

GEF Seniors Housing - Lodge Program

Audit Findings Report
For the Year Ended December 31, 2023



March 28, 2024

The Board of Directors
GEF Seniors Housing - Lodge Program
14220 109 Avenue NW
Edmonton,
T5N 4B3

RSM Canada LLP

2500, Bell Tower
10104 – 103rd Avenue NW
Edmonton, AB T5J 0H8
T: +1 (780) 428 1522
F: +1 (780) 425 8189
www.rsmcanada.com

Dear Sirs/Mesdames:

Re: Audit of the financial statements of GEF Seniors Housing - Lodge Program

This report summarizes certain key audit findings and responses to assessed audit risks which we believe to be of interest to assist the Board of Directors in discharging their responsibilities in connection with the audited financial statements of GEF Seniors Housing - Lodge Program (the "program") for the year ended December 31, 2023.

We would like to express our appreciation for the cooperation we received from the officers and employees of the program with whom we worked during our audit. We look forward to meeting with the Board of Directors to discuss the content of this report and answering any questions you may have.

Yours very truly,

RSM Canada LLP

per: Leon Pfeiffer, Partner

cc:

Dale Forbes, BA Economics, CIP, MBA | Chief Executive Officer
Kevin Mah, MBA, CPA, CMA | Chief Financial Officer

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TABLE OF CONTENTS

Status of the audit.....	1
Significant audit findings.....	1
Misstatements and adjustments.....	3

APPENDICES

Other required communication.....	A
Draft independent auditor's report and draft financial statements.....	B
Management representation letter.....	C
Summary of uncorrected misstatements.....	D

STATUS OF THE AUDIT

We have substantially completed our audit of the financial statements of the program for the year ended December 31, 2023.

Outstanding items

The following items require completion prior to issuing our auditor's report:

- receipt of management representation letter (Appendix C);
- subsequent events review to audit report date;
- approval of the financial statements by the Board of Directors.

Draft independent auditor's report and draft financial statements

Our draft independent auditor's report and draft financial statements is attached (Appendix B).

We expect that our independent auditor's report will contain an "Emphasis of Matter" paragraph drawing attention to the program's basis of accounting. Our report will not be qualified with respect to this matter.

SIGNIFICANT AUDIT FINDINGS

Materiality

Final overall materiality was \$687,000 based on total revenues. This was not changed from planning materiality as communicated in our Audit Services Plan.

Accounting policies

Management is responsible for selecting and applying appropriate accounting policies. The Board of Directors is responsible to review accounting policies adopted by the program and where alternative policies are available, determine the most appropriate policies to be adopted in the circumstances. If the Board of Directors believes that the adoption of or change in accounting policies may produce inappropriate or misleading financial reporting, this concern must be discussed with management and us.

Our views on the qualitative aspects of accounting practices used in the program's financial reporting are intended to assist the Board of Directors in its review of the financial statements. Policies affecting the understandability, relevance, reliability and comparability of the financial statements are:

Changes in significant accounting policies, including adoption of new standards.

There were no new accounting policies adopted or changes to the application of accounting policies of the program during the year.

Accounting policies unique to the industry, or relate to controversial or emerging areas.	No significant items to report.
Existence of alternative policies and methods.	No significant items to report.
Effect of timing of occurrence and recognition of transactions relating to when accounting policies are adopted.	No significant items to report.

Conclusion

We reviewed the significant accounting policies selected and applied by management and in our judgment we believe that the accounting policies are, in all material respects, acceptable under Canadian accounting standards for not-for-profit organizations and are appropriate to the particular circumstances of the program.

Significant risks

The following is a summary of key issues and significant risks of material misstatement, whether due to fraud or error.

Issue/Risk Area - Management override of controls

Issue/Risk Area

Management override of controls is, by definition, a significant risk.

Our Response

During the course of our audit, we designed and performed audit procedures to respond to the risks of management override of controls. Our procedures included assessing appropriateness of general journal entries and other adjustments on a test basis, reviewing accounting estimates for biases and evaluating business rationale for transactions outside the normal course of business. These procedures did not reveal any evidence of management override of controls and, as such, no additional audit procedures were performed.

Issue/Risk Area - Grant revenue recognition

Issue/Risk Area

Auditing standards assume a rebuttal presumption that there is a significant risk of fraud in revenue recognition in all entities.

Our Response

During the course of our audit, we designed and performed audit procedures to respond to the risk of the occurrence of grant revenues. Our procedures included substantive testing. These procedures did not reveal any evidence of material errors or fraud and therefore no additional audit procedures were performed.

Conclusion

We reviewed all significant accounting estimates and agree that they are, in all material respects, free from possible management bias and of material misstatement. The audit procedures performed in the areas noted above were consistent with those set out in our . The accounting treatment of the items noted above and related disclosures are appropriate and in accordance with Canadian accounting standards for not-for-profit organizations. We were able to obtain sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate low level.

MISSTATEMENTS AND ADJUSTMENTS

Adjustments

Management did not record any adjustments as a result of accounting differences identified during the audit. Management incorporated various changes to the financial statement disclosure and presentation as recommended by us.

Misstatements

During our audit, we aggregated uncorrected financial statement misstatements. Management deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements. Management has not corrected these misstatements. We are required to request that the Board of Directors consider adjusting the financial statements for these misstatements although we acknowledge that the amounts are below materiality (Appendix D).

Appendix A

Other required communication

Area	Comment
Independence	CAS 260, Communication with Those Charged with Governance, requires communications in relation to any matters or relationships which we believe may have a bearing on RSM's independence or the objectivity of the audit engagement team. We have considered whether there are any independence matters or relationships that could have a bearing on the question of our independence. We confirm that, in our professional judgment, RSM is independent within the meaning of regulatory and professional requirements and the objectivity of the audit team is not impaired.
Illegal Acts, Fraud, Intentional Misstatements and Errors	Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of financial information.
Related Party Transactions	We conducted tests and procedures to identify related parties and transactions. Our audit did not reveal any related parties or significant related party transactions that were not disclosed to us by management, nor did it reveal any significant related party transactions which give rise to suspected fraud. There has been no disagreement between management and ourselves regarding the accounting for and disclosure of related party transactions.
Deficiency in Internal Controls	<p>A financial statement audit is not designed to provide assurance on internal controls and we have not presented an opinion on internal controls over financial reporting. During our audit, we did not identify any significant deficiencies in internal controls.</p> <ul style="list-style-type: none"><li data-bbox="527 1207 950 1239">• <i>Cut-off errors in accounts payable</i> <p>During the audit, RSM found cut-off errors when performing testing on accounts payable. It was noted that an expense for the 2023 fiscal year was recorded in 2024. This creates a risk that expenses are understated in the year. RSM recommends that invoices are reviewed for service dates to ensure they are recorded in the correct period. This was not considered to be significant to the financial statements.</p>
Disagreements with Management	During our audit, we did not have any significant disagreements with management.
Consultations with Other Accountants	We are not aware of any consultations that have taken place with other accountants.
Cooperation of Management	We received full cooperation of management and other personnel during our audit and we had full and unrestricted access to all records and personnel required to complete our audit. We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

Appendix B

Draft independent auditor's report and draft financial statements



Financial Statements of
GEF SENIORS HOUSING
LODGE PROGRAM
December 31, 2023

**GEF SENIORS HOUSING
LODGE PROGRAM**
Index to Financial Statements
December 31, 2023

Management's Statement of Responsibility	3
Independent Auditor's Report	4-5
Financial Statements	
Statement of Operations	6
Statement of Financial Position	7
Statement of Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-15

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Management is responsible for the preparation and presentation of the financial statements and all other information in the annual report. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Financial and operating data presented elsewhere in the annual report are consistent with the information contained in the financial statements.

Management maintains a system of internal controls which provides reasonable assurance that the assets of the program are safeguarded and which facilitates the preparation of timely, relevant and reliable financial information which reflects, when necessary, management's best estimates and judgements based on informed knowledge of the facts.

The Board of Directors is responsible for determining that management fulfils its responsibilities in the preparation of financial statements and the financial control of operations. The Board of Directors have reviewed the financial statements, and the Management's Discussion and Analysis with management and have recommended their approval. The independent auditors have unrestricted access to the Board of Directors.

The financial statements have been examined by RSM Canada LLP, Chartered Accountants, and their report follows.

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Dale Forbes

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Dale Forbes, BA Economics, CIP, MBA

Chief Executive Officer

DocuSigned by:

Kevin Mah

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Kevin Mah, MBA, CPA, CMA

Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GEF Seniors Housing - Lodge Program

Opinion

We have audited the financial statements of GEF Seniors Housing - Lodge Program (the "program"), which comprise the statement of financial position of the Lodge Program in GEF Seniors Housing ("the management body") as at December 31, 2023, and the statements of operations, changes in net assets and cash flows of the Lodge Program in the management body for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the program as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the program in accordance with the ethical requirements that are relevant to our audit of the 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

The financial statements reflect only the operations of the Lodge Program. GEF Seniors Housing prepares a general purpose set of financial statements in which we issued an auditor's report dated March 28, 2024.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the program's internal control.
- 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 program'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 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 program to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Date
Edmonton, Alberta

GEF SENIORS HOUSING**LODGE PROGRAM****Statement of Operations***Year ended December 31, 2023**(In thousands)*

	2023	2022
REVENUES		
Rent	\$ 16,596	\$ 15,953
City of Edmonton	4,900	4,900
Province of Alberta	4,898	4,329
Federal	87	46
Other revenues	5,268	4,924
	<u>31,749</u>	<u>30,152</u>
EXPENSES		
Personnel	22,436	21,770
Operating	4,374	4,075
Utilities	3,094	2,901
Amortization	1,683	1,701
Maintenance	1,562	1,191
Administrative	1,259	922
Taxes & Improvements	1	1
(Gain) loss on tangible capital asset disposal	(4)	-
	<u>34,405</u>	<u>32,561</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(2,656)</u>	<u>(2,409)</u>
Extraordinary revenues - COVID 19	930	2,277
Extraordinary expenses - COVID 19	(35)	(895)
DEFICIENCY OF REVENUES OVER EXPENSES AFTER EXTRAORDINARY REVENUES AND EXPENSES	<u>\$ (1,761)</u>	<u>\$ (1,027)</u>

See accompanying notes to the financial statements

**GEF SENIORS HOUSING
LODGE PROGRAM**

Statement of Financial Position

As at December 31, 2023

(In thousands)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 4,213	\$ -
Short-term investments (Note 4)	-	7,113
Accounts receivable	1,438	707
Due from GEF - Seniors Self-Contained (Note 8)	-	340
Inventories	162	152
Prepaid expenses	617	620
	6,430	8,932
TANGIBLE CAPITAL ASSETS (Note 5)	17,994	20,630
	\$ 24,424	\$ 29,562
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 3)	\$ -	\$ 3,281
Accounts payable and accrued liabilities	3,150	3,698
Due to GEF Seniors Housing - Seniors Self-Contained (Note 8)	450	-
Deferred revenue (Note 6)	47	48
Tenants' security deposits	326	323
	3,973	7,350
NET ASSETS (Note 2)		
Invested in tangible capital assets	16,855	18,397
Internally restricted:		
Capital Reserve	3,000	3,000
Operating	605	605
Unrestricted surplus (deficit)	(9)	210
	20,451	22,212
	\$ 24,424	\$ 29,562

See accompanying notes to the financial statements

APPROVED BY THE BOARD OF DIRECTORS:

DocuSigned by:

Don Gnaniuk

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DocuSigned by:

John Fessey

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**GEF SENIORS HOUSING
LODGE PROGRAM**

Statement of Changes in Net Assets

Year ended December 31, 2023

(In thousands)

	Invested in Tangible Capital Assets	Restricted			Unrestricted	Total 2023	Total 2022
		General Reserve	Operating Reserve	Capital Reserve	Surplus (Deficit)		
BALANCE, BEGINNING OF YEAR	\$ 18,397	\$ 455	\$ 150	\$ 3,000	\$ 210	\$ 22,212	\$ 23,239
Deficiency of revenues over expenses	-	-	-	-	(1,761)	(1,761)	(1,027)
Consolidation of restricted general and operating reserves	-	(455)	455	-	-	-	-
Amortization of tangible capital assets	(1,683)	-	-	-	1,683	-	-
Interest on capital bank account, net of bank	41	-	-	-	(41)	-	-
Net purchases of tangible capital assets	100	-	-	-	(100)	-	-
BALANCE, END OF YEAR	\$ 16,855	\$ -	\$ 605	\$ 3,000	\$ (9)	\$ 20,451	\$ 22,212

See accompanying notes to the financial statements

**GEF SENIORS HOUSING
LODGE PROGRAM**

Statement of Cash Flows

Year ended December 31, 2023

(In thousands)

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (1,761)	\$ (1,027)
Amortization of tangible capital assets	1,683	1,701
Gain on disposal of tangible capital asset	(4)	-
Accrued Interest	-	(113)
Net changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(731)	240
Increase in inventories	(10)	(1)
Decrease in prepaid expenses	3	111
Decrease in accounts payable and accrued liabilities	(548)	(128)
Decrease (increase) in due to/from GEF - Seniors Self-Contained	790	(316)
Increase in deferred revenue	(1)	(195)
Decrease in tenants' security deposits	3	1
	<u>(576)</u>	<u>273</u>
FINANCING ACTIVITIES		
Receivable from Resident Quality of Life Program	-	611
	<u>-</u>	<u>611</u>
INVESTING ACTIVITIES		
Redemption (purchase) of short-term investments	7,113	(7,000)
Write-off of work in progress	1,053	-
Purchase of tangible capital assets	(100)	(872)
Disposal of tangible capital assets	4	-
	<u>8,070</u>	<u>(7,872)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	7,494	(6,988)
(BANK INDEBTEDNESS) CASH AT BEGINNING OF YEAR	(3,281)	3,707
CASH (BANK INDEBTEDNESS) AT END OF YEAR	\$ 4,213	\$ (3,281)

See accompanying notes to the financial statements

GEF SENIORS HOUSING LODGE PROGRAM

Notes to the Summarized Financial Statements

Year ended December 31, 2023

(In thousands)

Note 1

Nature of Operations

GEF Seniors Housing (the "management body") was established as a management body on January 1, 1996 by Provincial Ministerial Order and is governed by the Alberta Housing Act (1994) and its regulations. The management body is a not-for-profit organization operating and managing social programs aimed at providing affordable housing to low-income seniors in Edmonton, Alberta. The management body qualifies as a non-profit organization as defined in the Income Tax Act (Canada) and, as such, is exempt from income taxes.

The management body manages senior citizen housing owned by the City of Edmonton, the Province of Alberta and the management body. GEF Seniors Housing has three different programs:

- a) Lodge Program: The operating program reports the management body's program delivery and administrative activities, excluding the operations of the management body's affordable housing projects. This fund reports unrestricted resources, operating grants and tangible capital assets, including land, buildings, equipment and furniture.
- b) Affordable Housing Program: The affordable housing program reports the management body's unrestricted resources earned from affordable housing projects. This program includes the operations of Rosslyn Terrace, Ottewell Terrace, and Sakaw Terrace which are required by the Province of Alberta to be self-sustaining under the conditional capital grant funding agreement. This also includes tangible capital assets including land, buildings, equipment and furniture. This program also includes the operations of other owned properties of the management body which are not part of the Lodge Program.
- c) Resident Quality of Life Program: The resident quality of life program reports the following:
 - Quality of Life Program funds raised from community campaigns or by residents for resident programs;
 - Funds raised for the Building for Life community campaign which will be used for the future construction of buildings; and
 - Donations made through specific bequests used for purposes specified by the donor.

These financial statements reflect only the operations of the Lodge Program.

Note 2

Significant Accounting Policies

Basis of Presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization (ASNPO).

**GEF SENIORS HOUSING
LODGE PROGRAM**

Notes to the Financial Statements

Year ended December 31, 2023

(In thousands)

Note 2

Significant Accounting

Policies, continued

Cash and cash equivalents and bank indebtedness

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Cash accounts are interest bearing.

Short-term investments

Short-term investments consist of non-redeemable guaranteed investment certificates that mature within one year.

Inventories

Inventories of food supplies are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. During the year, \$79,286 (2022 - \$118,750) was expensed.

Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized over their useful lives. Amortization is recorded on the straight-line basis at the following rates:

Land Improvement	12 years
Buildings	40 years
Building improvements	8 to 25 years
Equipment	3 to 15 years
Furniture	10 years

Tangible capital assets acquired but not available for use are not amortized.

Construction in progress is not amortized until they are placed in use and are included in tangible capital assets.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of tangible capital assets is recorded as an expense in the statement of operations. A write down shall not be reversed.

Fund Accounting

GEF Seniors Housing follows the restricted fund method of presentation. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified in accordance with directives issued by the Board of Directors. Transfers between the programs are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded as a component of changes in fund balances.

These statements reflect only the Lodge Program Fund.

**GEF SENIORS HOUSING
LODGE PROGRAM**

Notes to the Financial Statements

Year ended December 31, 2023

(In thousands)

Note 2

Significant Accounting
Policies, continued

Reserves

The program's internally restricted funds are comprised of:

Operating Reserve

The restricted operating reserve is designated for Lodge Program which, major unforeseen expenditures and major unbudgeted expenditures. Funds unexpended after 12 months after the year ending the initial contribution must be transferred to the debt retirement reserve up to \$150 if it's applicable. Funding of and expenditures exceeding \$150 from this reserve must be approved by the Board of Directors. During the year, the Board of Directors approved the consolidation of the General and Operating Reserve.

Capital Reserves

The Capital Reserves are designated for all capital expenditures. Funding of and expenditures from these reserves require approval from the both City of Edmonton and Board of Directors.

Revenue Recognition

The program follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Lodge Program. Restricted contributions relating to affordable housing project operations are recognized as revenue of the Affordable Housing Program. All other restricted contributions are recognized as revenue in the appropriate restricted program. Unrestricted contributions and rent income are recognized as revenue of the Lodge Program or Affordable Housing Program as applicable, in the year received or receivable; if the amount can be reasonably estimated and collection is reasonably assured. Interest income earned on investments is recognized as revenue in the corresponding restricted fund. Rental revenues are recognized at the beginning of the rental month in accordance with rental agreements. Government assistance is recognized as other income in the year the related expenses are incurred.

Contributed goods and services

The program recognizes contributed goods at fair value at the date of contribution to the extent that the fair value can be reasonably determined. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

Measurement

The program initially measures its financial assets and financial liabilities at fair value.

The program subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable, and due from apartment operations.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, bank indebtedness and due to GEF - Seniors Self-Contained.

Impairment

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

**GEF SENIORS HOUSING
LODGE PROGRAM**

Notes to the Financial Statements

Year ended December 31, 2023

(In thousands)

Note 2

Significant Accounting
Policies, continued

Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards 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. Such estimates, which include the useful lives of tangible capital assets, collectability of accounts receivable and accrued expenses are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Note 3

Cash and cash
equivalents and
bank indebtedness

Cash is maintained through the programs' bank and earns interest at prime less 1.9%. The Premium Investment savings account earns interest at 0.3%. The management body has available a \$2,000,000 revolving loan with interest at prime plus 0.5% with security provided by a general security agreement and collateral mortgage in the amount of \$2,000,000 on the management body's land. As of December 31, 2023, the management body had not drawn on the revolving loan. Bank indebtedness in 2022 on the program resulted from a deficit in transfers between accounts and not an overdrawn bank balance.

Note 4

Short-term
Investments

Short-term investments consisted of one guaranteed investment certificate bearing interest at 4.30% per annum. The GIC matured August, 2023.

Note 5

Tangible Capital
Assets

	Cost	Accumulated Amortization	2023 Net	2022 Net
Land	\$ 11	\$ -	\$ 11	\$ 11
Land Improvement	507	272	235	271
Buildings	39,229	23,693	15,536	16,730
Building improvements	5,375	4,645	730	910
Construction in progress	122	-	122	1,174
Equipment	4,633	3,273	1,360	1,531
Furniture	858	858	-	3
	<u>\$ 50,735</u>	<u>\$ 32,741</u>	<u>\$ 17,994</u>	<u>\$ 20,630</u>

Note 6

Deferred Revenues

Deferred revenue consists of future rents and grants that will be recognized as revenue in 2023 as follows.

	2022 Balance	Revenue Deferred during the Year	Revenue Recognized during the current Year	2023 Balance
Edmonton Community Foundation	8	-	(8)	-
Future rent collected	40	525	(518)	47
	<u>\$ 48</u>	<u>\$ 5,425</u>	<u>\$ (5,426)</u>	<u>\$ 47</u>

GEF SENIORS HOUSING LODGE PROGRAM

Notes to the Financial Statements

Year ended December 31, 2023

(In thousands)

Note 7

Pension Plan

The program participates in a multi-employer, defined benefit plan. Total pension contributions during 2023 were \$1,293 (2022 - \$1,464). The program is required to make current service contribution to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the current year's maximum pensionable earnings under the Local Authorities Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount.

Note 8

Due From Apartment Program

The program is related to GEF Seniors Housing - Seniors Self-Contained Operations and Verkhovyna St. Josaphat's Senior Citizen's Home through a common management team. As of February 1, 2023, Verkhovyna St. Josaphat's Senior Citizen's Home management was transferred to another program. As well, during the year, certain employees of the program may provide services to these related parties as the need arises.

Included in due to apartment operations is \$450 payable (2022 - \$303 receivable) to Seniors Self Contained Operations and \$NIL receivable (2022 - \$37 receivable) from Verkhovyna St. Josaphat's Senior Citizen's Home. During the year, the program received \$1,479 (2022 - \$1,212) and \$9 (2022 - \$107) in administration support from Seniors Self-Contained Operations and Verkhovyna St. Josaphat's Senior Citizen's Home, respectively.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Note 9

Risk Management

The program is exposed to various risks with regards to its financial statements and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the program's risk exposure and concentration as of December 31, 2023.

The program's financial instruments consist of cash, short-term investments, accounts receivable, due from apartment operations, and accounts payable and accrued liabilities, bank indebtedness, and due to apartment operations.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The program is exposed to credit risk from its tenants. The program has a significant number of tenants which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the program will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the program not being able to liquidate assets in a timely manner at a reasonable price. The program meets its liquidity requirements by preparing and monitoring detailed budgets of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

There have been no changes to the risk exposures that were identified in the previous year.

**GEF SENIORS HOUSING
LODGE PROGRAM**

Notes to the Financial Statements
Year ended December 31, 2023
(In thousands)

Note 10
Annual Budget

The program recognizes that the City of Edmonton (the "City") has an interest in any budget surpluses.

- (a) The program's audited financial statements shall be used to determine the amount of the annual budget surplus or deficit for the year, if any.
- (b) Items included in the program's year end audited Statement of Operations that the City is not responsible to fund shall be excluded from the calculation. These include but are not limited to such items as depreciation, amortization, surplus/deficit from the Senior Self Contained operations and any special projects that the program's the City have agreed are not part of the City's funding responsibility.
- (c) Items excluded in the program's year end audited Statement of Operations that the City is responsible to fund shall be included in the calculation. These include but are not limited to debt principal repayment, capital costs and any special projects that the program and the City have agreed are part of the City's funding responsibility.

The 2023 surplus was calculated as follows:

Deficiency of revenues over expenditures of the lodge program:	\$ (1,761)
Less:	
Tangible capital assets amortization	1,683
Equipment purchases excluding major capital projects	(100)
Transfer of interest, net of bank charges on capital bank account to invested in tangible capital assets	(41)
<u>Total operating annual surplus (deficit)</u>	<u>\$ (219)</u>

The annual surplus calculated in accordance with a, b, and c shall be retained by the program for either paying down debt or for new construction. Prior approval by the program Board of Directors and City Council is required for new construction.

Appendix C

Management representation letter



GEF Seniors Housing - Lodge Program

14220 109 Avenue NW
Edmonton,
T5N 4B3

March 28, 2024

RSM Canada LLP
Chartered Professional Accountants
2500 Bell Tower
10104 – 103rd Avenue NW
Edmonton, Alberta
T5J 0H8

Dear Sirs and Mesdames:

We are providing this letter in connection with your audit of the financial statements of GEF Seniors Housing - Lodge Program (the "program") as at December 31, 2023 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of GEF Seniors Housing - Lodge Program in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of March 28, 2024, the following representations were made to you during your audit.

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 16, 2024, for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
2. The program's significant accounting policies are disclosed in the financial statements and:
 - (a) there have been no changes in the program's accounting policies.
 - (b) the accounting policies selected and applied are appropriate in the circumstances.
 - (c) significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
3. Significant matters have not arisen that would require a restatement of the comparative financial statements.

Completeness of information

4. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of this audit;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - all minutes of the meetings of shareholders, directors and committees of directors, or summaries of recent meetings for which minutes have not yet been prepared.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory agencies, applicable securities commissions or governmental authorities, including their financial reporting requirements.
7. We are unaware of any instances of non-compliance or suspected non-compliance with laws or regulations the effects of which should be considered when preparing financial statements.
8. We have identified to you all known related parties and all known related party relationships and transactions, including guarantees, non-monetary transactions and transactions for no consideration.
9. We have communicated to you all deficiencies in internal control of which management is aware.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the program involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the program's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

13. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
15. All related party relationships and transactions have been appropriately measured and disclosed in the financial statements.
16. We are not aware of any environmental laws or regulations that impact our program.
17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

18. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel. Any such items have been accounted for and disclosed in accordance with Canadian accounting standards for not-for-profit organizations.
19. We confirm that there are no derivative or off-balance sheet financial instruments held at the year then ended.
20. All liabilities, both actual and contingent, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
21. The program has satisfactory title to, or control over, all assets, and there are no liens or encumbrances on the program's assets or assets pledged as collateral that are not disclosed in the notes to the financial statements.
22. We have disclosed to you, and the program has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. There have been no events subsequent to the statement of financial position date up to the date hereof that would require recognition or disclosure in the financial statements.
24. The terms of your engagement, as set out in your letter to us dated February 16, 2024, are still in effect and we agree with the terms as set out.

Yours very truly,

DocuSigned by:

Dale Forbes

Dale Forbes, BA Economics, CIP, MBA, Chief Executive Officer

DocuSigned by:

Kevin Mah

Kevin Mah, MBA, CPA, CMA, Chief Financial Officer

rmd/lp

Appendix D

Summary of uncorrected misstatements

Description	Effect: Increase / (Decrease)					
	Assets	Liabilities	Net Assets	Revenue	Expenses	Revenue over (under) expenses
Unrecorded misstatement - Factual						
CTT1 [12/31/2023] - To record cut-off error found in search for unrecorded liability testing for expenses recorded in 2024 that should have been recorded in the 2023 fiscal year.	\$ -	\$ 28,867	\$ -	\$ -	\$ 28,867	\$ (28,867)
Unrecorded misstatement - Projected						
CTT2 [12/31/2023] - To record projected cut-off error found in search for unrecorded liability testing for expenses recorded in 2024 that should have been recorded in the 2023 fiscal year.	\$ -	\$ 139,431	\$ -	\$ -	\$ 139,431	\$ (139,431)
Unrecorded misstatement - Judgmental						
None present						
Total uncorrected misstatements	\$ -	\$ 168,298	\$ -	\$ -	\$ 168,298	\$ (168,298)
Cumulative net assets misstatements			\$ (168,298)			

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