ACCESSIBLE HOUSING SOCIETY

Financial Statements

March 31, 2017

ACCESSIBLE HOUSING SOCIETY
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For the Year Ended March 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Accessible Housing Society:

We have audited the accompanying financial statements of Accessible Housing Society, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in 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 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.

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 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 Accessible Housing Society as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 14 to these financial statements which indicates that the financial statements for the year ended March 31, 2016 have been restated from those on which we originally reported on June 14, 2016 and discusses more extensively the reason for the restatement.

Calvista LLP

Calgary, Alberta
June 13, 2017

Chartered Professional Accountants

ACCESSIBLE HOUSING SOCIETY

Statement of Financial Position

As at March 31, 2017

	2017	2016 (Restated)
Assets		
Current		
Cash and cash equivalents	**$ 3,492,820**	$ 4,565,612
Short term investments *(Note 4)*	**386,788**	234,436
Accounts receivable	**60,051**	1,137,795
Goods and services tax recoverable	**249,255**	8,849
Prepaid expenses and deposits	**40,735**	16,877
	4,229,649	5,963,569
Property and equipment *(Note 3)*	**7,936,600**	1,604,085
	$ 12,166,249	$ 7,567,654
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	**$ 1,309,243**	$ 259,724
Revolving loan *(Note 5)*	**2,012**	-
Current portion of long term debt *(Notes 6, 14)*	**132,800**	91,090
Deferred revenue	**-**	10,304
	1,444,055	361,118
Long term debt *(Note 7)*	**50,044**	201,571
Deferred contributions - operations *(Notes 8, 14)*	**191,266**	509,101
Deferred contributions - property and equipment *(Note 9)*	**6,107,148**	1,095,683
Deferred contributions - future property development *(Note 10)*	**2,112,062**	5,100,396
	9,904,575	7,267,869
Net Assets		
Invested in property and equipment *(Note 14)*	**1,646,608**	215,741
Internally restricted *(Note 12)*	**251,223**	101,223
Unrestricted *(Note 14)*	**363,843**	(17,179)
	2,261,674	299,785
	$ 12,166,249	$ 7,567,654

On behalf of the Board

__________ W. R. McElhoney? ________ *Director*

__________ M. Rhode ______ *Director*

ACCESSIBLE HOUSING SOCIETY

Statement of Operations

For the Year Ended March 31, 2017

	2017	2016
Revenue		
Government funding	**$ 1,445,289**	$ 1,395,288
Calgary Homeless Foundation *(Note 11)*	**1,290,949**	1,253,214
Recognition of deferred contributions	**568,508**	426,521
Resolve *(Note 10)*	**479,673**	642,771
Donations	**257,112**	282,913
Rental revenue	**256,144**	279,716
Other income	**14,243**	119,327
Interest income	**5,744**	2,439
	4,317,662	4,402,189
Expenses		
Salaries and benefits	**2,660,463**	2,606,035
Resolve fees	**431,571**	512,612
Client direct costs	**348,315**	368,819
General office and administrative	**273,162**	149,765
Facility expense	**158,362**	205,786
Rental	**92,671**	86,905
Amortization	**80,751**	94,660
Professional fees	**40,065**	48,695
Equipment lease	**11,183**	13,794
Interest on long term debt	**10,689**	26,363
Interest and bank charges	**4,544**	3,170
Insurance	**3,450**	3,304
	4,115,226	4,119,908
Excess of revenue over expenses from operations	**202,436**	282,281
Gain on disposal of properties	**319,453**	-
Excess of revenue over expenses	**$ 521,889**	$ 282,281

The accompanying notes are an integral part of these financial statements.

ACCESSIBLE HOUSING SOCIETY
Statement of Changes in Net Assets
For the Year Ended March 31, 2017

	Intested in property and equipment	Internally restricted (Note 12)	Unrestricted	**2017**	2016 *Restated*
Net assets - beginning of year					
As previously reported	**$ 296,551**	**$ 101,223**	**$ 95,567**	**$ 493,341**	$ 211,060
Prior year restatement *(Note 14)*	**(80,810)**	**-**	**(112,746)**	**(193,556)**	(193,556)
As restated *(Note 14)*	**215,741**	**101,223**	**(17,179)**	**299,785**	17,504
Excess of revenue over expenses	**204,586**	**-**	**317,303**	**521,889**	282,281
Contribution of land *(Note 3)*	**1,440,000**	**-**	**-**	**1,440,000**	-
Interfund transfers	**(213,719)**	**150,000**	**63,719**	**-**	-
Net assets - end of year	**$ 1,646,608**	**$ 251,223**	**$ 363,843**	**$ 2,261,674**	$ 299,785

The accompanying notes are an integral part of these financial statements.

ACCESSIBLE HOUSING SOCIETY
Statement of Cash Flows
For the Year Ended March 31, 2017

	2017	2016
Operating activities		
Excess of revenue over expenses	**$ 521,889**	$ 282,281
Items not affecting cash:		
Amortization of property and equipment	**80,751**	94,660
Gain on disposal of property and equipment	**(319,453)**	-
	283,187	376,941
Changes in non-cash working capital:		
Accounts receivable	**1,077,744**	(1,023,089)
Accounts payable and accrued liabilities	**(16,370)**	(143,852)
Deferred revenue	**(10,304)**	10,304
Prepaid expenses	**(23,858)**	382,372
Goods and services tax recoverable	**(240,406)**	(1,138)
Deferred contributions	**1,705,296**	905,621
	2,492,102	130,218
Cash flows from operating activities	**2,775,289**	507,159
Investing activities		
Purchase of property and equipment	**(4,328,027)**	(233,981)
Proceeds on disposal of property and equipment	**659,292**	-
Purchase of short term investments	**(152,352)**	(2,436)
Cash flows used by investing activities	**(3,821,087)**	(236,417)
Financing activities		
Proceeds from (repayment of) revolving loan	**2,012**	(454,472)
Repayment of long term debt	**(29,006)**	(9,504)
Cash flows used by financing activities	**(26,994)**	(463,976)
Decrease in cash flows	**(1,072,792)**	(193,234)
Cash and cash equivalents - beginning of year	**4,565,612**	4,758,846
Cash and cash equivalents - end of year	**$ 3,492,820**	$ 4,565,612

The accompanying notes are an integral part of these financial statements.

1. Purpose of organization

Accessible Housing Society (the “Society”) is a Calgary not-for-profit organization that opens doors to safe, barrier-free housing to individuals with limited physical mobility. Accessible Housing’s vision is that everyone has a home and belongs in community. The Society is a registered charity, and thus is exempt from income tax under Section 149(1)(f) of the Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies below:

Revenue recognition

The Society follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized in the year in which the related expenses are incurred.

Amounts externally restricted for capital purposes are recorded as deferred contributions for property and equipment when received or receivable and recognized as revenue each year in proportion to the annual depreciation of the related assets for which the capital expenditures were expended. Amounts which have not been designated for a specific capital project or which relate to expenses for a future period are deferred and recognized as revenue when the expenses are incurred.

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

Donated materials are recorded, at the estimated fair value, if the donated materials would otherwise have been purchased if not donated. If fair value cannot be reasonably estimated, such donations are not recorded.

Cash and cash equivalents

The Society classifies the following as cash and cash equivalents: cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

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2. Summary of significant accounting policies *(continued)*

Property and equipment

Property and equipment is recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Equipment	5 years	straight-line

Building, land improvements and building additions are amortized on a straight line basis over the estimated remaining useful life of each building. Property under development is not amortized until placed into use. The buildings are estimated to have useful lives through the following years:

McLaurin Village	2027
Foundation Place	2038

Financial instruments policy

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash and cash equivalents, short term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, revolving loan, current portion of long term debt and long term debt.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these financial statements.

3. Property and equipment

	Cost	Accumulated amortization	2017 Net book value
Land			
Foundation Place (c)	**$ 350,000**	**$ -**	**$ 350,000**
Inclusio-under development (d)	**1,440,000**	-	**1,440,000**
Land improvements			
Buildings			
Foundation Place (c)	**812,269**	**263,484**	**548,785**
McLaurin Village (b)	**279,570**	**213,806**	**65,764**
Inclusio-under development (d)	**5,513,487**	**-**	**5,513,487**
Equipment			
Foundation Place	**51,444**	**50,112**	**1,332**
Administration	**158,285**	**141,053**	**17,232**
	$ 8,605,055	**$ 668,455**	**$ 7,936,600**

	Cost	Accumulated amortization	2016 Net book value
Land			
Foundation Place (c)	$ 350,000	$ -	$ 350,000
Land improvements			
Fourth Dimension (a)	43,151	36,425	6,726
Building			
Fourth Dimension (a)	729,681	487,372	242,309
Foundation Place (c)	812,269	222,871	589,398
McLaurin Village (b)	559,140	397,894	161,246
Inclusio-under development (d)	225,869	-	225,869
Equipment			
Foundation Place	26,026	23,596	2,430
Administration	125,284	99,177	26,107
	$ 2,871,420	$ 1,267,335	$ 1,604,085

a) Fourth Dimension was located on land owned by the City of Calgary (the "City"). During the year, Fourth Dimension was demolished to build Inclusio on the same location (d).

b) McLaurin Village consists of six condominium units. During the year, three units were sold. The Society holds title to both the buildings and surrounding land areas for the remaining three units.

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3. Property and equipment *(continued)*

c) On April 30, 2009, the Society purchased Foundation Place land and building from the Calgary Homeless Foundation ("CHF") for a total purchase price of $696,263, of which $377,000 was forgiven by the vendor as a credit to purchase price. The remaining $319,263 was paid in cash and subsequently reimbursed from Alberta Seniors and Community Supports. In accordance with a Project Funding Agreement signed between CHF and the Society dated March 6, 2009, CHF has the right to demand return of all funds advanced if the Society fails to operate Foundation Place in accordance with certain provisions as prescribed in the Project Funding Agreement. The $377,000 was added to the cost of the property to account for the contributed asset at its fair value.

d) The Society is involved in a capital campaign to construct a new accessible and affordable building for 45 people ("Inclusio") with limited mobility (Note 10).

During the year, the Society purchased the land that was previous leased under Fourth Dimension building(a) from the City. The purchase price of the land is $93,669 with fair market value at $1,440,000 per the City's most recent property assessment. The cost of the land is considered to be the fair market value and the total contribution is recognized as a direct increase in net assets.

The construction of Inclusio on the above purchased land was started in September 2016 and is estimated to be completed in November 2017. Direct costs related to the construction of the building have been capitalized and will be amortized when the building is placed into use.

During the year, the Society was in compliance with all provisions as prescribed.

4. Short term investments

	2017	2016
Guaranteed investment certificates (GIC), bearing interest 0.6% per annum, maturing October 2017	**$ 236,788**	$ -
Guaranteed investment certificates (GIC), bearing interest 1.25% per annum, maturing December 2017 (Note 12)	**150,000**	-
Guaranteed investment certificates (GIC), bearing interest at 1.00% per annum, maturing October 2016	**-**	234,436
	$ 386,788	$ 234,436

5. Revolving loan

The Society has entered a revolving loan agreement with Connect First Credit Union Ltd. Maximum amount available under the loan is $60,000, which bears interest at 5.95% with a Debt to Service coverage Ratio not less than 1.25:1. As at March 31, 2017, the Society was in compliance with this covenance.

6. Current portion of long term debt

The Society has two mortgages on demand, all secured against the respective properties as detailed below:

	2017	2016 (Restated)
Inclusio		
Canada Mortgage and Housing Corporation, (a)	**$ 100,000**	$ -
Mclaurin Village		
Canada Mortgage and Housing Corporation, (b)	**32,800**	80,810
Fourth Dimension		
Canada Mortgage and Housing Corporation, (Note 7(a))	**-**	10,280
	$ 132,800	$ 91,090

a) During the year, the Society entered into a mortgage agreement with Canada Mortgage and Housing Corporation ("CMHC") for $100,000 in financing for Inclusio housing project under the following conditions:

1. If the Society is successful in producing an affordable rental housing project, with rents that are deemed by CMHC to be within "Level 1" affordability, CMHC may forgive 20% of the total amount advanced under the loan. The remaining 80% will be repayable to CMHC immediately upon receipt of the first advance of the capital financing or other funding for the project.

2. If the Society is successful in producing an affordable rental housing project, with rents that are deemed by CMHC to be within "Level 2" affordability, CMHC may forgive 35% of the total amount advanced under the loan. The remaining 65% will be repayable to CMHC immediately upon receipt of the first advance of the capital financing or other funding for the project.

3. If the Society is successful in producing an affordable home ownership project, CMHC may forgive 20% of the total amount advanced under the loan. The remaining 80% will be repayable to CMHC immediately upon receipt of the first advance of the capital financing or other funding for the project.

4. If the borrower has successfully produced a housing project, but the project is not "affordable" as defined by CMHC, then the total amount advanced under the Loan is repayable to CMHC immediately upon receipt of the first advance of the capital financing or other funding for the project.

b) The forgivable loan, bears interest at 6.5% per annum, and was provided by CMHC to the Society to carry out conversion, repair and rehabilitation of 5 units at McLaurin Village. An Operating Agreement was signed between CMHC and the Society on October 1, 2011, the same date as the loan agreement. In accordance with the loan agreement, CMHC will forgive $8,000 per year for fifteen years for a total of $120,000, provided that the Society complies with certain conditions prescribed in the Operating Agreement and loan agreement. Should the Society be in default of the prescribed conditions, CMHC will have the right to declare the unearned portion of the forgivable loan due and payable immediately, together with interest at 6.5% computed from the date of default. The Society has not accrued any interest payable on the forgivable loan (as it is only payable in the event of default) or recorded any portion of the loans as current liabilities because the Society is not in violation of any of the prescribed conditions.Three units were sold during the year. The $47,867 of the unearned amount of forgivable loan was paid back to CMHC immediately upon sale of these units. The assets securing this mortgage have a carrying value of $65,764 (2016: $161,246).

7. Long term debt

The Society has two mortgages, all secured against the respective properties as detailed below:

	2017	2016
Fourth Dimension		
Canada Mortgage and Housing Corporation, (a)	**$ -**	$ 145,272
Foundation Place		
Canada Mortgage and Housing Corporation, (b)	**50,044**	56,299
	$ 50,044	$ 201,571

a) Security held by CMHC is a 50 year mortgage with interest rate at 8% per annum on the building and land improvements at the Fourth Dimension location. Interest and principal repayments over the next five years are $22,156 per year. The Society received a capital contribution of $30,662 from CMHC when it entered into the Fourth Dimension mortgage. CMHC is amortizing this capital contribution over the term of the loan, and in the event that the property is disposed of, the unamortized portion would become repayable. As at March 31, 2016, CMHC reported that the unamortized portion of the capital contribution is $6,286 (2015: $6,899). This potential liability is not recognized in the accounts of the Society. The mortgage matures June 1, 2026. It is impractical to determine the fair value of the mortgage due to its unique terms and conditions. The assets securing this mortgage have a carrying value of $242,309 as at March 31, 2016. The mortgage on Fourth Dimension has been fully repaid in April 2016.

b) The two forgivable loans, bearing interest at 7% per annum, were provided by CMHC to the Society to carry out conversion, repair and rehabilitation of the Foundation Place building. An Operating Agreement was signed between CMHC and the Society for each loan on September 15, 2009, the same date as the loan agreement. In accordance with the loan agreement, CMHC will forgive $6,255 per year for fifteen years for a total of $93,830 and $19,200 per year for five years for a total of $96,000. As of March 31, 2017 $43,786 and $96,000 has been forgiven on the respective loans. The forgiveness of the loan is subject to the Society's compliance with certain conditions prescribed in the Operating Agreement and loan agreement. Should the Society be in default of the prescribed conditions, CMHC will have the right to declare the unearned portion of the forgivable loan due and payable immediately, together with interest at 7% computed from the date of default. The Society has not accrued any interest payable on the forgivable loan (as it is only payable in the event of default) or recorded any portion of the loans as current liabilities because the Society is not in violation of any of the prescribed conditions. The assets securing this mortgage have a carrying value of $548,785 (2016: $589,398).

In the year that a portion of the loan is forgiven, an amount equal to the forgiven portion of the loan is transferred to deferred contributions related to property and equipment, and start to be amortized over a period equal to the remaining useful life of the Foundation Place building. As of March 31, 2017, $139,786 (2016: $133,531) has been transferred to deferred contributions related to property and equipment. It is impractical to determine the fair value of the forgivable loans due to their unique terms and nature.

As at March 31, 2017, the Society is in compliance with all conditions prescribed in the CMHC Operating Agreement and loan agreement.

8. Deferred contributions related to operations

	2017	2016 (Restated)
Balance - beginning of the year as per restated (Note 14)	**$ 509,101**	$ 575,982
Contributions received	**2,659,245**	3,061,627
Recognized as revenue	**(2,977,080)**	(3,128,508)
Balance - end of the year	**$ 191,266**	$ 509,101

9. Deferred contributions related to property and equipment

	2017	2016
Balance - beginning of the year	**$ 1,095,683**	$ 1,017,322
Transfer from deferred contributions for future development (Note 10)	**5,290,545**	225,869
Amounts transferred from forgivable loans (Note 7(b))	**6,256**	6,256
Recognized as revenue	**(285,336)**	(153,764)
Balance - end of the year	**$ 6,107,148**	$ 1,095,683

10. Deferred contributions related to future property development

Deferred contributions related to future development represent contributions from a capital campaign to build a new apartment building for 45 people who have limited mobility (Note 3(d)).

	2017	2016
Balance - beginning of the year	**$ 5,100,396**	$ 4,200,000
Contributions received	**2,847,847**	1,733,792
Interest earned	**27,706**	35,244
Recognized as revenue	**(479,673)**	(642,771)
Transfer to purchase property and equipment (Note 9)	**(5,290,545)**	(225,869)
Transfer to purchase land (Note 3 d))	**(93,669)**	-
Balance - end of the year	**$ 2,112,062**	$ 5,100,396

11. Refundable surplus

a) Under the terms of the contract with PDD, the excess of funds received over specific operating expenditures, as budgeted in the Society's funding applications, is to be refunded during the following year. The calculation of excess funds is carried out by PDD subsequent to year-end and is dependent on whether it chooses to fund budget overages incurred in specific expenditure categories. In addition, PDD may approve the transfer of these excess funds to deferred contributions related to operations for future authorized expenditures. There is no surplus as at March 31, 2017.

b) In accordance with the terms of the funding agreement with CHF, any unused surplus resulting from the excess of contract amounts over eligible expenses are applied to the subsequent year. As of March 31, 2017, the surplus from Bridge to Home $11,011 and the Newbridge $36,827 projects were reported under the deferred contributions related to operations.

Project Funding Agreement - Bridge to Home

Surplus from prior year	$ 70,489
Funds received in current year	756,116
Expenses	
Staff costs	471,924
Client costs	261,018
Administration costs	82,652
	815,594
Refundable surplus - deferred contributions	$ 11,011

Project Funding Agreement - Newbridge

Surplus from prior year	$ 15,084
Revenue received	
Calgary Homeless Foundation	497,098
Rental	49,345
	546,443
Expenses	
Staff costs	380,400
Client costs	93,580
Administration costs	50,720
	524,700
Refundable surplus - deferred contributions	$ 36,827

12. Internally restricted

The Society had established a reserve of $101,223 to cover the cost of major repairs and maintenance related to Foundation Place and McLaurin Village units. The funds within the reserve are managed towards the goal of adequately covering the cost of ongoing repairs and maintenance for the next three to five years.

The Society sold three McLaurin Village units during the year and from these total gains $150,000 were restricted for future capital initiatives.

Reserve balances as at March 31, 2017 totaled $251,223 (2016: $101,223).

13. Commitments

The Society has entered into four lease agreements for its office and tenants space effective from July 2013 to September 2016 and expiring from June 2017 to June 2018. Under the terms of the agreement, the financial commitments are as follows:

2018	$178,053
2019	$14,047

14. Prior period adjustment

a) During the year it was determined that one month advance in the previous year from the Persons with Developmental Disabilities Calgary Region ("PDD") was reported as revenue in 2015 which should have been deferred and recognized as revenue in 2017.

b) During the year it was discovered that one of the CMHC forgivable loan (Note 6 (b)) was not recorded in 2011.

The corrections made have resulted in the following restatements to amounts presented in the 2016 financial statements:

	As previously reported	Adjustment	As restated
Deferred contributions - operations (a)	$ 396,355	$ 112,746	$ 509,101
Unrestricted net assets (a)	95,567	(112,746)	(17,179)
Current portion of long term debt (b)	10,280	80,810	91,090
Net assets invested in property and equipment, beginning of year (b)	296,551	(80,810)	215,741

15. Financial instruments

The Society's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities, revolving loan, current portion of long term debt and long term debt, all of which are reported at amortized cost. The carrying value of financial instruments approximate their value fair.

Management has determined that the Society is not exposed to significant credit or market risks, but does have some interest rate risk due to the nature of investment and long term debt held.

16. Related party transactions

During the year the Society paid $31,438 to one of the board member as an interim chief executive officer. This transaction was in the normal course of operations and had been recorded at the exchange amount.

17. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.