
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

LOCATION (MUNICIPALITY): Hythe, Alberta

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To the Board of Directors of:

Hythe & District Pioneer Homes (Advisory Committee)

We have audited the accompanying financial statements of Hythe & District Pioneer Homes (Advisory Committee), which comprise the statement of financial position as at December 31, 2016 and the statement of changes in net assets, statement of changes in restricted operating reserve fund, and statements of operations and cash flows for the year ended December 31, 2016 and a summary of significant accounting policies, schedules and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hythe & District Pioneer Homes (Advisory Committee) as at December 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grande Prairie, Alberta

April 20, 2017

MNP LLP
Chartered Accountants

CERTIFICATION BY THE MANAGEMENT BODY

To the best of my knowledge and belief, the statements and schedules included in this report are true and correct, as at December 31, 2016 for the management body legally known as:

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

To the best of my knowledge and belief, all assets and liabilities of the management body are fairly stated in the Statement of Financial Position included herein.

To the best of my knowledge and belief, tenant incomes have been verified and rentals charged are in accordance with the established incomes and the applicable rent-to-income scale.

In addition, I certify that the above named management body is legally incorporated under the Alberta Housing Act and is in good standing at this date.

DATE: April 20, 2017.

CHAIRMAN OF THE BOARD OF DIRECTORS: Chris Purr

HYTHE, ALBERTA

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

	December 31, 2016				December 31, 2015
	Total	Lodge	Social Housing	Other	Total
CURRENT ASSETS					
Cash	131,696.15	98,242.22	17,366.56	16,087.37	115,155.67
Cash - tenant security deposits	10,057.90	-	1,374.00	8,683.90	9,535.00
Cash - restricted	1,271,622.43	1,265,222.43	6,400.00	-	6,400.00
Accounts receivable (note 3)	45,575.57	42,343.34	-	3,232.23	14,047.75
Short-term investments (note 4)	205,225.71	11,997.35	-	193,228.36	303,143.00
Prepaid expenses	14,359.07	9,292.62	4,995.49	70.96	12,137.88
	1,678,536.83	1,427,097.96	30,136.05	221,302.82	460,419.30
LOAN RECEIVABLE (note 5)	340,788.56	340,788.56	-	-	243,615.37
CAPITAL ASSETS (schedule I)	2,392,825.09	2,155,050.21	28,296.88	209,478.00	1,840,510.77
TOTAL ASSETS	4,412,150.48	3,922,936.73	58,432.93	430,780.82	2,544,545.44
CURRENT LIABILITIES					
Bank overdraft (note 6)	-	-	-	-	-
Accounts payable and accrued liabilities (note 7)	126,364.90	108,127.72	11,860.67	6,376.51	87,896.78
Accrued wages and benefits	49,171.89	49,171.89	-	-	41,628.34
Tenant security deposits payable	10,057.90	-	1,374.00	8,683.90	9,535.00
Deferred revenue (note 8)	24,335.07	20,745.32	1,674.63	1,915.12	26,261.83
Due to Alberta Social Housing Corporation	8,826.75	-	8,826.75	-	5,441.86
Restricted operating reserve fund (note 9)	6,400.00	-	6,400.00	-	6,400.00
Unexpended capital grant (note 10)	1,229,946.82	1,229,946.82	-	-	-
	1,455,103.33	1,407,991.75	30,136.05	16,975.53	177,163.81
LONG-TERM LIABILITIES					
Deferred capital grants (note 10)	757,314.18	740,053.18	17,261.00	-	19,419.00
TOTAL LIABILITIES	2,212,417.51	2,148,044.93	47,397.05	16,975.53	196,582.81
Commitments (note 15)					
SURPLUS, EQUITY AND RESERVES					
Accumulated surplus	375,182.56	202,838.27	-	172,344.29	343,197.36
Capital reserve (note 11)	189,039.50	157,056.50	-	31,983.00	183,673.50
Invested in capital assets	1,635,510.91	1,414,997.03	11,035.88	209,478.00	1,821,091.77
TOTAL NET ASSETS	2,199,732.97	1,774,891.80	11,035.88	413,805.29	2,347,962.63
TOTAL LIABILITIES AND NET ASSETS	4,412,150.48	3,922,936.73	58,432.93	430,780.82	2,544,545.44

STATEMENT OF CHANGES IN LODGE NET ASSETS
AS AT DECEMBER 31, 2016

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus	Capital Reserves	Invested In Capital Assets
Balance at beginning of year	181,952.00	157,056.50	1,577,488.89
Current year net excess (deficiency) of revenue over expenses - Lodge	(141,605.59)	-	-
Sub-total	40,346.41	157,056.50	1,577,488.89
Amortization of capital assets	164,691.86		(164,691.86)
Other items			
Purchase of capital assets	(742,253.18)	-	742,253.18
Capital grant funding received & expended	740,053.18	-	(740,053.18)
Balance at end of year	202,838.27	157,056.50	1,414,997.03

STATEMENT OF CHANGES IN LODGE NET ASSETS
AS AT DECEMBER 31, 2015

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus	Capital Reserves	Invested In Capital Assets
Balance at beginning of year	280,007.61	157,056.50	1,749,347.00
Current year net excess (deficiency) of revenue over expenses - Lodge	(269,913.72)	-	-
Sub-total	10,093.89	157,056.50	1,749,347.00
Amortization of capital assets	178,514.00		(178,514.00)
Purchase of capital assets	(51,232.68)	-	51,232.68
Proceeds on disposal of capital assets	36,850.00	-	(36,850.00)
Gain/loss on disposal of assets	7,726.79		(7,726.79)
Balance at end of year	181,952.00	157,056.50	1,577,488.89

STATEMENT OF CHANGES IN OTHER NET ASSETS
AS AT DECEMBER 31, 2016

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus	Capital Reserves	Invested In Capital Assets
Balance at beginning of year	161,245.36	26,617.00	229,085.00
Current year net excess (deficiency) of revenue over expenses - Commercial Space	19,579.87	-	-
- Affordable Housing	(22,721.94)	-	-
	(3,142.07)	-	-
Sub-total	158,103.29	26,617.00	229,085.00
Amortization of capital assets	23,507.00		(23,507.00)
Other items			
Purchase of capital assets	(3,900.00)	-	3,900.00
Transfer to capital reserves	(5,366.00)	5,366.00	-
Balance at end of year	172,344.29	31,983.00	209,478.00

STATEMENT OF CHANGES IN OTHER NET ASSETS
AS AT DECEMBER 31, 2015

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus	Capital Reserves	Invested In Capital Assets
Balance at beginning of year	122,316.10	21,092.00	252,199.00
Current year net excess (deficiency) of revenue over expenses - Commercial Space	26,231.96	-	-
- Affordable Housing	(4,891.70)	-	-
	21,340.26	-	-
Sub-total	143,656.36	21,092.00	252,199.00
Amortization of capital assets	23,114.00		(23,114.00)
Other items			
Transfer to capital reserves	(5,525.00)	5,525.00	-
Balance at end of year	161,245.36	26,617.00	229,085.00

STATEMENT OF CHANGES IN HOUSING NET ASSETS
AS AT DECEMBER 31, 2016

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus/(Deficit)	Invested In Capital Assets
Balance at beginning of year	-	14,517.88
Current year net excess (deficiency) of revenue over expenses	(2,899.86)	-
Sub-total	(2,899.86)	-
Adjustments:		
Amortization of capital grant	(2,158.00)	2,158.00
Amortization of capital assets	5,640.00	(5,640.00)
2015 clawback in excess of actual results	(582.14)	-
Sub-total	2,899.86	(3,482.00)
Balance at end of year	-	11,035.88

STATEMENT OF CHANGES IN HOUSING NET ASSETS
AS AT DECEMBER 31, 2015

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOME (ADVISORY COMMITTEE)

	Accumulated Surplus/(Deficit)	Invested In Capital Assets
Balance at beginning of year	-	22,820.00
Current year net excess (deficiency) of revenue over expenses	(8,302.12)	-
Sub-total	(8,302.12)	-
Adjustments:		
Capital grant funding received	21,576.66	(21,576.66)
Amortization of capital grant	(2,157.66)	2,157.66
Acquisition of capital assets	(51,232.67)	51,232.67
Proceeds on disposal of capital assets	27,650.00	(27,650.00)
Amortization of capital assets	5,640.00	(5,640.00)
Gain/loss on disposal of assets	6,825.79	(6,825.79)
Sub-total	8,302.12	(8,302.12)
Balance at end of year	-	14,517.88

STATEMENT OF CHANGES IN RESTRICTED OPERATING RESERVE FUND
December 31, 2016

MANAGEMENT BODY: Hythe & District Pioneer Homes (Advisory Committee)

Balance at beginning of year	6,400.00
Add: Reserve Grant / Funding Received	-
Sub-Total	6,400.00
Less: Amounts Recognized As Revenue (specify)	
Less: Approved Capital Expenditures (specify)	
Less: Amount repaid to the department during year	
Balance at end of year	6,400.00

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDING DECEMBER 31, 2016

	2016	2016	2016	2016	2015
	Lodge	Other	Housing	Total	Total
REVENUE					
ASHC - Deficit Funding	-	-	5,828.00	5,828.00	7,826.00
Grants for restricted purposes	6,550.84	-	-	6,550.84	179,317.98
Interest	2,138.71	1,184.13	-	3,322.84	3,592.00
Laundry and meal service	34,995.84	-	-	34,995.84	36,171.00
Lodge assistance program grant	394,018.00	-	-	394,018.00	304,464.76
Rental revenue	1,244,547.99	108,183.62	193,300.54	1,546,032.15	1,501,182.66
Sundry revenue	61,630.35	642.58	3,907.00	66,179.93	2,729.72
Transportation and employment grants	24,624.00	-	-	24,624.00	13,000.00
Utilities recovered	-	-	6,570.00	6,570.00	6,450.00
Total Revenue	1,768,505.73	110,010.33	209,605.54	2,088,121.60	2,054,734.12
EXPENSES					
Taxes & land leases	-	11,856.74	-	11,856.74	11,135.63
Utilities					
Electricity	54,062.16	4,505.66	9,601.46	68,169.28	62,386.25
Heating fuel	23,997.52	9,044.87	18,900.46	51,942.85	41,428.30
Waste removal	7,169.24	1,311.45	5,280.01	13,760.70	14,106.06
Water and sewer	8,203.52	1,764.56	8,506.36	18,474.44	75,776.34
Total Utilities	93,432.44	16,626.54	42,288.29	152,347.27	193,696.95
Operating Expenses					
Bad debts	-	-	-	-	6,425.84
Equipment & furnishings	16,583.83	-	-	16,583.83	6,072.75
Food supplies	214,933.62	-	-	214,933.62	210,338.13
Housekeeping supplies/Resident operations	48,622.06	875.00	710.46	50,207.52	53,892.57
Insurance	4,490.50	7,130.73	1,992.43	13,613.66	2,465.76
Repairs and maintenance	97,891.25	7,778.27	49,634.10	155,303.62	221,580.54
Wages & employee benefits	1,204,410.11	19,934.09	51,444.95	1,275,789.15	1,211,491.39
Total Operating Expenses	1,586,931.37	35,718.09	103,781.94	1,726,431.40	1,712,286.98
Administration Expenses					
Board expenses	2,324.16	73.14	-	2,397.30	-
Conferences, travel & staff training	9,894.08	289.57	783.48	10,967.13	8,422.83
Interest and bank charges	1,933.05	75.04	-	2,008.09	1,506.04
Office and memberships	17,620.70	21,217.80	46,358.53	85,197.03	55,253.09
Professional fees	14,368.80	3,331.65	6,063.26	23,763.71	21,181.20
Sundry	986.75	276.80	-	1,263.55	1,897.51
Telephone	12,928.11	180.03	921.15	14,029.29	14,265.19
Total Administration Expenses	60,055.65	25,444.03	54,126.42	139,626.10	102,525.86
Non-Recurring Maintenance	5,000.00	-	-	5,000.00	66,859.50
Total Expenses	1,745,419.46	89,645.40	200,196.65	2,035,261.51	2,086,504.92
Operating Excess (Deficiency) of Revenue over Expenses	23,086.27	20,364.93	9,408.89	52,860.09	(31,770.80)
Amortization Expense	164,691.86	23,507.00	5,640.00	193,838.86	207,268.00
Amortization of capital grant	-	-	(2,158.00)	(2,158.00)	(2,157.66)
Loss on disposal of capital assets	-	-	-	-	14,552.58
Surplus repayable to Alberta Social Housing Corporation	-	-	8,826.75	8,826.75	5,441.86
Net Deficiency of Revenue over Expenses	(141,605.59)	(3,142.07)	(2,899.86)	(147,647.52)	(256,875.58)

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

Statement of Cash Flows For the Year Ended December 31, 2016

	2016	2015
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	(147,647.52)	(256,875.58)
Add: Amortization of capital assets	193,838.86	207,268.00
Amortization of capital grant	(2,158.00)	(2,157.66)
Loss on disposal of capital assets	-	14,552.58
Net Change in non-cash working capital:		
Decrease (increase) in receivables	(31,527.82)	8,991.42
Decrease (increase) in other current assets	(2,221.19)	(12,137.88)
Increase (decrease) in liabilities	47,992.70	(82,920.39)
Net cash generated from in operating activites	58,277.03	(123,279.51)
Financing and Investing Activities		
Purchase of capital assets	(746,153.18)	(102,465.35)
Proceeds on disposal of capital assets	-	64,500.00
Advances of loan receivable	(97,173.19)	(99,297.46)
2015 clawback in excess of actual results	(582.14)	-
Advances of capital grant	1,970,000.00	21,576.66
Net cash generated (used) in financing and investing activities	1,126,091.49	(115,686.15)
Net (decrease) increase in cash and cash equivalents	1,184,368.52	(238,965.66)
Cash, beginning of year	434,233.67	673,199.33
Cash, end of year	1,618,602.19	434,233.67
Cash and Cash Equivalents Represented By:		
Cash	131,696.15	115,155.67
Cash - restricted	1,271,622.43	6,400.00
Short-term investments	205,225.71	303,143.00
Trust account for security deposits	10,057.90	9,535.00
	1,618,602.19	434,233.67

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1 PURPOSE OF THE ORGANIZATION

Hythe & District Pioneer Homes (Advisory Committee) (the "Organization") is a regional organization operating with a goal of providing affordable accommodations to seniors in its lodge and managing social programs aimed at providing affordable housing to low-income Albertans who are the most in need. The Organization is established as a management body by provincial ministerial order and is governed by the Alberta Housing Act and its regulations. The Organization qualifies as a non-profit organization as defined in the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Basis of accounting and revenue recognition

These statements are prepared on an accrual basis whereby all revenue and expenditures are recorded in the period in which they pertain. The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned. Restricted contributions and restricted investment income are recognized as revenue in the year in which the related expenses are incurred.

b) Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

c) Capital assets

The Organization records capital assets as follows:

i) Housing

Only assets purchased with project funds and costing \$5,000 or more are recorded in the capital asset accounts. These assets are amortized on the straight-line basis over the assets' estimated useful lives. Buildings and land owned by the Alberta Government are not shown in these accounts.

Equipment	10%
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ii) Lodge and Other

Purchased capital assets are recorded at cost less capital grants received. Amortization is provided on the straight-line basis over the assets' estimated useful lives as follows:

Buildings and leaseholds	5%
Equipment	10%
Furniture and fixtures	10%
Landscaping	20%

Capital assets purchased during the year but not placed into use during this time are not amortized in the year of acquisition

d) Bad Debts

Bad debts are only written off if carried on the books for at least one year and determined to be uncollectible.

e) Prior Period Adjustments

Prior period adjustments have been reflected in the current year Statement of Operations for the Social Housing Portfolio as required by Alberta Seniors & Housing for cost sharing purposes. Prior period adjustments which affect Lodge and other operations are reflected in an adjustment to opening accumulated surplus. There were no prior period adjustments recorded during the year.

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook 3840 Related Party Transactions (Note 11).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. With the exception of financial instruments indexed to a measure of the Organization's performance or value of its equity and those instruments designated as fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (shortfall) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

g) Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors and/or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (shortfall) in the year the reversal occurs.

h) Allocation of Expenses

The Organization engages in operating and managing social programs aimed at providing affordable housing to low-income Albertans. The costs of each project include property taxes, utilities, and operating expenses that are directly related to each project. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its projects.

The Organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that consistently each year. General administration expenses are allocated to the projects proportionately based on the number of units in the portfolio.

i) Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

j) Long-lived assets and discontinued operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and loan receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is based on the estimated useful lives of capital assets.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the excess (shortfall) in the years in which they become known.

3 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2016</u>			<u>2015</u>
	<u>Lodge</u>	<u>Social Housing</u>	<u>Other</u>	<u>TOTAL</u>
Tenant receivables	433.55	-	3,232.23	3,665.78
GST	41,909.79	-	-	41,909.79
Other	-	-	-	-
	<u>42,343.34</u>	<u>-</u>	<u>3,232.23</u>	<u>45,575.57</u>
				<u>14,047.75</u>

4 SHORT-TERM INVESTMENTS

	<u>Lodge</u>	<u>Social Housing</u>	<u>Other</u>	<u>2016</u>	<u>2015</u>
Guaranteed investment certificates matured February 2016	-	-	-	-	300,000.00
Guaranteed investment certificate bearing interest at 1.10%, maturing February 2017	-	-	152,250.00	152,250.00	-
Guaranteed investment certificate bearing interest at 0.65%, maturing February 2017	11,932.00	-	38,818.00	50,750.00	-
	<u>11,932.00</u>	<u>-</u>	<u>191,068.00</u>	<u>203,000.00</u>	<u>300,000.00</u>
Accrued interest	65.35	-	2,160.36	2,225.71	3,143.00
	<u>11,997.35</u>	<u>-</u>	<u>193,228.36</u>	<u>205,225.71</u>	<u>303,143.00</u>

5 LOAN RECEIVABLE

Loan receivable from Hythe Pioneer Homes Foundation, related as they are controlled by the same Board of Directors, with no specific repayment terms or interest, secured by specific real property to a maximum of \$450,000.

340,788.56 243,615.37

6 BANK OVERDRAFT

The Organization has an operating line of credit bearing interest at prime plus 1.50% (2015 - prime plus 1.50%) to a maximum of \$70,000 (2015 - \$70,000) of which \$nil was drawn at year end (2015 - \$nil). Secured by a general security agreement and a guaranteed investment certificate in the principal sum of \$50,000.

The Organization has an Alberta BusinessCard MasterCard bearing interest at prime plus 6.0% (2015 - prime plus 6.0%) to a maximum of \$15,500 (2015 - \$15,500) of which \$1,837 was drawn at year end (2015 - \$2,634). Secured by a general security agreement and a guaranteed investment certificate in the principal sum of \$50,000.

During the year, the Organization obtained a non-revolving demand loan to assist with construction costs involved with the Pioneer Place project. The loan bears interest at prime plus 1.57% to a maximum of \$7,117,333 of which \$nil was drawn at year end. Secured by a land mortgage in the principal sum of \$7,150,000 constituting a first fixed charge on the lands located at Lots D, Plan 2670TR excepting subdivision Plan 7921761; a general assignment of leases and rents on the lands described above, assignment of major development agreements, permits and approvals relating to the Pioneer Place project; assignment of major construction contracts relating to the Pioneer Place project; and a general security agreement constituting a floating charge on all land.

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

7 ACCOUNTS PAYABLE/ACCRUED LIABILITIES

Accounts payable consist of the following:

	2016			2015
	<u>Lodge</u>	<u>Social Housing</u>	<u>Other</u>	<u>TOTAL</u>
Trade payables	30,988.54	5,460.67	4,951.51	41,400.72
Audit accrual	8,925.00	6,400.00	1,425.00	16,750.00
Construction payable	68,214.18	-	-	68,214.18
	<u>108,127.72</u>	<u>11,860.67</u>	<u>6,376.51</u>	<u>126,364.90</u>
				<u>87,896.78</u>

8 DEFERRED REVENUE

Deferred revenue consists of the following:

	2016			2015
	<u>Lodge</u>	<u>Social Housing</u>	<u>Other</u>	<u>TOTAL</u>
Lodge assistance program - maintenance	13,659.16	-	-	13,659.16
Prepaid tenant rent	6,131.00	1,674.63	1,915.12	9,720.75
Resident needs account	955.16	-	-	955.16
	<u>20,745.32</u>	<u>1,674.63</u>	<u>1,915.12</u>	<u>24,335.07</u>
				<u>26,261.83</u>

9 RESTRICTED OPERATING RESERVE

Restricted operating reserve consists of funds advanced by the Alberta Seniors & Housing which are to be held in reserve for future operating expenses related to cash flow, emergency items, an approved expenditure or as instructed by Alberta Seniors & Housing.

10 DEFERRED CAPITAL GRANTS

	2016		2015
	<u>Grant</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Grant received to assist in funding the construction of Pioneer Place, amortization will commence on completion of the project.	1,970,000.00	-	1,970,000.00
Unexpended capital grant at December 31, 2016	(1,229,946.82)	-	(1,229,946.82)
	<u>740,053.18</u>	<u>-</u>	<u>740,053.18</u>
Grant received to assist in funding the purchase of equipment is being amortized over 10 years; the rate at which the corresponding asset is being amortized.	21,576.66	4,315.66	17,261.00
	<u>761,629.84</u>	<u>4,315.66</u>	<u>757,314.18</u>
			<u>19,419.00</u>

11 CAPITAL RESERVE

These reserves have been established to accumulate general income for capital or operating purposes, including emergency expenditures as approved by the Board.

HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

12 RELATED PARTY TRANSACTIONS

The Organization incurred various transactions with related parties during the year. These transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The expenditures for the current year are as follows:

	<u>2016</u>	<u>2015</u>
1680243 Alberta Ltd., related as the shareholder is the spouse of the previous Chief Administrative Officer of the Organization	-	462
Chris Perrin, a Director of the Organization	-	600
Frank Webb Water Service, which is owned by a Director of the Organization	-	29,700
Laureen Dane, a Director of the Organization	-	1,020
Phil Lutton, related as the spouse of the previous Chief Administrative Officer of the Organization	-	1,242
Phylis Belaire, a Director of the Organization	-	635
West Peace Building Supplies Ltd., of which a Director of the Organization owns a one-third interest in	110	770

13 ECONOMIC DEPENDENCE

The Organization's primary source of income is derived from the rental of lodge and housing accommodations in buildings that are owned by the provincial government. The provincial government reserves the right to remove the rental properties from the Organization's control if they do not observe established guidelines. The Organization's ability to continue viable operations is dependent on maintaining its right to act as an incorporated management body. As at the date of these financial statements the Organization believes that it is in compliance with the guidelines.

14 FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. 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 relating to its operating line of credit which bears interest based on the prime lending rate.

15 COMMITMENTS

During the year, the Organization entered into the following contracts with respect to the Pioneer Place construction project:

- a) contract for architectural services with Rockliff Pierzchajilo Architects & Planners Ltd for a fixed fee of \$209,296 plus disbursements. As at December 31, 2016, \$131,525 has been paid towards this contract;
- b) cost plus contract for site engineering and construction works with Nomads Pipeline Consulting Ltd. (o/a Ladacor) for a fee of cost plus 15% and there is no guaranteed maximum price option or no target contract price option. As at December 31, 2016, \$31,833 has been paid towards this contract;
- c) stipulated price option contract with Nomads Pipeline Consulting Ltd. (o/a Ladacor) for a stipulated price of \$8,756,759 for building engineering and construction works. As at December 31, 2016, \$373,000 has been paid towards this contract;
- d) project development management agreement with Connecting Care (2000) Inc. for a fee of 2.5% of total development costs to be paid monthly in instalments of \$10,000 and reconciled semi-annually to total development costs incurred. As at December 31, 2016, \$140,367 has been paid towards this contract.

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDING DECEMBER 31, 2016**

MANAGEMENT BODY: Hythe & District Pioneer Homes (Advisory Committee)

PROJECT NAME: Lodge

	2016	2015
REVENUE		
Grants for restricted purposes	6,550.84	179,317.98
Interest	2,138.71	3,592.00
Laundry and meal service	34,995.84	36,171.00
Lodge assistance program grant	394,018.00	304,464.76
Rental revenue	1,244,547.99	1,199,879.94
Sundry revenue	61,630.35	2,701.51
Transportation grants and employment grants	24,624.00	13,000.00
Total Revenue	1,768,505.73	1,739,127.19
EXPENSES		
Utilities		
Electricity	54,062.16	49,296.87
Heating fuel	23,997.52	19,331.10
Waste removal	7,169.24	7,594.06
Water and sewer	8,203.52	67,347.34
Total Utilities	93,432.44	143,569.37
Operating Expenses		
Activities & bus operations	-	-
Bad debts expense	-	5,507.00
Equipment & furnishings	16,583.83	6,072.75
Food supplies	214,933.62	210,338.13
Housekeeping supplies/resident operations	48,622.06	52,105.07
Insurance	4,490.50	1,363.22
Repairs and maintenance	97,891.25	151,968.29
Wages & employee benefits	1,204,410.11	1,145,727.52
Total Operating Expenses	1,586,931.37	1,573,081.98
Administration Expenses		
Conferences, travel & staff training	9,894.08	3,278.50
Interest and bank charges	1,933.05	693.52
Office and memberships	19,944.86	12,207.80
Professional fees	14,368.80	11,108.84
Sundry	986.75	302.35
Telephone	12,928.11	11,698.26
Total Administration Expenses	60,055.65	39,289.27
Total Non-Recurring Maintenance	5,000.00	66,859.50
Total Expenses	1,745,419.46	1,822,800.12
Operating Excess (Deficiency) of Revenue over Expenses	23,086.27	(83,672.93)
Amortization Expense	164,691.86	178,514.00
Gain/loss on disposal of capital assets	-	7,726.79
Net Deficiency of Revenue over Expenses	(141,605.59)	(269,913.72)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDING DECEMBER 31, 2016

MANAGEMENT BODY: Hythe & District Pioneer Homes (Advisory Committee)

PROJECT NAME: Commercial Space

UNITS: 1

	2016	2015
REVENUE		
Rental revenue	57,695.00	52,450.00
Sundry revenue	1,184.13	-
Utilities recovered	-	-
Total Revenue	58,879.13	52,450.00
EXPENSES		
Taxes & land leases	3,798.07	3,640.86
Utilities		
Electricity	4,069.19	4,235.00
Heating fuel	6,304.63	4,564.06
Total Utilities	10,373.82	8,799.06
Operating Expenses		
Housekeeping supplies	50.00	-
Insurance	1,572.11	255.21
Repairs and maintenance	4,800.44	4,745.94
Wages and Employee Benefits	6,824.67	3,059.07
Total Operating Expenses	13,247.22	8,060.22
Administration Expenses		
Conferences, travel & staff training	193.53	207.00
Interest and bank charges	73.14	292.56
Office and memberships	9,860.63	2,644.92
Professional fees	1,665.82	2,225.30
Telephone	87.03	348.12
Sundry	-	-
Total Administration Expense	11,880.15	5,717.90
Total Expenses	39,299.26	26,218.04
Operating Excess of Revenue over Expenses	19,579.87	26,231.96
Amortization expense	-	-
Loss on disposal of capital assets	-	-
Net Excess of Revenue over Expenses	19,579.87	26,231.96

STATEMENT OF OPERATIONS

FOR THE YEAR ENDING DECEMBER 31, 2016

MANAGEMENT BODY: Hythe & District Pioneer Homes (Advisory Committee)

PROJECT NAME: AFFORDABLE HOUSING - 4-PLEXES

UNITS: 8

	2016	2015
REVENUE		
Rental revenue	50,488.62	53,632.72
Sundry revenue	642.58	28.21
Utilities recovered	-	-
Total Revenue	51,131.20	53,660.93
EXPENSES		
Taxes & land leases	8,058.67	7,494.77
Utilities		
Electricity	436.47	-
Heating fuel	2,740.24	2,322.26
Waste removal	1,311.45	1,276.80
Water and sewer	1,764.56	1,680.00
Total Utilities	6,252.72	5,279.06
Operating Expenses		
Bad debts	-	668.84
Housekeeping supplies/resident operations	825.00	676.50
Insurance	5,558.62	718.93
Repairs and maintenance	2,977.83	8,848.75
Wages and employee benefits	13,109.42	4,644.72
Total Operating Expenses	22,470.87	15,557.74
Administration expenses		
Conferences, travel & staff training	169.18	337.37
Interest and bank charges	1.90	519.96
Office and memberships	11,357.17	4,773.09
Professional fees	1,665.83	772.76
Sundry	276.80	85.04
Telephone expense	93.00	618.84
Total Administration Expense	13,563.88	7,107.06
Total Expenses	50,346.14	35,438.63
Operating Excess of Revenue over Expenses	785.06	18,222.30
Amortization	23,507.00	23,114.00
Net Deficiency of Revenue over Expenses	(22,721.94)	(4,891.70)

STATEMENT OF OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2016

MANAGEMENT BODY: Hythe & District Pioneer Homes (Advisory Committee)

PROJECT NAME: SOCIAL HOUSING PORTFOLIO

UNITS: 32

REVENUE

ASHC - Deficit Funding
Operating grants
Rental revenue
Sundry revenue
Utilities recovered

Total Revenue

EXPENSES

Taxes & land leases

Utilities

Electricity
Heating fuel
Waste removal
Water and sewer

Total Utilities

Operating Expenses

Bad debts
Housekeeping supplies/resident operations
Insurance
Repairs and maintenance
Sundry
Wages & employee benefits

Total Operating Expenses

Administration expenses

Conferences, travel & staff training
Interest and bank charges
Office and memberships
Professional fees
Sundry
Telephone

Total Administration Expense

Total Expenses

Operating Excess of Revenue over Expenses

Amortization expense
Amortization of capital grant
Gain/loss on disposal of capital assets
Surplus repayable to Alberta Social Housing Corporation

Net Deficiency of Revenue over Expenses

2016	2015
5,828.00	7,826.00
-	-
193,300.54	195,220.00
3,907.00	-
6,570.00	6,450.00
209,605.54	209,496.00
-	-
9,601.46	8,854.38
18,900.46	15,210.88
5,280.01	5,235.20
8,506.36	6,749.00
42,288.29	36,049.46
-	250.00
710.46	1,111.00
1,992.43	148.40
49,634.10	56,017.56
-	-
51,444.95	58,060.08
103,781.94	115,587.04
783.48	4,599.96
-	-
46,358.53	35,627.28
6,063.26	7,074.30
-	1,510.12
921.15	1,599.97
54,126.42	50,411.63
200,196.65	202,048.13
9,408.89	7,447.87
5,640.00	5,640.00
(2,158.00)	(2,157.66)
-	6,825.79
(8,826.75)	(5,441.86)
(2,899.86)	(8,302.12)

**SCHEDULE I
CHANGES IN CAPITAL PROPERTY**

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

PROJECT NAME: LODGE

DESCRIPTION	BALANCE AT BEGINNING OF THE YEAR	ADDITIONS	REDUCTIONS	BALANCE AT END OF THE YEAR
COST				
Equipment	621,975.25	-	-	621,975.25
Buildings	2,299,071.04	2,200.00	-	2,301,271.04
Buildings under construction	-	740,053.18	-	740,053.18
Landscaping	14,860.11	-	-	14,860.11
TOTAL COST	2,935,906.40	742,253.18	-	3,678,159.58
ACCUMULATED AMORTIZATION				
Equipment	359,950.36	62,196.86	-	422,147.22
Buildings	989,551.04	101,009.00	-	1,090,560.04
Landscaping	8,916.11	1,486.00	-	10,402.11
ACCUMULATED AMORTIZATION	1,358,417.51	164,691.86	-	1,523,109.37
TOTAL CAPITAL ASSETS NET OF ACCUMULATED AMORTIZATION	1,577,488.89	577,561.32	-	2,155,050.21

PROJECT NAME: COMMERCIAL SPACE & AFFORDABLE HOUSING

DESCRIPTION	BALANCE AT BEGINNING OF THE YEAR	ADDITIONS	REDUCTIONS	BALANCE AT END OF THE YEAR
COST				
Furniture and fixtures	13,491.96	3,900.00	-	17,391.96
Buildings	406,197.47	-	-	406,197.47
Landscaping	15,900.00	-	-	15,900.00
Land	20,000.00	-	-	20,000.00
TOTAL COST	455,589.43	3,900.00	-	459,489.43
ACCUMULATED AMORTIZATION				
Furniture and fixtures	12,274.96	1,607.00	-	13,881.96
Buildings	203,099.47	20,310.00	-	223,409.47
Landscaping	11,130.00	1,590.00	-	12,720.00
ACCUMULATED AMORTIZATION	226,504.43	23,507.00	-	250,011.43
TOTAL CAPITAL ASSETS NET OF ACCUMULATED AMORTIZATION	229,085.00	(19,607.00)	-	209,478.00

**SCHEDULE I
CHANGES IN CAPITAL PROPERTY**

MANAGEMENT BODY: HYTHE & DISTRICT PIONEER HOMES (ADVISORY COMMITTEE)

PROJECT NAME: SOCIAL HOUSING

DESCRIPTION		BALANCE AT BEGINNING OF THE YEAR	ADDITIONS	REDUCTIONS	BALANCE AT END OF THE YEAR
COST					
Equipment		67,841.48	-	-	67,841.48
Buildings		-	-	-	-
Land		-	-	-	-
TOTAL COST		67,841.48	-	-	67,841.48
ACCUMULATED AMORTIZATION					
Equipment		33,904.60	5,640.00	-	39,544.60
Buildings					-
ACCUMULATED AMORTIZATION		33,904.60	5,640.00	-	39,544.60
TOTAL CAPITAL ASSETS					
NET OF ACCUMULATED AMORTIZATION		33,936.88	(5,640.00)	-	28,296.88