

## GEF SENIORS HOUSING

### Annual Financing Reporting

<b>Recommendation</b>			
That the November 1, 2023, Community Services report CS01727, be received for information.			
<b>Requested Action</b>		Information Only	
<b>ConnectEdmonton's Guiding Principle</b>		<b>ConnectEdmonton Strategic Goals</b>	
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.		<b>Healthy City</b>	
<b>City Plan Values</b>	BELONG. LIVE.		
<b>City Plan Big City Move(s)</b>	Inclusive and compassionate	<b>Relationship to Council's Strategic Priorities</b>	Community safety and well-being
<b>Corporate Business Plan</b>	Serving Edmontonians		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>September 21, 2020, Citizen Services report CR8384, Greater Edmonton Foundation Lauderdale Land Lease</li> </ul>		

### Previous Council/Committee Action

At the January 31, 2023, City Council meeting, the following motion passed:

That Administration work with GEF Seniors Housing to provide annual financial reporting to Committee, including all deficits and in-year variances.

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### Executive Summary

- GEF Seniors Housing (GEF) is a not-for-profit organization and the largest provider of affordable seniors housing in Alberta.
- GEF is a corporation (called a management body) established by Ministerial Order under the *Alberta Housing Act*. The City of Edmonton is the only member of the management body and City Council appoints a board to govern the management body.
- As a management body, GEF exercises its powers and functions in accordance with its Ministerial Order and the provisions of the *Alberta Housing Act*, including any agreement made under the Act.
- To comply with the Ministerial Order and *Alberta Housing Act*, GEF will be required to provide the following related to lodge accommodations:
  - Three year-business plan;
  - Annual operating and capital budgets;
  - Annual audited financial statements; and
  - Requisition for any deficits arising from lodge operations in the previous fiscal year.
- To ensure adequate reporting to the City, the following additional information will also be requested from GEF:
  - Annual Variance Reporting comparing actuals to budget and including explanations for any significant variances;
  - Annual Occupancy Report for lodge accommodations; and
  - Updated Building Condition Assessments for the lodge accommodations every four years.

### REPORT

GEF Seniors Housing (GEF), formerly Greater Edmonton Foundation, is a not-for-profit organization and the largest provider of affordable seniors housing in Alberta. The organization currently provides affordable housing to almost 4,000 seniors in Edmonton through its management and oversight of:

- 2,808 seniors self-contained apartment units in 34 buildings (100 per cent owned by Alberta Social Housing Corporation (ASHC))
- 194 affordable apartment units in three buildings (100 per cent owned by GEF)
- 990 lodge units in 11 buildings (460 units owned by GEF and 530 units owned by ASHC)

GEF came into existence in 1959 and was later recognized as a management body by Ministerial Order (Attachment 1) under the *Alberta Housing Act* (Act). Under the Ministerial Order, the City of Edmonton is the sole member of the GEF management body, with a board comprising up to nine members appointed by City Council. The Ministerial Order and Act contain an ongoing process for the Board to provide City Council with business plans, operating and capital budgets, financial reporting, as well as the authority to requisition an applicable municipality for an annual deficit for the previous fiscal year arising from the provision of lodge accommodation, and any amounts necessary to establish or continue a reserve fund.

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The Act provides for the provision of other reporting by management bodies in certain circumstances, including without limitation, disclosure of annual financing reporting documents and provision of information relating to the maintenance and operation of lodge reserve funds.

### **Required Financial Reporting**

#### Business Plan and Budgets

To comply with the Ministerial Order, GEF is required to submit to the City at least 90 days prior to January 1 of the next fiscal year (i.e. October 1 of the current fiscal year), the following items:

- A three year business plan (prior to the end of each three year fiscal period) (Ministerial Order, s.5(1));
- An Operating Budget, including an estimate of the items for lodge accommodations which GEF intends to requisition the City of Edmonton for operating deficit funds for the upcoming year (Ministerial Order, s.5(2)); and
- A Capital Budget, including an estimate of the items or lodge accommodations which GEF intends to requisition the City of Edmonton for capital or capital debt repayment funds (Ministerial Order, s. 5(3)).

Within 60 days of the receipt of the Operating and Capital Budgets submitted by GEF (i.e. November 30 of the current fiscal year), City Council shall approve the budgets as submitted or advise GEF of those items for which revisions are necessary (Ministerial Order, s. 6(1)).

#### Annual Financial Reporting

To comply with the Act (*Alberta Housing Act*, s.15(2)), GEF is required to submit to the City annual audited financial statements for GEF lodging operations not later than 90 days after the end of the fiscal year to which the financial statements relate (i.e. March 31 of the next fiscal year).

#### Requisition

To exercise its requisition powers under the Act (*Alberta Housing Act*, s.7), GEF must requisition the City on or before April 30 of each year, and must supply a copy of its estimates and calculation of the requisitioned amount with the requisition. It may only requisition for:

- The amount of the annual deficit for the previous fiscal year arising from the provision of lodge accommodation, and
- Any amounts necessary to establish or continue a reserve fund for the management body.

If requisitioned by GEF in accordance with the Act, the City is required to pay the requisitioned amount no later than 90 days after the mailing of the requisition notice.

### **Current Financial Reporting**

As part of the City's budget process, GEF currently submits a four-year budget and business plan for Council's consideration and approval in alignment with the City's normal multi-year budgeting process. Outside of the budget process and site specific funding reporting requirements, no requisition or regular financial reporting has been submitted by GEF to the City regarding the lodge accommodation portfolio.

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### Next Steps: Future Reporting

To comply with the Ministerial Order and Act, GEF will be required to:

- Submit a three year business plan and annual operating and capital Budgets to the City at least 90 days before January 1 of the next fiscal year. The submitted budgets must include an estimate of the planned requisition to the City for operating deficit funds for the upcoming years and capital or capital debt repayment funds.
- Submit annual audit financial reporting within 90 days after year-end, including specific financial reporting and statements related to lodge accommodations. The current annual audited financial statements for GEF lodging operations do not clearly segregate lodging operations. Future audited financial statements will need to include reporting specific to GEF lodge operations.
- Provide the City with a requisition on or before April 30 for the annual deficit for the previous fiscal year arising from the provision of lodge accommodations, including a copy of the estimates and calculation of the requisitioned amount, based on the annual audited financial statements.

The Ministerial Order allows for the City to request any other operating and capital budget related information to support the budget approval process. As such, Administration will request the following from GEF:

- Annual Variance Reporting to accompany the audited financial statements comparing actuals to budget and including explanations for any significant variances.
- Annual Occupancy Report for lodge accommodations along with the operating and capital budget submissions.
- Updated Building Condition Assessments for the lodge accommodations every four years.

Administration will work with GEF to start implementing this reporting framework effective in the fall of 2024. GEF is responsible for providing and presenting the required financial reporting to the City.

Financial reporting was developed for GEF lodge operations for the 2022 year-end and has been included as Attachment 2 to this report.

The following table provides a summary of the required reporting and related approvals from City Council based on the reporting framework discussed above (using 2025 budget year as an example):

Reporting & Approvals	Date Required	City Process
Three year business plan for upcoming years (2025-2027) (GEF)	October 1, 2024 - 90 days before year-end (every three years)	Three year business plan submitted to Council <u>for approval</u>
Operating and capital budget for next year (2025) (GEF)	October 1, 2024 - 90 days before year-end (2025 budget)	Provided to Council before October 1 <u>for approval</u>

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Annual occupancy reporting (GEF)	October 1, 2024 - 90 days before year-end	Provided to the Council before October 1 <u>for review</u>
Building condition assessments for GEF lodge accommodations (GEF)	October 1, 2024 - 90 days before year-end (once every four years)	Provided to the Council before October 1 <u>for review</u>
Council approval of annual operating and capital budgets for next year and business plan for next three years (City)	November 30, 2024 - 60 days after receipt of budgets and business plans	Council <u>approval required</u> before November 30
Annual audited financial statements for the prior year accompanied with variance reporting (2024 year-end financial statements) (GEF)	March 31, 2025 - 90 days after year-end	Actual deficit for GEF lodge operations for prior year incorporated into the <u>Spring Supplemental Budget Adjustment</u> process if requisition payment required.
Requisition to the City for annual deficit from preceding fiscal year (2024 requisition based on 2024 GEF lodge operations deficit) (GEF)	April 30, 2025	If required, submit to Council formal requisition request for prior year deficit based on annual audited financial statements
Payment of requisition (based on 2024 GEF lodge operations deficit) (City)	July 30, 2025 - 90 days after receipt of requisition	City pays requisition based on prior year deficit

The current reporting timelines in the Ministerial Order do not align with the City's internal budgeting timelines. Administration will work with the office of the Minister of Seniors, Community and Social Services to propose and implement timelines that are more aligned with the City's budgeting process.

Currently, GEF has an operating reserve for lodge accommodations included in their budget but would like to establish a capital reserve for lodge accommodations to ensure that their building maintenance plan has sufficient budget to undertake required improvements. A business case is currently being developed by GEF for City Council's consideration at a future date. The regulations to the Act also impose statutory requirements in respect of reserve funds for lodge accommodations. A board may create a reserve fund for lodge accommodation only with the prior approval of the municipality responsible for requisitions (City of Edmonton). In this regard, the City may establish aggregate amounts that may be held in capital or operating reserves, and provide for the disposition, transfer or allocation of all or any portion of the funds in excess of the established reserve limits.

### Budget/Financial Implications

In December 2022, during the 2023-2026 budget deliberations, Council approved the continuation of operational funding for GEF in the amount of \$4.9 million annually. Annual

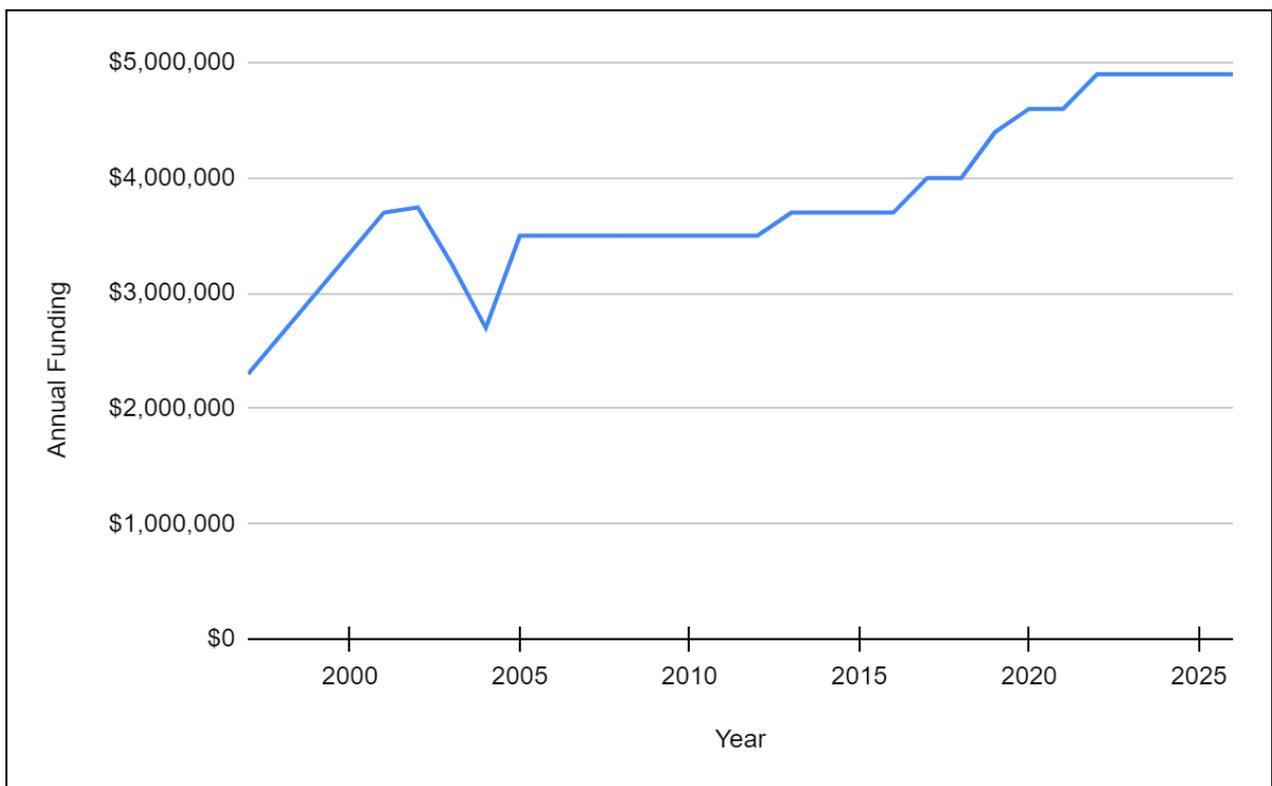
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funding provided to GEF has generally increased from an initial amount of \$2.3 million in 1997 to the current \$4.9 million, in place since 2022, and approved through to 2026. GEF receives some provincial funding (approximately \$4.4 million) with the majority of funding coming from rental payments from tenants (approximately \$21 million). The \$4.9 million from the City of Edmonton is approximately 16 per cent of GEF's overall budgeted expenses of \$30.6 million. See Attachment 2.

### Payment History

All funding provided by the City to GEF has been approved through the City's regular operating budget process and is based on the operating shortfall anticipated for GEF's lodge housing and support services operations. Any funding increases for GEF have been approved by City Council through the operating budget process.

Historical funding trends since 1997 are shown in the chart below.



### Community Insight

Non-profit affordable housing providers, including GEF, are engaged regularly on challenges and opportunities in quarterly meetings and project discussions to ensure an effective working relationship with the City of Edmonton.

This report was informed by discussions with GEF to understand the organization's financial position and reporting practices. The discussions led to the recommendations in this report and are reflective of a process that works for both GEF and the City of Edmonton.

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### **GBA+**

GBA+ is embedded in all planning work for affordable housing and homelessness initiatives. For many Edmontonians, a major barrier to safe and adequate housing is cost. Those experiencing intersecting identity factors tend to experience additional barriers and discrimination. These groups include Indigenous peoples, racialized people, 2SLGBTQ+, recent immigrants, women and children fleeing domestic violence, female heads of households, especially single mothers, young adults aged 18-29, seniors aged 65+, people with physical health or mobility challenges, people with developmental disabilities, people dealing with mental health and addictions issues, veterans and people experiencing homelessness. This report specifically relates to affordable housing challenges for seniors.

### **Attachments**

1. Ministerial Order
2. GEF Seniors Housing - 2022 Financial Report