

FLAGSTAFF REGIONAL HOUSING GROUP

Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Flagstaff Regional Housing Group

Opinion

We have audited the financial statements of the Flagstaff Regional Housing Group which comprise the statement of financial position as at December 31, 2023, 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 financial statements present fairly, in all material respects, the financial position of the Flagstaff Regional Housing Group as at December 31, 2023, and the results of its operations and the changes in its net assets and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Flagstaff Regional Housing Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe 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 Flagstaff Regional Housing Group'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 Flagstaff Regional Housing Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Flagstaff Regional Housing Group's financial reporting process.

Auditor's Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Flagstaff Regional Housing Group's internal control.
- Evaluate the appropriateness of accounting policies 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 Flagstaff Regional Housing Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Flagstaff Regional Housing Group 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.

METRIX GROUP LLP

Chartered Professional Accountants

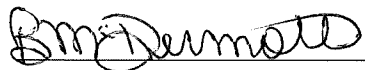
Edmonton, Alberta
March 26, 2024

**FLAGSTAFF REGIONAL HOUSING GROUP
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 576,642	\$ 574,856
Accounts receivable (Note 3)	11,694	6,417
Prepaid expenses	<u>6,823</u>	<u>6,709</u>
	595,159	587,982
 TANGIBLE CAPITAL ASSETS (Note 4)	 <u>85,940</u>	 <u>95,183</u>
	\$ <u>681,099</u>	\$ <u>683,165</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 110,550	\$ 80,378
Deferred revenue	<u>-</u>	<u>1,226</u>
	<u>110,550</u>	<u>81,604</u>
 NET ASSETS		
Unrestricted net assets	414,366	436,135
Internally restricted net assets (Note 6)	70,243	70,243
Invested in tangible capital assets	<u>85,940</u>	<u>95,183</u>
	<u>570,549</u>	<u>601,561</u>
	\$ <u>681,099</u>	\$ <u>683,165</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

**FLAGSTAFF REGIONAL HOUSING GROUP
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 <u>Budget</u>	2023 <u>Actual</u>	2022 <u>Actual</u>
REVENUE			
Accommodation	\$ 401,832	\$ 481,314	\$ 353,965
Interest and miscellaneous	11,000	33,114	14,299
Recoveries	34,780	32,090	30,970
Grants (Note 7)	14,486	24,808	54,903
Donations	<u>-</u>	<u>325</u>	<u>-</u>
	<u>462,098</u>	<u>571,651</u>	<u>454,137</u>
EXPENSES			
Wages and benefits	470,746	505,970	496,682
Food and kitchen supplies	76,142	105,335	72,269
Utilities	90,231	73,593	81,425
Administrative management	61,500	61,500	61,500
Building and ground maintenance	26,040	46,900	24,959
General administration	13,828	16,722	25,359
Professional fees	11,500	10,500	14,349
Laundry and linen supplies	9,950	7,640	8,929
Telephone	5,575	7,484	5,588
Conference and travel	3,010	4,403	2,413
Small equipment	2,648	1,672	1,215
Insurance	1,113	1,002	1,093
Equipment repairs and maintenance	1,500	699	9,117
COVID 19	-	-	561
Resident life enhancement	<u>-</u>	<u>-</u>	<u>234</u>
	<u>773,783</u>	<u>843,420</u>	<u>805,693</u>
DEFICIENCY BEFORE OTHER ITEMS	(311,685)	(271,769)	(351,556)
OTHER ITEMS			
Municipal requisitions (Note 9)	250,000	250,000	250,000
Amortization on capital assets	<u>(11,554)</u>	<u>(9,243)</u>	<u>(11,555)</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (73,239)</u>	<u>\$ (31,012)</u>	<u>\$ (113,111)</u>

**FLAGSTAFF REGIONAL HOUSING GROUP
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Unrestricted <u>Net Assets</u>	Invested in Tangible Capital <u>Assets</u>	Internally Restricted Net Assets <u>(Note 6)</u>	<u>2023</u>	<u>2022</u>
NET ASSETS - BEGINNING OF YEAR	\$ 436,135	\$ 95,183	\$ 70,243	\$ 601,561	\$ 714,672
Deficiency of revenue over expenses	(31,012)	-	-	(31,012)	(113,111)
Amortization of tangible capital assets	<u>9,243</u>	<u>(9,243)</u>	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 414,366</u>	<u>\$ 85,940</u>	<u>\$ 70,243</u>	<u>\$ 570,549</u>	<u>\$ 601,561</u>

**FLAGSTAFF REGIONAL HOUSING GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (31,012)	\$ (113,111)
Items not affecting cash:		
Amortization of tangible capital assets	<u>9,243</u>	<u>11,555</u>
	<u>(21,769)</u>	<u>(101,556)</u>
 Change in non-cash working capital		
Accounts receivable	(5,277)	12,302
Prepaid expense and deposits	(114)	(5,079)
Accounts payable and accrued liabilities	30,172	18,946
Deferred revenue	<u>(1,226)</u>	<u>-</u>
	<u>23,555</u>	<u>26,169</u>
 INCREASE (DECREASE) IN CASH FLOW	 1,786	 (75,387)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>574,856</u>	 <u>650,243</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 576,642</u>	 <u>\$ 574,856</u>

FLAGSTAFF REGIONAL HOUSING GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NATURE OF OPERATIONS

The Flagstaff Regional Housing Group was established by Ministerial Order, pursuant to the Alberta Housing Act. It is responsible for the operation and administration of Big Knife Lodge in Forestburg, Alberta. The Flagstaff Regional Housing Group qualifies as a not-for-profit organization as defined in the Income Tax Act and is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

(c) Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. When fair value cannot be reasonably determined, the capital asset is recorded at a nominal value. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	10%, Declining balance method
Equipment	10%, Declining balance method

(d) Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Flagstaff Regional Housing Group writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Flagstaff Regional Housing Group's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Flagstaff Regional Housing Group determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

(e) Revenue Recognition

The Flagstaff Regional Housing Group 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.

Externally restricted contributions for tangible capital assets are recorded as deferred contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the tangible capital assets acquired by the contribution.

FLAGSTAFF REGIONAL HOUSING GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Revenue Recognition (cont'd)

Rent and recoveries are recognized as revenue in the year the service is provided.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(g) Internally restricted net assets

The Flagstaff Regional Housing Group's Board of Directors hold internally restricted net assets in reserves to be used for specific purposes (see details in Note 7). These internally restricted amounts are not available for general purposes without approval by the Board of Directors.

(h) Contributed materials and services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets, the corresponding rates of amortization and the amount of accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

(j) Financial Instruments

Measurement of financial instruments

The Flagstaff Regional Housing Group initially measures its financial assets and financial liabilities at fair value, and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Flagstaff Regional Housing Group has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

**FLAGSTAFF REGIONAL HOUSING GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Operating accounts	\$ 436,135	\$ 441,016
Restricted cash	<u>140,507</u>	<u>133,840</u>
	<u>\$ 576,642</u>	<u>\$ 574,856</u>

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
GST recoverable	\$ 11,694	\$ 4,900
Other receivables	<u>-</u>	<u>1,517</u>
	<u>\$ 11,694</u>	<u>\$ 6,417</u>

4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value	
			<u>2023</u>	<u>2022</u>
Land	\$ 2,750	\$ -	\$ 2,750	\$ 2,750
Buildings	301,637	269,534	32,103	35,669
Equipment	<u>146,916</u>	<u>95,829</u>	<u>51,087</u>	<u>56,764</u>
	<u>\$ 451,303</u>	<u>\$ 365,363</u>	<u>\$ 85,940</u>	<u>\$ 95,183</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Due to Bethany Nursing Home of Camrose, Alberta	\$ 57,342	\$ 17,088
Accrued liabilities and prepaid rent	28,438	33,349
Trade payables	15,923	27,248
Wages and benefits remittances payable	<u>8,847</u>	<u>2,693</u>
	<u>\$ 110,550</u>	<u>\$ 80,378</u>

6. INTERNALLY RESTRICTED NET ASSETS

Internally restricted funds are not available for unrestricted purposes without the approval of the Flagstaff Regional Housing Group Board of Directors. Funds are restricted for resident life enhancement purposes.

**FLAGSTAFF REGIONAL HOUSING GROUP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

7. GRANTS

	<u>2023</u>	<u>2022</u>
Lodge Assistance Program	\$ 14,486	\$ 14,486
Other grants	10,322	4,100
COVID occupancy loss	<u>-</u>	<u>36,317</u>
	<u>\$ 24,808</u>	<u>\$ 54,903</u>

8. RELATED PARTY TRANSACTIONS

The Bethany Nursing Home of Camrose, Alberta acts as the Chief Administrative Officer (CAO), providing management, administrative, and operational support for the Flagstaff Regional Housing Group.

The Flagstaff Regional Housing Group paid management fees of \$61,500 for administrative support to Bethany Nursing Home of Camrose, Alberta for the year ended December 31, 2023 (2022 - \$61,500).

As at December 31, 2023, the amount payable to The Bethany Nursing Home of Camrose, Alberta is \$57,342 (2022 - \$23,497).

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.

9. MUNICIPAL REQUISITIONS

	<u>2023</u>	<u>2022</u>
Flagstaff County	\$ 191,450	\$ 191,500
Town of Hardisty	12,875	13,000
Town of Killam	12,175	12,275
Town of Sedgewick	11,175	11,150
Town of Daysland	9,725	9,375
Village of Forestburg	8,300	8,300
Village of Lougheed	2,225	2,275
Village of Alliance	1,050	1,050
Village of Heisler	<u>1,025</u>	<u>1,075</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

10. FINANCIAL INSTRUMENTS

It is management's opinion that the Flagstaff Regional Housing Group is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk through its financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

CERTIFICATION BY MANAGEMENT BODY

To the best of my knowledge and belief, the Statements and Schedules included in this report are true and correct, as at DECEMBER 31, 2023 for the management body legally known as:

The Bethany Group

To the best of my knowledge and belief, all assets and liabilities of the management body are fairly stated in the Statement of Financial Position included herein.

To the best of my knowledge and belief, resident incomes have been verified and standard lodge rates charged are in accordance with section 33.1 of the Alberta Housing Act.

In addition, I certify that the above named Management Body is legally incorporated under the Alberta Housing Act and is in good standing at this date.

DATE:

March 26, 2024

SIGNED:

CHAIRMAN OF THE BOARD OF DIRECTORS:

Diane Rook

SIGNED:

MANAGEMENT BODY:

Jala Beck

The Bethany Group

* Both the Board & Representative from HMB must sign