241,379
Town of Didsbury	219,417
Town of Sundre	145,117
Village of Cremona	17,491
	<u>\$ 2,944,627</u>

(\$580,306 was received Dec 2019)

Note 17 Administrative Expenses

Included in expenditures is administrative expenses in the amount of \$2,295,011 (2018 - \$2,000,387).

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 \$27,835 (2018 - \$24,619) in capital contributions from Mountain View Seniors' Housing Foundation and \$5,404 (2018 - \$15,533) 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, administration office lease and maintenance services contracts expiring from March 31, 2020 to October 2023. Expected payments are as follows:

2020	993,998
2021	581,020
2022	112,843
2023	78,093
	\$ 1,765,954

Note 20 Alberta Seniors and Housing Grants - Housing

	<u>2019</u>	<u>2018</u>
Deficit funding received in the current year	108,278	\$ 22,641
Surplus rental income generated	(42,529)	(2,406)
Balance, end of the year	65,749	20,235

Note 21 Rent Revenue and Service Fees

The Mountain View Seniors' Housing Lodge Program offers rooms, meals, services and recreational opportunities for functionally independent seniors. A basic lodge rate is set annually by MVSH for this program. Rent payable by a resident is calculated in accordance with the Alberta Housing Act, Social Housing Accommodation Regulation based on income. Each resident must be left with a monthly disposable income amount determined by the Province. If a resident does not have sufficient income to pay the basic lodge rate, MVSH provides a subsidy.

Note 22 Subsequent Event - COVID -19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

Note 23 Contingency

At year end, the organization has engaged its legal counsel to review a complaint. Management is confident the complaint is not valid and will not result in a settlement based on the legal review. As such, no liability has been accrued in these financial statements.

Note 24 Comparative Amounts

The presentation of certain accounts of the previous year has been changed to conform to the presentation adopted for the current year.