

Financial Statements of

**ELIM SOCIETY FOR  
SENIORS CARE**

And Independent Practitioner's Review Engagement  
Report thereon

Year ended December 31, 2022



KPMG LLP  
3410 Fairway Plaza Road South  
Lethbridge AB T1K 7T5  
Canada  
Tel 403-380-5700  
Fax 403-380-5760

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Members of Elim Society For Seniors Care

We have reviewed the accompanying financial statements of Elim Society For Seniors Care, which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



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*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Elim Society For Seniors Care as at December 31, 2022, and its results of 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.

*KPMG LLP*

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Chartered Professional Accountants

Lethbridge, Canada

April 26, 2023

# ELIM SOCIETY FOR SENIORS CARE

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

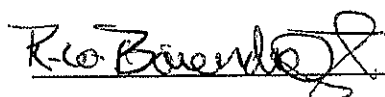
	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 38,775	\$ 557,410
Accounts receivable	6,675	40
Short-term investments (note 2)	124,527	118,899
Goods and services tax recoverable	2,965	7,017
Inventory	2,500	2,500
Prepaid expenses	104,120	108,122
	<u>279,562</u>	<u>793,988</u>
Capital assets (note 3):		
Capital assets	13,112,595	13,082,612
Less accumulated amortization	<u>3,714,473</u>	<u>3,335,586</u>
	9,398,122	9,747,026
	<u>\$ 9,677,684</u>	<u>\$ 10,541,014</u>


## Liabilities and Net Assets

Current liabilities:		
Line of credit (note 4)	\$ 58,584	\$ -
Accounts payable and accrued liabilities	83,289	82,104
Accrued payroll expenses (note 5)	13,129	18,998
Promissory notes under life lease (note 6)	327,449	327,449
Current portion of notes payable (note 7)	1,156,000	1,612,719
Reclassified debt (note 4)	<u>5,096,096</u>	<u>5,425,293</u>
	6,734,547	7,466,563
Damage deposits (note 8)	65,291	61,025
Notes payable (note 7)	1,799,078	1,855,623
Unamortized deferred capital contributions (note 3)	<u>58,520</u>	<u>61,600</u>
	8,657,436	9,444,811
Net assets:		
Invested in capital assets	902,396	464,342
Unrestricted net assets	<u>117,852</u>	<u>631,861</u>
	1,020,248	1,096,203
	<u>\$ 9,677,684</u>	<u>\$ 10,541,014</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# ELIM SOCIETY FOR SENIORS CARE

## Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Balmoral Fund	Elim Fund	General Fund	Total 2022	Total 2021
<b>Revenue:</b>					
Rent	\$ 335,073	\$ 1,277,881	\$ --	\$ 1,612,954	\$ 1,818,357
Meal tokens	--	4,069	--	4,069	1,009
Laundry	4,139	--	--	4,139	3,749
Memberships	--	3,125	--	3,125	4,992
Donations	1,336	172,266	2,523	176,125	109,463
Interest	128	189	--	317	417
Other income	3,115	11,314	--	14,429	5,542
	343,791	1,468,844	2,523	1,815,158	1,943,529
<b>Expenses:</b>					
Wages, contract wages and benefits	25,104	418,684	--	443,788	487,005
Utilities	61,474	90,778	--	152,252	136,966
Cablevision	12,595	40,078	--	52,673	51,941
Food	--	125,019	--	125,019	135,137
Kitchen and dining	27	18,467	--	18,494	22,343
Housekeeping	560	666	--	1,226	1,700
Building maintenance	32,560	35,368	--	67,928	123,347
Grounds maintenance	13,211	27,695	--	40,906	34,257
Elevator maintenance	6,940	8,645	--	15,585	9,488
Security	1,525	3,898	--	5,423	5,733
Administration	5,535	16,113	--	21,648	13,233
Property taxes	--	183,762	--	183,762	143,632
Insurance	--	48,414	--	48,414	33,424
Professional fees	--	16,349	--	16,349	12,044
Interest on long-term debt and notes payable	--	318,188	--	318,188	336,563
Bank charges and interest	60	512	--	572	2,006
Amortization	26,937	351,949	--	378,886	394,566
	186,528	1,704,585	--	1,891,113	1,943,385
<b>Other revenue:</b>					
Government assistance	--	--	--	--	10,500
	--	--	--	--	10,500
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 157,263</b>	<b>\$ (235,741)</b>	<b>\$ 2,523</b>	<b>\$ (75,955)</b>	<b>\$ 10,644</b>

See accompanying notes to financial statements.

# ELIM SOCIETY FOR SENIORS CARE

## Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Invested in capital assets	Unrestricted net assets	2022 Total	2021 Total
Balance, beginning of year	\$ 464,342	\$ 631,861	\$ 1,096,203	\$ 1,085,559
Excess (deficiency) of revenue over expenses	--	(75,955)	(75,955)	10,644
Purchase of capital assets from internal sources	29,982	(29,982)	--	--
Amortization	(378,886)	378,886	--	--
Change in invested in capital assets	786,958	(786,958)	--	--
Balance, end of year	\$ 902,396	\$ 117,852	\$ 1,020,248	\$ 1,096,203

See accompanying notes to financial statements.

# ELIM SOCIETY FOR SENIORS CARE

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (75,955)	\$ 10,644
Item not involving cash:		
Donated interest	(87,224)	(11,720)
Amortization	378,886	394,566
Amortization of deferred capital contributions	(3,079)	(3,242)
	212,628	390,248
Change in non-cash operating working capital:		
Grants receivable	-	64,842
Accounts receivable	(6,635)	364
Goods and services tax recoverable	4,052	1,830
Prepaid expenses	4,002	(3,898)
Accounts payable and accrued liabilities	1,184	(35,626)
Accrued payroll expenses	(5,869)	12,392
Damage deposits	4,266	(5,606)
	213,628	424,546
Financing:		
Proceeds from line of credit	100,000	-
Repayment of line of credit	(41,416)	-
Repayment of long-term debt	(329,197)	(316,311)
Proceeds from notes payable	135,760	302,350
Repayment of notes payable	(561,800)	(402,337)
Promissory note under life lease	-	327,449
	(696,653)	(88,849)
Investing:		
(Increase) decrease in short-term investments	(5,628)	237,421
Purchase of capital assets, from internal sources	(29,982)	(44,378)
	(35,610)	193,043
Increase (decrease) in cash	(518,635)	528,740
Cash, beginning of year	557,410	28,670
Cash, end of year	\$ 38,775	\$ 557,410

See accompanying notes to financial statements.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements

Year ended December 31, 2022

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## Nature of operations:

Elim Society For Seniors Care (the "Society") is incorporated under the Alberta Societies Act. The principal business activity is to provide care for senior citizens in Lethbridge, Alberta. The Society is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under the provisions of the Income Tax Act.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Canada Handbook. The Society's significant accounting policies are as follows:

### (a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months from the date of acquisition.

### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the declining balance method and the following annual rates:

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Asset	Rate
Paving	8%
Buildings	4-5%
Equipment and website	20%

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Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Society. Any such impairment is measured by a comparison of the carrying amount of an asset to estimated residual value.



# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance method, at a rate corresponding with the amortization rate for the related capital assets. 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.

Revenue from rental units is recognized as it is earned under the terms of tenant lease agreements.

Non-cash donations are recorded at fair value when such value can reasonably be determined.

Membership and interest revenue is recognized as it is earned.

### (d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of the financial statements 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 financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Short-term investments:

	2022		2021	
Guaranteed Investment Certificates, at amortized cost	\$	109,063	\$	108,899
Christian Credit Union member shares		15,464		10,000
	\$	124,527	\$	118,899

The Guaranteed Investment Certificates have maturity dates between August 9, 2023 and December 19, 2023 (2021 - August 9, 2022 and December 19, 2022) and bear interest at 0.15% (2021 - 0.15%). Included in short-term investments is \$65,291 (2021 - \$61,025) of cash restricted for damage deposits.

## 3. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Land - southside ("Balmoral")	\$ 130,000	\$ -	\$ 130,000	\$ 130,000
Building ("Balmoral")	1,491,196	991,186	500,010	496,344
Equipment ("Balmoral")	13,430	10,947	2,483	3,104
Land and development costs				
- northside ("Elim Village")	563,589	-	563,589	563,589
Building ("Elim Village")	10,699,469	2,550,379	8,149,090	8,488,635
Equipment ("Elim Village")	200,222	153,673	46,549	58,228
Paving	9,225	3,856	5,369	5,836
Website	5,464	4,432	1,032	1,290
	\$ 13,112,595	\$ 3,714,473	\$ 9,398,122	\$ 9,747,026

Landscaping costs for Elim Village are included in Building.

In 2020, the Society received a grant for capital purposes. The funds have been included in unamortized deferred capital contributions and are being recognized in revenue over the useful life of the related capital expenditure.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term debt:

	2022	2021
Christian Credit Union ("CCU") 4.00% (2021 - 4.00%) mortgage, payable \$45,014 monthly principal and interest, due November 2024	\$ 5,096,096	\$ 5,425,293
Less reclassified debt	(5,096,096)	(5,425,293)
	\$ -	\$ -

The credit facility is secured by a general security agreement covering all property and a collateral mortgage of \$11,000,000, an assignment of rents and leases on the properties and an assignment of insurance.

The Society renewed the mortgage for a further five year term in 2019 at 4% interest.

The Society has also secured a revolving demand credit facility for \$1,000,000 with Christian Credit Union as a line of credit which requires monthly repayments of \$5,540 including interest at prime plus 0.55%. The loan obligation is due on the earlier of demand or May 31, 2023. The loan is secured as noted above. During the year the Society received \$100,000 of funds under the demand facility and repaid \$41,416 (2021 - no funds advanced).

Under the terms of its banking facility with the Christian Credit Union, the Society is subject to certain externally imposed financial covenants. The Society was not in compliance with the financial covenants at December 31, 2022 (2021 - not in compliance), as a result, the mortgage is callable and has been reclassified as current and included in current liabilities. The lender has not indicated what action may be taken, if any.

Although the debt has been reclassified as current due to the bank's ability to accelerate repayment, the bank is accepting scheduled repayments for each of the two years subsequent to December 31, 2022 approximately as follows: 2023 - \$343,000 and 2024 - \$4,753,096.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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**5. Accrued payroll expenses:**

Included in accrued payroll expenses are government remittances of \$9,562 (2021 - \$17,412).

**6. Promissory notes under life lease:**

In 2021, the Society received a promissory note from an Elim tenant under the Elim Village Life Lease program. The program allows the tenant a yearly rent reduction of 2.9% of the committed value over the term of the lease, this represents a yearly rent reduction of \$9,500. At the end of the initial lease term of 5 years, on November 15, 2026, 95% of the promissory note will be repaid to the tenant or the lease can be renewed at that time.

**7. Notes payable:**

The notes payable have interest rates ranging in average from 3.00% to 4.00% (2021 - 3.00% to 4.00%), are unsecured and interest payments are due annually. Interest of \$104,649 (2021 - \$112,704) was paid on the notes during the year. The principal amounts of the notes payable have due dates that vary from March 2023 to April 2026 (2021 - April 2022 to October 2025) and are due as follows: 2023 - \$1,156,000; 2024 - \$1,458,000; 2025 - \$291,000; and 2026 - \$50,078.

**8. Damage deposits:**

Damage deposits are held on each rental unit as security to cover any damage to the unit. Deposits are held until the end of the lease agreement.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 9. Financial risks and concentration of risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Society has not met a financial covenant in 2022 or in the prior year. Further, liquidity risk has increased during 2022 as the Society has incurred an operating loss.

### (b) Interest rate risk:

The Society is exposed to interest rate risk on its fixed interest rate financial instruments and the CCU revolving demand credit facility bears interest at a prime based variable rate. Further details about the fixed rate investments are included in note 2, and further details about the fixed rate mortgage and prime based revolving demand facility is included in note 4. Risk exposure has increased due to the draw down of the prime based revolving demand facility in the year, however remains consistent on fixed interest financial instruments as the terms of the fixed rate debt have not changed from the prior year. The CCU prime rate at December 31, 2022 was 6.45% (2021 - 2.45%).

### (c) Other risks:

The Society believes that it is not exposed to significant credit risk arising from its financial instruments.

## 10. Related party transactions:

Two (2021 - two) of the Society's board members holds a promissory note with carrying value of \$172,212 (2021 - \$171,000) as of December 31, 2022. In 2022, interest of \$5,640 (2021 - \$5,640) was paid on the promissory note and \$5,640 was donated back to the Society (2021 - \$5,640).

This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 11. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.

# ELIM SOCIETY FOR SENIORS CARE

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (75,955)	\$ 10,644
Item not involving cash:		
Donated interest	(87,224)	(11,720)
Amortization	378,886	394,566
Amortization of deferred capital contributions	(3,079)	(3,242)
	212,628	390,248
Change in non-cash operating working capital:		
Grants receivable	-	64,842
Accounts receivable	(6,635)	364
Goods and services tax recoverable	4,052	1,830
Prepaid expenses	4,002	(3,898)
Accounts payable and accrued liabilities	1,184	(35,626)
Accrued payroll expenses	(5,869)	12,392
Damage deposits	4,266	(5,606)
	213,628	424,546
Financing:		
Proceeds from line of credit	100,000	-
Repayment of line of credit	(41,416)	-
Repayment of long-term debt	(329,197)	(316,311)
Proceeds from notes payable	135,760	302,350
Repayment of notes payable	(561,800)	(402,337)
Promissory note under life lease	-	327,449
	(696,653)	(88,849)
Investing:		
(Increase) decrease in short-term investments	(5,628)	237,421
Purchase of capital assets, from internal sources	(29,982)	(44,378)
	(35,610)	193,043
Increase (decrease) in cash	(518,635)	528,740
Cash, beginning of year	557,410	28,670
Cash, end of year	\$ 38,775	\$ 557,410

See accompanying notes to financial statements.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements

Year ended December 31, 2022

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## Nature of operations:

Elim Society For Seniors Care (the "Society") is incorporated under the Alberta Societies Act. The principal business activity is to provide care for senior citizens in Lethbridge, Alberta. The Society is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under the provisions of the Income Tax Act.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Canada Handbook. The Society's significant accounting policies are as follows:

### (a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months from the date of acquisition.

### (b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the declining balance method and the following annual rates:

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Asset	Rate
Paving	8%
Buildings	4-5%
Equipment and website	20%

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Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the Society. Any such impairment is measured by a comparison of the carrying amount of an asset to estimated residual value.



# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance method, at a rate corresponding with the amortization rate for the related capital assets. 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.

Revenue from rental units is recognized as it is earned under the terms of tenant lease agreements.

Non-cash donations are recorded at fair value when such value can reasonably be determined.

Membership and interest revenue is recognized as it is earned.

### (d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of the financial statements 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 financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Short-term investments:

	2022		2021	
Guaranteed Investment Certificates, at amortized cost	\$	109,063	\$	108,899
Christian Credit Union member shares		15,464		10,000
	\$	124,527	\$	118,899

The Guaranteed Investment Certificates have maturity dates between August 9, 2023 and December 19, 2023 (2021 - August 9, 2022 and December 19, 2022) and bear interest at 0.15% (2021 - 0.15%). Included in short-term investments is \$65,291 (2021 - \$61,025) of cash restricted for damage deposits.

## 3. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Land - southside ("Balmoral")	\$ 130,000	\$ -	\$ 130,000	\$ 130,000
Building ("Balmoral")	1,491,196	991,186	500,010	496,344
Equipment ("Balmoral")	13,430	10,947	2,483	3,104
Land and development costs				
- northside ("Elim Village")	563,589	-	563,589	563,589
Building ("Elim Village")	10,699,469	2,550,379	8,149,090	8,488,635
Equipment ("Elim Village")	200,222	153,673	46,549	58,228
Paving	9,225	3,856	5,369	5,836
Website	5,464	4,432	1,032	1,290
	\$ 13,112,595	\$ 3,714,473	\$ 9,398,122	\$ 9,747,026

Landscaping costs for Elim Village are included in Building.

In 2020, the Society received a grant for capital purposes. The funds have been included in unamortized deferred capital contributions and are being recognized in revenue over the useful life of the related capital expenditure.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term debt:

	2022	2021
Christian Credit Union ("CCU") 4.00% (2021 - 4.00%) mortgage, payable \$45,014 monthly principal and interest, due November 2024	\$ 5,096,096	\$ 5,425,293
Less reclassified debt	(5,096,096)	(5,425,293)
	\$ -	\$ -

The credit facility is secured by a general security agreement covering all property and a collateral mortgage of \$11,000,000, an assignment of rents and leases on the properties and an assignment of insurance.

The Society renewed the mortgage for a further five year term in 2019 at 4% interest.

The Society has also secured a revolving demand credit facility for \$1,000,000 with Christian Credit Union as a line of credit which requires monthly repayments of \$5,540 including interest at prime plus 0.55%. The loan obligation is due on the earlier of demand or May 31, 2023. The loan is secured as noted above. During the year the Society received \$100,000 of funds under the demand facility and repaid \$41,416 (2021 - no funds advanced).

Under the terms of its banking facility with the Christian Credit Union, the Society is subject to certain externally imposed financial covenants. The Society was not in compliance with the financial covenants at December 31, 2022 (2021 - not in compliance), as a result, the mortgage is callable and has been reclassified as current and included in current liabilities. The lender has not indicated what action may be taken, if any.

Although the debt has been reclassified as current due to the bank's ability to accelerate repayment, the bank is accepting scheduled repayments for each of the two years subsequent to December 31, 2022 approximately as follows: 2023 - \$343,000 and 2024 - \$4,753,096.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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**5. Accrued payroll expenses:**

Included in accrued payroll expenses are government remittances of \$9,562 (2021 - \$17,412).

**6. Promissory notes under life lease:**

In 2021, the Society received a promissory note from an Elim tenant under the Elim Village Life Lease program. The program allows the tenant a yearly rent reduction of 2.9% of the committed value over the term of the lease, this represents a yearly rent reduction of \$9,500. At the end of the initial lease term of 5 years, on November 15, 2026, 95% of the promissory note will be repaid to the tenant or the lease can be renewed at that time.

**7. Notes payable:**

The notes payable have interest rates ranging in average from 3.00% to 4.00% (2021 - 3.00% to 4.00%), are unsecured and interest payments are due annually. Interest of \$104,649 (2021 - \$112,704) was paid on the notes during the year. The principal amounts of the notes payable have due dates that vary from March 2023 to April 2026 (2021 - April 2022 to October 2025) and are due as follows: 2023 - \$1,156,000; 2024 - \$1,458,000; 2025 - \$291,000; and 2026 - \$50,078.

**8. Damage deposits:**

Damage deposits are held on each rental unit as security to cover any damage to the unit. Deposits are held until the end of the lease agreement.

# ELIM SOCIETY FOR SENIORS CARE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 9. Financial risks and concentration of risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Society has not met a financial covenant in 2022 or in the prior year. Further, liquidity risk has increased during 2022 as the Society has incurred an operating loss.

### (b) Interest rate risk:

The Society is exposed to interest rate risk on its fixed interest rate financial instruments and the CCU revolving demand credit facility bears interest at a prime based variable rate. Further details about the fixed rate investments are included in note 2, and further details about the fixed rate mortgage and prime based revolving demand facility is included in note 4. Risk exposure has increased due to the draw down of the prime based revolving demand facility in the year, however remains consistent on fixed interest financial instruments as the terms of the fixed rate debt have not changed from the prior year. The CCU prime rate at December 31, 2022 was 6.45% (2021 - 2.45%).

### (c) Other risks:

The Society believes that it is not exposed to significant credit risk arising from its financial instruments.

## 10. Related party transactions:

Two (2021 - two) of the Society's board members holds a promissory note with carrying value of \$172,212 (2021 - \$171,000) as of December 31, 2022. In 2022, interest of \$5,640 (2021 - \$5,640) was paid on the promissory note and \$5,640 was donated back to the Society (2021 - \$5,640).

This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 11. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.