

ACCESSIBLE HOUSING SOCIETY
Financial Statements
Year Ended March 31, 2015

ACCESSIBLE HOUSING SOCIETY
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Year Ended March 31, 2015

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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, 2015 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.

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Independent Auditor's Report to the Members of Accessible Housing Society: *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Accessible Housing Society as at March 31, 2015 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 15 to the financial statements for the year ended March 31, 2014 which indicates that these financial statements have been restated from those on which we originally reported on June 20, 2014 and discusses more extensively the reason for the restatement.

Calgary, Alberta
June 16, 2015

Calvista LLP
Professional Accountants

ACCESSIBLE HOUSING SOCIETY
Statement of Financial Position
As at March 31, 2015

	2015	2014 (Restated), (Note 15)
Assets		
Current		
Cash and cash equivalents	\$ 4,758,846	\$ 752,069
Short term investments (Note 3)	232,000	-
Accounts receivable	122,417	6,292
Prepaid expenses (Note 4)	399,249	188,748
	<u>5,512,512</u>	947,109
Property and equipment (Note 5)	<u>1,464,764</u>	1,532,916
	<u>\$ 6,977,276</u>	<u>\$ 2,480,025</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 403,577	\$ 418,600
Revolving loan (Note 6)	454,472	169,095
Current portion of long term debt (Note 7)	9,504	8,787
	<u>867,553</u>	596,482
Long term debt (Note 7)	218,106	253,066
Deferred contributions related to operations (Note 8)	463,235	336,514
Deferred contributions related to property and equipment (Note 9)	1,017,322	1,033,809
Deferred contributions related to future property development (Note 10)	4,200,000	-
	<u>6,766,216</u>	2,219,871
Net Assets		
Invested in property and equipment	219,832	237,254
Internally restricted (Note 11)	76,223	67,917
Unrestricted	(84,995)	(45,017)
	<u>211,060</u>	260,154
	<u>\$ 6,977,276</u>	<u>\$ 2,480,025</u>

On behalf of the Board

_____ Director

_____ Director

ACCESSIBLE HOUSING SOCIETY
Statement of Operations
For the Year Ended March 31, 2015

	2015	2014 (Restated), (Note 15)
Revenue		
Government funding	\$ 1,395,289	\$ 1,286,809
Recognition of deferred contributions <i>(Schedule 1 and 2)</i>	1,268,715	771,748
Rental revenue	272,640	223,520
Donations	170,884	100,456
Other income	40	1,511
Interest income	393	405
	<u>3,107,961</u>	<u>2,384,449</u>
Expenses <i>(Schedule 1 and 2)</i>		
Salaries and benefits	2,160,837	1,710,012
Client direct costs	315,881	176,832
General office and administrative	222,387	203,516
Facility expense	202,526	175,044
Amortization	93,633	95,605
Rental	88,436	88,731
Equipment lease	28,567	3,355
Professional fees	28,469	17,564
Interest on long term debt	13,369	13,978
Insurance	2,950	1,045
	<u>3,157,055</u>	<u>2,485,682</u>
Deficiency of revenue over expenses	\$ (49,094)	\$ (101,233)

ACCESSIBLE HOUSING SOCIETY
Statement of Changes in Net Assets
For the Year Ended March 31, 2015

	Invested in property and equipment	Internally Restricted	Unrestricted	2015	2014 (Restated), (Note 15)
Net assets - beginning of year	\$ 237,254	\$ 67,917	\$ (45,017)	\$ 260,154	\$ 361,387
Deficiency of revenue over project funding agreement - bridge to home	(29,655)	-	(19,439)	(49,094)	(101,233)
Interfund transfers	12,233	8,306	(20,539)	-	-
Net assets - end of year	\$ 219,832	\$ 76,223	\$ (84,995)	\$ 211,060	\$ 260,154

ACCESSIBLE HOUSING SOCIETY
Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014 (Restated), (Note 15)
Operating activities		
Deficiency of revenue over expenses	\$ (49,094)	\$ (101,233)
Items not affecting cash:		
Amortization of property and equipment	93,633	95,605
Recognition of deferred contributions	<u>(1,268,715)</u>	<u>(771,748)</u>
	<u>(1,224,176)</u>	<u>(777,376)</u>
Changes in non-cash working capital:		
Accounts receivable	(116,125)	1,134
Prepaid expenses	(210,501)	(99,702)
Accounts payable and accrued liabilities	(15,023)	303,363
Deferred contributions related to operations, received	<u>1,353,100</u>	<u>792,812</u>
	<u>1,011,451</u>	<u>997,607</u>
Cash flow from operating activities	<u>(212,725)</u>	<u>220,231</u>
Investing activities		
Purchase of property and equipment	(25,481)	(14,548)
Interest earned on restricted contributions	393	405
Purchase of short term investments	<u>(232,000)</u>	<u>-</u>
Cash flow used by investing activities	<u>(257,088)</u>	<u>(14,143)</u>
Financing activities		
Advances from revolving loan	285,377	169,095
Repayment of long term debt	(8,787)	(8,124)
Receipt of funds for future property development	<u>4,200,000</u>	<u>-</u>
Cash flow from financing activities	<u>4,476,590</u>	<u>160,971</u>
Increase in cash	4,006,777	367,059
Cash and cash equivalents - beginning of year	<u>752,069</u>	<u>385,010</u>
Cash and cash equivalents - end of year	\$ 4,758,846	\$ 752,069

ACCESSIBLE HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

1. Purpose of Organization

The Accessible Housing Society (the "Society") is a not for profit organization whose purpose is to provide community based residential and support services for physically disabled adults in the Calgary region. The Society's goal in providing these services is to promote, encourage and facilitate independent living styles for persons with disabilities in the 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:

(a) Revenue recognition

Accessible Housing 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 be paid for if not donated. If fair value cannot be reasonably estimated, such donations are not recorded.

(b) 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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ACCESSIBLE HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

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

(c) 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
Leasehold improvements	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. The buildings are estimated to have useful lives through the following years:

Fourth Dimension	2026
McLaurin Village	2027
Foundation Place	2038

(d) 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 and long term debt.

(e) 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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from and affect the results reported in these financial statements.

3. Short term investments

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates (GIC), bearing interest at 1.05% per annum, maturing October 2015	<u>\$ 232,000</u>	<u>\$ -</u>

4. Prepaid expenses

The Society has an agreement with other organizations to hire a fundraising organization to provide a combined approach to fundraising. The Society is required to make payments to the organization to cover its operational costs. As at March 31, 2015, \$371,137 (2014: \$162,709) is included in prepaid expenses for payments made to the organization. As a result, \$4,200,000 (2014: \$nil) in capital funds have been raised, which is reported under deferred contributions related to operations as described in Note 8.

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2015

5. Property and equipment

	Cost	Accumulated amortization	2015 Net book value
<u>Land</u>	\$ 350,000	\$ -	\$ 350,000
<u>Land improvements</u>			
Fourth Dimension	43,151	35,318	7,833
<u>Buildings</u>			
Foundation Place	812,269	182,257	630,012
Fourth Dimension (Note 7a))	729,681	461,312	268,369
McLaurin Village (Note 7b))	559,140	381,947	177,193
<u>Equipment</u>			
Foundation Place	24,687	20,989	3,698
Administration	118,510	90,851	27,659
	\$ 2,637,438	\$ 1,172,674	\$ 1,464,764
	Cost	Accumulated amortization	2014 Net book value
<u>Land</u>	\$ 350,000	\$ -	\$ 350,000
<u>Land improvements</u>			
Fourth Dimension	43,151	34,212	8,939
<u>Building</u>			
Foundation Place	812,269	141,645	670,624
Fourth Dimension	729,681	435,252	294,429
McLaurin Village	559,140	365,999	193,141
<u>Equipment</u>			
Foundation Place	24,688	18,605	6,083
Administration	93,030	83,330	9,700
	\$ 2,611,959	\$ 1,079,043	\$ 1,532,916

a) The Fourth Dimension is located on land owned by the City of Calgary. Annual lease payments made on the land are \$1,500. The lease expires in the year 2030, at which time all land improvements will revert back to the City of Calgary.

b) The McLaurin Village project consists of six condominium units. The Society holds title to both the buildings and surrounding land areas for each of these six units.

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ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2015

5. Property and equipment (*continued*)

c) On April 30, 2009, the Society purchased the 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.

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

6. Revolving loan

The Society has a revolving loan agreement with the Canadian Baptists of Western Canada Foundation. Maximum funding available under the loan is \$500,000, which bears interest at 5.95%. The loan is secured by lots in McLaurin Village and is repayable in monthly payments of interest and quarterly lump sum payments of principal. The loan matures in June 2015 with the option to renew. As at March 31, 2015, the amount outstanding on the loan is \$454,472 (2014: \$169,095).

ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2015

7. Long term debt

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

	<u>2015</u>	<u>2014</u>
Fourth Dimension Canada Mortgage and Housing Corporation, a)	\$ 165,056	\$ 173,843
Foundation Place Canada Mortgage and Housing Corporation, b)	62,554	68,810
Canada Mortgage and Housing Corporation, b)	-	19,200
	<u>227,610</u>	<u>261,853</u>
Less current portion	<u>(9,504)</u>	<u>(8,787)</u>
	<u>\$ 218,106</u>	<u>\$ 253,066</u>

a) Security held by Canada Mortgage and Housing Corporation ("CMHC") is a 50 year first 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, 2015, CMHC reported that the unamortized portion of the capital contribution is \$6,899 (2014: \$7,512). 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 \$268,369 (2014: \$294,429).

b) The two forgivable loans, bearing interest at 7% per annum, are 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, 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 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 \$177,193 (2014: \$193,141).

In the year that a portion of the loan is forgiven, an amount equal to the forgiven portion of the loan will be 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, 2015 \$127,275 (2014: \$101,820) 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.

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ACCESSIBLE HOUSING SOCIETY
Notes to Financial Statements
Year Ended March 31, 2015

7. Long term debt (continued)

As at March 31, 2015, the Society is in compliance with all conditions prescribed in the CMHC Operating Agreement and loan agreement.

Principal repayments on the Fourth Dimension mortgage over the next five years are as follows:

2016	9,504
2017	10,280
2018	11,119
2019	12,026
2020	13,007
Thereafter	109,120
	<u>\$ 165,056</u>

8. Deferred contributions related to operations

	2015	2014
Balance - beginning of the year	\$ 336,514	\$ 254,745
Add restricted donations received	1,353,100	792,812
Add restricted investment revenue	393	405
Less amount used to purchase property and equipment (Note 9)	(22,036)	-
Less amount recognized as revenue in the year	(1,204,736)	(711,448)
Balance - end of the year	\$ 463,235	\$ 336,514

9. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributed property and equipment and unrestricted contributions with which property and equipment have been acquired. Changes in the deferred contributions related to property and equipment balance are as follows:

	2015	2014
Balance - beginning of the year	\$ 1,033,809	\$ 1,068,654
Purchase of property and equipment from restricted funds (Note 8)	22,036	-
Amounts transferred from forgivable loans	25,455	25,455
Less amounts amortized to revenue	(63,978)	(60,300)
Balance - end of the year	\$ 1,017,322	\$ 1,033,809

10. Deferred contributions related to future property development

During the year, \$4,200,000 (2014: \$nil) was received as proceeds from a capital campaign. To date, the Society has not received formal approval from the funders for specific uses of the monies.

ACCESSIBLE HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

11. Internally restricted net assets

The Society has established a reserve to cover the cost of major repairs and maintenance related to Fourth Dimension group home, Foundation Place and McLaurin Village units. Reserve balances as at March 31, 2015 totaled \$76,224 (2014: \$67,917).

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.

12. Commitments

The Society has entered into a five year lease agreement for its office space effective July 1, 2013 and expiring June 30, 2018. Under the terms of the agreement, the financial commitments are as follows:

2016	\$	56,188
2017		56,188
2018		56,188
2019		14,047

13. Refundable surplus

a) Under the terms of the contract with the Persons with Developmental Disabilities Calgary Region ("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.

It is not possible to reasonably determine the amount that is potentially refundable to PDD with respect to funding provided for the year ended March 31, 2015 and accordingly, no liability has been recorded in these financial statements.

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 must be returned in the subsequent year. Included in accounts payable and accrued liabilities is \$148,253 (2014: \$202,046 (Note 15)) of such excess. Of the \$148,253, \$49,457 relates to a prior year's excess not yet returned by March 31, 2015. The remaining \$98,796 is an accrual for the expected current year surplus.

14. 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 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 held.

ACCESSIBLE HOUSING SOCIETY

Notes to Financial Statements

Year Ended March 31, 2015

15. Prior period restatement

The Society has two funding agreements with CHF to fund two programs. As described in Note 13, under the terms of the funding agreements, the Society is required to repay any surplus in the subsequent year. In prior years, the Society included the full value of the funding agreements and did not accrue a liability for the amount of the surplus funds. As a result, the following changes have been made to the 2014 financial statements:

	<u>As reported</u>	<u>Adjustment</u>	<u>As restated</u>
Recognition of deferred contributions, a)	\$ 973,794	\$ (202,046)	\$ 771,748
Accounts payable and accrued liabilities	216,554	202,046	418,600
Unrestricted net assets	157,029	(202,046)	(45,017)
Excess (deficiency) of revenue over expenses	100,813	(202,046)	(101,233)

a) The \$202,046 originated from surpluses of \$42,390, \$51,868 and \$107,788 in the years ended March 31, 2012, 2013 and 2014, respectively.

ACCESSIBLE HOUSING SOCIETY
Schedule 1 - Project Funding Agreement - Bridge to Home
Statement of Revenue and Expenses
For the Year Ended March 31, 2015

Included in the Statement of Operations are the following as funded by the Bridge to Home program:

	Agency Actual
Revenue	
Calgary Homeless Foundation	\$ 674,372
Expenses	
Staff costs	
Salaries	298,890
Employee MERC	23,818
Project staff communications	4,412
Project staff medical/dental benefits	16,291
Other staff benefits	9,436
Staff development (training, conferences)	2,915
	<u>355,762</u>
Client costs	
Damage deposits	13,474
Move-in and set-up	24,589
Rent subsidies in CHF buildings - first month's rent	18,802
Rent subsidies in CHF buildings - ongoing rent	78,194
Utilities subsidies	450
Client public transport	4,326
Food, meals and gift cards	389
Property maintenance and repairs	5,373
Other programming expenses	248
Staff travel - other	11,031
	<u>156,876</u>
Administration costs	
IT, internet and communications	8,695
Office rent	38,134
Office supplies	828
Contractors	6,180
Organizational infrastructure	19,632
	<u>73,469</u>
Total expenses	586,107
Surplus of revenue over expenses	<u>\$ 88,265</u>
Refundable project-restricted contributions	<u>\$ 88,265</u>

ACCESSIBLE HOUSING SOCIETY
Schedule 2 - Project Funding Agreement - Newbridge
Statement of Revenue and Expenses
For the Year Ended March 31, 2015

Included in the Statement of Operations are the following as funded by the Newbridge program:

	Agency Actual
Revenue	
Calgary Homeless Foundation	\$ 486,734
Expenses	
Staff costs	
Salaries	319,643
Employee MERC	26,213
Project staff communications	1,777
Project staff medical/dental benefits	9,459
Other staff benefits	2,342
Staff development	3,037
	<u>362,471</u>
Client costs	
Damage deposits	-
Move-in and set-up	2,934
Rent subsidies in CHF buildings - first month's rent (recovery)	(179)
Rent subsidies in CHF buildings - ongoing rent	12,036
Client public transport	1,956
Food, meals and gift cards	17,802
Property maintenance and repairs	9,034
Contracted services - facility	4,554
Other programming expenses	13,118
Staff travel - other	2,500
	<u>63,755</u>
Administration costs	
IT, internet and communications	1,952
Office supplies	1,999
Organizational infrastructure	46,086
	<u>50,037</u>
Total expenses	476,263
Excess of revenue over expenses	<u>\$ 10,471</u>
Refundable project-restricted contributions	<u>\$ 10,471</u>