

COMMUNITY SENIORS CO-OPERATIVE LIMITED

(Incorporated under the laws of Prince Edward Island)

O'LEARY, PRINCE EDWARD ISLAND

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022



COMMUNITY SENIORS CO-OPERATIVE LIMITED
YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Community Seniors Co-operative Limited,

Qualified Opinion

We have audited the financial statements of Community Seniors Co-operative Limited, which comprise of the statement of financial position as at December 31, 2022 and the statements of operations, changes in net assets and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of Community Seniors Co-operative Limited as at December 31, 2022, and the results of its operations and cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibility for the Audit of the Financial Statements section of our report. We are independent of the company 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.

As is common in many not-for-profit organizations, Community Seniors Co-operative Limited derives revenues from fundraising activities including donations from the public. The completeness of revenues are not susceptible to satisfactory audit verification. Accordingly, verification of these revenues limited to the amounts recorded in the records of Community Seniors Co-operative Limited. Therefore we were not able to determine whether any adjustments might be necessary to donation revenues, excess revenues over expenses and cash flow from operations for the year ended December 31, 2022, and December 31, 2021, current assets as at December 31, 2022 and net assets as at January 1, and December 31, for both the 2021 and 2022 years.

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 company'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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility 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 auditors' 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. 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 company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the company 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.

**MAY 9, 2023
STRATFORD, PEI**

Bradley Handrahan

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

<u>ASSETS</u>		
	<u>2022</u>	<u>2021</u>
CURRENT		
Restricted cash (Note 3)	\$ 77,436	\$ 497,554
Unrestricted cash (Note 3)	205,685	-
Receivables	84,321	114,440
Prepays	<u>4,464</u>	<u>992</u>
	371,906	612,986
TANGIBLE CAPITAL ASSETS (Note 4)	2,557,693	274,434
INTANGIBLE ASSETS (Note 5)	<u>593</u>	<u>1,317</u>
	<u>\$ 2,930,192</u>	<u>\$ 888,737</u>
<u>LIABILITIES</u>		
CURRENT		
Credit union indebtedness (Note 3)	\$ -	\$ 65,852
Payables and accruals, including government remittances of \$8 (2021 - \$89)	1,121,332	5,089
Deferred revenues (Note 6)	76,953	497,370
Current portion of long term debt (Note 8)	<u>1,346</u>	<u>-</u>
	1,199,631	568,311
LONG TERM DEBT (Note 8)	703,472	-
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>937,488</u>	<u>274,434</u>
	<u>2,840,591</u>	<u>842,745</u>
<u>NET ASSETS</u>		
MEMBERS' SHARE CAPITAL (Note 9)	1,609	1,543
GENERAL RESERVE	483	184
UNRESTRICTED NET ASSETS	<u>87,509</u>	<u>44,265</u>
	<u>89,601</u>	<u>45,992</u>
	<u>\$ 2,930,192</u>	<u>\$ 888,737</u>

ON BEHALF OF THE BOARD OF DIRECTORS

Dolly Lockhart DIRECTOR

[Signature] DIRECTOR

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<u>UNRESTRICTED NET ASSETS</u>		
Balance, beginning of year	\$ 44,265	\$ (3,009)
Excess of revenues over expenses	43,543	47,274
Transfers to general reserve in year	<u>(299)</u>	<u>-</u>
Balance, end of year	<u>\$ 87,509</u>	<u>\$ 44,265</u>
 <u>GENERAL RESERVE</u>		
Balance, beginning of year	\$ 184	\$ 184
Transfers from unrestricted net assets in year	<u>299</u>	<u>-</u>
Balance, end of year	<u>\$ 483</u>	<u>\$ 184</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
Donations	\$ 56,680	\$ 64,228
Interest	151	255
Grants - Province of Prince Edward Island	-	19,885
Consulting	-	9,651
Grants - Government of Canada	<u>-</u>	<u>522</u>
	<u>56,831</u>	<u>94,541</u>
EXPENSES		
Advertising	329	3,208
Dues, fees and licenses	30	-
Insurance	1,273	1,347
Interest and bank charges	78	87
Office	288	453
Professional fees	6,415	5,273
Wages and benefits	<u>4,151</u>	<u>36,400</u>
	<u>12,564</u>	<u>46,768</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	44,267	47,773
OTHER		
Amortization	<u>(724)</u>	<u>(499)</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>43,543</u>	\$ <u>47,274</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 43,543	\$ 47,274
Item not requiring an outlay of cash		
Amortization	<u>724</u>	<u>499</u>
	44,267	47,773
 Changes in non-cash working capital items		
Receivables	30,119	(106,040)
Prepays	(3,472)	(52)
Payables and accruals	1,116,243	(1,124)
Deferred revenues	<u>(420,417)</u>	<u>464,055</u>
	<u>766,740</u>	<u>404,612</u>
 FINANCING ACTIVITIES		
Change in credit union indebtedness	(65,852)	61,201
Proceeds from issuance of members' share capital	66	58
Proceeds from long term debt	<u>704,818</u>	<u>-</u>
	<u>639,032</u>	<u>61,259</u>
 INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,283,259)	(159,437)
Purchase of intangible assets	-	(1,816)
Proceeds from deferred capital contributions	<u>663,054</u>	<u>159,437</u>
	<u>(1,620,205)</u>	<u>(1,816)</u>
 CHANGE IN CASH	(214,433)	464,055
 CASH, BEGINNING OF YEAR	<u>497,554</u>	<u>33,499</u>
 CASH, END OF YEAR	\$ <u>283,121</u>	\$ <u>497,554</u>
 CASH CONSISTS OF:		
Unrestricted	\$ 205,685	\$ -
Restricted	<u>77,436</u>	<u>497,554</u>
	\$ <u>283,121</u>	\$ <u>497,554</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. NATURE OF OPERATIONS

Community Seniors Co-operative Limited is a community owned co-operative incorporated to construct and operate a non-profit housing complex designed for seniors as well as those with physical or intellectual challenges in and around the O'Leary area. The co-operative is a registered charity with Canada Revenue Agency under the Income Tax Act and as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

REVENUES

Community Seniors Co-operative Limited follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense occurs or the restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute services and materials to assist the company in carrying out its activities. Because of the difficulty in determining the fair value of these services and materials, contributed services and materials are not recognized on these financial statements.

CASH

Cash consists of cash on hand and balances held at credit union with a maturity less than one year.

GENERAL RESERVE

The general reserve is an annual allocation of 10% of the excess of revenues over expenses to a maximum of 30% of share capital. In the case of a deficiency in the year, no amount is to be allocated against the reserve. The general reserve may be used in accordance with the Co-operative Associations Act of Prince Edward Island.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost. Depreciation of tangible capital assets is provided for using the declining balance method at the rates shown in Note 4. Depreciation of additions is calculated at one-half the stated rate. No depreciation is recorded in the year of disposal. Tangible capital assets should be tested for impairment.

When tangible capital assets no longer contribute to Community Seniors Co-operative Limited's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net carrying amount, the net carrying amount of the tangible capital assets are written down to the asset's fair value or replacement cost. The net write-downs are accounted for as expenses in the statement of operations.

COMMUNITY SENIORS CO-OPERATIVE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible assets are recognized at cost and amortized on the basis of the estimated useful life of the asset using the straight-line method at the rates shown in Note 5. Intangible assets should be tested for impairment.

DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent unamortized contributions restricted for the purpose of purchasing tangible capital assets. Recognition of these amounts as income is deferred to periods in which the related tangible capital assets are amortized.

GOVERNMENT ASSISTANCE

The co-operative has recognized financial assistance under government incentive programs. Government assistance relating to the reimbursement of expenses is recorded as revenue in the period the expenditure was incurred.

USE OF ESTIMATES

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

FINANCIAL INSTRUMENTS

The co-operative initially records a financial instrument at its fair value except for a related party transaction which is recorded at the carrying or exchange amount depending on the circumstances.

The co-operative's financial instruments subsequently measured at amortized cost include restricted cash, unrestricted cash, receivables, credit union indebtedness, payables and accruals, current portion of long term debt, and long term debt.

COMMUNITY SENIORS CO-OPERATIVE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2022

3. CASH

	<u>2022</u>	<u>2021</u>
Capital projects account	\$ 163,889	\$ -
Share account	77,976	1,022
Chequing account	37,267	356,737
Cash on hand	3,969	-
Fundraising account	<u>20</u>	<u>73,943</u>
	283,121	431,702
Less: restricted cash	<u>(77,436)</u>	<u>(497,554)</u>
	<u>\$ 205,685</u>	<u>\$ (65,852)</u>

4. TANGIBLE CAPITAL ASSETS

		<u>2022</u>		<u>2021</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 103,000	\$ -	\$ 103,000
Building	4%	2,427,423	-	2,427,423
Equipment	20%	<u>27,270</u>	<u>-</u>	<u>27,270</u>
		<u>\$ 2,557,693</u>	<u>\$ -</u>	<u>\$ 2,557,693</u>
				<u>\$ 274,434</u>

5. INTANGIBLE ASSETS

		<u>2022</u>		<u>2021</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Website	55%	<u>\$ 1,816</u>	<u>\$ 1,223</u>	<u>\$ 593</u>
				<u>\$ 1,317</u>

6. DEFERRED REVENUES

	<u>2022</u>	<u>2021</u>
Government assistance related to the construction of the building is non-repayable and consists of the following:		
Grants	\$ 76,953	\$ 390,275
Donations	<u>-</u>	<u>107,095</u>
	<u>\$ 76,953</u>	<u>\$ 497,370</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2022

7. DEFERRED CAPITAL CONTRIBUTIONS

		<u>2022</u>		<u>2021</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land		\$ 100,000	\$ -	\$ 100,000	\$ -
Building	4%	<u>837,488</u>	<u>-</u>	<u>837,488</u>	<u>274,434</u>
		<u>\$ 937,488</u>	<u>\$ -</u>	<u>\$ 937,488</u>	<u>\$ 274,434</u>

8. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Canada Mortgage and Housing Corporation 3.33% mortgage, repayable in estimated monthly payments of \$1,429, principal and interest starting December 2023. Secured by a primary General Security Agreement over real estate, an Operating Agreement, a guarantee from Finance PEI, a first priority assignment of rents, contracts and insurance, comfort letter, and a first priority mortgage up to 120% of loans. The land and building have a net book value of \$2,444,138.	\$ 404,818	\$ -
CBDC prime mortgage, repayable in one payment of \$300,000 principal plus interest. Secured by a a third collateral mortgage, a General Security Agreement, promissory note, borrowing resolution, an assignment of insurance. The land and building have a net book value of \$2,444,138. Matures January 30, 2024.	<u>300,000</u>	<u>-</u>
	704,818	-
Less: Current portion of long term debt	<u>1,346</u>	<u>-</u>
	<u>\$ 703,472</u>	<u>\$ -</u>

Long term debt is scheduled to be repaid over the next five years as follows:

2023	\$ 1,346
2024	303,203
2025	3,312
2026	3,424
2027	3,539

COMMUNITY SENIORS CO-OPERATIVE LIMITED
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
DECEMBER 31, 2022

9. MEMBERS' SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
Authorized:		
Unlimited number of shares, par value of \$10 if issued prior to June 2021 and \$1 if issued subsequently		
Issued and Outstanding		
221 shares (2021 - 155 shares)	\$ <u>1,609</u>	\$ <u>1,543</u>

10. FINANCIAL RISKS

The company is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the company's exposure to these risks.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to liquidity risk mainly in respect of its long term debt and payables and accruals.

11. CONTRACTUAL OBLIGATIONS

The co-operative has contractual obligations for the design, development, and construction of a community care home in O'Leary, Prince Edward Island. Significant contracts include Sable Arc Studios for \$245,000, Local Development Group for 2.5-3% of construction costs, and Wellington Construction for \$9,677,752.