

ROCKY VIEW FOUNDATION
Consolidated Financial Statements
Year Ended December 31, 2023

ROCKY VIEW FOUNDATION
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Rocky View Foundation

Opinion

We have audited the consolidated financial statements of Rocky View Foundation (the "Foundation"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in fund balances, remeasurement gains and losses, cash flows, and schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards For Government Not-For-Profit Organizations (GNFPO).

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 Consolidated Financial Statements* section of our report. We are independent of the Foundation in accordance with ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter

As disclosed in note 3 of these consolidated financial statements, the Foundation adopted Canadian Public Sector Accounting Standard *PS 3450 - Financial Instruments*. This new standard establishes how to account for, and disclose all types of financial instruments.

We also draw your attention to note 4 of these consolidated financial statements, which describes a prior period adjustment to accrue employee benefits payable.

Our opinion is not modified with respect to these matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

(continues)

Independent Auditor's Report to the Board Members of Rocky View Foundation (*continued*)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 controls.
- Obtain an understanding of internal controls 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 Foundation's internal controls.
- 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 Foundation'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 consolidated 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

(*continues*)

Independent Auditor's Report to the Board Members of Rocky View Foundation (*continued*)

Report on Other Legal and Regulatory Requirements

Standards Regulation

We confirm that the Foundation is in compliance with standard regulations and note that the information required can be found in Note 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke extending from its base. The word "scend" is written in a simpler, cursive-like font.

Ascend LLP
Chartered Professional Accountants
Hanna, Alberta
March 22, 2024

ROCKY VIEW FOUNDATION
Consolidated Statement of Operations
Year Ended December 31, 2023

| | Unrestricted | Invested In Tangible Capital Assets | Restricted | 2023 | 2022 (Restated) |
|--|---------------------|---|-----------------|---------------------|---------------------|
| REVENUES | | | | | |
| Rental accommodations (Schedule 1) | \$ 2,917,274 | \$ - | \$ - | \$ 2,917,274 | \$ 2,232,994 |
| Residential services (Schedule 1) | 91,668 | - | - | 91,668 | 72,447 |
| Non-residential services (Schedule 1) | 35,230 | - | - | 35,230 | 23,883 |
| Lodge assistance program funding (Schedule 1) | 507,120 | - | - | 507,120 | 439,434 |
| Municipal requisitions (Schedule 1) | 2,110,011 | - | - | 2,110,011 | 1,988,016 |
| Federal grants (Schedule 1) | 4,680 | - | - | 4,680 | 6,500 |
| Provincial operational funding (Schedule 1) | 42,973 | - | - | 42,973 | 159,973 |
| Donations (Schedule 1) | 37,233 | - | - | 37,233 | 11,925 |
| Investment income (Schedule 1) | 29,865 | - | 4,341 | 34,206 | 9,719 |
| Other income (Schedule 1) | 25,040 | - | - | 25,040 | 60,528 |
| Self-contained units (Schedule 2) | 560,397 | - | - | 560,397 | 546,886 |
| Amortization of deferred capital contributions (Note 16) | - | 338,701 | - | 338,701 | 280,238 |
| | 6,361,491 | 338,701 | 4,341 | 6,704,533 | 5,832,543 |
| EXPENDITURES | | | | | |
| Utilities (Schedule 1) | 504,900 | - | - | 504,900 | 504,971 |
| Operating expenses (Schedule 1) | 143,011 | - | - | 143,011 | 85,380 |
| Food supplies (Schedule 1) | 654,345 | - | - | 654,345 | 536,222 |
| Operating maintenance (Schedule 1) | 345,628 | - | - | 345,628 | 311,249 |
| Wages, salaries and benefits (Schedule 1) | 3,209,862 | - | - | 3,209,862 | 2,836,718 |
| Administration (Schedule 1) | 147,683 | - | - | 147,683 | 206,498 |
| Interest (Schedule 1) | 755,157 | - | - | 755,157 | 464,158 |
| Self-contained units (Schedule 2) | 523,383 | - | - | 523,383 | 459,755 |
| | 6,283,969 | - | - | 6,283,969 | 5,404,951 |
| Administrative expenses (Note 6) | 617,753 | - | - | 617,753 | 549,031 |
| Other expenses (Note 6) | 2,436 | - | - | 2,436 | 10,981 |
| Amortization | - | 675,405 | - | 675,405 | 528,126 |
| | 6,904,158 | 675,405 | - | 7,579,563 | 6,493,089 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | \$ (542,667) | \$ (336,704) | \$ 4,341 | \$ (875,030) | \$ (660,546) |

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION
Consolidated Statement of Changes in Fund Balances
Year Ended December 31, 2023

| | Unrestricted Note 2 | Invested In Tangible Capital Assets Note 2 | Restricted Note 2 | 2023 | 2022 |
|--|------------------------|---|----------------------|---------------------|---------------------|
| FUND BALANCES, BEGINNING OF YEAR | | | | | |
| Accrual of vacation and banked time payable (Note 4) | \$ (320,801) | \$ 2,291,720 | \$ 696,910 | \$ 2,667,829 | \$ 3,235,236 |
| As restated | (180,270) | - | - | (180,270) | - |
| | (501,071) | 2,291,720 | 696,910 | 2,487,559 | 3,235,236 |
| Deficiency of revenues over expenditures | (542,667) | (336,704) | 4,341 | (875,030) | (660,546) |
| Deferred operating reserve fund | - | - | 18,500 | 18,500 | - |
| Remittance to Alberta Social Housing Corporation | (37,014) | - | - | (37,014) | (87,131) |
| Interfund transfers (Note 19) | 940,527 | (940,527) | - | - | - |
| FUND BALANCES, END OF YEAR | \$ (140,225) | \$ 1,014,489 | \$ 719,751 | \$ 1,594,015 | \$ 2,487,559 |

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION
Consolidated Statement of Financial Position
December 31, 2023

| | Unrestricted | Invested In Tangible Capital Assets | Restricted | 2023 | 2022 (Restated) |
|--|--------------|---|--------------|---------------|--------------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash and cash equivalents (Note 7) | \$ 562,986 | \$ 1,422,436 | \$ 1,278,794 | \$ 3,264,216 | \$ 914,670 |
| Security trust account (Note 8) | 3,391 | - | 129,114 | 132,505 | 70,107 |
| Short-term investments (Note 9) | - | 299,853 | - | 299,853 | 50,741 |
| Accounts receivable (Note 10) | 7,818 | 65,000 | - | 72,818 | 56,920 |
| Goods and services tax recoverable | 107,531 | - | - | 107,531 | 74,332 |
| Prepaid expenses and deposits | 137,975 | - | - | 137,975 | 32,197 |
| | 819,701 | 1,787,289 | 1,407,908 | 4,014,898 | 1,198,967 |
| TANGIBLE CAPITAL ASSETS (Note 11) | - | 19,630,883 | - | 19,630,883 | 17,632,131 |
| | \$ 819,701 | \$ 21,418,172 | \$ 1,407,908 | \$ 23,645,781 | \$ 18,831,098 |

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION
Consolidated Statement of Financial Position
December 31, 2023

| | Unrestricted | Invested In Tangible Capital Assets | Restricted | 2023 | 2022 (Restated) |
|--|--------------|---|--------------|---------------|--------------------|
| LIABILITIES AND FUND BALANCES | | | | | |
| CURRENT | | | | | |
| Operating lines of credit (Note 12) | \$ - | \$ - | \$ - | \$ - | \$ 224,764 |
| Demand loans (Note 13) | - | 11,107,896 | - | 11,107,896 | 9,955,770 |
| Accounts payable and accrued liabilities (Note 14) | 959,926 | - | 559,043 | 1,518,969 | 695,752 |
| Security deposits payable | - | - | 129,114 | 129,114 | 65,088 |
| Deferred contribution (Note 15) | - | 17,524 | - | 17,524 | 17,524 |
| | 959,926 | 11,125,420 | 688,157 | 12,773,503 | 10,958,898 |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 16) | | | | | |
| | - | 9,278,263 | - | 9,278,263 | 5,384,641 |
| | 959,926 | 20,403,683 | 688,157 | 22,051,766 | 16,343,539 |
| FUND BALANCES | | | | | |
| Unrestricted | (140,225) | - | - | (140,225) | (501,071) |
| Invested in tangible capital assets | - | 1,014,489 | - | 1,014,489 | 2,291,720 |
| Restricted | - | - | 719,751 | 719,751 | 696,910 |
| | (140,225) | 1,014,489 | 719,751 | 1,594,015 | 2,487,559 |
| | \$ 819,701 | \$ 21,418,172 | \$ 1,407,908 | \$ 23,645,781 | \$ 18,831,098 |

COMMITMENT (Note 17)

ON BEHALF OF THE BOARD

 Director

 Director

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION**Consolidated Statement of Remeasurement Gains and Losses****Year Ended December 31, 2023**

| | 2023 | 2022 |
|--|------------------|-------------|
| ACCUMULATED REMEASUREMENT GAIN, BEGINNING OF YEAR | \$ - | \$ - |
| Unrealized gain attributed to short-term investments | 11,951 | - |
| Net remeasurement gain for the year | 11,951 | - |
| ACCUMULATED REMEASUREMENT GAIN, END OF YEAR | \$ 11,951 | \$ - |

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

| | 2023 | 2022 (Restated) |
|---|---------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Deficiency of revenues over expenditures | \$ (875,030) | \$ (660,546) |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 675,405 | 528,126 |
| Amortization of deferred capital contributions | (338,701) | (280,238) |
| Unrealized gain on short-term investments | (11,951) | - |
| | <u>(550,277)</u> | <u>(412,658)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (15,898) | 211,967 |
| Goods and services tax | (33,199) | (39,636) |
| Prepaid expenses and deposits | (105,778) | (2,386) |
| Accounts payable and accrued liabilities | 823,217 | 381,326 |
| Security deposits payable | 64,026 | 949 |
| Deferred contribution | 18,500 | (6,900) |
| | <u>750,868</u> | <u>545,320</u> |
| | <u>200,591</u> | <u>132,662</u> |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (2,674,157) | (240,006) |
| Increase in short-term investments | (237,161) | (50,741) |
| Deferred capital contributions | 4,232,323 | 8,722 |
| | <u>1,321,005</u> | <u>(282,025)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from operating line of credit for land development | - | 200,000 |
| Repayment of operating line of credit for land development | (200,000) | - |
| Proceeds from demand loans | 1,464,444 | - |
| Repayment of demand loans | (312,318) | (370,831) |
| Remittance to Alberta Social Housing Corporation | (37,014) | (87,131) |
| | <u>915,112</u> | <u>(257,962)</u> |
| INCREASE (DECREASE) IN CASH FLOW | 2,436,708 | (407,325) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 960,013 | 1,367,338 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 3,396,721 | \$ 960,013 |
| CASH AND CASH EQUIVALENTS CONSIST OF: | | |
| Cash (Note 7) | \$ 3,264,216 | \$ 914,670 |
| Security trust account | 132,505 | 70,107 |
| ATB Financial - operating line of credit (Note 12) | - | (24,764) |
| | <u>\$ 3,396,721</u> | <u>\$ 960,013</u> |

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS

Rocky View Foundation (the "Foundation") is a not-for-profit organization with the objective of providing affordable accommodations for seniors who require a supportive living environment.

The Foundation was established as a Management Body by authority of the Alberta Housing Act under a provincial ministerial order on August 1, 1964. The Foundation 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 accounting policies are detailed below.

(a) Fund accounting

The Foundation follows the deferral method of fund accounting.

The Unrestricted Fund accounts for the Foundation's program delivery and administrative activities in the operation of the Foundation. This Fund reports unrestricted resources.

The Invested in Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Foundation's tangible capital assets.

The Restricted Funds represent resources that has been set aside internally and externally for specific uses. There are three restricted funds:

- The Internally Restricted Operating Reserve Fund is administered at the discretion of the Board of Directors to finance future operating expenditures.
- The Internally Restricted Capital Reserve Fund is administered at the discretion of the Board of Directors to finance future capital expenditures.
- The Externally Restricted Funds account for tenant security deposits and administering the Rent Supplement Program to deliver rental assistance. The Foundation cannot use these Funds for any other purpose.

(b) Financial instruments

Financial instruments measured at fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

Transaction costs are capitalized for items in the cost or amortized cost category but expensed for items in the fair value category at initial recognition.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses, and recognized into the consolidated statement of operations. On sale or disposal, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the consolidated statement of operations.

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ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

All financial instruments reported on the consolidated statement of financial position are classified as follows:

| <u>Financial instrument</u> | <u>Classification</u> |
|--|-----------------------|
| Cash and cash equivalents | Amortized cost |
| Guaranteed investment certificate included in short-term investments | Amortized cost |
| Security trust account | Amortized cost |
| Accounts receivable | Amortized cost |
| Operating lines of credit | Amortized cost |
| Demand loans | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Security deposits payable | Amortized cost |
| Equity instrument included in short-term investments | Market value |

Write-downs on financial assets are recognized when the amount of a loss is known with sufficient precision, and there is no reasonable expectation of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the consolidated statement of operations.

The quality and reliability of information used to estimate the fair value is classified according to the following fair value hierarchy with Level 1 being the highest quality and reliability.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets.

Level 2: Valuation methods that make use of inputs, other than quoted prices included within Level 1, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models.

Level 3: Valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation.

(c) Cash and cash equivalents

Cash and equivalents include cash on deposit, temporary bank overdrafts, temporary investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value, and its operating line of credit used for operating activities, which form an integral part of the Foundation's cash management.

(continues)

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Tangible capital assets

Tangible capital assets are recorded in the Invested In Tangible Capital Assets Fund at cost when they exceed \$5,000. Contributed tangible capital assets are recorded in the Invested in Tangible Capital Assets Fund at fair value at the date of contribution.

The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

| | |
|---------------------------|-----|
| Leasehold improvements | 4% |
| Buildings | 4% |
| Outbuildings | 5% |
| Equipment and furnishings | 10% |
| Vehicles | 20% |
| Computer equipment | 20% |

The Foundation regularly reviews its tangible capital assets for any impairment and written down when conditions indicate that a tangible capital asset no longer contributes to the Foundation's ability to provide goods or services, or that the value of future economic benefits associated with the tangible capital asset is less than its book value. Upon retirement or disposition of tangible capital assets, the capitalized cost and related accumulated amortization are removed from the statement of financial position and any resulting gain or loss is recognized in the consolidated statement of operations.

Tangible capital assets acquired during the year but not available for use are not amortized until they are placed into use.

Amortization is recognized in the month the tangible capital asset is available for use until asset is disposed of or use is discontinued.

Capital work in progress is not available for use and no amortization is taken on the amount spent until the project is fully completed and put into use.

(e) Revenue recognition

The Foundation 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental and service package revenue for 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 tangible capital assets. Capital contributions that have not been utilized to acquire a related tangible capital asset are recorded as deferred capital contributions.

Other revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

(continues)

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Contributed goods and services

The Foundation benefits from contributed services in the form of volunteer time to assist the Foundation 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 consolidated financial statements. Donations of goods are recognized when the goods would otherwise have been purchased and fair market value can be reasonably estimated.

(g) Measurement uncertainty

The preparation of consolidated financial statements in conformity with the Canadian Public Sector Accounting Standards For Government Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in which they become known. Actual results may differ from these estimates.

Significant financial statement areas requiring the use of management estimates include:

- Useful lives of tangible capital assets;
- Amortization of tangible capital assets;
- Amortization of deferred contributions related to tangible capital assets; and
- Employee benefits obligations.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the Foundation adopted PS 3450 Financial Instruments and the corresponding standards of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The Foundation used a prospective application to adopt these standards. As a result, 2022 corresponding figures are not restated or included in the Consolidated Statement of Remeasurement Gains and Losses. These standards provide guidance on the recognition, measurement and reporting of financial assets and liabilities, including derivatives, foreign currency translation, remeasurement gains and losses and risk disclosures. As a result of these standards, the Foundation's equities quoted in an active market and portfolio investments managed on a fair value basis are recognized at fair value. Previously, all portfolio investments were recognized at cost or amortized cost. The unrealized gains and losses on portfolio investments are recorded in the Consolidated Statement of Remeasurement Gains and Losses. Previously, the Consolidated Statement of Financial Position disclosed the fair value of portfolio investments.

4. PRIOR PERIOD ADJUSTMENT

The Foundation has restated the consolidated financial statements as at December 31, 2022 to accrue vacation and banked time payable. As a result, employee benefits payable, and wages, salaries and benefits increased by \$170,137, administrative expenses increased by \$10,133, and Unrestricted Fund decreased by \$180,270.

ROCKY VIEW FOUNDATION

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

5. FINANCIAL INSTRUMENT RISKS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following risk analysis provides information about the Foundation's risk exposure and concentrations as of December 31, 2023:

Liquidity risk

Liquidity risk is the risk that the Foundation may not have cash available to satisfy financial liabilities as they become due. Management oversees liquidity risk to ensure the Foundation has access to enough readily available funds to cover its financial obligations as they become due. The Foundation manages liquidity risk by continuously monitoring actual daily cash flows and longer term forecasted cash flows and monitoring the maturity profiles of financial assets and liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, credit facilities, accounts payable and accrued liabilities, and security deposits payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its interest bearing credit facilities.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant credit, currency or other price risks arising from these financial instruments.

6. ADMINISTRATIVE AND OTHER EXPENSES

| | 2023 | 2022 |
|--------------------------------|-------------------|-------------------|
| <u>Administrative expenses</u> | | |
| Salaries and benefits | \$ 444,059 | \$ 435,332 |
| Office | 69,699 | 18,305 |
| Occupancy | 79,275 | 73,292 |
| Other | 24,720 | 22,102 |
| | <u>\$ 617,753</u> | <u>\$ 549,031</u> |
| <u>Other expenses</u> | | |
| Bragg Creek operating expenses | \$ 2,436 | \$ 10,981 |

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

7. CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|-------------------------|---------------------|-------------|
| Cash | \$ 1,557,921 | \$ 161,108 |
| T-Bill savings accounts | 1,706,295 | 753,562 |
| | \$ 3,264,216 | \$ 914,670 |

Contained in these balances is \$636,210 (2022 - \$631,869), which has been internally restricted by board motion for future capital expenditures, and \$50,241 (2022 - \$50,241) which has been internally restricted by board motion for future operating expenditures.

Contained in these balances is \$559,043, which are restricted for the delivery of Rental Assistance Benefit to eligible tenants.

Contained in these balances is \$33,300 (2022 - \$14,800), which has been restricted by Alberta Social Housing Corporation future operating expenditures.

Contained in these balances is \$17,524 (2022 - \$17,524), which is restricted for the exclusive use of approved projects (Note 15) and not available for operating activities.

Contained in these balances is \$1,404,912, which is restricted for the Phase 2 construction of the Abrio Place.

8. SECURITY TRUST ACCOUNT

The security trust account is held in trust for resident security deposits and cannot be utilized for general purposes.

As residents may be subject to reimbursement of their security deposits at any point in time, the security trust account and offsetting security deposits payable are classified as current.

9. SHORT-TERM INVESTMENTS

| | 2023 Carrying value | 2023 Market value | 2022 Carrying value | 2022 Market value |
|--|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Equity instruments quoted in an active market - carried at fair value | \$ 50,741 | \$ 62,693 | \$ 50,741 | \$ 55,974 |
| Guaranteed investment certificate - amortized cost | 237,160 | 237,160 | - | - |
| | \$ 287,901 | \$ 299,853 | \$ 50,741 | \$ 55,974 |

Guaranteed investment certificate bears interest at 5.25%, maturing August 2024.

Investment income recognized in the Consolidated Statement of Operations includes \$1,612 (2022 - \$0) of dividend income.

Unrealized gains on equity investments that are carried at fair value of \$11,951 (2022 - \$0) have been recognized in the Consolidated Statement of Remeasurement Gains and Losses.

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

10. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|---------------------|------------------|------------------|
| Donation receivable | \$ 50,000 | \$ 50,000 |
| Trades receivables | 22,818 | 6,920 |
| | \$ 72,818 | \$ 56,920 |

11. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|--|----------------------|-----------------------------|------------------------------------|---------------------------|
| Land | \$ 1,310,003 | \$ - | \$ 1,310,003 | \$ 1,310,003 |
| Leasehold improvements | 135,673 | 31,657 | 104,016 | 109,443 |
| Buildings | 23,263,985 | 5,833,690 | 17,430,295 | 6,838,446 |
| Outbuildings | 68,671 | 39,244 | 29,427 | 32,260 |
| Equipment and furnishings | 758,341 | 496,096 | 262,245 | 97,579 |
| Vehicles | 186,233 | 152,585 | 33,648 | 43,617 |
| Computer equipment | 9,300 | 9,300 | - | - |
| Land, building and equipment work in progress | 461,249 | - | 461,249 | 9,200,783 |
| | \$ 26,193,455 | \$ 6,562,572 | \$ 19,630,883 | \$ 17,632,131 |

The Foundation is in the process of renovating a property located at 52 East Lake Avenue North East, Airdrie, Alberta. Phase 2 of construction is expected to be completed by July 2024. As a result, \$48,213 (2022 - \$9,006,154 in land, building, and equipment) has been allocated to work in progress for building and equipment.

The Foundation has assigned \$201,113 (2022 - \$194,629) to work in progress for buildings in the Bragg Creek development, and \$211,923 for a new Big Hill Lodge project.

These assets will be amortized once they are available for use.

12. OPERATING LINES OF CREDIT

| | 2023 | 2022 |
|--|-------------|-------------------|
| ATB Financial - operating line of credit | \$ - | \$ 24,764 |
| ATB Financial - Bragg Creek land development | - | 200,000 |
| | \$ - | \$ 224,764 |

The Foundation has an authorized municipal operating line of credit with ATB Financial for \$100,000, bearing interest at prime plus 1%. The line of credit is to be utilized for operations for the Rocky View Lodge. As at year end, the Foundation had \$100,000 (2022 - \$75,236) available for use.

The Foundation has an authorized municipal operating line of credit with ATB Financial for \$250,000, bearing interest at prime plus 1%. The line of credit is to be utilized for operations for the Rocky View Lodge. As at year end, the Foundation had \$250,000 (2022 - \$50,000) available for use.

Security is disclosed in Note 13.

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

13. DEMAND LOANS

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|----------------------------|
| ATB Financial non-revolving demand loan, approved for \$7,490,000 (2022 - \$7,400,000) to finance the purchase and renovations of a property located at 52 East Lake Avenue North East, Airdrie, Alberta. This loan bears interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$57,300. Balance is payable in full on demand no later than April 2024. | \$ 7,439,619 | \$ 6,040,206 |
| ATB Financial non-revolving demand loan, approved for \$2,210,000 to finance the purchase and renovations of a property located at 52 East Lake Avenue North East, Airdrie, Alberta. This loan bears interest at prime plus 1% per annum, repayable in monthly blended payments of \$32,160. Balance is payable in full on demand no later than April 2024. | 1,431,355 | 1,513,061 |
| ATB Financial non-revolving demand loan, bearing interest at prime per annum, repayable in monthly blended payments of \$25,140. Balance is payable in full on demand no later than April 2024. | 2,071,518 | 2,221,753 |
| ATB Financial non-revolving demand loan, bearing interest at prime per annum, repayable in bi-weekly blended payments of \$1,300. Balance is payable in full on demand no later than April 2024. | <u>165,404</u> | <u>180,750</u> |
| | <u>\$ 11,107,896</u> | <u>\$ 9,955,770</u> |

The ATB Financial credit facilities are secured by the following documents and provisions:

- General security agreement over all present and after-acquired personal property located at or relating to the Project Lands.
- Land mortgage in the principal sum of \$5,000,000, constituting a first fixed charge on the lands located at Plan 8111295, Block 8A, Lot 2.
- Land mortgage in the principal sum of \$400,000, constituting a first fixed charge on the lands located at Plan Airdrie 4445K, Block D, Lot 6 and those portions of lots 7 and 8 lying west of the east 60 feet of the said lots.
- Land mortgage in the principal sum of \$9,700,000, constituting a first fixed charge on the lands located at Plan Airdrie 4445K, Block D, and second charge located at Plan 8111295, Block 8A, Lot 2 and Plan Airdrie 4445K, Block D, Lot 6 and those portions of lots 7 and 8 lying west of the east 60 feet of the said lots.
- General assignment of leases and rents, to be registered by way of Caveat at Land Titles Office.
- Assignment of major development agreements, permits and approvals relating to the Project Lands.
- Assignment of major construction contracts relating to the Project Lands.
- Assignment of construction insurance.

The carrying value of security for the credit facilities is \$11,121,696 (2022 - \$9,006,154).

The Foundation is subject to both financial and non-financial covenants in relation to these facilities, of which, the Foundation is in compliance.

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2023 | 2022 <i>(Restated)</i> |
|--|---------------------|---------------------------|
| Rent Assistance Benefit | \$ 559,043 | \$ - |
| Trade payables | 386,453 | 237,601 |
| Employee benefits obligations | 254,528 | 180,270 |
| Wages payable | 141,529 | 148,184 |
| Accrued liabilities | 77,279 | 24,149 |
| Payroll tax remittances | 48,973 | 7,361 |
| Remittance to Alberta Social Housing Corporation | 37,014 | 87,131 |
| Credit card payable | 14,150 | 11,056 |
| | \$ 1,518,969 | \$ 695,752 |

The Foundation has an authorized credit card with ATB Financial, with a maximum authorized limit of \$20,000, bearing interest at prime plus 6%. As at year end, the Foundation had \$5,850 (2022 - \$8,944) available for use.

The Foundation received funding under a Rent Supplement Program for the delivery of Rental Assistance Benefit to eligible tenants. The Foundation manages the funds accordingly based on attrition and turn-over rates.

15. DEFERRED CONTRIBUTION

The Foundation received funding from the Bragg Creek Seniors Housing Society for the purpose of being utilized for a project feature in a seniors housing project in Bragg Creek.

16. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions reported in the Invested in Tangible Capital Assets Fund include the unamortized portions of contributed tangible capital assets and restricted contributions with which tangible capital assets are acquired by the Foundation.

The changes for the year in the deferred capital contributions balance reported in the Invested in Tangible Capital Assets Fund are as follows:

| | 2023 | 2022 |
|-----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 5,384,641 | \$ 5,656,157 |
| Capital contributions | 4,232,323 | 8,722 |
| Amount amortized to revenue | (338,701) | (280,238) |
| | \$ 9,278,263 | \$ 5,384,641 |

17. COMMITMENT

On August 28, 2017, the Foundation entered into an eight-year lease agreement for administration office space for Foundation operations. The annual commitment is \$65,406 plus GST.

ROCKY VIEW FOUNDATION
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

18. 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 made 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.

The Rocky View Foundation's requisitions from the following municipalities for the year were as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------|---------------------|---------------------|
| Rocky View County | \$ 1,060,929 | \$ 1,006,123 |
| City of Airdrie | 676,378 | 630,036 |
| Town of Cochrane | 325,040 | 305,851 |
| Town of Crossfield | 35,154 | 33,825 |
| Town of Irricana | 7,111 | 6,993 |
| Village of Beiseker | 5,399 | 5,188 |
| | <u>\$ 2,110,011</u> | <u>\$ 1,988,016</u> |

19. INTERFUND TRANSFERS

During the year, the Foundation transferred \$940,527 (2022 - \$602,115) from the Unrestricted Fund to Invested in Tangible Capital Asset Fund to fund capital transactions.

20. CONTINGENT LIABILITIES

For the purpose of the accompanying consolidated financial statements, contingent liabilities have been evaluated by management.

There were no contingent liabilities that would have a material impact on these consolidated financial statements.

21. SUBSEQUENT EVENTS

For the purpose of the accompanying consolidated financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these consolidated financial statements.

22. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

ROCKY VIEW FOUNDATION

Schedule of Foundation Lodge Operations

Year Ended December 31, 2023

Schedule 1

| | Rocky View Lodge 2023 | Big Hill Lodge 2023 | Diamond Jubilee Manor Suites 2023 | Abrio Place 2023 | Total 2023 | Rocky View Lodge 2022 | Big Hill Lodge 2022 | Diamond Jubilee Manor Suites 2022 | Abrio Place 2022 | Total 2022 |
|-------------------------------------|-----------------------------|---------------------------|--|---------------------|------------------|-----------------------------|---------------------------|--|---------------------|------------------|
| REVENUES | | | | | | | | | | |
| Rental accommodations | \$ 1,183,863 | \$ 1,204,702 | \$ 113,598 | \$ 415,111 | \$ 2,917,274 | \$ 1,005,607 | \$ 1,112,162 | \$ 115,225 | \$ - | \$ 2,232,994 |
| Residential services | 39,947 | 40,295 | 490 | 10,936 | 91,668 | 34,370 | 37,487 | 590 | - | 72,447 |
| Non-residential services | 9,392 | 20,619 | - | 5,219 | 35,230 | 11,017 | 12,866 | - | - | 23,883 |
| Lodge assistance program funding | 241,448 | 197,987 | - | 67,685 | 507,120 | 202,816 | 236,618 | - | - | 439,434 |
| Municipal requisitions | 801,955 | 886,247 | - | 421,809 | 2,110,011 | 914,487 | 1,073,529 | - | - | 1,988,016 |
| Federal grants | 4,680 | - | - | - | 4,680 | - | - | 6,500 | - | 6,500 |
| Provincial operational funding | 22,436 | 11,770 | - | 8,767 | 42,973 | 65,616 | 58,107 | - | 36,250 | 159,973 |
| Donations | 3,800 | 25,425 | - | 8,008 | 37,233 | 806 | 11,119 | - | - | 11,925 |
| Investment income | 2,223 | 12,032 | 164 | 19,787 | 34,206 | 198 | 145 | 8 | 9,368 | 9,719 |
| Other income | 4,450 | 4,560 | 5,225 | 10,805 | 25,040 | 25,546 | 13,330 | - | 21,652 | 60,528 |
| | <u>2,314,194</u> | <u>2,403,637</u> | <u>119,477</u> | <u>968,127</u> | <u>5,805,435</u> | <u>2,260,463</u> | <u>2,555,363</u> | <u>122,323</u> | <u>67,270</u> | <u>5,005,419</u> |
| EXPENDITURES | | | | | | | | | | |
| Utilities | 150,736 | 171,912 | 26,702 | 155,550 | 504,900 | 148,205 | 195,966 | 28,500 | 132,300 | 504,971 |
| Operating expenses | 65,882 | 51,618 | 4,348 | 21,163 | 143,011 | 39,675 | 41,908 | 3,404 | 393 | 85,380 |
| Food supplies | 285,735 | 253,559 | - | 115,051 | 654,345 | 292,159 | 243,999 | - | 64 | 536,222 |
| Operating maintenance | 142,965 | 92,838 | 19,505 | 90,320 | 345,628 | 119,219 | 111,829 | 26,022 | 54,179 | 311,249 |
| Wages, salaries and benefits | 1,270,041 | 1,310,666 | 9,641 | 619,514 | 3,209,862 | 1,318,930 | 1,425,991 | 9,163 | 82,634 | 2,836,718 |
| Administration | 50,037 | 39,029 | 5,156 | 53,461 | 147,683 | 76,386 | 72,563 | 4,433 | 53,116 | 206,498 |
| Interest | 149,225 | - | 12,279 | 593,653 | 755,157 | 95,084 | - | 7,579 | 361,495 | 464,158 |
| | <u>2,114,621</u> | <u>1,919,622</u> | <u>77,631</u> | <u>1,648,712</u> | <u>5,760,586</u> | <u>2,089,658</u> | <u>2,092,256</u> | <u>79,101</u> | <u>684,181</u> | <u>4,945,196</u> |

EXCESS (DEFICIENCY) OF

REVENUES BEFORE

ADMINISTRATION

| | | | | | | | | | |
|------------|------------|-----------|--------------|-----------|------------|------------|-----------|--------------|-----------|
| \$ 199,573 | \$ 484,015 | \$ 41,846 | \$ (680,585) | \$ 44,849 | \$ 170,805 | \$ 463,107 | \$ 43,222 | \$ (616,911) | \$ 60,223 |
|------------|------------|-----------|--------------|-----------|------------|------------|-----------|--------------|-----------|

The accompanying notes are an integral part of these financial statements

ROCKY VIEW FOUNDATION

Schedule of Foundation Self Contained Operations

Year Ended December 31, 2023

(Schedule 2)

| | Crossroads Manor 2023 | Dr. Whillan's Manor 2023 | Diamond Jubilee Manor 2023 | Evergreen Manor 2023 | Total 2023 | Crossroads Manor 2022 | Dr. Whillan's Manor 2022 | Diamond Jubilee Manor 2022 | Evergreen Manor 2022 | Total 2022 |
|--|-----------------------------|--------------------------------|----------------------------------|----------------------------|---------------|-----------------------------|--------------------------------|----------------------------------|----------------------------|---------------|
| REVENUES | | | | | | | | | | |
| Rental revenue | \$ 41,109 | \$ 177,028 | \$ 141,616 | \$ 161,881 | \$ 521,634 | \$ 46,488 | \$ 165,460 | \$ 136,199 | \$ 152,721 | \$ 500,868 |
| Utilities recovered | - | 11,047 | 11,424 | 10,267 | 32,738 | - | 11,200 | 11,750 | 10,324 | 33,274 |
| Sundry | 812 | 2,145 | 1,298 | 1,770 | 6,025 | 1,652 | 4,368 | 3,000 | 3,724 | 12,744 |
| | 41,921 | 190,220 | 154,338 | 173,918 | 560,397 | 48,140 | 181,028 | 150,949 | 166,769 | 546,886 |
| EXPENDITURES | | | | | | | | | | |
| Administration labour | 16,135 | 68,202 | 22,272 | 73,305 | 179,914 | 10,193 | 53,675 | 18,683 | 59,507 | 142,058 |
| Appliance replacement and repair | 1,500 | 2,814 | 2,912 | 1,950 | 9,176 | - | 2,058 | 1,831 | 3,225 | 7,114 |
| Audit, legal, and consulting fees | 1,587 | 4,277 | 3,605 | 3,880 | 13,349 | 1,469 | 3,966 | 1,215 | 3,451 | 10,101 |
| Building exterior and interior | 1,809 | 11,205 | 10,033 | 9,295 | 32,342 | 5,860 | 10,241 | 9,887 | 12,513 | 38,501 |
| Central maintenance | 12,133 | 68 | 14,371 | - | 26,572 | 12,237 | 1,463 | 14,350 | - | 28,050 |
| Conference, dues, and training | 623 | 1,627 | 1,532 | 1,485 | 5,267 | 389 | 941 | 552 | 1,038 | 2,920 |
| Electrical systems | 333 | 3,746 | 558 | 1,614 | 6,251 | 456 | 1,282 | 753 | 689 | 3,180 |
| Electricity | 3,882 | 17,782 | 16,731 | 12,776 | 51,171 | 4,526 | 16,551 | 17,016 | 14,780 | 52,873 |
| Elevators | - | - | 2,527 | 3,519 | 6,046 | - | - | 2,466 | - | 5,649 |
| Equipment purchases | - | 2,742 | - | - | 2,742 | 402 | 3,690 | - | - | 4,092 |
| Ground maintenance | 1,948 | 8,354 | 3,948 | 2,667 | 16,917 | 185 | 2,707 | 3,057 | 999 | 6,948 |
| Heating | 7,773 | 10,973 | 12,181 | 14,899 | 45,826 | 9,018 | 14,186 | 14,115 | 15,237 | 52,556 |
| Insurance | 1,305 | 1,319 | 7,635 | 880 | 10,939 | 1,199 | 1,212 | 4,502 | 626 | 7,539 |
| Janitorial material and services | 627 | 5,390 | 8,659 | 2,141 | 16,817 | 413 | 4,241 | 7,423 | 687 | 12,764 |
| Office expenses | 44 | 99 | 308 | 65 | 516 | 262 | 214 | 216 | 221 | 913 |
| Security | 1,752 | 2,609 | 8,958 | 4,567 | 17,886 | 3,383 | 2,454 | 3,518 | 3,696 | 13,051 |
| Sundry | 318 | 889 | 1,106 | 590 | 2,903 | 452 | 745 | 1,650 | 1,080 | 3,927 |
| Telephone and postage | 1,094 | 1,504 | 387 | 1,754 | 4,739 | 1,139 | 663 | 387 | 1,547 | 3,736 |
| Vehicle expenses | 1,180 | 2,197 | 127 | 940 | 4,444 | 1,006 | 947 | 316 | 1,466 | 3,735 |
| Ventilation and plumbing | 1,088 | 10,953 | 2,423 | 4,009 | 18,473 | 2,947 | 2,021 | 3,851 | 1,414 | 10,233 |
| Waste removal | 442 | 1,083 | 5,068 | 7,507 | 14,100 | 257 | 264 | 4,356 | 5,582 | 10,459 |
| Water and sewer | 2,792 | 9,178 | 12,480 | 12,543 | 36,993 | 3,146 | 13,056 | 11,177 | 11,977 | 39,356 |
| | 58,365 | 167,011 | 137,821 | 160,186 | 523,383 | 58,939 | 136,577 | 121,321 | 142,918 | 459,755 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ (16,444) | \$ 23,209 | \$ 16,517 | \$ 13,732 | \$ 37,014 | \$ (10,799) | \$ 44,451 | \$ 29,628 | \$ 23,851 | \$ 87,131 |

The accompanying notes are an integral part of these financial statements