

Flagstaff Regional Housing Group  
Statement of Financial Position  
As At December 31, 2016

	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 565,545	\$ 622,775
Guaranteed investment certificates	425,492	422,737
Receivables (Note 4)	24,115	18,761
Prepays	<u>4,311</u>	<u>4,236</u>
	1,019,463	1,068,509
 Tangible capital assets (Note 5)	 <u>106,801</u>	 <u>358,817</u>
<b>Total Assets</b>	<b><u>\$ 1,126,264</u></b>	<b><u>\$ 1,427,326</u></b>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals (Note 6)	\$ 369,566	\$ 221,581
Unearned income	<u>1,969</u>	<u>-</u>
	<u>371,535</u>	<u>221,581</u>
<b>Net Assets</b>		
Unrestricted net assets	578,346	783,978
Internally restricted net assets (Note 7)	69,582	62,950
Net assets invested in capital assets	<u>106,801</u>	<u>358,817</u>
	<u>754,729</u>	<u>1,205,745</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,126,264</u></b>	<b><u>\$ 1,427,326</u></b>

Flagstaff Regional Housing Group  
Statement of Changes in Net Assets  
for the Year Ended December 31, 2016

	2016				2015
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 7)	Net Assets Invested In Capital Assets	Total Net Assets	Total
Beginning balance	\$ 783,978	\$ 62,950	\$ 358,817	\$ 1,205,745	1,366,807
(Deficiency) of revenue over expenses	(451,016)	-	-	(451,016)	(161,062)
Amortization of tangible capital assets	11,311	-	(11,311)	-	-
Loss on disposal of assets	262,701	-	(262,701)	-	-
Additions of capital assets	(21,996)	-	21,996	-	-
Transfer to internally restricted net assets	(6,632)	6,632	-	-	-
Ending balance	<u>\$ 578,346</u>	<u>\$ 69,582</u>	<u>\$ 106,801</u>	<u>\$ 754,729</u>	<u>\$ 1,205,745</u>

Flagstaff Regional Housing Group  
Statement of Operations  
For the Year Ended December 31, 2016

	2016 Actual	2016 Budget (Unaudited)	2015 Actual
<b>Revenue</b>			
Accommodation	\$ 339,290	\$ 355,800	\$ 544,713
Grants	122,090	109,000	175,633
Recoveries	42,641	51,300	67,915
Miscellaneous	<u>13,737</u>	<u>3,600</u>	<u>25,436</u>
	<u>517,758</u>	<u>519,700</u>	<u>813,697</u>
<b>Expenses</b>			
Administration management	83,500	83,500	65,200
Amortization of tangible capital assets	11,311	-	44,405
Building and ground maintenance	27,460	41,800	32,204
Conferences and travel	3,455	11,800	22,512
Equipment repairs and maintenance	268	-	5,842
Food and kitchen supplies	71,893	76,500	107,045
General administration	15,627	12,600	45,245
Insurance	2,867	500	4,432
Laundry and linen supplies	1,073	2,600	382
Lodge renewal project	15,507	-	-
Lodge demolition project	355,792	-	-
Professional fees	13,005	3,400	6,378
Small equipment			242
Telephone	6,260	5,000	9,058
Utilities	64,672	49,100	82,552
Wages and benefits	<u>478,383</u>	<u>586,700</u>	<u>938,251</u>
	<u>1,151,073</u>	<u>873,500</u>	<u>1,363,748</u>
Deficiency of revenue over expenses before other items	(633,315)	(353,800)	(550,051)
(Loss) on write down of assets	<u>(262,701)</u>	<u>-</u>	<u>(56,012)</u>
Deficiency of revenue over expenses before requisitions	(896,016)	(353,800)	(606,063)
Requisitions (Note 10)	<u>445,000</u>	<u>445,000</u>	<u>445,000</u>
(Deficiency) Excess of revenue over expenses	<u>\$ (451,016)</u>	<u>\$ 91,200</u>	<u>\$ (161,063)</u>

Flagstaff Regional Housing Group  
Statement of Cash Flows  
For the Year Ended December 31, 2016

	2016	2015
Cash provided (used) by operating activities:		
(Deficiency) of revenues over expenses	\$ (451,016)	\$ (161,063)
Items not involving cash:		
Amortization of tangible capital assets	11,311	44,405
Loss on write down of assets	<u>262,701</u>	<u>56,012</u>
	(177,004)	(60,646)
 Changes in operating net assets:		
Receivables	(5,354)	62,800
Prepays	(76)	(3,721)
Payables and accruals	147,986	102,917
Unearned income	<u>1,969</u>	<u>(10,387)</u>
	<u>(32,479)</u>	<u>90,963</u>
 Cash provided (used) by investing activities:		
Purchase of tangible capital assets	(21,996)	-
Proceeds (loss) on disposal of capital assets	-	6,725
Increase in investments	<u>(2,755)</u>	<u>(4,392)</u>
	<u>(24,751)</u>	<u>2,333</u>
 Decrease (increase) in cash during the year	(57,230)	93,296
 Cash, cash equivalents - beginning of year	<u>622,775</u>	<u>529,477</u>
 Cash, cash equivalents - end of year	<u>\$ 565,544</u>	<u>\$ 622,775</u>

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Flagstaff Regional Housing Group  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

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**1. Nature of operations**

Flagstaff Regional Housing Group (Flagstaff) was established as a management body by Ministerial Order, pursuant to the Alberta Housing Act. It is responsible for the operation and administration of Big Knife Lodge in Forestburg, Alberta and Flagstaff Lodge in Sedgewick, Alberta. During the course of 2016 Flagstaff Lodge in Sedgewick ceased operations and was demolished to make room for a self-contained housing project.

Flagstaff is a government not-for-profit organization (GNFPO) that is defined as a government organization that meets the definition of a not-for-profit organization and has counterparts outside the public sector.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations set out in the CPA Canada Public Sector Accounting (PSA) Handbook. Flagstaff is a GNFPO that has elected to follow the standards for not-for-profit organizations in the CPA Canada PSA Handbook.

The more significant accounting policies are as follows:

a) Use of Estimates:

The preparation of these statements requires the organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates include estimated useful lives of property and equipment and the allocation of maintenance salaries between the lodges and housing units. Actual results could differ from these estimates.

b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks and guaranteed investment certificates with original maturities of 3 months or less.

c) Revenue recognition:

The organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including accommodation and recoveries, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Provincial government grants are recognized as revenue in the year in which the related expenses are incurred. Requisition revenue is recognized as income in the year for which the funding is requisitioned.

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Flagstaff Regional Housing Group  
Notes to the Financial Statements  
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**2. Significant accounting policies (cont)**

d) Contributed supplies and services:

The organization may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations

e) Tangible capital assets:

Tangible capital assets acquired are recorded at cost. When the organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date. When fair value cannot be reasonably determined, the tangible capital asset is recorded at a nominal value. These assets are then amortized on a declining balance method over the estimated useful life of each asset using the following annual rates:

Buildings and renovations	10 to 20 years
Furniture and equipment	10 years

When the organization recognizes that a tangible capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

f) Financial assets and liabilities:

Upon initial measurement, the organization's financial assets and liabilities are measured at fair value, which, in the case of financial asset or liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

At each reporting date, the organization measures its financial assets and liabilities at amortized cost, including any impairment in the case of financial assets. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals.

With respect to financial assets measured at amortized cost, the organization assesses whether there are any indications of impairment. When there is a indication of impairment, and if the organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Flagstaff Regional Housing Group  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

**3. Cash and cash equivalents**

	<u>2016</u>	<u>2015</u>
Cash on hand and balances with banks, net of outstanding cheques and deposits	\$ 495,463	\$ 559,825
Restricted cash	<u>70,082</u>	<u>62,950</u>
	<u>\$ 565,545</u>	<u>\$ 622,775</u>

**4. Accounts Receivable**

	<u>2016</u>	<u>2015</u>
Resident receivables	\$ 3,518	\$ -
Grants receivable	17,430	16,930
GST receivable	3,167	-
Accrued interest receivable	<u>-</u>	<u>1,832</u>
	<u>\$ 24,115</u>	<u>\$ 18,762</u>

**5. Tangible capital assets**

	<u>2016</u>			<u>2015</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Buildings and renovations	288,222	220,265	67,957	338,209
Furniture and equipment	<u>98,166</u>	<u>64,323</u>	<u>33,844</u>	<u>15,608</u>
	<u>\$ 391,388</u>	<u>\$ 284,588</u>	<u>\$ 106,801</u>	<u>\$ 358,817</u>

**6. Accounts Payable and Accrued Expenses**

	<u>2016</u>	<u>2015</u>
Accounts payable, trade	\$ 463	\$ -
Wages and benefit remittances payable	30,922	139,642
Payroll remittances payable to CRA	23,291	8,020
Amounts due to related parties	308,099	56,561
Accrued audit fees payable	6,792	6,078
Employee future benefits payable	<u>-</u>	<u>11,280</u>
	<u>\$ 369,567</u>	<u>\$ 221,581</u>

**7. Internally restricted net assets**

Internally restricted funds are not available for unrestricted purposes without the approval of the Flagstaff Regional Housing Group Board. Funds are restricted for resident life enhancement purposes. In 2016 donations and interest received amounted to \$7,132 and expenses realized amounted to \$500 for a net increase of \$6,632 in internally restricted funds for the year.

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Flagstaff Regional Housing Group  
Notes to the Financial Statements  
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**8. Related party transactions**

The organization paid management fees of \$83,500 to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2016 (2015 - \$65,200). Included in payables is \$308,099 (2015 - \$56,561) related to services from Bethany Nursing Home of Camrose, Alberta. These transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed upon by the related parties. The Bethany Nursing Home of Camrose, Alberta acts as Chief Administrative Officer (CAO) for Flagstaff providing management, administrative, and operational support for the organization.

**9. Financial instruments**

The organization maintains a risk management framework to monitor, evaluate, and manage the principal risks assumed with financial instruments. The risks that arise from financial instruments include liquidity and market risk; market risk arises from changes in interest rates and other price risks.

*Market risk*

The organization's financial instruments expose it to market risk, in particular interest rate risk and other price risk, resulting from its operations. There has been no significant change in risk from the prior year.

The guaranteed investment certificates bear interest at a fixed rate and the organization is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. There has been no significant change in risk from the prior year.

*Liquidity risk*

Liquidity risk is the risk the organization may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The organization's exposure to liquidity risk is dependent on the receipt of funds from a variety of sources, whether in the form of revenue or advances.

**10. Comparative Figures**

Certain comparative amounts for the prior year have been reclassified in this year's financial statements. The reclassification has no effect on the surplus (deficiency) from operations or the net assets of the organization as previously reported.



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Flagstaff Regional Housing Group  
Notes to the Financial Statements  
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**11. Municipal requisitions**

	<u>2016</u>	<u>2015</u>
County of Flagstaff	\$ 336,160	\$ 340,457
Town of Hardisty	20,220	19,086
Village of Lougheed	3,952	3,969
Town of Sedgewick	19,851	19,255
Town of Killam	22,445	22,459
Village of Strome	3,213	3,217
Town of Daysland	17,619	15,575
Village of Heisler	1,972	1,758
Village of Forestburg	16,377	16,033
Village of Galahad	1,231	1,242
Village of Alliance	<u>1,960</u>	<u>1,949</u>
	<u>\$ 445,000</u>	<u>\$ 445,000</u>